

1 MANITOBA PUBLIC UTILITIES BOARD
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67 Re: CENTRA GAS MANITOBA INC.
8 2005/06 TO 2006/07
9 GENERAL RATE APPLICATION
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13

14 Before Board Panel:

15 Graham Lane - Board Chairman
16 Monica Girouard - Board Member
17 Mario Santos - Board Member
18

19 HELD AT:

20 Public Utilities Board
21 400, 330 Portage Avenue
22 Winnipeg, Manitoba
23 May 30th, 2005
24 Vol I
25 Pages 1 to 432

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2
3 R.F. Peters) Board Counsel
4
5 Marla Murphy) Manitoba Hydro
6
7
8 Karen Melnychuk) Direct Energy Marketing
9 David Brown) Limited/Municipal Gas
10
11 Nola Ruzycki) Energy Saving Manitoba
12) Corporation
13
14 Kris Saxberg) CAC/MSOS
15
16 Peter Miller) TREE and Resource
17 Randall McQuaker) Conservation Manitoba
18
19 Sandy Boyd) CEPU
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1 --- Upon commencing at 9:08 a.m.

2

3 THE CHAIRPERSON: Good morning everyone.

4 Welcome to the Public Utilities Board Public Hearing on
5 Centra Gas Manitoba's General Rate Application.

6 Centra filed its application on January 10th,
7 2005. The Board granted a 2 1/2 percent interim ex parte
8 rate increase to Centra which will be one of the matters
9 considered at this hearing.

10 I am Graham Lane, Chairman of the Public
11 Utilities Board, and I am joined on the Panel by two (2) of
12 my colleagues, Mr. Veronica Girouard and Mr. Mario Santos.

13 Following public notice, a Pre-Hearing
14 Conference was held at the Board's office on February 3rd,
15 2005 and at that Hearing several groups indicated an interest
16 in intervening with these proceedings.

17 Each of them was provided Intervenor status by
18 the Board through Board Order 22/05. In an effort to ensure
19 participation in these hearings by groups representing the
20 customers of Centra Intervenors that meets -- that meet the
21 Board's criteria are eligible for cost awards.

22 These Board awards are funded by Centra on the
23 Board's direction towards assisting non-commercial
24 Intervenors in their intervention. The parties eligible for
25 such awards have identified themselves and provided the Board

1 with a budget for their intervention.

2 In determining whether to provide cost awards
3 to Intervenors, the Board will look, not only, to the
4 eligibility per criteria but also as to effectiveness through
5 this Hearing.

6 The Board seeks an efficient hearing wherein
7 overlap of examination of Centra's witnesses is kept to a
8 minimum and Intervenors take full advantage of the Board's
9 examinations as well.

10 The Hearing will be conducted pursuant to the
11 Board's draft Rules of Procedure which may be viewed by
12 visiting the Board's website or by requesting a copy from the
13 Board's offices -- office.

14 Centra Gas is owned and operated by Manitoba
15 Hydro and is a complex operation of considerable importance
16 to Manitobans, both residential and commercial. Centra
17 acquires its gas supplies from Western Canadian and American
18 suppliers and transports it through pipelines not owned by
19 Centra, to Manitoba for distribution through Centra's
20 infrastructure and plant. Centra has storage facilities in
21 northern Michigan held to provide backup supplies and to
22 facilitate reduced rate volatility.

23 The Board remains interested in Centra's gas
24 supply, transportation and storage approach, which was the
25 subject of a Board hearing last year. At that time, Centra

1 indicated that it was content to rely on short term supply
2 and transportation arrangements and the current storage
3 facilities while awaiting further developments in the market.
4 The Board will seek an update on these matters in this
5 Hearing.

6 Centra applies to the Board to pass on their
7 gas supply costs, including transportation to Manitoba and
8 storage costs, without markup to its customers. Centra owns
9 and operates the distribution network within Manitoba.

10 These costs, along with the cost of its
11 maintenance, safety, billing and administrative functions are
12 the subject of rate applications to this Board. As well,
13 Centra seeks to recover borrowing cost and to ensure an
14 adequate capital structure.

15 As indicated earlier, Centra is a wholly owned
16 subsidiary of Manitoba Hydro, purchased in 1999. Its
17 operations have been integrated into the organization
18 operations of Manitoba Hydro and as such, cost allocations
19 are required to share operating and related costs between
20 Manitoba Hydro and Centra Gas.

21 The intent is to ensure as best as possible
22 that Manitoba Hydro's electricity customers do not bear costs
23 related to Centra's natural gas operations and vice versa.
24 This Board sought integration savings through the combination
25 of electricity and natural gas operations with those savings

1 to allow Manitoba Hydro to meet the overall cost of acquiring
2 Centra Gas.

3 One of the matters before this Hearing is the
4 transfer of funds from Centra to Hydro, to allow the cost of
5 acquisitions to be met by Manitoba Hydro as originally
6 planned. One of the integration measures being planned and
7 which was discussed at last year's cost of gas Hearing, is a
8 single bill for both electricity and gas.

9 This intended to save the Utility money and to
10 assist customers. This proposal will also be before the
11 Board at this Hearing. Natural gas prices have risen
12 dramatically since Manitoba Hydro acquired Centra Gas. And
13 after a period of relative price stability, the current high
14 cost of petroleum, high American demand for Canadian gas,
15 appears to have an effect and prices were again at the rise
16 at the last quarterly gas rate setting.

17 The price of natural gas is clearly a problem
18 for low income customers, as well as an issue for all
19 customers, whether residential or commercial. At the last
20 Hearing and at Manitoba Hydro's General Rate Application of
21 last year, the Board showed considerable interest in demand
22 side management and has asked Manitoba Hydro and Centra to
23 develop measures to assist customers in reducing energy
24 demand.

25 Prices may rise, but, if volumes fall there

1 can be a degree of cost stability for customers. This is
2 another matter that will be returned to at this Hearing.
3 This Hearing is intended to take place over a period of three
4 (3) weeks. Each Hearing day will start at 9:00 a.m. and
5 finish by 4:00 with a lunch break.

6 In this Hearing, the Board will be assisted by
7 Board Counsel and advisors and Board staff. And I will now
8 call on Mr. Peters, Board Counsel, to introduce the Board
9 Advisors and staff, provide an overview of Centra's
10 Application, outline the timetable, introduce exhibits and
11 make further procedural comments.

12 And that I will call on, in turn, Centra Gas
13 and the Intervenors to introduce themselves and their
14 interests by way of opening remarks and we will be underway.

15 Mr. Peters ...?

16 MR. BOB PETERS: Thank you. Good morning,
17 Mr. Chairman Lane. Good morning Board Member Girouard, Board
18 Member Santos, ladies and gentlemen. My name is Bob Peters
19 and I act as Counsel to the Public Utilities Board in respect
20 of Centra's 2006 and 2007 General Rate Applications.

21 I'm assisted in this proceeding, by the
22 Board's financial advisors from Price Waterhouse Coopers LLP,
23 Messrs. Brent McLean seated behind me to my left and on my
24 immediate left, Roger Cathcart.

25 I'm also assisted by the Board's engineering

1 advisors from Energy Consultants International, with Mr.
2 Myron Kostelnyk on my right and Jim Sandison seated in the
3 back row to my far right.

4 The Board is also assisted in this proceeding
5 by its executive director, Mr. Gerry Barron, seated again in
6 the back row beside Mr. McLean. The Board is also assisted
7 by Hollis Singh, the acting secretary who is manning the
8 proceedings to my far left.

9 And as a relative newcomer to Board staff, Mr.
10 Gerry Gaudreau joins us and we welcome him to these
11 proceedings.

12 I will remind the parties that Carol Wilkinson
13 is also assisting us by manning on behalf of Digi-Tran Inc.,
14 the transcription services, and parties with questions and
15 requests can of course speak with her directly.

16 By way of background to this Hearing, Centra
17 on December the 9th, 2004, applied to the Board for an
18 interim ex parte approval of rates reflecting a 2 1/2 percent
19 increase in overall annual revenue requirement to be
20 effective with respect to all gas consumed on and after
21 February 1, 2005.

22 Mr. Chairman, you mentioned that in your
23 opening comments, and this Application that came to the Board
24 on an interim ex parte basis, included Centra stating that it
25 had experienced net losses of \$2 million for the fiscal year

1 ended March 31, 2003, and \$8 million for the year ended March
2 31, 2004.

3 Without the requested increase, Centra
4 projected continuing losses into 2005 and into the future.
5 The net losses claimed by Centra from 2003 onwards, include a
6 \$15.1 million corporate allocation charge, which I will refer
7 to later in my comments.

8 The requested interim increase was expected to
9 generate additional revenues of approximately \$3 million in
10 the two (2) remaining months of the 2005 fiscal year. That
11 was in the month of February and in the month of March. And
12 that interim increase was expected to generate approximately
13 \$12 million in the full twelve (12) month 2006 fiscal year,
14 which we are now in.

15 Subsequent to the December 9th, 2004 interim
16 application, Centra filed a General Rate Application with the
17 Board dated January 10th, which included in part, final
18 approval of the February 1st, 2005 interim increase that had
19 been requested.

20 Recognizing that all aspects of the GRA would
21 soon be tested by the Board and interested parties in a
22 Public Hearing, and in the interests of mitigating Centra's
23 financial losses and reducing rate volatility and potential
24 rate shock, the Board approved the interim ex parte
25 application, in Order 13/05, dated January 21, 2005.

1 As I had just mentioned, the Board also
2 received on January 10th, 2005, a General Rate Application
3 from Centra, that included a request to confirm that interim
4 Order 13/05 as it was then numbered. The Board also heard a
5 request in the -- or saw a request in the written GRA
6 information, to have adjustments to rates to reflect the
7 forecasted changes in supplemental gas, transportation and
8 unaccounted for gas to be effective August 1st, 2005.

9 There's a request by Centra for approval of
10 rates to be effective May 1st, 2006 that would reflect an
11 additional increase of approximately 2.5 percent of overall
12 revenue to be effective May 1st of 2006. This request is
13 expected to generate, if granted, additional revenue of \$13
14 million in the fiscal year ending March 31, 2007.

15 Centra also seeks final approval of the 2005
16 gas costs, and the disposition of various gas cost deferral
17 accounts.

18 The final approval of various interim orders
19 issued by the Board since the last GRA and the last Gas Cost
20 Hearing are also before the Board in this Hearing.

21 It should be noted that with respect to the
22 gas costs forecasts, Centra's original application
23 incorporated gas costs based on the twelve (12) month forward
24 price strip, as at November 15th, 2004, while the update to
25 the Application was done some four (4) months later and

1 utilized on March 15th, 2005, forward price strip.

2 On May the 6th of 2005, Centra filed
3 supplemental documents to this General Rate Application, that
4 included additional details related to Manitoba Hydro's
5 natural gas DSM plan, and a derivative hedging policy for
6 primary gas.

7 As part of the Application, Centra has also
8 filed information relative to cost allocation and rate
9 design, terms and conditions of service, and Centra's
10 responses to various Board directives, including such things
11 as its natural gas DSM program, review of the derivative
12 hedging policy and procedures, fixed price offerings,
13 customer education, integrated natural gas of electricity
14 bills, status of rural expansion project true-ups, the level
15 of basic monthly charges, and various cost of gas and other
16 directives. Each of these matters will be examined in these
17 proceedings.

18 And on the matter of the integrated gas
19 electric bill with some approximate five hundred thousand
20 (500,000) electricity customers in the Province, half of whom
21 also are natural gas customers, this initiative will touch
22 most Manitobans in some way, and there are a number of
23 considerations that need to be examined in that respect.

24 As you are aware, Mr. Chairman and Board
25 Members, the largest component of Centra's gas cost is

1 primary gas, which is recovered through the primary gas rate.

2 Primary gas rates and rate riders are dealt
3 with by the Board as part of the quarterly rate setting
4 methodology, and as such, do not form a direct part of this
5 proceedings. Costs and rate that will be reviewed in this
6 proceeding relate to the supplemental gas and non-gas cost of
7 service components.

8 There will be, however, some discussion about
9 primary gas in terms of the interim orders that are to be
10 approved, and perhaps the overall level of expenditures that
11 primary gas makes in the entire cost of service for the
12 utility.

13 In -- in terms of highlighting some of the
14 issues for the Board, I believe that two (2) of the key
15 issues in this application are the regulatory methodology,
16 and that is the merits of the rate-based rate of return
17 methodology versus the cost of service methodology, and the
18 second issue would be the corporate allocation, that in the
19 materials is recorded at \$15.1 million annually, which I have
20 referred to previously.

21 As Board Counsel I will take no position on
22 the merits of these, or any other issues, but I would like to
23 briefly review them and the background of these two (2), for
24 the Board and the parties.

25 With respect to the regulatory model, Order

1 146/99 dated July 30th of 1999 approved the transfer of all
2 issued and outstanding shares of Centra to Manitoba Hydro;
3 that was when Manitoba Hydro purchased the shares and became
4 the parent company to the gas utility.

5 In that order, and beginning on page 66, the
6 impact of the transaction on the regulation of each of the
7 utilities was discussed. The Board noted that although Hydro
8 envisioned a change from the current rate-based rate of
9 return methodology for Centra, to a cost of service model,
10 similar to that used for the electric utility, most other
11 parties raised serious concerns about possible changes to the
12 method of regulation of Centra.

13 The Board further noted that approving the
14 acquisition transaction did not change any existing statutory
15 requirements, including how Centra would be regulated. The
16 Board identified certain legislative issues and concluded, at
17 that time, it was premature and unnecessary to determine the
18 appropriate regulatory regime stating that was an issue for
19 another day.

20 That day is perhaps now here, and on behalf of
21 the Board, and to assist the Board, I will invite parties to
22 address this issue in their closing comments as well as in
23 their cross-examinations should they choose.

24 Order 118/03, issued July 29th of 2003, dealt
25 with a General Rate Application, by Centra, for new rates to

1 be effective April 1st, 2003. In that Order, beginning on
2 page 95, the Board again discussed future regulation.

3 In its findings, the Board did not accept the
4 regulatory framework put forward by an Intervenor, and
5 stated, in part, that the Board is confident that it can
6 discharge its statutory obligations under the current
7 regulatory framework.

8 In order 131/04 from October 28th of 2004 the
9 Board dealt with an application by Centra for approval of
10 supplemental gas transportation and distribution rates and
11 other related matters. On page 84 of that order the Board
12 again discussed future regulation, and encouraged Centra to
13 file its next GRA, and that GRA is the one that's presently
14 before the Board, on both a rate-based rate of return and on
15 a cost of service basis with emphasis on the latter.

16 The Board further stated that these filings
17 would enable the Board to reach its determination, taking
18 into account revenue requirement, cost of service, and
19 comparing such approach with the current rate-based -- rate-
20 based rate of return methodology.

21 The Board will hear evidence from Centra and
22 the Intervenors with respect to the relative merits of each
23 of these regulatory models, and as I've indicated, closing
24 submissions, I'm sure, would be welcomed by the Board on
25 those.

1 Mr. Chairman and Board Members, in the
2 Chairman's opening comments there was a mention of the
3 payments by Manitoba Hydro for acquiring the Centra Gas
4 Manitoba Inc. shares, and that leads to the \$15.1 million
5 corporate allocation charge that the Board discussed
6 accounting for these acquisition of Centra, in a particular
7 matter.

8 In Order -- sorry, in Order 208/02 the Board
9 stated that the ratepayers of Hydro and Centra should be held
10 harmless as a consequence of the transaction, and that the
11 risks and benefits associated with the transaction should
12 accrue to the shareholders of Hydro.

13 The Board directed Hydro to account for the
14 acquisition transaction and integration costs on the books of
15 Manitoba Hydro. This meant that the write-up of assets, the
16 purchased goodwill and acquisition and integration costs
17 resulting from the transaction would not be paid by Centra's
18 customers in accordance with the held -- held harmless
19 concept.

20 In Order 188/03, beginning on page 64, I note
21 the Board reiterated the no harm principle and determined
22 that the annual payment of \$20.9 million required by Hydro to
23 pay for the acquisition of Centra was to be paid 15.1 million
24 from Centra, which was the allowed rate of return already
25 included in Centra's rates and the balance by way of a

1 synergy benefits realized by Manitoba Hydro.

2 Manitoba Hydro's understanding of this
3 directive was confirmed in their response to the information
4 requests at CAC/MSOS/Centra 100. And in Order 118/03, the
5 Board acknowledged that the synergy benefits had not yet been
6 fully realized and therefore approved a temporary \$3 million
7 synergy benefit transfer from Centra to Hydro.

8 The need for this transfer was to be
9 eliminated by no later than March 31 of 2005 and according to
10 my reading of the Application, no amount is included in the
11 current Application with respect to that \$3 million transfer.

12 The Board directed that the amount available
13 from Centra to Hydro, to fund a portion of the acquisition
14 cost is the return on equity each year at Centra. This
15 amount was the \$15.1 million that I referenced and it was
16 composed of \$13.1 million for return on equity on rate base
17 based on a 2003/04 test year.

18 There was a hundred thousand dollars
19 (\$100,000) equity return on the propane tank deferral matter
20 and \$1.7 million of equity return on the income tax deferral.
21 The actual amount will differ from year to year, depending on
22 weather and cost variations and that's the inherent
23 risk/reward element referred by the Board in its Orders.

24 The point that will no doubt be examined by
25 parties in this Hearing is whether or not, Centra has

1 included in revenue requirement an additional corporate
2 allocation of \$15.1 million in each year of its financial
3 forecasts.

4 There are numerous other matters that will no
5 doubt be examined by the parties, including but not limited
6 to the natural gas DSM program, the derivative hedging policy
7 and procedures and the issues of interest to the broker
8 community.

9 Again, parties are invited to provide their
10 closing submissions on these points after the evidence has
11 been heard.

12 In terms of the procedure that you wanted to
13 -- me to direct attention to, Mr. Chairman, a Pre-Hearing
14 Conference was held on February the 3rd of 2005, resulting in
15 procedural order 22/05. That Order set out a timetable for
16 the orderly exchange of information and granted intervenor
17 status to CAC/MSOS, to Direct Municipal, to Energy Savings
18 Manitoba Corp., to Resource Conservation Manitoba and Time to
19 Respect Earth's Eco Systems and CEPU.

20 I also draw everyone's attention to the Board
21 comments included in that Pre-Hearing Conference Order as
22 echoed by the Chairman in his opening comments this morning
23 particularly related to cost awards and regulatory
24 efficiency.

25 In addition to the direct evidence of Centra,

1 we expect to hear from at least two other witnesses being,
2 Mr. Matwichuk on behalf of CAC/MSOS and Mr. Weiss on behalf
3 of RCM/TREE.

4 And there's possibly two (2) other witnesses
5 from the Pembina Institute that may testify pending
6 finalization of that matter amongst the parties.

7 I had taken an opportunity this morning, Mr.
8 Chairman, to circulate an outline of procedures that I
9 propose we speak to and adopt, if parties have changes or
10 requests, we can deal with it this morning.

11 This outline of procedures that's proposed
12 deals only with today and tomorrow, quite frankly. And we'll
13 deal with next weeks proceedings at the start of next week.
14 The Board as you've indicated have set aside parts of three
15 weeks for this Hearing, being Monday and Tuesday of this
16 week; Monday, Tuesday and Wednesday of the following two
17 weeks.

18 Timing to hear the evidence of Mr. Matwichuk
19 and Mr. Weiss will still be finalized as is the scheduling of
20 closing arguments. In looking at the outline of procedures,
21 it's proposed that after my opening comments, you invite the
22 Intervenors who have been listed alphabetically to provide
23 their opening comments.

24 I see Mr. Boyd is present on behalf of
25 Communications Energy and Paperwork's Union, Local 681.

1 I see Mr. Saxberg is present on behalf of the
2 Consumer's Association of Manitoba Inc. and Manitoba Society
3 of Seniors.

4 I see both Karen Melnychuk and David Brown
5 here on behalf of Direct Energy Marketing Limited and
6 Municipal Gas.

7 And I see Nola Ruzycki is present on behalf of
8 Energy Savings Manitoba Corp.

9 And I also see both Randall McQuaker and Dr.
10 Peter Miller, here on behalf of Resource Conservation
11 Manitoba and Time to Respect Earth's Eco Systems.

12 Following their opening comments and
13 introductions, it would be appropriate to provide Centra's
14 Counsel, Ms. Murphy, the opportunity for any opening comments
15 she may have, which would lead to her introducing her
16 witnesses on the first Panel, which will deal with cost of
17 gas matters. And the witnesses are before you.

18 Ms. Murphy would have the opportunity to
19 provide direct examination of those witnesses, followed by
20 cross-examination.

21 And, Mr. Chairman, Mr. Warden's time table is
22 -- is such that he's available to answer policy issues up
23 until late tomorrow. But to ensure all parties have an
24 opportunity to ask their questions on policy, Counsel and
25 representatives will work cooperatively to ensure that

1 anybody who has policy questions will get them asked and
2 hopefully answered, between now and when Mr. Warden has to
3 temporarily leave the Hearing Room.

4 Following the policy questions we'll continue
5 and finalize any other questions we have with this Cost of
6 Gas Panel.

7 As noted on the second page of the Outline of
8 Procedures, the Centra witness Panel number 2, to deal with
9 revenue requirement matters, that will commence we expect,
10 Monday of next week. And following that we are going to
11 arrange the scheduling of the expert witnesses to -- to make
12 sure the timing is best utilized for the Board.

13 In terms of exhibits, there is a lengthy list
14 of exhibits that Mr. Singh has prepared and circulated.

15 And, Mr. Chairman, on behalf of the parties
16 I'll take the liberty of reading into the record the exhibits
17 that should be entered. Parties can assist me or correct me,
18 should I err in the entering of these exhibits.

19 What we have is PUB Exhibit 1-1, would be the
20 Notice of Hearing.

21

22 --- EXHIBIT NO. PUB-1-1 Notice of Hearing dated January
23 13, 2005

24

25 MR. BOB PETERS: Pub 1-2 is the Reminder

1 Notice.

2

3 --- EXHIBIT NO. PUB-1-2: Reminder Notice of Hearing dated
4 May 2, 2005

5

6 MR. BOB PETERS: PUB 2-1 is the Interim Ex
7 Parte Order of January 21, that's Order number 13/05.

8

9 --- EXHIBIT NO. PUB-2-1: Order No. 13/05 dated January 21,
10 2005, Interim Ex-Parte approval
11 of rates effective February 1,
12 2005

13

14 MR. BOB PETERS: And this approved rate
15 increase is effective February 1st, 2005, and, Mr. Chairman,
16 as you've indicated, this is a matter that will be reviewed
17 during this Hearing.

18

19 PUB Order -- PUB Exhibit 2-2 would be the
20 Intervenor Order of 22/05, which followed the Pre-Hearing
21 Conference.

21

22 --- EXHIBIT NO. PUB-2-2: Intervenor Order 22/05 dated
23 February 11, 2005

24

25 MR. BOB PETERS: The Order 54/05 approving

1 the Franchise Agreement and Feasibility Test for the RM of
2 Rosser, will be PUB Exhibit 2-3.

3
4 --- EXHIBIT NO. PUB-2-3: Order No. 54/05 dated April 19,
5 2005 Interim ex Parte approving franchise
6 agreement and feasibility test, Rural
7 Municipality of Rosser
8

9 MR. BOB PETERS: And PUB Exhibit 2-4 would be
10 an Order of the Board, dealing with a request made by way of
11 a motion from RCM and TREE, with respect to the Information
12 Request that it had posed.
13

14 --- EXHIBIT NO. PUB-2-4: Board Order No. 56/05 dated April
15 20, 2005 Resource Conservation Manitoba and
16 Time to Respect Earth's Ecosystem's Motion
17 to provide information in IR's 23 and 25
18

19 MR. BOB PETERS: The transcript of the Pre-
20 Hearing Conference I suggest would be Exhibit PUB-3.
21

22 --- EXHIBIT NO. PUB-3: Transcript of pre-hearing
23 conference held
24 February
25 3, 2005

1 MR. BOB PETERS: And then the Board's first
2 round Information Requests of Centra and Centra's responses
3 would be marked sequentially as Exhibits PUB Centra 4-1
4 through 4-102.

5
6 --- EXHIBIT NO. PUB/CENTRA-4-1: The Public Utilities
7 Board's 1st Round Information Requests and
8 Centra gas Manitoba Inc.'s Response. Five
9 Year capital forecast.

10
11 --- EXHIBIT NO. PUB/CENTRA-4-2: The Public Utilities
12 Board's 1st Round Information Requests and
13 Centra gas Manitoba Inc.'s Response.
14 Utility rate base/continuity schedule from
15 1998

16
17 --- EXHIBIT NO. PUB/CENTRA-4-3: The Public Utilities
18 Board's 1st Round Information Requests and
19 Centra gas Manitoba Inc.'s Response. Plant
20 in service.

21
22 --- EXHIBIT NO. PUB/CENTRA-4-4: The Public Utilities
23 Board's 1st Round Information Requests and
24 Centra gas Manitoba Inc.'s Response. Plant
25 additions

1 --- EXHIBIT NO. PUB/CENTRA-4-5: The Public Utilities
2 Board's 1st Round Information Requests and
3 Centra gas Manitoba Inc.'s Response.
4 Projects under \$100,000
5
6 --- EXHIBIT NO. PUB/CENTRA-4-6: The Public Utilities
7 Board's 1st Round Information Requests and
8 Centra gas Manitoba Inc.'s Response.
9 Working capital allowance
10
11 --- EXHIBIT NO. PUB/CENTRA-4-7: The Public Utilities
12 Board's 1st Round Information Requests and
13 Centra gas Manitoba Inc.'s Response. Four
14 party trench installation program
15
16 --- EXHIBIT NO. PUB/CENTRA-4-8: The Public Utilities
17 Board's 1st Round Information Requests and
18 Centra gas Manitoba Inc.'s Response.
19 Acquisition of GANG
20
21 --- EXHIBIT NO. PUB/CENTRA-4-9: The Public Utilities
22 Board's 1st Round Information Requests and
23 Centra gas Manitoba Inc.'s Response
24 Acquisition price - GANG
25

1 --- EXHIBIT NO. PUB/CENTRA-4-10: The Public Utilities
2 Board's 1st Round Information Requests and
3 Centra gas Manitoba Inc.'s Response. Rate
4 base - GANG
5
6 --- EXHIBIT NO. PUB/CENTRA-4-11: The Public Utilities
7 Board's 1st Round Information Requests and
8 Centra gas Manitoba Inc.'s Response. South
9 loop upgrade - costs
10
11 --- EXHIBIT NO. PUB/CENTRA-4-12: The Public Utilities
12 Board's 1st Round Information Requests and
13 Centra gas Manitoba Inc.'s Response
14 Rehabilitation services
15
16 --- EXHIBIT NO. PUB/CENTRA-4-13: The Public Utilities
17 Board's 1st Round Information Requests and
18 Centra gas Manitoba Inc.'s Response
19 Measuring and regulating program
20
21 --- EXHIBIT NO. PUB/CENTRA-4-14: The Public Utilities
22 Board's 1st Round Information Requests and
23 Centra gas Manitoba Inc.'s Response Welded
24 joints
25

1 --- EXHIBIT NO. PUB/CENTRA-4-15: The Public Utilities
2 Board's 1st Round Information Requests and
3 Centra gas Manitoba Inc.'s Response AMR
4 costs
5
6 --- EXHIBIT NO. PUB/CENTRA-4-16: The Public Utilities
7 Board's 1st Round Information Requests and
8 Centra gas Manitoba Inc.'s Response Inkster
9 Blvd. Costs
10
11 --- EXHIBIT NO. PUB/CENTRA-4-17: The Public Utilities
12 Board's 1st Round Information Requests and
13 Centra gas Manitoba Inc.'s Response St.
14 Agathe extension costs
15
16 --- EXHIBIT NO. PUB/CENTRA-4-18: The Public Utilities
17 Board's 1st Round Information Requests and
18 Centra gas Manitoba Inc.'s Response
19 Floodway impact
20
21 --- EXHIBIT NO. PUB/CENTRA-4-19: The Public Utilities
22 Board's 1st Round Information Requests and
23 Centra gas Manitoba Inc.'s Response
24 Pipelines relocation
25

1 --- EXHIBIT NO. PUB/CENTRA-4-20: The Public Utilities
2 Board's 1st Round Information Requests and
3 Centra gas Manitoba Inc.'s Response Overall
4 rate of return
5
6 --- EXHIBIT NO. PUB/CENTRA-4-21: The Public Utilities
7 Board's 1st Round Information Requests and
8 Centra gas Manitoba Inc.'s Response ROE
9 formula
10
11 --- EXHIBIT NO. PUB/CENTRA-4-22: The Public Utilities
12 Board's 1st Round Information Requests and
13 Centra gas Manitoba Inc.'s Response Revenue
14 requirement
15
16 --- EXHIBIT NO. PUB/CENTRA-4-23: The Public Utilities
17 Board's 1st Round Information Requests and
18 Centra gas Manitoba Inc.'s Response Revenue
19 requirement and rate base
20
21 --- EXHIBIT NO. PUB/CENTRA-4-24: The Public Utilities
22 Board's 1st Round Information Requests and
23 Centra gas Manitoba Inc.'s Response Revenue
24 requirement - deficiency
25

1 --- EXHIBIT NO. PUB/CENTRA-4-25: The Public Utilities
2 Board's 1st Round Information Requests and
3 Centra gas Manitoba Inc.'s Response
4 Customers by supplier
5
6 --- EXHIBIT NO. PUB/CENTRA-4-26: The Public Utilities
7 Board's 1st Round Information Requests and
8 Centra gas Manitoba Inc.'s Response Special
9 contract customers
10
11 --- EXHIBIT NO. PUB/CENTRA-4-27: The Public Utilities
12 Board's 1st Round Information Requests and
13 Centra gas Manitoba Inc.'s Response
14 Customer by class and numbers
15
16 --- EXHIBIT NO. PUB/CENTRA-4-28: The Public Utilities
17 Board's 1st Round Information Requests and
18 Centra gas Manitoba Inc.'s Response WTS
19 customer gas use
20
21 --- EXHIBIT NO. PUB/CENTRA-4-29: The Public Utilities
22 Board's 1st Round Information Requests and
23 Centra gas Manitoba Inc.'s Response
24 Customer migration
25

1 --- EXHIBIT NO. PUB/CENTRA-4-30: The Public Utilities
2 Board's 1st Round Information Requests and
3 Centra gas Manitoba Inc.'s Response Large
4 volume customers
5
6 --- EXHIBIT NO. PUB/CENTRA-4-31: The Public Utilities
7 Board's 1st Round Information Requests and
8 Centra gas Manitoba Inc.'s Response
9 Increase gas usage
10
11 --- EXHIBIT NO. PUB/CENTRA-4-32: The Public Utilities
12 Board's 1st Round Information Requests and
13 Centra gas Manitoba Inc.'s Response
14 Unaccounts for gas by class
15
16 --- EXHIBIT NO. PUB/CENTRA-4-33: The Public Utilities
17 Board's 1st Round Information Requests and
18 Centra gas Manitoba Inc.'s Response Rental
19 income/broker fees
20
21 --- EXHIBIT NO. PUB/CENTRA-4-34: The Public Utilities
22 Board's 1st Round Information Requests and
23 Centra gas Manitoba Inc.'s Response
24 Executive and senior management
25

1 --- EXHIBIT NO. PUB/CENTRA-4-35: The Public Utilities
2 Board's 1st Round Information Requests and
3 Centra gas Manitoba Inc.'s Response Q & A
4 expenses
5
6 --- EXHIBIT NO. PUB/CENTRA-4-36: The Public Utilities
7 Board's 1st Round Information Requests and
8 Centra gas Manitoba Inc.'s Response Q & A
9 allocations
10
11 --- EXHIBIT NO. PUB/CENTRA-4-37: The Public Utilities
12 Board's 1st Round Information Requests and
13 Centra gas Manitoba Inc.'s Response Q & A
14 allocation details
15
16 --- EXHIBIT NO. PUB/CENTRA-4-38: The Public Utilities
17 Board's 1st Round Information Requests and
18 Centra gas Manitoba Inc.'s Response
19 Depreciation, interest taxes
20
21 --- EXHIBIT NO. PUB/CENTRA-4-39: The Public Utilities
22 Board's 1st Round Information Requests and
23 Centra gas Manitoba Inc.'s Response Q & A
24 per customer
25

- 1 --- EXHIBIT NO. PUB/CENTRA-4-40: The Public Utilities
2 Board's 1st Round Information Requests and
3 Centra gas Manitoba Inc.'s Response Q & A
4 by business unit
5
- 6 --- EXHIBIT NO. PUB/CENTRA-4-41: The Public Utilities
7 Board's 1st Round Information Requests and
8 Centra gas Manitoba Inc.'s Response
9 Economic and productivity improvements
10
- 11 --- EXHIBIT NO. PUB/CENTRA-4-42: The Public Utilities
12 Board's 1st Round Information Requests and
13 Centra gas Manitoba Inc.'s Response R & D
14 projects
15
- 16 --- EXHIBIT NO. PUB/CENTRA-4-43: The Public Utilities
17 Board's 1st Round Information Requests and
18 Centra gas Manitoba Inc.'s Response
19 Greenhouse gas emissions
20
- 21 --- EXHIBIT NO. PUB/CENTRA-4-44: The Public Utilities
22 Board's 1st Round Information Requests and
23 Centra gas Manitoba Inc.'s Response
24 Distribution maintenance program
25

- 1 --- EXHIBIT NO. PUB/CENTRA-4-45: The Public Utilities
2 Board's 1st Round Information Requests and
3 Centra gas Manitoba Inc.'s Response
4 Staffing analysis
5
- 6 --- EXHIBIT NO. PUB/CENTRA-4-46: The Public Utilities
7 Board's 1st Round Information Requests and
8 Centra gas Manitoba Inc.'s Response
9 Corporate allocation adjustments
10
- 11 --- EXHIBIT NO. PUB/CENTRA-4-47: The Public Utilities
12 Board's 1st Round Information Requests and
13 Centra gas Manitoba Inc.'s Response Billing
14 inquiries and collections
15
- 16 --- EXHIBIT NO. PUB/CENTRA-4-48: The Public Utilities
17 Board's 1st Round Information Requests and
18 Centra gas Manitoba Inc.'s Response
19 Payments to governments
20
- 21 --- EXHIBIT NO. PUB/CENTRA-4-49: The Public Utilities
22 Board's 1st Round Information Requests and
23 Centra gas Manitoba Inc.'s Response Common
24 assets of Hydro and Centra
25

- 1 --- EXHIBIT NO. PUB/CENTRA-4-50: The Public Utilities
2 Board's 1st Round Information Requests and
3 Centra gas Manitoba Inc.'s Response
4 Deferred charges
5
- 6 --- EXHIBIT NO. PUB/CENTRA-4-51: The Public Utilities
7 Board's 1st Round Information Requests and
8 Centra gas Manitoba Inc.'s Response Taxes
9
- 10 --- EXHIBIT NO. PUB/CENTRA-4-52: The Public Utilities
11 Board's 1st Round Information Requests and
12 Centra gas Manitoba Inc.'s Response Debt
13 issues
14
- 15 --- EXHIBIT NO. PUB/CENTRA-4-53: The Public Utilities
16 Board's 1st Round Information Requests and
17 Centra gas Manitoba Inc.'s Response Debt
18 issues
19
- 20 --- EXHIBIT NO. PUB/CENTRA-4-54: The Public Utilities
21 Board's 1st Round Information Requests and
22 Centra gas Manitoba Inc.'s Response
23 Acquisition costs and allocation
24
- 25 --- EXHIBIT NO. PUB/CENTRA-4-55: The Public Utilities

1 Board's 1st Round Information Requests and
2 Centra gas Manitoba Inc.'s Response Synergy
3 benefits and ROE
4

5 --- EXHIBIT NO. PUB/CENTRA-4-56: The Public Utilities
6 Board's 1st Round Information Requests and
7 Centra gas Manitoba Inc.'s Response Synergy
8 benefits
9

10 --- EXHIBIT NO. PUB/CENTRA-4-57: The Public Utilities
11 Board's 1st Round Information Requests and
12 Centra gas Manitoba Inc.'s Response
13 Corporate allocation
14

15 --- EXHIBIT NO. PUB/CENTRA-4-58: The Public Utilities
16 Board's 1st Round Information Requests and
17 Centra gas Manitoba Inc.'s Response Capital
18 structure
19

20 --- EXHIBIT NO. PUB/CENTRA-4-59: The Public Utilities
21 Board's 1st Round Information Requests and
22 Centra gas Manitoba Inc.'s Response
23 Financial targets
24

25 --- EXHIBIT NO. PUB/CENTRA-4-60: The Public Utilities

1 Board's 1st Round Information Requests and
2 Centra gas Manitoba Inc.'s Response Demand
3 side management
4

5 --- EXHIBIT NO. PUB/CENTRA-4-61: The Public Utilities
6 Board's 1st Round Information Requests and
7 Centra gas Manitoba Inc.'s Response Prior
8 DSM programs
9

10 --- EXHIBIT NO. PUB/CENTRA-4-62: The Public Utilities
11 Board's 1st Round Information Requests and
12 Centra gas Manitoba Inc.'s Response Power
13 Smart programs
14

15 --- EXHIBIT NO. PUB/CENTRA-4-63: The Public Utilities
16 Board's 1st Round Information Requests and
17 Centra gas Manitoba Inc.'s Response Natural
18 gas DSM program
19

20 --- EXHIBIT NO. PUB/CENTRA-4-64: The Public Utilities
21 Board's 1st Round Information Requests and
22 Centra gas Manitoba Inc.'s Response DSM
23 costs
24

25 --- EXHIBIT NO. PUB/CENTRA-4-65: The Public Utilities

1 Board's 1st Round Information Requests and
2 Centra gas Manitoba Inc.'s Response DSM
3 program other jurisdictions
4

5 --- EXHIBIT NO. PUB/CENTRA-4-66: The Public Utilities
6 Board's 1st Round Information Requests and
7 Centra gas Manitoba Inc.'s Response DSM -
8 current funding
9

10 --- EXHIBIT NO. PUB/CENTRA-4-67: The Public Utilities
11 Board's 1st Round Information Requests and
12 Centra gas Manitoba Inc.'s Response Changes
13 to gas supply portfolio
14

15 --- EXHIBIT NO. PUB/CENTRA-4-68: The Public Utilities
16 Board's 1st Round Information Requests and
17 Centra gas Manitoba Inc.'s Response Gas
18 costs and volumes from storage
19

20 --- EXHIBIT NO. PUB/CENTRA-4-69: The Public Utilities
21 Board's 1st Round Information Requests and
22 Centra gas Manitoba Inc.'s Response Re-
23 negotiating Nexen contract
24

25 --- EXHIBIT NO. PUB/CENTRA-4-70: The Public Utilities

1 Board's 1st Round Information Requests and
2 Centra gas Manitoba Inc.'s Response Supply
3 sources
4

5 --- EXHIBIT NO. PUB/CENTRA-4-71: The Public Utilities
6 Board's 1st Round Information Requests and
7 Centra gas Manitoba Inc.'s Response
8 Interruptible/curtailments/ alternatives
9

10 --- EXHIBIT NO. PUB/CENTRA-4-72: The Public Utilities
11 Board's 1st Round Information Requests and
12 Centra gas Manitoba Inc.'s Response
13 Estimating gas storage requirements
14

15 --- EXHIBIT NO. PUB/CENTRA-4-73: The Public Utilities
16 Board's 1st Round Information Requests and
17 Centra gas Manitoba Inc.'s Response TCPL
18 tolls, status, impact
19

20 --- EXHIBIT NO. PUB/CENTRA-4-74: The Public Utilities
21 Board's 1st Round Information Requests and
22 Centra gas Manitoba Inc.'s Response
23 Capacity management program
24

25 --- EXHIBIT NO. PUB/CENTRA-4-75: The Public Utilities

1 Board's 1st Round Information Requests and
2 Centra gas Manitoba Inc.'s Response
3 Estimating unaccounted for gas
4

5 --- EXHIBIT NO. PUB/CENTRA-4-76: The Public Utilities
6 Board's 1st Round Information Requests and
7 Centra gas Manitoba Inc.'s Response
8 Customer conservation
9

10 --- EXHIBIT NO. PUB/CENTRA-4-77: The Public Utilities
11 Board's 1st Round Information Requests and
12 Centra gas Manitoba Inc.'s Response Primary
13 and supplemental gas
14

15 --- EXHIBIT NO. PUB/CENTRA-4-78: The Public Utilities
16 Board's 1st Round Information Requests and
17 Centra gas Manitoba Inc.'s Response
18 Estimating demand billing units
19

20 --- EXHIBIT NO. PUB/CENTRA-4-79: The Public Utilities
21 Board's 1st Round Information Requests and
22 Centra gas Manitoba Inc.'s Response Hedging
23 policy, supplemental gas
24

25 --- EXHIBIT NO. PUB/CENTRA-4-80: The Public Utilities

1 Board's 1st Round Information Requests and
2 Centra gas Manitoba Inc.'s Response Gas
3 heating values
4

5 --- EXHIBIT NO. PUB/CENTRA-4-81: The Public Utilities
6 Board's 1st Round Information Requests and
7 Centra gas Manitoba Inc.'s Response 2004/05
8 cost of gas components
9

10 --- EXHIBIT NO. PUB/CENTRA-4-82: The Public Utilities
11 Board's 1st Round Information Requests and
12 Centra gas Manitoba Inc.'s Response Monthly
13 balancing charges
14

15 --- EXHIBIT NO. PUB/CENTRA-4-83: The Public Utilities
16 Board's 1st Round Information Requests and
17 Centra gas Manitoba Inc.'s Response UFG
18 true-up
19

20 --- EXHIBIT NO. PUB/CENTRA-4-84: The Public Utilities
21 Board's 1st Round Information Requests and
22 Centra gas Manitoba Inc.'s Response 2005/06
23 cost of gas
24

25 --- EXHIBIT NO. PUB/CENTRA-4-85: The Public Utilities

1 Board's 1st Round Information Requests and
2 Centra gas Manitoba Inc.'s Response Nexen
3 supply contract
4

5 --- EXHIBIT NO. PUB/CENTRA-4-86: The Public Utilities
6 Board's 1st Round Information Requests and
7 Centra gas Manitoba Inc.'s Response 2005/06
8 forecast cost of gas
9

10 --- EXHIBIT NO. PUB/CENTRA-4-87: The Public Utilities
11 Board's 1st Round Information Requests and
12 Centra gas Manitoba Inc.'s Response
13 Position pricing/settlement prices
14

15 --- EXHIBIT NO. PUB/CENTRA-4-88: The Public Utilities
16 Board's 1st Round Information Requests and
17 Centra gas Manitoba Inc.'s Response Changes
18 to functionalization, classification and
19 allocation methods
20

21 --- EXHIBIT NO. PUB/CENTRA-4-89: The Public Utilities
22 Board's 1st Round Information Requests and
23 Centra gas Manitoba Inc.'s Response Rate
24 impacts/ROE
25

1 --- EXHIBIT NO. PUB/CENTRA-4-90: The Public Utilities
2 Board's 1st Round Information Requests and
3 Centra gas Manitoba Inc.'s Response non-gas
4 cost in primary gas
5
6 --- EXHIBIT NO. PUB/CENTRA-4-91: The Public Utilities
7 Board's 1st Round Information Requests and
8 Centra gas Manitoba Inc.'s Response
9 Corporate allocations & net income
10
11 --- EXHIBIT NO. PUB/CENTRA-4-92: The Public Utilities
12 Board's 1st Round Information Requests and
13 Centra gas Manitoba Inc.'s Response Basic
14 monthly charge
15
16 --- EXHIBIT NO. PUB/CENTRA-4-93: The Public Utilities
17 Board's 1st Round Information Requests and
18 Centra gas Manitoba Inc.'s Response Monthly
19 average demand billing
20
21 --- EXHIBIT NO. PUB/CENTRA-4-94: The Public Utilities
22 Board's 1st Round Information Requests and
23 Centra gas Manitoba Inc.'s Response
24 Customer class revenues
25

- 1 --- EXHIBIT NO. PUB/CENTRA-4-95: The Public Utilities
2 Board's 1st Round Information Requests and
3 Centra gas Manitoba Inc.'s Response
4 Allocated costs by customer class
5
- 6 --- EXHIBIT NO. PUB/CENTRA-4-96: The Public Utilities
7 Board's 1st Round Information Requests and
8 Centra gas Manitoba Inc.'s Response Special
9 power and power station class
10
- 11 --- EXHIBIT NO. PUB/CENTRA-4-97: The Public Utilities
12 Board's 1st Round Information Requests and
13 Centra gas Manitoba Inc.'s Response Non-
14 primary gas rate riders
15
- 16 --- EXHIBIT NO. PUB/CENTRA-4-98: The Public Utilities
17 Board's 1st Round Information Requests and
18 Centra gas Manitoba Inc.'s Response Rate
19 riders update
20
- 21 --- EXHIBIT NO. PUB/CENTRA-4-99: The Public Utilities
22 Board's 1st Round Information Requests and
23 Centra gas Manitoba Inc.'s Response
24 Disconnects, arrears, rental and owner
25 units

1 --- EXHIBIT NO. PUB/CENTRA-4-100: The Public Utilities
2 Board's 1st Round Information Requests and
3 Centra gas Manitoba Inc.'s Response Bad
4 debts by customer class
5

6 --- EXHIBIT NO. PUB/CENTRA-4-101: The Public Utilities
7 Board's 1st Round Information Requests and
8 Centra gas Manitoba Inc.'s Response
9 Interlake, Bifrost-Woodlands, Hanover-
10 LaBroquerie attachment rates
11

12 --- EXHIBIT NO. PUB/CENTRA-4-102: The Public Utilities
13 Board's 1st Round Information Requests and
14 Centra gas Manitoba Inc.'s Response
15 Feasibility tests - main extensions
16

17 MR. BOB PETERS: The Board's second round
18 Information Requests of Centra and Centra's Responses would
19 be marked as PUB/CENTRA Exhibit 4-103 to 4-133, sequentially.
20

21 --- EXHIBIT NO. PUB/CENTRA-4-103: The Public Utilities
22 Board's 2nd Round Information Requests and
23 Centra gas Manitoba Inc.'s Response
24 Breakdown of domestic items for 2005/08
25

- 1 --- EXHIBIT NO. PUB/CENTRA-4-104: The Public Utilities
2 Board's 2nd Round Information Requests and
3 Centra gas Manitoba Inc.'s Response Gas
4 inventory capital allowance
5
- 6 --- EXHIBIT NO. PUB/CENTRA-4-105: The Public Utilities
7 Board's 2nd Round Information Requests and
8 Centra gas Manitoba Inc.'s Response Four
9 party trends process
10
- 11 --- EXHIBIT NO. PUB/CENTRA-4-106: The Public Utilities
12 Board's 2nd Round Information Requests and
13 Centra gas Manitoba Inc.'s Response Crop
14 damage estimate
15
- 16 --- EXHIBIT NO. PUB/CENTRA-4-107: The Public Utilities
17 Board's 2nd Round Information Requests and
18 Centra gas Manitoba Inc.'s Response Riser
19 rehab program/costs
20
- 21 --- EXHIBIT NO. PUB/CENTRA-4-108: The Public Utilities
22 Board's 2nd Round Information Requests and
23 Centra gas Manitoba Inc.'s Response RTU
24 installation program
25

- 1 --- EXHIBIT NO. PUB/CENTRA-4-109: The Public Utilities
2 Board's 2nd Round Information Requests and
3 Centra gas Manitoba Inc.'s Response Meter
4 costs gas and electric
5
- 6 --- EXHIBIT NO. PUB/CENTRA-4-110: The Public Utilities
7 Board's 2nd Round Information Requests and
8 Centra gas Manitoba Inc.'s Response Inkster
9 Blvd. Project costs
10
- 11 --- EXHIBIT NO. PUB/CENTRA-4-111: The Public Utilities
12 Board's 2nd Round Information Requests and
13 Centra gas Manitoba Inc.'s Response Rate
14 base rate of return
15
- 16 --- EXHIBIT NO. PUB/CENTRA-4-112: The Public Utilities
17 Board's 2nd Round Information Requests and
18 Centra gas Manitoba Inc.'s Response
19 Electricity for heating
20
- 21 --- EXHIBIT NO. PUB/CENTRA-4-113: The Public Utilities
22 Board's 2nd Round Information Requests and
23 Centra gas Manitoba Inc.'s Response
24 Incremental volumes/large customers
25

- 1 --- EXHIBIT NO. PUB/CENTRA-4-114: The Public Utilities
2 Board's 2nd Round Information Requests and
3 Centra gas Manitoba Inc.'s Response Rural
4 expansion plans
5
- 6 --- EXHIBIT NO. PUB/CENTRA-4-115: The Public Utilities
7 Board's 2nd Round Information Requests and
8 Centra gas Manitoba Inc.'s Response Meter
9 rentals/broker fees
10
- 11 --- EXHIBIT NO. PUB/CENTRA-4-116: The Public Utilities
12 Board's 2nd Round Information Requests and
13 Centra gas Manitoba Inc.'s Response
14 Managerial costs allocation
15
- 16 --- EXHIBIT NO. PUB/CENTRA-4-117: The Public Utilities
17 Board's 2nd Round Information Requests and
18 Centra gas Manitoba Inc.'s Response O & A
19 expenses (PUB 35)
20
- 21 --- EXHIBIT NO. PUB/CENTRA-4-118: The Public Utilities
22 Board's 2nd Round Information Requests and
23 Centra gas Manitoba Inc.'s Response
24 Marketing costs allocation
25

- 1 --- EXHIBIT NO. PUB/CENTRA-4-119: The Public Utilities
2 Board's 2nd Round Information Requests and
3 Centra gas Manitoba Inc.'s Response
4 Internal audit report
5
- 6 --- EXHIBIT NO. PUB/CENTRA-4-120: The Public Utilities
7 Board's 2nd Round Information Requests and
8 Centra gas Manitoba Inc.'s Response
9 Activity details of activities
10
- 11 --- EXHIBIT NO. PUB/CENTRA-4-121: The Public Utilities
12 Board's 2nd Round Information Requests and
13 Centra gas Manitoba Inc.'s Response
14 Cathodic protection/gas procedures/costs
15
- 16 --- EXHIBIT NO. PUB/CENTRA-4-122: The Public Utilities
17 Board's 2nd Round Information Requests and
18 Centra gas Manitoba Inc.'s Response Hydro
19 EFT
20
- 21 --- EXHIBIT NO. PUB/CENTRA-4-123: The Public Utilities
22 Board's 2nd Round Information Requests and
23 Centra gas Manitoba Inc.'s Response Meter
24 reading costs
25

- 1 --- EXHIBIT NO. PUB/CENTRA-4-124: The Public Utilities
2 Board's 2nd Round Information Requests and
3 Centra gas Manitoba Inc.'s Response System
4 expansion initiatives
5
- 6 --- EXHIBIT NO. PUB/CENTRA-4-125: The Public Utilities
7 Board's 2nd Round Information Requests and
8 Centra gas Manitoba Inc.'s Response
9 Purchase price of Centra/allocation
10
- 11 --- EXHIBIT NO. PUB/CENTRA-4-126: The Public Utilities
12 Board's 2nd Round Information Requests and
13 Centra gas Manitoba Inc.'s Response
14 Allocation of \$8.2 M to conservation/
15 transportation
16
- 17 --- EXHIBIT NO. PUB/CENTRA-4-127: The Public Utilities
18 Board's 2nd Round Information Requests and
19 Centra gas Manitoba Inc.'s Response
20 Monthly-billed demand forecast
21
- 22 --- EXHIBIT NO. PUB/CENTRA-4-128: The Public Utilities
23 Board's 2nd Round Information Requests and
24 Centra gas Manitoba Inc.'s Response Update
25 gas costs

1 --- EXHIBIT NO. PUB/CENTRA-4-129: The Public Utilities
2 Board's 2nd Round Information Requests and
3 Centra gas Manitoba Inc.'s Response Load
4 balancing costs
5
6 --- EXHIBIT NO. PUB/CENTRA-4-130: The Public Utilities
7 Board's 2nd Round Information Requests and
8 Centra gas Manitoba Inc.'s Response Cost of
9 gas forecast
10
11 --- EXHIBIT NO. PUB/CENTRA-4-131: The Public Utilities
12 Board's 2nd Round Information Requests and
13 Centra gas Manitoba Inc.'s Response
14 Corporate allocation rate base of return
15
16 --- EXHIBIT NO. PUB/CENTRA-4-132: The Public Utilities
17 Board's 2nd Round Information Requests and
18 Centra gas Manitoba Inc.'s Response Cost of
19 gas update
20
21 --- EXHIBIT NO. PUB/CENTRA-4-133: The Public Utilities
22 Board's 2nd Round Information Requests and
23 Centra gas Manitoba Inc.'s Response
24 Consumer energy cost by energy source
25

1 MR. BOB PETERS: Then as PUB/CAC/MSOS Exhibit
2 5-1 through 5-13, would be the Board's Information Requests
3 and the Responses by CAC/MSOS to those questions of the
4 Board.

5
6 --- EXHIBIT NO. PUB/CENTRA/MSOS-5-1: The Public Utilities
7 Board's Information Requests and Consumers'
8 Association of Canada (Manitoba)
9 Inc./Manitoba Society of Senior's Response.
10 Harm to ratepayers

11
12 --- EXHIBIT NO. PUB/CENTRA/MSOS-5-2: The Public Utilities
13 Board's Information Requests and Consumers'
14 Association of Canada (Manitoba)
15 Inc./Manitoba Society of Senior's Response.
16 Rate base ROR/revenue requirements.

17
18 --- EXHIBIT NO. PUB/CENTRA/MSOS-5-3: The Public Utilities
19 Board's Information Requests and Consumers'
20 Association of Canada (Manitoba)
21 Inc./Manitoba Society of Senior's Response.
22 Corporate allocation/double counting.

23
24 --- EXHIBIT NO. PUB/CENTRA/MSOS-5-4: The Public Utilities
25 Board's Information Requests and Consumers'

1 Association of Canada (Manitoba)
2 Inc./Manitoba Society of Senior's Response.
3 Return on equity.
4

5 --- EXHIBIT NO. PUB/CENTRA/MSOS-5-5: The Public Utilities
6 Board's Information Requests and Consumers'
7 Association of Canada (Manitoba)
8 Inc./Manitoba Society of Senior's Response.
9 Operating and accounting/integrated entity.
10

11 --- EXHIBIT NO. PUB/CENTRA/MSOS-5-6: The Public Utilities
12 Board's Information Requests and Consumers'
13 Association of Canada (Manitoba)
14 Inc./Manitoba Society of Senior's Response.
15 \$20.9M/goodwill/market value adjustments
16

17 --- EXHIBIT NO. PUB/CENTRA/MSOS-5-7: The Public Utilities
18 Board's Information Requests and Consumers'
19 Association of Canada (Manitoba)
20 Inc./Manitoba Society of Senior's Response.
21 Disallowance of FMV and Goodwill
22

23 --- EXHIBIT NO. PUB/CENTRA/MSOS-5-8: The Public Utilities
24 Board's Information Requests and Consumers'
25 Association of Canada (Manitoba)

1 Inc./Manitoba Society of Senior's Response.
2 Annual requirements
3
4 --- EXHIBIT NO. PUB/CENTRA/MSOS-5-9: The Public Utilities
5 Board's Information Requests and Consumers'
6 Association of Canada (Manitoba)
7 Inc./Manitoba Society of Senior's Response.
8 Hydro ratepayers held harmless
9
10 --- EXHIBIT NO. PUB/CENTRA/MSOS-5-10: The Public Utilities
11 Board's Information Requests and Consumers'
12 Association of Canada (Manitoba)
13 Inc./Manitoba Society of Senior's Response.
14 Impact of application/acquisition
15
16 --- EXHIBIT NO. PUB/CENTRA/MSOS-5-11: The Public Utilities
17 Board's Information Requests and Consumers'
18 Association of Canada (Manitoba)
19 Inc./Manitoba Society of Senior's Response.
20 Revenue requirements/different values
21
22 --- EXHIBIT NO. PUB/CENTRA/MSOS-5-12: The Public Utilities
23 Board's Information Requests and Consumers'
24 Association of Canada (Manitoba)
25 Inc./Manitoba Society of Senior's Response.

1 Debt/equity ratio/importance

2
3 --- EXHIBIT NO. PUB/CAC/MSOS-5-13: The Public Utilities
4 Board's Information Requests and
5 Consumers' Association of Canada (Manitoba)
6 Inc./Manitoba Society of Senior's Response.
7 Revenue requirement

8
9 MR. BOB PETERS: And as PUB/RCM/TREE Exhibit
10 6-1 to 6-6, would be the Board's questions posed to the
11 witness for RCM and TREE and their Responses provided.

12
13 --- EXHIBIT NO. PUB/RCM/TREE-6-1: The Public Utilities
14 Board's Information Requests and Resource
15 Conservation/Time to Respect Earth's
16 Ecosystems Inc.'s Response.

17
18 --- EXHIBIT NO. PUB/RCM/TREE-6-2: The Public Utilities
19 Board's Information Requests and Resource
20 Conservation/Time to Respect Earth's
21 Ecosystems Inc.'s Response. Impact on low
22 income customers.

23
24 --- EXHIBIT NO. PUB/RCM/TREE-6-3: The Public Utilities
25 Board's Information Requests and Resource

1 Conservation/Time to Respect Earth's
2 Ecosystems Inc.'s Response. Impact on
3 Manitoba Hydro customers.
4

5 --- EXHIBIT NO. PUB/RCM/TREE-6-4: The Public Utilities
6 Board's Information Requests and Resource
7 Conservation/Time to Respect Earth's
8 Ecosystems Inc.'s Response. Rate
9 design/cost causation
10

11 --- EXHIBIT NO. PUB/RCM/TREE-6-5: The Public Utilities
12 Board's Information Requests and Resource
13 Conservation/Time to Respect Earth's
14 Ecosystems Inc.'s Response. Feasibility
15 tests
16

17 --- EXHIBIT NO. PUB/RCM/TREE-6-6: The Public Utilities
18 Board's Information Requests and Resource
19 Conservation/Time to Respect Earth's
20 Ecosystems Inc.'s Response. Revenues from
21 externalities.
22

23 MR. BOB PETERS: In terms of Centra Exhibits,
24 Centra-1 would be the Application that is before the Board.
25

1 --- EXHIBIT NO. CENTRA-1: Centra Gas Manitoba Inc.
2 application dated January 20, 2005
3

4 MR. BOB PETERS: Centra Exhibit 2-1 would be
5 the Affidavit of Publication and Service.
6

7 --- EXHIBIT NO. CENTRA-2-1: Affidavit of publication and
8 service of Notice dated February 2, 2005
9

10 MR. BOB PETERS: Centra Exhibit 2-2 would be
11 the Reminder Notice and Affidavit of Publication.
12

13 --- EXHIBIT NO. CENTRA-2-2: Affidavit of publication
14 and service of Reminder Notice dated May
15 27, 2005
16

17 MR. BOB PETERS: The Centra-3 would be the
18 rebuttal evidence filed last week on May 26th.
19

20 --- EXHIBIT NO. CENTRA-3: Rebuttal evidence dated May 26,
21 2005
22

23 MR. BOB PETERS: And the witness
24 qualifications of the three (3) Panels that will come before
25 you will be marked appropriately, depending on the witness,

1 as Exhibits 4-1 through 4-11.
2
3 --- EXHIBIT NO. CENTRA-4-1: Witness Qualifications of
4 V.A. Warden
5
6 --- EXHIBIT NO. CENTRA-4-2: Witness Qualifications of
7 **A. Aziz**
8
9 --- EXHIBIT NO. CENTRA-4-3: Witness Qualifications of
10 B.T. Sanderson
11
12 --- EXHIBIT NO. CENTRA-4-4: Witness Qualifications of
13 D.B. Rainkie
14
15 --- EXHIBIT NO. CENTRA-4-5: Witness Qualifications of
16 H. P. Stephens
17
18 --- EXHIBIT NO. CENTRA-4-6: Witness Qualifications of
19 D. Case
20
21 --- EXHIBIT NO. CENTRA-4-7: Witness Qualifications of
22 K.R. Derksen
23
24 --- EXHIBIT NO. CENTRA-4-8: Witness Qualifications of
25 L. Kuczek

1 --- EXHIBIT NO. CENTRA-4-9: Witness Qualifications of
2 L. H. Stewart
3
4 --- EXHIBIT NO. CENTRA-4-10: Witness Qualifications of
5 K.R. Wiens
6
7 --- EXHIBIT NO. CENTRA-4-11: Witness Qualifications of
8 W. Derksen
9

10 MR. BOB PETERS: Centra's Information Requests
11 and the responses by CAC/MSOS will be marked as Exhibits
12 Centra/CAC/MSOS 5-1 through 5-4.
13

14 --- EXHIBIT NO. CENTRA/CAC/MSOS-5-1: Centra Gas Manitoba
15 Inc.'s Information Requests and
16 Consumers' Association of Canada (Manitoba)
17 Inc./Manitoba Society of Seniors' Response.
18 No harm principle.
19

20 --- EXHIBIT NO. CENTRA/CAC/MSOS-5-2: Centra Gas Manitoba
21 Inc.'s Information Requests and Consumers'
22 Association of Canada
23 (Manitoba) Inc./Manitoba Society of Seniors'
24 Response. RBROR non-gas revenue
25 requirement.

1 --- EXHIBIT NO. CENTRA/CAC/MSOS-5-3: Centra Gas Manitoba
2 Inc.'s Information Requests and Consumers'
3 Association of Canada (Manitoba)
4 Inc./Manitoba Society of Seniors' Response.
5 Cost of Service methodology/impact on
6 ratepayers
7

8 --- EXHIBIT NO. CENTRA/CAC/MSOS-5-4: Centra Gas Manitoba
9 Inc.'s Information Requests and Consumers'
10 Association of Canada
11 (Manitoba) Inc./Manitoba Society of Seniors'
12 Response. ROE \$ calculations
13

14 MR. BOB PETERS: And Centra's information
15 requests of TREE and TREE's responses and RCM's responses
16 will be marked as Exhibit Centra/RCM/TREE 6-1 through 6-11.
17

18 --- EXHIBIT NO. CENTRA/RCM/TREE-6-1: Centra Gas Manitoba
19 Inc.'s Information Requests and Resource
20 Conservation Manitoba and Time to Respect
21 Earth's Ecosystems Inc.'s Response.
22 Authors of Pembina Institute report.
23

24 --- EXHIBIT NO. CENTRA/RCM/TREE-6-2: Centra Gas Manitoba
25 Inc.'s Information Requests and Resource

1 Conservation Manitoba and Time to Respect
2 Earth's Ecosystems Inc.'s Response. Kyoto
3 policies/ costs/emissions/land
4

5 --- EXHIBIT NO. CENTRA/RCM/TREE-6-3: Centra Gas Manitoba
6 Inc.'s Information Requests and Resource
7 Conservation Manitoba and Time to Respect
8 Earth's Ecosystems Inc.'s Response. CPUC
9 ruling

10

11 --- EXHIBIT NO. CENTRA/RCM/TREE-6-4: Centra Gas Manitoba
12 Inc.'s Information Requests and Resource
13 Conservation Manitoba and Time to Respect
14 Earth's Ecosystems Inc.'s
15 Response.
16 Increase
17 gas
18 usage/ele
19 ctricity
20 costs.

21

22 --- EXHIBIT NO. CENTRA/RCM/TREE-6-5: Centra Gas Manitoba
23 Inc.'s Information Requests and Resource
24 Conservation Manitoba and Time to Respect
25 Earth's Ecosystems Inc.'s Response. Demand

1 and commodity costs
2
3 --- EXHIBIT NO. CENTRA/RCM/TREE-6-6: Centra Gas Manitoba
4 Inc.'s Information Requests and Resource
5 Conservation Manitoba and Time to Respect
6 Earth's Ecosystems Inc.'s Response.
7 Externalities in retail rates/DSM
8
9 --- EXHIBIT NO. CENTRA/RCM/TREE-6-7: Centra Gas Manitoba
10 Inc.'s Information Requests and Resource
11 Conservation Manitoba and Time to Respect
12 Earth's Ecosystems Inc.'s Response. Gas
13 price increase/impact on businesses
14
15 --- EXHIBIT NO. CENTRA/RCM/TREE-6-8: Centra Gas Manitoba
16 Inc.'s Information Requests and Resource
17 Conservation Manitoba and Time to Respect
18 Earth's Ecosystems Inc.'s Response.
19 Inverted rates
20
21 --- EXHIBIT NO. CENTRA/RCM/TREE-6-9: Centra Gas Manitoba
22 Inc.'s Information Requests and Resource
23 Conservation Manitoba and Time to Respect
24 Earth's Ecosystems Inc.'s Response.
25 Inverted rates

1 --- EXHIBIT NO. CENTRA/RCM/TREE-6-10: Centra Gas Manitoba
2 Inc.'s Information Requests and Resource
3 Conservation Manitoba and Time to Respect
4 Earth's Ecosystems Inc.'s Response.
5 Unbundled rate structure.
6

7 --- EXHIBIT NO. CENTRA/RCM/TREE-6-11: Centra Gas Manitoba
8 Inc.'s Information Requests and Resource
9 Conservation Manitoba and Time to Respect
10 Earth's Ecosystems Inc.'s Response.
11 Efficiency measures costs
12

13 MR. BOB PETERS: Turning to the Exhibits on
14 behalf of the Consumers Association of Canada, Manitoba Inc.,
15 and Manitoba Society of Seniors, I suggest that Exhibit
16 CAC/MSOS/Centra/1-1 through 1-92 be the first round
17 Information Requests and the responses.
18

19 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-1: Consumers' Association
20 of Canada (Manitoba) Inc. and Manitoba
21 Society of Seniors' 1st Round Information
22 Requests and Centra Gas Manitoba Inc.'s
23 Response. Electronic filing
24

25 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-2: Consumers' Association

1 of Canada (Manitoba) Inc. and Manitoba
2 Society of Seniors' 1st Round Information
3 Requests and Centra Gas Manitoba Inc.'s
4 Response. Accounting changes
5 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-3: Consumers' Association
6 of Canada (Manitoba) Inc. and Manitoba
7 Society of Seniors' 1st Round Information
8 Requests and Centra Gas Manitoba Inc.'s
9 Response. Benchmarks
10
11 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-4: Consumers' Association
12 of Canada (Manitoba) Inc. and Manitoba
13 Society of Seniors' 1st Round Information
14 Requests and Centra Gas Manitoba Inc.'s
15 Response. Impairment review
16
17 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-5: Consumers' Association
18 of Canada (Manitoba) Inc. and Manitoba
19 Society of Seniors' 1st Round Information
20 Requests and Centra Gas Manitoba Inc.'s
21 Response. CPI
22
23 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-6: Consumers' Association
24 of Canada (Manitoba) Inc. and Manitoba
25 Society of Seniors' 1st Round Information

1 Requests and Centra Gas Manitoba Inc.'s
2 Response. Winnipeg Hydro integration.
3

4 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-7: Consumers' Association
5 of Canada (Manitoba) Inc. and Manitoba
6 Society of Seniors' 1st Round Information
7 Requests and Centra Gas Manitoba Inc.'s
8 Response. Consumer satisfaction study.
9

10 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-8: Consumers' Association
11 of Canada (Manitoba) Inc. and Manitoba
12 Society of Seniors' 1st Round Information
13 Requests and Centra Gas Manitoba Inc.'s
14 Response. Cost per consumer
15

16 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-9: Consumers' Association
17 of Canada (Manitoba) Inc. and Manitoba
18 Society of Seniors' 1st Round Information
19 Requests and Centra Gas Manitoba Inc.'s
20 Response. Performance measurement
21

22 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-10: Consumers'
23 Association of Canada (Manitoba) Inc. and
24 Manitoba Society of Seniors' 1st Round
25 Information Requests and Centra Gas

1 Manitoba Inc.'s Response. Cost of
2 acquisition and integration
3
4 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-11: Consumers'
5 Association of Canada (Manitoba) Inc. and
6 Manitoba Society of Seniors' 1st Round
7 Information Requests and Centra Gas
8 Manitoba Inc.'s Response. Accounting
9 policies/cross divisional costs
10
11 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-12: Consumers'
12 Association of Canada (Manitoba) Inc. and
13 Manitoba Society of Seniors' 1st Round
14 Information Requests and Centra Gas
15 Manitoba Inc.'s Response. Acquisition
16 costs/amortization
17
18 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-13: Consumers'
19 Association of Canada (Manitoba) Inc. and
20 Manitoba Society of Seniors' 1st Round
21 Information Requests and Centra Gas
22 Manitoba Inc.'s Response. Other
23 income/components/forecasts
24
25 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-14: Consumers'

1 Association of Canada (Manitoba) Inc. and
2 Manitoba Society of Seniors' 1st Round
3 Information Requests and Centra Gas
4 Manitoba Inc.'s Response. Capitalized
5 depreciation/interest/taxes
6
7 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-15: Consumers'
8 Association of Canada (Manitoba) Inc. and
9 Manitoba Society of Seniors' 1st Round
10 Information Requests and Centra Gas
11 Manitoba Inc.'s Response. Business
12 units/activity and costs
13
14 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-16: Consumers'
15 Association of Canada (Manitoba) Inc. and
16 Manitoba Society of Seniors' 1st Round
17 Information Requests and Centra Gas
18 Manitoba Inc.'s Response. Overhead
19 rates/gas/electric
20
21 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-17: Consumers'
22 Association of Canada (Manitoba) Inc. and
23 Manitoba Society of Seniors' 1st Round
24 Information Requests and Centra Gas
25 Manitoba Inc.'s Response. Allocation model

- 1 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-18: Consumers'
2 Association of Canada (Manitoba) Inc. and
3 Manitoba Society of Seniors' 1st Round
4 Information Requests and Centra Gas
5 Manitoba Inc.'s Response. Activity table
6 and EFT
7
- 8 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-19: Consumers'
9 Association of Canada (Manitoba) Inc. and
10 Manitoba Society of Seniors' 1st Round
11 Information Requests and Centra Gas
12 Manitoba Inc.'s Response. Carrying
13 costs/interest rates
14
- 15 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-20: Consumers'
16 Association of Canada (Manitoba) Inc. and
17 Manitoba Society of Seniors' 1st Round
18 Information Requests and Centra Gas
19 Manitoba Inc.'s Response. Payroll tax.
20
- 21 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-21: Consumers'
22 Association of Canada (Manitoba) Inc. and
23 Manitoba Society of Seniors' 1st Round
24 Information Requests and Centra Gas
25 Manitoba Inc.'s Response.

1 Taxes/calculations/interest rates
2
3 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-22: Consumers'
4 Association of Canada (Manitoba) Inc. and
5 Manitoba Society of Seniors' 1st Round
6 Information Requests and Centra Gas
7 Manitoba Inc.'s Response. Corporate
8 capital tax.
9
10 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-23: Consumers'
11 Association of Canada (Manitoba) Inc. and
12 Manitoba Society of Seniors' 1st Round
13 Information Requests and Centra Gas
14 Manitoba Inc.'s Response. Administrative
15 charge per customer
16
17 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-24: Consumers'
18 Association of Canada (Manitoba) Inc. and
19 Manitoba Society of Seniors' 1st Round
20 Information Requests and Centra Gas
21 Manitoba Inc.'s Response. Common assets.
22
23 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-25: Consumers'
24 Association of Canada (Manitoba) Inc. and
25 Manitoba Society of Seniors' 1st Round

1 Information Requests and Centra Gas
2 Manitoba Inc.'s Response. IT budgets
3
4 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-26: Consumers'
5 Association of Canada (Manitoba) Inc. and
6 Manitoba Society of Seniors' 1st Round
7 Information Requests and Centra Gas
8 Manitoba Inc.'s Response. Heating
9 service/penetration rates
10
11 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-27: Consumers'
12 Association of Canada (Manitoba) Inc. and
13 Manitoba Society of Seniors' 1st Round
14 Information Requests and Centra Gas
15 Manitoba Inc.'s Response. Return on
16 equity.
17
18 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-28: Consumers'
19 Association of Canada (Manitoba) Inc. and
20 Manitoba Society of Seniors' 1st Round
21 Information Requests and Centra Gas
22 Manitoba Inc.'s Response. Gladstone Austin
23 Natural Gas Co-op
24
25 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-29: Consumers'

1 Association of Canada (Manitoba) Inc. and
2 Manitoba Society of Seniors' 1st Round
3 Information Requests and Centra Gas
4 Manitoba Inc.'s Response. ROE revenue
5 requirement
6
7 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-30: Consumers'
8 Association of Canada (Manitoba) Inc. and
9 Manitoba Society of Seniors' 1st Round
10 Information Requests and Centra Gas
11 Manitoba Inc.'s Response. Distribution
12 revenue requirement
13
14 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-31: Consumers'
15 Association of Canada (Manitoba) Inc. and
16 Manitoba Society of Seniors' 1st Round
17 Information Requests and Centra Gas
18 Manitoba Inc.'s Response. Equity component
19 on RRB
20
21 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-32: Consumers'
22 Association of Canada (Manitoba) Inc. and
23 Manitoba Society of Seniors' 1st Round
24 Information Requests and Centra Gas
25 Manitoba Inc.'s Response. Customer

1 participation rates
2
3 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-33: Consumers'
4 Association of Canada (Manitoba) Inc. and
5 Manitoba Society of Seniors' 1st Round
6 Information Requests and Centra Gas
7 Manitoba Inc.'s Response. Power Smart
8
9 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-34: Consumers'
10 Association of Canada (Manitoba) Inc. and
11 Manitoba Society of Seniors' 1st Round
12 Information Requests and Centra Gas
13 Manitoba Inc.'s Response. Avoided cost of
14 gas DSM
15
16 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-35: Consumers'
17 Association of Canada (Manitoba) Inc. and
18 Manitoba Society of Seniors' 1st Round
19 Information Requests and Centra Gas
20 Manitoba Inc.'s Response. DSM/Natural gas
21 savings
22
23 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-36: Consumers'
24 Association of Canada (Manitoba) Inc. and
25 Manitoba Society of Seniors' 1st Round

1 Information Requests and Centra Gas
2 Manitoba Inc.'s Response. DSM/Natural gas
3 savings by sector.
4 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-37: Consumers'
5 Association of Canada (Manitoba) Inc. and
6 Manitoba Society of Seniors' 1st Round
7 Information Requests and Centra Gas
8 Manitoba Inc.'s Response. DSM/market
9 potential study
10
11 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-38: Consumers'
12 Association of Canada (Manitoba) Inc. and
13 Manitoba Society of Seniors' 1st Round
14 Information Requests and Centra Gas
15 Manitoba Inc.'s Response. DSM/market
16 potential study
17
18 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-39: Consumers'
19 Association of Canada (Manitoba) Inc. and
20 Manitoba Society of Seniors' 1st Round
21 Information Requests and Centra Gas
22 Manitoba Inc.'s Response. DSM
23 program/rational
24
25 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-40: Consumers'

1 Association of Canada (Manitoba) Inc. and
2 Manitoba Society of Seniors' 1st Round
3 Information Requests and Centra Gas
4 Manitoba Inc.'s Response. DSM allocation/
5 gas/electric.
6
7 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-41: Consumers'
8 Association of Canada (Manitoba) Inc. and
9 Manitoba Society of Seniors' 1st Round
10 Information Requests and Centra Gas
11 Manitoba Inc.'s Response. DSM tests
12
13 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-42: Consumers'
14 Association of Canada (Manitoba) Inc. and
15 Manitoba Society of Seniors' 1st Round
16 Information Requests and Centra Gas
17 Manitoba Inc.'s Response. DSM costs
18 regulatory accounting
19
20 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-43: Consumers'
21 Association of Canada (Manitoba) Inc. and
22 Manitoba Society of Seniors' 1st Round
23 Information Requests and Centra Gas
24 Manitoba Inc.'s Response. DSM cost
25 regulatory accounting

- 1 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-44: Consumers' Association
2 of Canada (Manitoba) Inc. and Manitoba
3 Society of Seniors' 1st Round Information
4 Requests and Centra Gas Manitoba Inc.'s
5 Response. DSM benchmarks
6
- 7 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-45: Consumers'
8 Association of Canada (Manitoba) Inc. and
9 Manitoba Society of Seniors' 1st Round
10 Information Requests and Centra Gas
11 Manitoba Inc.'s Response. CBRS & S&P
12 reports
13
- 14 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-46: Consumers'
15 Association of Canada (Manitoba) Inc. and
16 Manitoba Society of Seniors' 1st Round
17 Information Requests and Centra Gas
18 Manitoba Inc.'s Response. CHES/open market
19 changes
20
- 21 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-47: Consumers'
22 Association of Canada (Manitoba) Inc. and
23 Manitoba Society of Seniors' 1st Round
24 Information Requests and Centra Gas
25 Manitoba Inc.'s Response. Gas supply

1 portfolio
2
3 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-48: Consumers'
4 Association of Canada (Manitoba) Inc. and
5 Manitoba Society of Seniors' 1st Round
6 Information Requests and Centra Gas
7 Manitoba Inc.'s Response. Nexen contract
8
9 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-49: Consumers'
10 Association of Canada (Manitoba) Inc. and
11 Manitoba Society of Seniors' 1st Round
12 Information Requests and Centra Gas
13 Manitoba Inc.'s Response. Gas portfolio/
14 brokers impact
15
16 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-50: Consumers'
17 Association of Canada (Manitoba) Inc. and
18 Manitoba Society of Seniors' 1st Round
19 Information Requests and Centra Gas
20 Manitoba Inc.'s Response. Brokers/bad
21 debts/ABC service
22
23 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-51: Consumers'
24 Association of Canada (Manitoba) Inc. and
25 Manitoba Society of Seniors' 1st Round

1 Information Requests and Centra Gas
2 Manitoba Inc.'s Response. Peak day volumes
3 /heating degree days
4
5 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-52: Consumers'
6 Association of Canada (Manitoba) Inc. and
7 Manitoba Society of Seniors' 1st Round
8 Information Requests and Centra Gas
9 Manitoba Inc.'s Response. DCQ
10 transportation and storage
11
12 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-53: Consumers'
13 Association of Canada (Manitoba) Inc. and
14 Manitoba Society of Seniors' 1st Round
15 Information Requests and Centra Gas
16 Manitoba Inc.'s Response. TCPL cost
17 changes
18
19 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-54: Consumers'
20 Association of Canada (Manitoba) Inc. and
21 Manitoba Society of Seniors' 1st Round
22 Information Requests and Centra Gas
23 Manitoba Inc.'s Response. Extreme weather/
24 storage analysis
25

- 1 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-55: Consumers'
2 Association of Canada (Manitoba) Inc. and
3 Manitoba Society of Seniors' 1st Round
4 Information Requests and Centra Gas
5 Manitoba Inc.'s Response. Bundling gas
6 supply & transportation
7
- 8 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-56: Consumers'
9 Association of Canada (Manitoba) Inc. and
10 Manitoba Society of Seniors' 1st Round
11 Information Requests and Centra Gas
12 Manitoba Inc.'s Response. Short term gas
13 supply price
14
- 15 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-57: Consumers'
16 Association of Canada (Manitoba) Inc. and
17 Manitoba Society of Seniors' 1st Round
18 Information Requests and Centra Gas
19 Manitoba Inc.'s Response. Capacity
20 Management revenue
21
- 22 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-58: Consumers'
23 Association of Canada (Manitoba) Inc. and
24 Manitoba Society of Seniors' 1st Round
25 Information Requests and Centra Gas

1 Manitoba Inc.'s Response. UFG/5 year
2 history
3 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-59: Consumers'
4 Association of Canada (Manitoba) Inc. and
5 Manitoba Society of Seniors' 1st Round
6 Information Requests and Centra Gas
7 Manitoba Inc.'s Response. Allocation of
8 UFG volumes.
9
10 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-60: Consumers'
11 Association of Canada (Manitoba) Inc. and
12 Manitoba Society of Seniors' 1st Round
13 Information Requests and Centra Gas
14 Manitoba Inc.'s Response. Price
15 differential/Oklahoma/Hentry Hub
16
17 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-61: Consumers'
18 Association of Canada (Manitoba) Inc. and
19 Manitoba Society of Seniors' 1st Round
20 Information Requests and Centra Gas
21 Manitoba Inc.'s Response. US \$ forecasts
22
23 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-62: Consumers'
24 Association of Canada (Manitoba) Inc. and
25 Manitoba Society of Seniors' 1st Round

1 Information Requests and Centra Gas
2 Manitoba Inc.'s Response. ANR tolls
3 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-63: Consumers'
4 Association of Canada (Manitoba) Inc. and
5 Manitoba Society of Seniors' 1st Round
6 Information Requests and Centra Gas
7 Manitoba Inc.'s Response. Hedging and
8 Nexen contract.
9
10 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-64: Consumers'
11 Association of Canada (Manitoba) Inc. and
12 Manitoba Society of Seniors' 1st Round
13 Information Requests and Centra Gas
14 Manitoba Inc.'s Response. Capacity
15 management revenues
16
17 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-65: Consumers'
18 Association of Canada (Manitoba) Inc. and
19 Manitoba Society of Seniors' 1st Round
20 Information Requests and Centra Gas
21 Manitoba Inc.'s Response. Cost Allocation
22 model
23 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-66: Consumers'
24 Association of Canada (Manitoba) Inc. and
25 Manitoba Society of Seniors' 1st Round

1 Information Requests and Centra Gas
2 Manitoba Inc.'s Response. Onsite costs
3 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-67: Consumers'
4 Association of Canada (Manitoba) Inc. and
5 Manitoba Society of Seniors' 1st Round
6 Information Requests and Centra Gas
7 Manitoba Inc.'s Response. Cost allocation
8
9 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-68: Consumers'
10 Association of Canada (Manitoba) Inc. and
11 Manitoba Society of Seniors' 1st Round
12 Information Requests and Centra Gas
13 Manitoba Inc.'s Response. Cost allocation/
14 corporate and net income
15
16 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-69: Consumers'
17 Association of Canada (Manitoba) Inc. and
18 Manitoba Society of Seniors' 1st Round
19 Information Requests and Centra Gas
20 Manitoba Inc.'s Response. DSM program
21
22 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-70: Consumers'
23 Association of Canada (Manitoba) Inc. and
24 Manitoba Society of Seniors' 1st Round
25 Information Requests and Centra Gas

1 Manitoba Inc.'s Response. Primary gas
2 overhead rate
3 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-71: Consumers'
4 Association of Canada (Manitoba) Inc. and
5 Manitoba Society of Seniors' 1st Round
6 Information Requests and Centra Gas
7 Manitoba Inc.'s Response.
8 Upstream/downstream demand charges.
9
10 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-72: Consumers'
11 Association of Canada (Manitoba) Inc. and
12 Manitoba Society of Seniors' 1st Round
13 Information Requests and Centra Gas
14 Manitoba Inc.'s Response. SGS/non primary
15 gas PGVA
16
17 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-73: Consumers'
18 Association of Canada (Manitoba) Inc. and
19 Manitoba Society of Seniors' 1st Round
20 Information Requests and Centra Gas
21 Manitoba Inc.'s Response. Rate
22 riders/timeline PGVA
23
24 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-74: Consumers'
25 Association of Canada (Manitoba) Inc. and

1 Manitoba Society of Seniors' 1st Round
2 Information Requests and Centra Gas
3 Manitoba Inc.'s Response. Rate
4 riders/impacts PGVA
5
6 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-75: Consumers'
7 Association of Canada (Manitoba) Inc. and
8 Manitoba Society of Seniors' 1st Round
9 Information Requests and Centra Gas
10 Manitoba Inc.'s Response. DSM plans
11
12 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-76: Consumers'
13 Association of Canada (Manitoba) Inc. and
14 Manitoba Society of Seniors' 1st Round
15 Information Requests and Centra Gas
16 Manitoba Inc.'s Response. Fixed price
17 offering
18
19 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-77: Consumers'
20 Association of Canada (Manitoba) Inc. and
21 Manitoba Society of Seniors' 1st Round
22 Information Requests and Centra Gas
23 Manitoba Inc.'s Response. Customer
24 education
25

- 1 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-78: Consumers'
2 Association of Canada (Manitoba) Inc. and
3 Manitoba Society of Seniors' 1st Round
4 Information Requests and Centra Gas
5 Manitoba Inc.'s Response. Integrated bill
6
- 7 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-79: Consumers'
8 Association of Canada (Manitoba) Inc. and
9 Manitoba Society of Seniors' 1st Round
10 Information Requests and Centra Gas
11 Manitoba Inc.'s Response. Centra's review
12 of ICG report.
13
- 14 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-80: Consumers'
15 Association of Canada (Manitoba) Inc. and
16 Manitoba Society of Seniors' 1st Round
17 Information Requests and Centra Gas
18 Manitoba Inc.'s Response. WTS service
19 review
20
- 21 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-81: Consumers'
22 Association of Canada (Manitoba) Inc. and
23 Manitoba Society of Seniors' 1st Round
24 Information Requests and Centra Gas
25 Manitoba Inc.'s Response. Derivatives

1 Hedging policy
2
3 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-82: Consumers'
4 Association of Canada (Manitoba) Inc. and
5 Manitoba Society of Seniors' 1st Round
6 Information Requests and Centra Gas
7 Manitoba Inc.'s Response. Basic Monthly
8 charge
9
10 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-83: Consumers'
11 Association of Canada (Manitoba) Inc. and
12 Manitoba Society of Seniors' 1st Round
13 Information Requests and Centra Gas
14 Manitoba Inc.'s Response. Connection fees/
15 Interlake Bifrost
16
17 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-84: Consumers'
18 Association of Canada (Manitoba) Inc. and
19 Manitoba Society of Seniors' 1st Round
20 Information Requests and Centra Gas
21 Manitoba Inc.'s Response. Cost of Gas
22
23 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-85: Consumers'
24 Association of Canada (Manitoba) Inc. and
25 Manitoba Society of Seniors' 1st Round

1 Information Requests and Centra Gas
2 Manitoba Inc.'s Response. Gas supply,
3 storage transportation.
4

5 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-86: Consumers'
6 Association of Canada (Manitoba) Inc. and
7 Manitoba Society of Seniors' 1st Round
8 Information Requests and Centra Gas
9 Manitoba Inc.'s Response. Gas costs and
10 gas costs deferrals
11

12 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-87: Consumers'
13 Association of Canada (Manitoba) Inc. and
14 Manitoba Society of Seniors' 1st Round
15 Information Requests and Centra Gas
16 Manitoba Inc.'s Response. Hedging policies
17

18 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-88: Consumers'
19 Association of Canada (Manitoba) Inc. and
20 Manitoba Society of Seniors' 1st Round
21 Information Requests and Centra Gas
22 Manitoba Inc.'s Response. Hedging results
23

24 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-89: Consumers'
25 Association of Canada (Manitoba) Inc. and

1 Manitoba Society of Seniors' 1st Round
2 Information Requests and Centra Gas
3 Manitoba Inc.'s Response. Hedging
4 training/improvements
5
6 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-90: Consumers'
7 Association of Canada (Manitoba) Inc. and
8 Manitoba Society of Seniors' 1st Round
9 Information Requests and Centra Gas
10 Manitoba Inc.'s Response.
11 Hedging/monitoring performance
12
13 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-91: Consumers'
14 Association of Canada (Manitoba) Inc. and
15 Manitoba Society of Seniors' 1st Round
16 Information Requests and Centra Gas
17 Manitoba Inc.'s Response. Gas supply/
18 committee meetings
19
20 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-92: Consumers'
21 Association of Canada (Manitoba) Inc. and
22 Manitoba Society of Seniors' 1st Round
23 Information Requests and Centra Gas
24 Manitoba Inc.'s Response.
25 Hedging/volatility reduction

1
2 MR. BOB PETERS: In terms of the second round
3 questions, I suggest that those be marked as
4 CAC/MSOS/Centra/1-93 through 1-159.

5
6 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-93: Consumers'
7 Association of Canada (Manitoba) Inc. and
8 Manitoba Society of Seniors' 2nd Round
9 Information Requests and Centra Gas
10 Manitoba Inc.'s Response. Goodwill review
11

12 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-94: Consumers'
13 Association of Canada (Manitoba) Inc. and
14 Manitoba Society of Seniors' 2nd Round
15 Information Requests and Centra Gas
16 Manitoba Inc.'s Response. Streamlining
17 regulation
18

19 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-95: Consumers'
20 Association of Canada (Manitoba) Inc. and
21 Manitoba Society of Seniors' 2nd Round
22 Information Requests and Centra Gas
23 Manitoba Inc.'s Response. Winnipeg Hydro
24 integration
25

- 1 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-96: Consumers'
2 Association of Canada (Manitoba) Inc. and
3 Manitoba Society of Seniors' 2nd Round
4 Information Requests and Centra Gas
5 Manitoba Inc.'s Response. Customer
6 Satisfaction study
7
- 8 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-97: Consumers'
9 Association of Canada (Manitoba) Inc. and
10 Manitoba Society of Seniors' 2nd Round
11 Information Requests and Centra Gas
12 Manitoba Inc.'s Response. Q & A
13 costs/costs per customer
14
- 15 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-98: Consumers'
16 Association of Canada (Manitoba) Inc. and
17 Manitoba Society of Seniors' 2nd Round
18 Information Requests and Centra Gas
19 Manitoba Inc.'s Response. \$15.1 m details/
20 debt repayments
21
- 22 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-99: Consumers'
23 Association of Canada (Manitoba) Inc. and
24 Manitoba Society of Seniors' 2nd Round
25 Information Requests and Centra Gas

1 Manitoba Inc.'s Response. Costs
2 allocation/gas/electric
3 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-100: Consumers'
4 Association of Canada (Manitoba) Inc. and
5 Manitoba Society of Seniors' 2nd Round
6 Information Requests and Centra Gas
7 Manitoba Inc.'s Response. \$20.9 m cost
8 allocation
9
10 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-101 (not on list)
11
12 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-102: Consumers'
13 Association of Canada (Manitoba) Inc. and
14 Manitoba Society of Seniors' 2nd Round
15 Information Requests and Centra Gas
16 Manitoba Inc.'s Response. Management costs
17
18 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-103: Consumers'
19 Association of Canada (Manitoba) Inc. and
20 Manitoba Society of Seniors' 2nd Round
21 Information Requests and Centra Gas
22 Manitoba Inc.'s Response. Time card
23 process
24
25 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-104: Consumers'

1 Association of Canada (Manitoba) Inc. and
2 Manitoba Society of Seniors' 2nd Round
3 Information Requests and Centra Gas
4 Manitoba Inc.'s Response. Cost allocation
5 methodologies
6
7 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-105: Consumers'
8 Association of Canada (Manitoba) Inc. and
9 Manitoba Society of Seniors' 2nd Round
10 Information Requests and Centra Gas
11 Manitoba Inc.'s Response. Four party
12 trench installation
13
14 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-106: Consumers'
15 Association of Canada (Manitoba) Inc. and
16 Manitoba Society of Seniors' 2nd Round
17 Information Requests and Centra Gas
18 Manitoba Inc.'s Response. Cost allocation
19 to gas hedger
20
21 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-107: Consumers'
22 Association of Canada (Manitoba) Inc. and
23 Manitoba Society of Seniors' 2nd Round
24 Information Requests and Centra Gas
25 Manitoba Inc.'s Response. Costs by bus.

1 units
2
3 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-108: Consumers'
4 Association of Canada (Manitoba) Inc. and
5 Manitoba Society of Seniors' 2nd Round
6 Information Requests and Centra Gas
7 Manitoba Inc.'s Response. Cost allocation/
8 non regulated units
9
10 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-109: Consumers'
11 Association of Canada (Manitoba) Inc. and
12 Manitoba Society of Seniors' 2nd Round
13 Information Requests and Centra Gas
14 Manitoba Inc.'s Response. Activity changes
15 by EFT
16
17 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-110: Consumers'
18 Association of Canada (Manitoba) Inc. and
19 Manitoba Society of Seniors' 2nd Round
20 Information Requests and Centra Gas
21 Manitoba Inc.'s Response. Annual hourly
22 activity charges
23
24 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-111: Consumers'
25 Association of Canada (Manitoba) Inc. and

1 Manitoba Society of Seniors' 2nd Round
2 Information Requests and Centra Gas
3 Manitoba Inc.'s Response. Rate of return
4 forecasts
5
6 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-112: Consumers'
7 Association of Canada (Manitoba) Inc. and
8 Manitoba Society of Seniors' 2nd Round
9 Information Requests and Centra Gas
10 Manitoba Inc.'s Response. Paid up capital
11
12 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-113: Consumers'
13 Association of Canada (Manitoba) Inc. and
14 Manitoba Society of Seniors' 2nd Round
15 Information Requests and Centra Gas
16 Manitoba Inc.'s Response. IT strategic
17 plans/delays
18
19 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-114: Consumers'
20 Association of Canada (Manitoba) Inc. and
21 Manitoba Society of Seniors' 2nd Round
22 Information Requests and Centra Gas
23 Manitoba Inc.'s Response. Cost details
24
25 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-115: Consumers'

1 Association of Canada (Manitoba) Inc. and
2 Manitoba Society of Seniors' 2nd Round
3 Information Requests and Centra Gas
4 Manitoba Inc.'s Response. Services/costs
5
6 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-116: Consumers'
7 Association of Canada (Manitoba) Inc. and
8 Manitoba Society of Seniors' 2nd Round
9 Information Requests and Centra Gas
10 Manitoba Inc.'s Response. CHES charges
11
12 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-117: Consumers'
13 Association of Canada (Manitoba) Inc. and
14 Manitoba Society of Seniors' 2nd Round
15 Information Requests and Centra Gas
16 Manitoba Inc.'s Response. Rate of return/
17 details
18
19 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-118: Consumers'
20 Association of Canada (Manitoba) Inc. and
21 Manitoba Society of Seniors' 2nd Round
22 Information Requests and Centra Gas
23 Manitoba Inc.'s Response. DSM costs
24 allocation
25

- 1 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-119: Consumers'
2 Association of Canada (Manitoba) Inc. and
3 Manitoba Society of Seniors' 2nd Round
4 Information Requests and Centra Gas
5 Manitoba Inc.'s Response. Electric DSM
6 program
7
- 8 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-120: Consumers'
9 Association of Canada (Manitoba) Inc. and
10 Manitoba Society of Seniors' 2nd Round
11 Information Requests and Centra Gas
12 Manitoba Inc.'s Response. Gas savings by
13 sector
14
- 15 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-121: Consumers'
16 Association of Canada (Manitoba) Inc. and
17 Manitoba Society of Seniors' 2nd Round
18 Information Requests and Centra Gas
19 Manitoba Inc.'s Response. DBRS report
20
- 21 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-122: Consumers'
22 Association of Canada (Manitoba) Inc. and
23 Manitoba Society of Seniors' 2nd Round
24 Information Requests and Centra Gas
25 Manitoba Inc.'s Response. Displacement

1 costs
2
3 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-123: Consumers'
4 Association of Canada (Manitoba) Inc. and
5 Manitoba Society of Seniors' 2nd Round
6 Information Requests and Centra Gas
7 Manitoba Inc.'s Response. Forecasting
8 volumes
9
10 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-124: Consumers'
11 Association of Canada (Manitoba) Inc. and
12 Manitoba Society of Seniors' 2nd Round
13 Information Requests and Centra Gas
14 Manitoba Inc.'s Response. Energy
15 efficiency/housing
16
17 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-125: Consumers'
18 Association of Canada (Manitoba) Inc. and
19 Manitoba Society of Seniors' 2nd Round
20 Information Requests and Centra Gas
21 Manitoba Inc.'s Response. DCQ/demand
22 charges
23
24 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-126: Consumers'
25 Association of Canada (Manitoba) Inc. and

1 Manitoba Society of Seniors' 2nd Round
2 Information Requests and Centra Gas
3 Manitoba Inc.'s Response. TCRL impacts
4
5 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-127: Consumers'
6 Association of Canada (Manitoba) Inc. and
7 Manitoba Society of Seniors' 2nd Round
8 Information Requests and Centra Gas
9 Manitoba Inc.'s Response. Nexen contract
10
11 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-128: Consumers'
12 Association of Canada (Manitoba) Inc. and
13 Manitoba Society of Seniors' 2nd Round
14 Information Requests and Centra Gas
15 Manitoba Inc.'s Response. Capacity
16 management revenue
17
18 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-129: Consumers'
19 Association of Canada (Manitoba) Inc. and
20 Manitoba Society of Seniors' 2nd Round
21 Information Requests and Centra Gas
22 Manitoba Inc.'s Response. UFG forecasts
23
24 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-130: Consumers'
25 Association of Canada (Manitoba) Inc. and

1 Manitoba Society of Seniors' 2nd Round
2 Information Requests and Centra Gas
3 Manitoba Inc.'s Response. \$0.12/mmbtu
4 differential
5
6 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-131: Consumers'
7 Association of Canada (Manitoba) Inc. and
8 Manitoba Society of Seniors' 2nd Round
9 Information Requests and Centra Gas
10 Manitoba Inc.'s Response. Forecast US
11 exchange rate
12
13 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-132: Consumers'
14 Association of Canada (Manitoba) Inc. and
15 Manitoba Society of Seniors' 2nd Round
16 Information Requests and Centra Gas
17 Manitoba Inc.'s Response. Hedging volumes
18
19 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-133: Consumers'
20 Association of Canada (Manitoba) Inc. and
21 Manitoba Society of Seniors' 2nd Round
22 Information Requests and Centra Gas
23 Manitoba Inc.'s Response. Directly
24 assigned costs
25

- 1 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-134: Consumers'
2 Association of Canada (Manitoba) Inc. and
3 Manitoba Society of Seniors' 2nd Round
4 Information Requests and Centra Gas
5 Manitoba Inc.'s Response. Allocators
6
- 7 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-135: Consumers'
8 Association of Canada (Manitoba) Inc. and
9 Manitoba Society of Seniors' 2nd Round
10 Information Requests and Centra Gas
11 Manitoba Inc.'s Response. Bill impacts
12
- 13 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-136: Consumers'
14 Association of Canada (Manitoba) Inc. and
15 Manitoba Society of Seniors' 2nd Round
16 Information Requests and Centra Gas
17 Manitoba Inc.'s Response. DSM future costs
18
- 19 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-137: Consumers'
20 Association of Canada (Manitoba) Inc. and
21 Manitoba Society of Seniors' 2nd Round
22 Information Requests and Centra Gas
23 Manitoba Inc.'s Response. Fixed price
24 offerings/further Irs
25

- 1 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-138: Consumers'
2 Association of Canada (Manitoba) Inc. and
3 Manitoba Society of Seniors' 2nd Round
4 Information Requests and Centra Gas
5 Manitoba Inc.'s Response. Future filings
6 by Centra
7
- 8 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-139: Consumers'
9 Association of Canada (Manitoba) Inc. and
10 Manitoba Society of Seniors' 2nd Round
11 Information Requests and Centra Gas
12 Manitoba Inc.'s Response. Collection fees
13
- 14 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-140: Consumers'
15 Association of Canada (Manitoba) Inc. and
16 Manitoba Society of Seniors' 2nd Round
17 Information Requests and Centra Gas
18 Manitoba Inc.'s Response. Staffing/gas
19 division
20
- 21 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-141: Consumers'
22 Association of Canada (Manitoba) Inc. and
23 Manitoba Society of Seniors' 2nd Round
24 Information Requests and Centra Gas
25 Manitoba Inc.'s Response. Gas cost items

- 1 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-142: Consumers'
2 Association of Canada (Manitoba) Inc. and
3 Manitoba Society of Seniors' 2nd Round
4 Information Requests and Centra Gas
5 Manitoba Inc.'s Response. Market research
6
- 7 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-143: Consumers'
8 Association of Canada (Manitoba) Inc. and
9 Manitoba Society of Seniors' 2nd Round
10 Information Requests and Centra Gas
11 Manitoba Inc.'s Response. Cost of service
12 methodology/authority
13
- 14 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-144: Consumers'
15 Association of Canada (Manitoba) Inc. and
16 Manitoba Society of Seniors' 2nd Round
17 Information Requests and Centra Gas
18 Manitoba Inc.'s Response. Revenue
19 requirements
20
- 21 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-145: Consumers'
22 Association of Canada (Manitoba) Inc. and
23 Manitoba Society of Seniors' 2nd Round
24 Information Requests and Centra Gas
25 Manitoba Inc.'s Response. Net income

- 1
2 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-146: Consumers'
3 Association of Canada (Manitoba) Inc. and
4 Manitoba Society of Seniors' 2nd Round
5 Information Requests and Centra Gas
6 Manitoba Inc.'s Response. Donations and
7 grants
8
- 9 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-147: Consumers'
10 Association of Canada (Manitoba) Inc. and
11 Manitoba Society of Seniors' 2nd Round
12 Information Requests and Centra Gas
13 Manitoba Inc.'s Response. Q & A
14 reconciliation/financial statements
15
- 16 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-48: Consumers'
17 Association of Canada (Manitoba) Inc. and
18 Manitoba Society of Seniors' 2nd Round
19 Information Requests and Centra Gas
20 Manitoba Inc.'s Response. Employee
21 benefits by business unit
22
- 23 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-149: Consumers'
24 Association of Canada (Manitoba) Inc. and
25 Manitoba Society of Seniors' 2nd Round

1 Information Requests and Centra Gas
2 Manitoba Inc.'s Response. Continuity
3 schedules
4

5 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-150: Consumers'
6 Association of Canada (Manitoba) Inc. and
7 Manitoba Society of Seniors' 2nd Round
8 Information Requests and Centra Gas
9 Manitoba Inc.'s Response. Depreciation/
10 computer hardware
11

12 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-151: Consumers'
13 Association of Canada (Manitoba) Inc. and
14 Manitoba Society of Seniors' 2nd Round
15 Information Requests and Centra Gas
16 Manitoba Inc.'s Response. Hydro to Centra
17 loan/details
18

19 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-152: Consumers'
20 Association of Canada (Manitoba) Inc. and
21 Manitoba Society of Seniors' 2nd Round
22 Information Requests and Centra Gas
23 Manitoba Inc.'s Response. Soft asset
24 arrangements
25

- 1 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-153: Consumers'
2 Association of Canada (Manitoba) Inc. and
3 Manitoba Society of Seniors' 2nd Round
4 Information Requests and Centra Gas
5 Manitoba Inc.'s Response. Gas purchasing
6 agreements
7
- 8 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-154: Consumers'
9 Association of Canada (Manitoba) Inc. and
10 Manitoba Society of Seniors' 2nd Round
11 Information Requests and Centra Gas
12 Manitoba Inc.'s Response. Gas supply of
13 source
14
- 15 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-155: Consumers'
16 Association of Canada (Manitoba) Inc. and
17 Manitoba Society of Seniors' 2nd Round
18 Information Requests and Centra Gas
19 Manitoba Inc.'s Response. Peak day
20 requirements
21
- 22 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-156: Consumers'
23 Association of Canada (Manitoba) Inc. and
24 Manitoba Society of Seniors' 2nd Round
25 Information Requests and Centra Gas

1 Manitoba Inc.'s Response. Cost of gas
2 components
3 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-157: Consumers'
4 Association of Canada (Manitoba) Inc. and
5 Manitoba Society of Seniors' 2nd Round
6 Information Requests and Centra Gas
7 Manitoba Inc.'s Response. Synergies
8 estimate
9
10 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-158: Consumers'
11 Association of Canada (Manitoba) Inc. and
12 Manitoba Society of Seniors' 2nd Round
13 Information Requests and Centra Gas
14 Manitoba Inc.'s Response. Increase in
15 service/\$12.0 m
16
17 --- EXHIBIT NO. CAC/MSOS/CENTRA-1-159: Consumers'
18 Association of Canada (Manitoba) Inc. and
19 Manitoba Society of Seniors' 2nd Round
20 Information Requests and Centra Gas
21 Manitoba Inc.'s Response. Non-gas revenue
22
23 MR. BOB PETERS: The evidence of Mr.
24 Matwichuk on behalf of CAC/MSOS could be marked as CAC/MSOS
25 Exhibit 2.

1 --- EXHIBIT NO. CAC/MSOS-2 Evidence of M.G. Matwichuk.

2

3 MR. BOB PETERS: And one that hasn't made the
4 -- the draft list, I would suggest we add, Mr. Chairman, as
5 CAC/MSOS/3. And the sub-parts of that I will defer to My
6 Friend, Mr. Saxberg, either later today or as soon as he has
7 an opportunity to enumerate them, would be the answers that
8 Mr. Matwichuk has given to the Information Requests that were
9 posed by the PUB, by Centra and by RCM and TREE. But those
10 would all be marked as CAC/MSOS/3.

11

12 --- EXHIBIT NO. CAC/MSOS/3: Answers provided by Mr.
13 Matwichuk to Information
14 Requests posed by the PUB,
15 by Centra and by RCM and
16 TREE

17

18 MR. BOB PETERS: Resource Conservation
19 Manitoba and Time to Respect Earth's Ecosystems Inc. has
20 exhibits 1-1 through 1-27 which would be their Information
21 Requests of Centra and the responses that are provided in the
22 first round.

23

24 --- EXHIBIT NO. RCM/TREE/CENTRA-1-1: Resource Conservation
25 Manitoba and Time to Respect Earth's

1 Ecosystems Inc.'s 1st Round Information
2 Requests and Centra Gas Manitoba Inc.'s
3 Response RB/ROR and COS
4

5 --- EXHIBIT NO. RCM/TREE/CENTRA-1-2: Resource Conservation
6 Manitoba and Time to Respect Earth's
7 Ecosystems Inc.'s 1st Round Information
8 Requests and Centra Gas Manitoba Inc.'s
9 Response Main extension policy
10

11 --- EXHIBIT NO. RCM/TREE/CENTRA-1-3: Resource Conservation
12 Manitoba and Time to Respect Earth's
13 Ecosystems Inc.'s 1st Round Information
14 Requests and Centra Gas Manitoba Inc.'s
15 Response. UFG
16

17 --- EXHIBIT NO. RCM/TREE/CENTRA-1-4: Resource Conservation
18 Manitoba and Time to Respect Earth's
19 Ecosystems Inc.'s 1st Round Information
20 Requests and Centra Gas Manitoba Inc.'s
21 Response Water heating/sources
22

23 --- EXHIBIT NO. RCM/TREE/CENTRA-1-5: Resource Conservation
24 Manitoba and Time to Respect Earth's
25 Ecosystems Inc.'s 1st Round Information

1 Requests and Centra Gas Manitoba Inc.'s
2 Response Electricity consumption forecast
3
4 --- EXHIBIT NO. RCM/TREE/CENTRA-1-6: Resource Conservation
5 Manitoba and Time to Respect Earth's
6 Ecosystems Inc.'s 1st Round Information
7 Requests and Centra Gas Manitoba Inc.'s
8 Response Price elasticity/gas
9
10 --- EXHIBIT NO. RCM/TREE/CENTRA-1-7: Resource Conservation
11 Manitoba and Time to Respect Earth's
12 Ecosystems Inc.'s 1st Round Information
13 Requests and Centra Gas Manitoba Inc.'s
14 Response. Centra's tax liability
15
16 --- EXHIBIT NO. RCM/TREE/CENTRA-1-8: Resource Conservation
17 Manitoba and Time to Respect Earth's
18 Ecosystems Inc.'s 1st Round Information
19 Requests and Centra Gas Manitoba Inc.'s
20 Response Power Smart and Gas
21
22 --- EXHIBIT NO. RCM/TREE/CENTRA-1-9: Resource Conservation
23 Manitoba and Time to Respect Earth's
24 Ecosystems Inc.'s 1st Round Information
25 Requests and Centra Gas Manitoba Inc.'s

1 Response Power Smart/Plan/Budgets
2 --- EXHIBIT NO. RCM/TREE/CENTRA-1-10: Resource Conservation
3 Manitoba and Time to Respect Earth's
4 Ecosystems Inc.'s 1st Round Information
5 Requests and Centra Gas Manitoba Inc.'s
6 Response. Power Smart programs/gas and
7 electric
8
9 --- EXHIBIT NO. RCM/TREE/CENTRA-1-11: Resource Conservation
10 Manitoba and Time to Respect Earth's
11 Ecosystems Inc.'s 1st Round Information
12 Requests and Centra Gas Manitoba Inc.'s
13 Response Benchmarking heating efficiency
14
15 --- EXHIBIT NO. RCM/TREE/CENTRA-1-12: Resource Conservation
16 Manitoba and Time to Respect Earth's
17 Ecosystems Inc.'s 1st Round Information
18 Requests and Centra Gas Manitoba Inc.'s
19 Response low income customers
20
21 --- EXHIBIT NO. RCM/TREE/CENTRA-1-13: Resource Conservation
22 Manitoba and Time to Respect Earth's
23 Ecosystems Inc.'s 1st Round Information
24 Requests and Centra Gas Manitoba Inc.'s
25 Response. System savings/conservation

1 --- EXHIBIT NO. RCM/TREE/CENTRA-1-14: Resource Conservation
2 Manitoba and Time to Respect Earth's
3 Ecosystems Inc.'s 1st Round Information
4 Requests and Centra Gas Manitoba Inc.'s
5 Response DSM impact on
6 supply/transportation
7

8 --- EXHIBIT NO. RCM/TREE/CENTRA-1-15: Resource Conservation
9 Manitoba and Time to Respect Earth's
10 Ecosystems Inc.'s 1st Round Information
11 Requests and Centra Gas Manitoba Inc.'s
12 Response Unfairness in DSM
13

14 --- EXHIBIT NO. RCM/TREE/CENTRA-1-16: Resource Conservation
15 Manitoba and Time to Respect Earth's
16 Ecosystems Inc.'s 1st Round Information
17 Requests and Centra Gas Manitoba Inc.'s
18 Response. DSM/reduced capital expenditures
19

20 --- EXHIBIT NO. RCM/TREE/CENTRA-1-17: Resource Conservation
21 Manitoba and Time to Respect Earth's
22 Ecosystems Inc.'s 1st Round Information
23 Requests and Centra Gas Manitoba Inc.'s
24 Response TRC/benefits/calculations
25

1 --- EXHIBIT NO. RCM/TREE/CENTRA-1-18: Resource Conservation
2 Manitoba and Time to Respect Earth's
3 Ecosystems Inc.'s 1st Round Information
4 Requests and Centra Gas Manitoba Inc.'s
5 Response RIM tests
6
7 --- EXHIBIT NO. RCM/TREE/CENTRA-1-19: Resource Conservation
8 Manitoba and Time to Respect Earth's
9 Ecosystems Inc.'s 1st Round Information
10 Requests and Centra Gas Manitoba Inc.'s
11 Response. DSM/fees
12
13 --- EXHIBIT NO. RCM/TREE/CENTRA-1-20: Resource Conservation
14 Manitoba and Time to Respect Earth's
15 Ecosystems Inc.'s 1st Round Information
16 Requests and Centra Gas Manitoba Inc.'s
17 Response DSM/gross revenues
18
19 --- EXHIBIT NO. RCM/TREE/CENTRA-1-21: Resource Conservation
20 Manitoba and Time to Respect Earth's
21 Ecosystems Inc.'s 1st Round Information
22 Requests and Centra Gas Manitoba Inc.'s
23 Response Rate design changes
24
25 --- EXHIBIT NO. RCM/TREE/CENTRA-1-22: Resource Conservation

1 Manitoba and Time to Respect Earth's
2 Ecosystems Inc.'s 1st Round Information
3 Requests and Centra Gas Manitoba Inc.'s
4 Response Greenhouse gas emissions
5
6 --- EXHIBIT NO. RCM/TREE/CENTRA-1-23: Resource Conservation
7 Manitoba and Time to Respect Earth's
8 Ecosystems Inc.'s 1st Round Information
9 Requests and Centra Gas Manitoba Inc.'s
10 Response. Wuskwatim NRAA filing
11
12 --- EXHIBIT NO. RCM/TREE/CENTRA-1-24: Resource Conservation
13 Manitoba and Time to Respect Earth's
14 Ecosystems Inc.'s 1st Round Information
15 Requests and Centra Gas Manitoba Inc.'s
16 Response Gas/Volume/price long term
17 forecasts
18
19 --- EXHIBIT NO. RCM/TREE/CENTRA-1-25: Resource Conservation
20 Manitoba and Time to Respect Earth's
21 Ecosystems Inc.'s 1st Round Information
22 Requests and Centra Gas Manitoba Inc.'s
23 Response DSM/discret customer charge
24
25 --- EXHIBIT NO. RCM/TREE/CENTRA-1-26: Resource Conservation

1 Manitoba and Time to Respect Earth's
2 Ecosystems Inc.'s 1st Round Information
3 Requests and Centra Gas Manitoba Inc.'s
4 Response. Gas volumes/end use
5
6 --- EXHIBIT NO. RCM/TREE/CENTRA-1-27: Resource Conservation
7 Manitoba and Time to Respect Earth's
8 Ecosystems Inc.'s 1st Round Information
9 Requests and Centra Gas Manitoba Inc.'s
10 Response Centra's gas purchases surrogate
11
12 MR. BOB PETERS: The Exhibit
13 RCM/TREE/Centra/1-28 through 1-60 I propose would be the
14 second round questions by this Intervenor and the responses
15 by the Utility.
16
17 --- EXHIBIT NO. RCM/TREE/CENTRA-1-28: Resource Conservation
18 Manitoba and Time to Respect Earth's
19 Ecosystems Inc.'s 2nd Round Information
20 Requests and Centra Gas Manitoba Inc.'s
21 Response Collections
22
23 --- EXHIBIT NO. RCM/TREE/CENTRA-1-29: Resource Conservation
24 Manitoba and Time to Respect Earth's
25 Ecosystems Inc.'s 2nd Round Information

1 Response. DSM costs
2
3 --- EXHIBIT NO. RCM/TREE/CENTRA-1-34: Resource Conservation
4 Manitoba and Time to Respect Earth's
5 Ecosystems Inc.'s 2nd Round Information
6 Requests and Centra Gas Manitoba Inc.'s
7 Response DSM/fuel switching
8
9 --- EXHIBIT NO. RCM/TREE/CENTRA-1-35: Resource Conservation
10 Manitoba and Time to Respect Earth's
11 Ecosystems Inc.'s 2nd Round Information
12 Requests and Centra Gas Manitoba Inc.'s
13 Response Increase domestic load and exports
14
15 --- EXHIBIT NO. RCM/TREE/CENTRA-1-36: Resource Conservation
16 Manitoba and Time to Respect Earth's
17 Ecosystems Inc.'s 2nd Round Information
18 Requests and Centra Gas Manitoba Inc.'s
19 Response DSM costs/load forecasts
20
21 --- EXHIBIT NO. RCM/TREE/CENTRA-1-37: Resource Conservation
22 Manitoba and Time to Respect Earth's
23 Ecosystems Inc.'s 2nd Round Information
24 Requests and Centra Gas Manitoba Inc.'s
25 Response Rate design principles

1 --- EXHIBIT NO. RCM/TREE/CENTRA-1-38: Resource Conservation
2 Manitoba and Time to Respect Earth's
3 Ecosystems Inc.'s 2nd Round Information
4 Requests and Centra Gas Manitoba Inc.'s
5 Response Rate design/conservation
6
7 --- EXHIBIT NO. RCM/TREE/CENTRA-1-39: Resource Conservation
8 Manitoba and Time to Respect Earth's
9 Ecosystems Inc.'s 2nd Round Information
10 Requests and Centra Gas Manitoba Inc.'s
11 Response Bad debts/write-offs
12
13 --- EXHIBIT NO. RCM/TREE/CENTRA-1-40: Resource Conservation
14 Manitoba and Time to Respect Earth's
15 Ecosystems Inc.'s 2nd Round Information
16 Requests and Centra Gas Manitoba Inc.'s
17 Response System expansions
18
19 --- EXHIBIT NO. RCM/TREE/CENTRA-1-41: Resource Conservation
20 Manitoba and Time to Respect Earth's
21 Ecosystems Inc.'s 2nd Round Information
22 Requests and Centra Gas Manitoba Inc.'s
23 Response Customer satisfaction
24
25 --- EXHIBIT NO. RCM/TREE/CENTRA-1-42: Resource Conservation

1 Manitoba and Time to Respect Earth's
2 Ecosystems Inc.'s 2nd Round Information
3 Requests and Centra Gas Manitoba Inc.'s
4 Response Late payment charges revenues by
5 class
6
7 --- EXHIBIT NO. RCM/TREE/CENTRA-1-43: Resource Conservation
8 Manitoba and Time to Respect Earth's
9 Ecosystems Inc.'s 2nd Round Information
10 Requests and Centra Gas Manitoba Inc.'s
11 Response Cost/10cubed M cubed of conserved
12 gas
13
14 --- EXHIBIT NO. RCM/TREE/CENTRA-1-44: Resource Conservation
15 Manitoba and Time to Respect Earth's
16 Ecosystems Inc.'s 2nd Round Information
17 Requests and Centra Gas Manitoba Inc.'s
18 Response Gas DSM market potential study
19
20 --- EXHIBIT NO. RCM/TREE/CENTRA-1-45: Resource Conservation
21 Manitoba and Time to Respect Earth's
22 Ecosystems Inc.'s 2nd Round Information
23 Requests and Centra Gas Manitoba Inc.'s
24 Response DSM study
25

- 1 --- EXHIBIT NO. RCM/TREE/CENTRA-1-46: Resource Conservation
2 Manitoba and Time to Respect Earth's
3 Ecosystems Inc.'s 2nd Round Information
4 Requests and Centra Gas Manitoba Inc.'s
5 Response DSM and export market
6
- 7 --- EXHIBIT NO. RCM/TREE/CENTRA-1-47: Resource Conservation
8 Manitoba and Time to Respect Earth's
9 Ecosystems Inc.'s 2nd Round Information
10 Requests and Centra Gas Manitoba Inc.'s
11 Response Societal test costs
12
- 13 --- EXHIBIT NO. RCM/TREE/CENTRA-1-48: Resource Conservation
14 Manitoba and Time to Respect Earth's
15 Ecosystems Inc.'s 2nd Round Information
16 Requests and Centra Gas Manitoba Inc.'s
17 Response RIM tests and investments
18
- 19 --- EXHIBIT NO. RCM/TREE/CENTRA-1-49: Resource Conservation
20 Manitoba and Time to Respect Earth's
21 Ecosystems Inc.'s 2nd Round Information
22 Requests and Centra Gas Manitoba Inc.'s
23 Response CEEA evaluation of Hydro
24
- 25 --- EXHIBIT NO. RCM/TREE/CENTRA-1-50: Resource Conservation

1 Manitoba and Time to Respect Earth's
2 Ecosystems Inc.'s 2nd Round Information
3 Requests and Centra Gas Manitoba Inc.'s
4 Response Customer consumption data
5
6 --- EXHIBIT NO. RCM/TREE/CENTRA-1-51: Resource Conservation
7 Manitoba and Time to Respect Earth's
8 Ecosystems Inc.'s 2nd Round Information
9 Requests and Centra Gas Manitoba Inc.'s
10 Response Cost of service methodology/ROE
11
12 --- EXHIBIT NO. RCM/TREE/CENTRA-1-52: Resource Conservation
13 Manitoba and Time to Respect Earth's
14 Ecosystems Inc.'s 2nd Round Information
15 Requests and Centra Gas Manitoba Inc.'s
16 Response Main extension policies
17
18 --- EXHIBIT NO. RCM/TREE/CENTRA-1-53: Resource Conservation
19 Manitoba and Time to Respect Earth's
20 Ecosystems Inc.'s 2nd Round Information
21 Requests and Centra Gas Manitoba Inc.'s
22 Response UFG and billing policies
23
24 --- EXHIBIT NO. RCM/TREE/CENTRA-1-54: Resource Conservation
25 Manitoba and Time to Respect Earth's

1 Ecosystems Inc.'s 2nd Round Information
2 Requests and Centra Gas Manitoba Inc.'s
3 Response Hot water tanks
4
5 --- EXHIBIT NO. RCM/TREE/CENTRA-1-55: Resource Conservation
6 Manitoba and Time to Respect Earth's
7 Ecosystems Inc.'s 2nd Round Information
8 Requests and Centra Gas Manitoba Inc.'s
9 Response Consumption
10 forecasts/gas/electricity
11
12 --- EXHIBIT NO. RCM/TREE/CENTRA-1-56: Resource Conservation
13 Manitoba and Time to Respect Earth's
14 Ecosystems Inc.'s 2nd Round Information
15 Requests and Centra Gas Manitoba Inc.'s
16 Response Hedging
17
18 --- EXHIBIT NO. RCM/TREE/CENTRA-1-57: Resource Conservation
19 Manitoba and Time to Respect Earth's
20 Ecosystems Inc.'s 2nd Round Information
21 Requests and Centra Gas Manitoba Inc.'s
22 Response Power Smart/initiatives
23
24 --- EXHIBIT NO. RCM/TREE/CENTRA-1-58: Resource Conservation
25 Manitoba and Time to Respect Earth's

1 Ecosystems Inc.'s 2nd Round Information
2 Requests and Centra Gas Manitoba Inc.'s
3 Response Incremental costs/gas heated home
4
5 --- EXHIBIT NO. RCM/TREE/CENTRA-1-59: Resource Conservation
6 Manitoba and Time to Respect Earth's
7 Ecosystems Inc.'s 2nd Round Information
8 Requests and Centra Gas Manitoba Inc.'s
9 Response Interest penalty payments
10
11 --- EXHIBIT NO. RCM/TREE/CENTRA-1-60: Resource Conservation
12 Manitoba and Time to Respect Earth's
13 Ecosystems Inc.'s 2nd Round Information
14 Requests and Centra Gas Manitoba Inc.'s
15 Response Other category
16
17 MR. BOB PETERS: In terms of
18 RCM/TREE/CAS/MSOS/2-1 through 2-2 would be the Information
19 requests that this Intervenor posed and the answers provided
20 by CAC/MSOS' witnesses.
21
22 --- EXHIBIT NO. RCM/TREE/CAC/MSOS-2-1:
23 Resource Conservation Manitoba and Time to
24 Respect Earth's Ecosystems Inc.'s Information
25 Requests and Consumers Association of Canada

1 (Manitoba) Inc./Manitoba Society of
2 Senior's Response. No harm principle
3

4 --- EXHIBIT NO. RCM/TREE/CAC/MSOS-2-2: Resource
5 Conservation Manitoba and Time to Respect
6 Earth's Ecosystems Inc.'s Information Requests
7 and Consumers Association of Canada (Manitoba)
8 Inc./Manitoba Society of Senior's Response.
9 Risks and Benefits of integration

10
11 MR. BOB PETERS: And then the evidence of
12 Stephen Weis would be Exhibit RCM/TREE/3.
13

14 --- EXHIBIT NO. RCM/TREE-3: Evidence of Steven Weiss
15

16 MR. BOB PETERS: And the evidence of the
17 Pembina Institute would be RCM/TREE/4.
18

19 --- EXHIBIT NO. RCM/TREE-4: Evidence of the Pembina
20 Institute
21

22 MR. BOB PETERS: Getting towards the end of
23 this lengthy exhibit list, Direct Energy and Municipal Gas,
24 as well as Energy Savings Manitoba Corp.'s exhibits could be
25 combined and the first 1-1 through 1-7 would be their first

1 round Information Requests of the Utility and the responses
2 by Centra.
3
4 --- EXHIBIT NO. DIRECT/MUNICIPAL/ESMC/CENTRA-1-1: Direct
5 Energy, Municipal Gas and Energy Savings
6 (Manitoba) Corp's 1st Round Information
7 Requests and Centra Gas Manitoba Inc.'s
8 Response. Primary gas overhead.
9
10 --- EXHIBIT NO. DIRECT/MUNICIPAL/ESMC/CENTRA-1-2: Direct
11 Energy, Municipal Gas and Energy Savings
12 (Manitoba) Corp's 1st Round Information
13 Requests and Centra Gas Manitoba Inc.'s
14 Response. MDQ and minimum customer load.
15
16 --- EXHIBIT NO. DIRECT/MUNICIPAL/ESMC/CENTRA-1-3: Direct
17 Energy, Municipal Gas and Energy Savings
18 (Manitoba) Corp's 1st Round Information
19 Requests and Centra Gas Manitoba Inc.'s
20 Response. Fixed price offerings
21
22 --- EXHIBIT NO. DIRECT/MUNICIPAL/ESMC/CENTRA-1-4: Direct
23 Energy, Municipal Gas and Energy Savings
24 (Manitoba) Corp's 1st Round Information
25 Requests and Centra Gas Manitoba Inc.'s

1 Response. Customer Education.

2
3 --- EXHIBIT NO. DIRECT/MUNICIPAL/ESMC/CENTRA-1-5: Direct
4 Energy, Municipal Gas and Energy Savings
5 (Manitoba) Corp's 1st Round Information
6 Requests and Centra Gas Manitoba Inc.'s
7 Response. Single bill initiative.

8
9 --- EXHIBIT NO. DIRECT/MUNICIPAL/ESMC/CENTRA-1-6: Direct
10 Energy, Municipal Gas and Energy Savings
11 (Manitoba) Corp's 1st Round Information
12 Requests and Centra Gas Manitoba Inc.'s
13 Response. ICG report process.

14
15 --- EXHIBIT NO. DIRECT/MUNICIPAL/ESMC/CENTRA-1-7: Direct
16 Energy, Municipal Gas and Energy Savings
17 (Manitoba) Corp's 1st Round Information
18 Requests and Centra Gas Manitoba Inc.'s
19 Response. WTS service report.

20
21 MR. BOB PETERS: Then Direct Municipal
22 ESCM/Centra Exhibit 1-8 through 1-10 would be the second
23 round questions and the responses provided.

24
25 --- EXHIBIT NO. DIRECT/MUNICIPAL/ESMC/CENTRA-1-8: Direct

1 Energy, Municipal Gas and Energy Savings
2 (Manitoba) Corp's 2nd Round Information
3 Requests and Centra Gas Manitoba Inc.'s
4 Response. Fixed price offerings.
5

6 --- EXHIBIT NO. DIRECT/MUNICIPAL/ESMC/CENTRA-1-9: Direct
7 Energy, Municipal Gas and Energy Savings
8 (Manitoba) Corp's 2nd Round Information
9 Requests and Centra Gas Manitoba Inc.'s
10 Response. Customer reduction.
11

12 --- EXHIBIT NO. DIRECT/MUNICIPAL/ESMC/CENTRA-1-10: Direct
13 Energy, Municipal Gas and Energy Savings
14 (Manitoba) Corp's 2nd Round Information
15 Requests and Centra Gas Manitoba Inc.'s
16 Response. One bill initiative.
17

18 MR. BOB PETERS: And I believe that brings me
19 relatively current in terms of what we have before the Board.
20 Certainly voluminous information. It also fits somewhat
21 tidily on the CD that was provided and we'll see how that
22 technology works as we proceed through to this proceeding.

23 Mr. Chairman and Members of the Board, subject
24 to any questions you may have of me, that concludes my
25 opening comments. As I indicated earlier, you may wish to

1 now turn to the Intervenors to determine who is in attendance
2 together with their expected level of participation and
3 whether they have any opening remarks.

4 And following hearing from the Intervenors,
5 the Board may wish to then call on Counsel for Centra to make
6 any opening comments she may have followed by introductions
7 and the swearing of the Centra Panel followed by any direct
8 evidence and then proceeding through the cross-examinations.

9 In that process, I remind all parties to this
10 proceeding that, according to the legislation and the
11 statutes that we operate under, the onus of proof is always
12 on the applicant, which in this case is Centra.

13 Thank you. And subject to your questions.
14 Those do conclude my opening remarks.

15 THE CHAIRPERSON: Thank you, Mr. Peters. And
16 subject to any comments by the Intervenors or the Applicant
17 when I call them for opening remarks, we will enter all of
18 those exhibits in the record.

19 Starting first with the Communications, Energy
20 and Paper Workers Union, Local 681, CEPU, Mr. Boyd, would you
21 mind making some opening comments?

22

23 OPENING COMMENTS BY MR. SANDY BOYD:

24 MR. SANDY BOYD: Thank you, Mr. Chair.
25 Board, Ladies and Gentlemen, my name is Sandy Boyd. I

1 represent the workers at CEP, Local 681. They are on the gas
2 side of the business at Manitoba Hydro. Our primary interest
3 here is for gathering information.

4 We'll be attending not every day here but when
5 we get to the operations panel we may have some questions and
6 we'll be supplying some closing comments. Thank you.

7 THE CHAIRPERSON: Thank you, Mr. Boyd.

8 For Consumers Association of Canada, Manitoba
9 Inc. and Manitoba Society of Seniors, Mr. Saxberg?

10

11 OPENING COMMENTS BY MR. KRIS SAXBERG:

12 MR. KRIS SAXBERG: Thank you, Mr. Chairman.
13 Good morning to you, Board Members, Ladies and Gentlemen. My
14 name is Kris Saxberg and I'm the lawyer for CAC/MSOS in this
15 proceeding.

16 And with me today, sitting in the back, the
17 very back, is Gloria Desorcy from CAC and Lori Hunter from
18 Manitoba Society of Seniors; they'll be auditing the Hearing
19 as time permits.

20 Mr. Meronek is the senior Counsel in this file
21 and he will not be attending any of the Hearings, at least
22 with respect to the evidentiary portion. He sends his best
23 wishes from his hospital bed, where he's recovering from, I
24 think, his fifth or sixth or seventh knee surgery.

25 But he is going to be assisting behind the

1 scenes, since he has a lot of time on his hands, and maybe
2 making some remarks in closing.

3 I should note also that we've made a revised
4 budget of our intervention level in -- in response to remarks
5 made by the Board in the Pre-Hearing Order, and I can make
6 those available to all parties during the break.

7 Now, with respect to our level of
8 participation, briefly. CAC/MSOS plans to vigorously test
9 the -- the Centra Application. And our strong focus though
10 is on the revenue requirement aspects and the type of
11 regulation which should be appropriate and the method of
12 applying that type of regulation. We're also concerning
13 ourselves with the DSM plan and certain cost of gas issues.

14 CAC/MSOS will be presenting expert evidence
15 from Greg Matwichuk, who is familiar to this Board. He's
16 with the regulatory accounting firm of Stephen & Johnson,
17 based out of Calgary, Alberta. And we will be, of course,
18 making closing submissions on -- after careful reflection of
19 all the evidence as presented in the Hearing.

20 Regarding the procedural document that Mr.
21 Peters spoke of, there's one (1) addition. I -- there was an
22 e-mail that Mr. Peters had sent with respect to whether or
23 not we'd be prepared to allow Mr. Brown to -- to do his
24 cross-examination first in light of the fact that he has come
25 all the way from Toronto. And I can just indicate on the

1 record that that's acceptable to us.

2 In connection with the exhibits, unless I'm --
3 haven't fully woken up this morning, which is -- is possible,
4 I -- I thought that the answers given by Mr. Matwichuk have
5 been included as exhibits of the parties who posed the
6 questions.

7 So that PUB/CAC -- Exhibit PUB/CAC/MSOS 5-1
8 would be the answers provided by Mr. Matwichuk. And that
9 then applies with respect to the questions posed by the other
10 parties.

11 THE CHAIRPERSON: I note by Mr. Peters
12 nodding that that's acceptable.

13 MR. BOB PETERS: It may not be Mr. Saxberg
14 who is not fully awaken this morning. Thank you, Mr.
15 Saxberg.

16 MR. KRIS SAXBERG: Thank you. And just
17 before I turn off my mic, I -- because I arrived a little bit
18 late, I didn't get a copy of the selected GRA documents,
19 and/or the procedure letter. And just if I could get a copy
20 before Mr. Peters commences his exam that would be great.
21 Those are my comments.

22 THE CHAIRPERSON: Thank you, Mr. Saxberg, and
23 our best wishes to Mr. Meronek for a speedy recovery. We'll
24 now move on to Direct Energy Marketing Limited and Municipal
25 Gas.

1 Ms. Melnychuk and Mr. Brown?

2
3 OPENING COMMENTS BY MR. DAVID BROWN:

4 MR. DAVID BROWN: Thank you very much, Mr.
5 Chair, Ms. Girouard and Mr. Santos. I'll be acting as
6 Counsel to Direct Energy Marketing Limited and Municipal Gas
7 during this Hearing. Ms. Melnychuk will be present
8 throughout the entire Hearing, I believe. I will come and
9 go, and I'll indicate to you the areas of specific interest.

10 With respect to the outline of procedures, I
11 notice Ms. Pascale Duguay's name still appears on behalf of
12 Direct Energy. She's moved on to bigger and better things,
13 and is now a staff member of the Ontario Energy Board as of a
14 few weeks ago. So, she's no longer associated with Direct
15 Energy.

16 Mr. Chair, in terms of the issues that are of
17 interest to Direct Energy in this Hearing, referring to Ms.
18 Murphy's letter of May 18th, 2005, where she sat at the
19 various witness Panels, in terms of today's Panel, I'll have
20 some questions with respect to the WTS Service Report, which
21 I expect will be of a policy nature, since the report is not
22 yet filed.

23 The second Panel, I think Ms. Melnychuk is
24 going to monitor, and there probably won't be much in the way
25 of active questions. I won't be here for that.

1 In terms of the third Panel of Centra, which
2 is to be the week of June the 13th, I'll come back and I will
3 have some questions focussing on customer education, the
4 integrated bill. There are some cost allocation questions
5 that we have, which build from the 2003/2004 GRA.

6 And then I understand from Ms. Murphy that
7 it's likely that Centra will be filing this week, some sort
8 of report with respect to fixed price offerings, and that
9 certainly is an of particular interest for Direct Energy and
10 Municipal Gas, and I will have questions of that third Panel
11 on that.

12 So, that's the nature of our interest. Once
13 the policy questions are finished today, I would ask your
14 leave to be able to retire, and Ms. Melnychuk will continue
15 to be here.

16 THE CHAIRPERSON: Yes, thank you, Mr. Brown.
17 For Energy Savings Manitoba Corp., ESMC, Ms. Ruzycki.

18
19 OPENING COMMENTS BY MS. NOLA RUZYCKI:

20 MS. NOLA RUZYCKI: Good morning. Thank you,
21 Mr. Chair, Board, ladies and gentlemen. My name is Nola
22 Ruzycki, with Energy Savings Manitoba Corp., and our areas --
23 our areas of interest in this General Rate Application
24 Hearing are the PUB directive on fixed price offerings,
25 customer education, integrated natural gas and electricity

1 bills, which are also referred to as the 1 Bill Initiative.
2 And the WTS Service Report.

3 The majority of our issues fall within the
4 third Panel, and my participation will be mainly that of
5 auditing, monitoring and providing closing submissions after
6 the evidence has been heard. And my attendance; I'll be here
7 as often as possible throughout the Hearing. Thank you.

8 THE CHAIRPERSON: Thank you. And for
9 Resource Conservation Manitoba and Time to Respect Earth's
10 Eco-Systems, RCM/TREE, Mr. McQuaker, Dr. Miller.

11 DR. PETER MILLER: Thank you, and good
12 morning, everyone. RCM and TREE are partners in this
13 intervention, and I think I'd like to ask the Executive
14 Director of RCM, Randall McQuaker, to say a few words. I'd
15 also like to introduce another member of RCM, in the third
16 row here, Carolyn Garlich.

17 Randall, perhaps you'd like to just indicate
18 what RCM's about?

19

20 OPENING COMMENTS BY MR. RANDALL MCQUAKER:

21 MR. RANDALL MCQUAKER: Sure. Thanks very
22 much.

23 Mr. Chairman, Members of the Board, and
24 parties and Colleagues in sustainability, my name is Randall
25 McQuaker. I am Executive Director of Resource Conservation

1 Manitoba.

2 RCM is a non-profit, non-governmental centre
3 for applied sustainability. Our mission is to promote public
4 understanding, education and action on ecological
5 sustainability, which includes fundamentally, the range of
6 energy and material flows that are required to sustain the
7 economy and society of Manitoba.

8 For the record and in the interests of
9 efficiency in these proceedings, we affirm that Peter Miller
10 is delegated to coordinate the preparation and presentation
11 of evidence for our joint intervention from RCM's
12 perspective.

13 As Dr. Miller will indicate, we're pleased to
14 participate with others in learning how the issues currently
15 before the Board play out in light of the principles of
16 sustainability to which we are expressly, through
17 legislation, collectively committed in Manitoba. Thank you.

18 THE CHAIRPERSON: Thank you, gentlemen.
19

20 OPENING COMMENTS BY DR. PETER MILLER

21 DR. PETER MILLER: I'll -- I'll make a few
22 remarks myself.

23 TREE, or Time to Respect Earth's Ecosystems,
24 as the acronym implies, has been devoted primarily to forest
25 issues and latterly we've been involved in energy issues and

1 the two (2) are related because the -- the obtaining of
2 energy has impacts on forests and, of course, climate change
3 does to. So, we -- we find this relevant to our overall
4 concerns that we share with developing a sustainable society.

5 I'll just say a few words to -- to outline the
6 focus of our interest in this intervention.

7 We have, very briefly, made a presentation
8 last fall in the Centra Hearing but this is our first full
9 intervention. We've had two (2) previous interventions in
10 Manitoba Hydro rate cases in 2002 and in 2004 and we've also
11 intervened in the Wuskwatim Hearing. And in all these cases
12 we have partnered with RCM.

13 Our objectives in these interventions are to
14 explore and urge the implementation of measures to make the
15 production and use of energy in Manitoba more sustainable and
16 just.

17 The notion of justice has a variety of
18 dimensions, several of which are relevant to these
19 proceedings. 1 is the idea of assessing revenues
20 proportional to cost responsibility for various customer
21 classes.

22 A second is the notion of inter-generational
23 equity to apportion costs and revenue requirements over time.

24 A third, which is more common in some other
25 jurisdictions than in Manitoba, is the recognition that a

1 limited amount of energy is a basic need and that a just
2 society addresses the basic needs of its citizens. We have
3 some proposals to address the needs of low income customers.

4 The concept of sustainability, as Mr. McQuaker
5 just indicated, has legal force in Manitoba through the
6 Sustainable Development Act. The Act provides a framework to
7 promote sustainable development in Manitoba and applies
8 specifically to public sector organizations such as Manitoba
9 Hydro and the PUB.

10 The principles and guidelines of the Act
11 prescribe a number of elements of sustainability. Three (3)
12 that are particularly relevant to these proceedings are
13 global responsibility, stewardship and efficient use of
14 resources.

15 In the Act the latter is interpreted to mean:
16 "(a) Encouraging and facilitating
17 development and application of systems of
18 proper resource pricing, demand management
19 and resource allocation, together with
20 incentives to encourage efficient use of
21 these resources."

22 And (b):
23 "Employing full cost accounting to provide
24 better information for decision makers."

25 So, we will be asking how Centra implements

1 these particular measures and offer some analysis and
2 proposals of our own for consideration.

3 I think our -- our business will primarily
4 have to do with the third Panel but there are -- are policy
5 issues such as full cost accounting that -- that may pertain
6 to the -- the present Panel.

7 So, we -- we will be intervening throughout.
8 We're -- we plan to call at least one (1) expert witness as
9 Mr. Peters indicated. We -- we have to negotiate whether
10 that's -- that's all we call or whether we bring the Pembina
11 Institute in too.

12 And we will be here as our interests are the
13 subject matter of this Hearing and for closing argument.
14 Thank you very much.

15 THE CHAIRPERSON: Thank you, Dr. Miller and
16 Mr. McQuaker.

17 Now, we'll move to Centra Gas. Ms. Murphy,
18 opening comments...?

19

20 OPENING COMMENTS BY MS. MARLA MURPHY:

21 MS. MARLA MURPHY: Good morning, Mr.
22 Chairman, Members of the Board, ladies and gentlemen. I
23 don't have any formal comments to make this morning.

24 I would like to take the opportunity, however,
25 to introduce our Panel who will be speaking to the cost of

1 gas matters in this Hearing.

2 Seated immediately to my right is Mr. Vince
3 Warden, who's the is the Vice President of Finance and
4 Administration, and Chief Financial Officer for Centra.

5 Next is Mr. Howard Stephens, who is Manager of
6 Gas Supply, Transportation and Storage.

7 Then Ms. Lori Stewart, Manager of Gas Supply,
8 Pricing and Administration, Mr. Brent Sanderson, Senior Gas
9 Cost and Hedging Analyst and finally, at the post position,
10 Mr. Darren Rainkie, who is Manager of Regulatory Services.

11 This Panel is assisted by the people behind
12 them, and I'd just like to take a minute to introduce them,
13 if I could. Immediately behind me is my colleague from the
14 Law Department, Mr. Brent Czarnecki.

15 To his right is Nancy Ardita, who is being an
16 articling student at Manitoba Hydro and day five (5) on the
17 job.

18 Next to her is Mr. Mac Kast, who's the
19 Division Manager for Gas Supply.

20 Then Mr. Kevin Sachvie, who is the Regulatory
21 Coordinator.

22 Mr. Terrill Siguardson, who's the Gas Cost and
23 Hedging Analyst.

24 And finally, at the far end, Mr. Stan
25 Matwichuk, who is the Regulatory Coordinator.

1 Subject to any questions you may have, Mr.
2 Chairman, the Panel's ready to be sworn and we could begin
3 with direct evidence.

4 THE CHAIRMAN: Thank you, Ms. Murphy. Mr.
5 Singh, would you mind...

6
7 VINCENT ARTHUR WARDEN, Sworn:

8 HOWARD PAUL STEPHENS, Sworn:

9 LORI STEWART, Sworn:

10 BRENT SANDERSON, Sworn:

11 DARREN RAINKIE, Sworn:

12
13 THE CHAIRMAN: Thank you, Mr. Singh. So, Mr.
14 Peters, you can begin when you want -- Ms. Murphy...?

15 MS. MARLA MURPHY: Thank you, Mr. Chairman.
16 Mr. Chairman, the witness qualifications of Mr. Warden, Mr.
17 Stephens, Ms. Stewart, Mr. Sanderson and Mr. Rainkie are
18 marked as Exhibits Centra 4-1, 4-5, 4-9, 4-3 and 4-4
19 respectively.

20 These witness qualifications set out the
21 positions of each Panel member, their experience and
22 educational qualifications, previous appearances before the
23 Board, their areas of responsibility with respect to this
24 application or this Panel, and their adoption of the pre-
25 filed evidence as it relates to their areas of

1 responsibility.

2 I might indicate that they were provided to
3 the Board and to interested parties on May the 26th, and we
4 do have additional copies available if anybody requires them.

5 With your leave, I'm now ready to proceed with
6 the direct examination.

7 THE CHAIRPERSON: Please proceed.

8

9 EXAMINATION-IN-CHIEF BY MS. MARLA MURPHY:

10 MS. MARLA MURPHY: Mr. Warden, you are
11 familiar with the Application and the evidence filed on
12 behalf of Centra Gas and marked as Exhibit Centra 1 in this
13 proceeding?

14 MR. VINCE WARDEN: Yes. Good morning, Mr.
15 Chairman, Members of the Board, Ladies and Gentlemen.

16 I am familiar with the Application and
17 evidence filed on behalf of Centra in this proceeding.

18 MS. MARLA MURPHY: And was that evidence
19 filed or prepared under your direction and control?

20 MR. VINCE WARDEN: Yes, it was.

21 MS. MARLA MURPHY: Mr. Warden, do you wish to
22 make any amendments to that evidence?

23 MR. VINCE WARDEN: Yes. And although this
24 matter is more appropriately addressed by the Revenue
25 Requirement Panel next week, I thought it was important to

1 bring it to the -- the Board's and other interested parties'
2 attention at the earliest opportunity.

3 Manitoba Hydro is currently in the final
4 stages of preparing its financial statements for the year
5 ending March 31st, 2005. The audited financial statements
6 will be presented to the Audit Committee of the Board next
7 Tuesday, on June the 7th, and to the Board of Manitoba Hydro
8 on June the 23rd.

9 In the course of finalizing the details for
10 the audited financial statements, the financial statement
11 note pertaining to the corporate allocation was reviewed.
12 While there's been a consider -- considerable focus on the
13 corporate allocation leading up to these proceedings, the
14 corporate allocation is simply an apportionment of the costs
15 incurred by Manitoba Hydro to buy Centra Gas.

16 Manitoba Hydro has always sought the fairest
17 and most equitable way of making that apportionment between
18 electricity and gas ratepayers.

19 For the previous two (2) fiscal years, and
20 that is 2002/03 and 2003/04, the total cost of acquiring
21 Centra of \$19 million per year, have been split \$15 million
22 to gas ratepayers, and \$4 million to electricity ratepayers.

23 The apportionment is based on an estimate of
24 the benefits to be achieved in each of the two (2) utilities,
25 and was designed to preserve the no harm principle advocated

1 by Manitoba Hydro since the date of acquisition.

2 Close to six (6) years after the date of
3 acquisition, it is apparent that capturing all of the
4 potential benefits within Centra, is taking longer than
5 originally expected.

6 At the same time, benefits within the
7 electricity side of the business are somewhat higher than
8 expected.

9 With this knowledge, Manitoba Hydro has
10 reviewed the corporate allocation, as it does every year, and
11 we have determined that the electricity business could
12 receive a somewhat higher allocation than the allocation of
13 the past two (2) years.

14 While the \$19 million total will remain
15 unchanged, the apportionment or allocation commencing in
16 fiscal year 2004/05, will be \$12 million to gas ratepayers
17 and \$7 million to electricity ratepayers, rather than fifteen
18 (15) and four (4).

19 The \$3 million reduction to the corporate
20 allocation to Centra in 2004/05 does not prevent a net loss
21 from being incurred in that year, but it does reduce the
22 amount of the loss that would otherwise be incurred.

23 Most importantly, the principles of fairness
24 and no harm for both electricity and gas ratepayers are
25 preserved, and both utilities continue to derive benefits

1 from the 1999 acquisition of Centra Gas.

2 MS. MARLA MURPHY: Mr. Warden, is the
3 evidence filed as Centra Exhibit 1, subject to the amendment
4 noted, true to the best of your information and belief?

5 MR. VINCE WARDEN: Yes, it is.

6 MS. MARLA MURPHY: And, Mr. Warden, would you
7 please outline your areas of responsibility with respect to
8 this Panel?

9 MR. VINCE WARDEN: My areas of responsibility
10 with respect to this Panel relate primarily to policy issues.

11 MS. MARLA MURPHY: Mr. Warden, would you
12 please summarize what Centra is requesting with respect to
13 rates in this Application?

14 MR. VINCE WARDEN: Very briefly, Centra is
15 seeking final approval of a rate increase of approximately
16 2.5 percent of overall revenue, effective February the 1st of
17 2005, sufficient to generate additional revenue at
18 approximately \$3 million in 2004/05, and \$12 million in
19 2005/06. This rate increase was approved on an interim
20 basis, in Order 13/05.

21 Centra is also seeking approval of a further
22 rate increase of approximately 2.5 percent of overall
23 revenue, effective May the 1st, 2006, sufficient to generate
24 additional revenue of \$13 million in 2006/07.

25 With respect to the cost of gas, Centra's

1 requesting changes to its supplemental transportation and
2 unaccounted for gas rates, to be effective August the 1st,
3 2005.

4 Centra is seeking approval to refund to
5 customers .7 million accumulated in various gas cost deferral
6 accounts, based on actual balances as at March 31st, 2005.

7 Centra is also requesting approval of -- for a
8 reduction in non-primary gas costs for the 2005/06 fiscal
9 year of approximately 2.6 million over those costs included
10 in the currently approved base rates. This reduction is
11 based on forecasted gas cost prices, using the twelve (12)
12 month forward strip as at March 15th, 2005.

13 MS. MARLA MURPHY: Mr. Warden, could you
14 please advise the Board as to the status of Centra's internal
15 review of the gas supply portfolio review or blank page
16 analysis?

17 MR. VINCE WARDEN: Centra's -- Centra's
18 internal review of the costs and benefits of acquiring
19 additional natural gas storage is not yet complete. It is
20 anticipated that the internal review will be presented to
21 Centra's Executive Committee in June of this year.

22 Although the analysis is not yet complete, our
23 -- our analysis does indicate that the main benefit of
24 acquiring additional storage is to firm up Centra's gas
25 supply, rather than to gain significant monetary benefits.

1 The requested internal review report will be
2 filed with the PUB by August 1st, 2005, as directed in Order
3 131/04.

4 MS. MARLA MURPHY: Mr. Warden, Centra
5 recently revised its derivative's hedging policy and filed it
6 with the Public Utilities Board, and this can be found at
7 Attachment 4 to Tab 13. Could you please outline for the
8 Board the changes to the policy and the reasons for those
9 changes?

10 MR. VINCE WARDEN: The policy was updated to
11 incorporate a level of discretion, without sacrificing the
12 benefits of the mechanistic approach.

13 This change is in keeping with comments made
14 by the Public Utilities Board in Order 131/04. The
15 derivatives hedging policy was amended to permit Centra to
16 hedge up to 100 percent of the eligible volumes for the next
17 twelve (12) months rather than a minimum of 90 percent of
18 eligible volumes.

19 So, if circumstance -- circumstances warranted
20 Centra could hedge a lesser amount than 100 percent of
21 eligible volumes.

22 Centra has also updated the derivatives
23 hedging offering principles and procedures to be consistent
24 with the policy. As the operating principles and procedures
25 indicate, 100 percent of eligible volumes will be hedged as a

1 matter of course. Hedging less than 100 percent will be an
2 exception.

3 Centra will continue to use cashless collars
4 at 50 cents out of the money as a matter of course, but will
5 have the discretion to change the hedge instrument, out of
6 the money band or percentage hedged with approval of Centra's
7 executive committee.

8 MS. MARLA MURPHY: Thank you, Mr. Warden.

9 Mr. Rainkie, would you please outline your
10 areas of responsibility with respect to this Panel.

11 MR. DARREN RAINKIE: Good morning, Mr.
12 Chairman, Members of the Public Utilities Board, ladies and
13 gentlemen.

14 In my testimony on this Panel I will be
15 responding to questions related to Centra's requested gas
16 cost approvals.

17 MS. MARLA MURPHY: Mr. Rainkie, in addition
18 to the rate changes outlined by Mr. Warden, would you please
19 outline the cost of gas approvals that Centra is seeking in
20 this Application?

21 MR. DARREN RAINKIE: In this application
22 Centra is seeking final approval of April 1st, 2004 to March
23 31st, 2005 gas costs and final approval of the balance --
24 balances and disposition of the various non-primary PGVA and
25 other cost deferral balances as at March 31st, 2005.

1 Centra is also seeking final approval of the
2 supplemental gas transportation and distribution rates
3 effective November 1st, 2004 approved on an interim basis in
4 Orders 131/04, 132/04 and 146/04.

5 Centra is also seeking final approval of
6 interim ex parte order 73/03, 129/04, 12/05 and 57/05 related
7 to the approval of interim primary gas sales rates effective
8 May 1st, 2003, November 1st, 2004, February 1st, 2005 and May
9 1st, 2005 respectively.

10 Centra is seeking some other miscellaneous
11 approvals which will be addressed in the direct evidence of
12 Centra's revenue requirement and cost allocation Panels.

13 MS. MARLA MURPHY: Mr. Rainkie, in order
14 131/04 the Public Utilities Board expressed concern regarding
15 the treatment of forecast capacity management revenues in the
16 calculation of rates.

17 Can you please describe how Centra has
18 addressed this matter?

19 MR. DARREN RAINKIE: Yes. Centra continues
20 to believe that it is appropriate to include the best
21 estimate of forecast capacity management revenues in the
22 calculation of rates.

23 Centra does recognize the Board's concern with
24 including the forecast amounts in an account otherwise
25 comprised of historic PGVA balances. Centra is therefore

1 proposing to include the forecast amount of capacity
2 management revenues as part of the calculation of base rates
3 and to allocate these revenues to the various customer
4 classes through the cost allocation model.

5 Centra will maintain a deferral account to
6 capture the difference between the forecast amount and the
7 actual amount which will be disposed of as part of the rate
8 rider calculations.

9 This ensures that the treatment of forecast
10 capacity management revenue is consistent with the treatment
11 of forecast gas costs and that the treatment of capacity
12 management and deferral accounts is the same as other gas
13 cost deferral accounts.

14 MS. MARLA MURPHY: Thank you, Mr. Rainkie.

15 Mr. Stephens, would you please outline your
16 areas of responsibility with respect to this Panel?

17 MR. HOWARD STEPHENS: Members of the Board,
18 ladies and gentlemen. Thank you, Mr. Warden, for turning the
19 mic on. Obviously I'm not awake yet this morning.

20 I will be providing evidence on Centra's gas
21 supply storage and transportation arrangements. Centra's --
22 and Centra's capacity management program results.

23 MS. MARLA MURPHY: Mr. Stephens, have there
24 been changes to Centra's gas supply, storage and
25 transportation arrangements since the last cost of gas

1 hearing in September of 2004?

2 MR. HOWARD STEPHENS: No. As the Board is
3 aware, new arrangements for primary gas supply were put into
4 place in November of 2004. There have been no changes to the
5 gas transportation arrangements other than those reviewed at
6 the 2004/05 Cost of Gas Application.

7 No changes to any of these arrangements have
8 been made.

9 MS. MARLA MURPHY: Ms. Stephens, could you
10 please provide the Board with a brief update on the recent
11 TCPL regulatory proceedings and the impact of those
12 proceedings on Centra?

13 MR. HOWARD STEPHENS: I don't know whether
14 it's possible to do that but I'll sure give it a shot.

15 In the cost of gas update filed on May 1st,
16 2005 Centra used the interim March 1st, 2005 TCPL tolls,
17 which resulted in a reduction of approximately \$1.8 million
18 of the amounts included in Centra's original Application.

19 Since the time of that update, a decision with
20 respect to the TCPL Cost of Capital Hearing, has been issued,
21 which resulted in an increase of TCPL's equity ratio from 33
22 to 36 percent.

23 The final tolls flowing from this decision are
24 a matter currently before the Tolls Task Force and approved
25 tolls will not be available until July 1st, 2005.

1 However, the ultimate impact of the new tolls
2 to Centra's ratepayers is expected to be minimal.

3 MS. MARLA MURPHY: Mr. Stephens, has there
4 been any changes to Centra's Capacity Management Program,
5 since the 2004/05 Cost of Gas Hearing?

6 MR. HOWARD STEPHENS: No, Centra's capacity
7 management program remains unchanged. The purpose of this
8 program is to mitigate the costs of the assets under contract
9 that are required to serve Manitoba gas consumers.

10 Centra's first priority, however, is to ensure
11 that the requirements of our customers are satisfied before
12 any capacity management transactions are considered.

13 MS. MARLA MURPHY: Mr. Stephens, would you
14 please summarize the capacity management revenues for 2004/05
15 and the forecast for 2005/06?

16 MR. HOWARD STEPHENS: Certainly. For the
17 2004/05 fiscal year, actual capacity management revenues
18 together with carrying costs, that totalled approximately
19 \$3.9 million, as shown on the updated schedule 8.3.1. The
20 particulars of the types of transactions and revenues
21 generated from each were detailed on that schedule.

22 It should be noted that there are also
23 circumstances where certain capacity management transactions
24 can be utilized to serve market requirements during cold
25 periods, thereby resulting in avoided costs, which are not

1 captured as capacity management revenues.

2 For the 2005/06 fiscal year, Centra has
3 forecast capacity management revenues of \$3.8 million, based
4 upon the most recent five (5) year rolling average of
5 Centra's actual capacity management results.

6 As Mr. Rainkie noted, these forecast amounts
7 have been included as a reduction to the requested base rates
8 for August 1st, 2005.

9 MS. MARLA MURPHY: Mr. Stephens, could you
10 please outline for the Board, the status of the Western
11 Transportation Consultation process and Report?

12 MR. HOWARD STEPHENS: Centra held a
13 teleconference with the interested members of the broker
14 community on May the 11th, 2005.

15 Centra will consider the input from the broker
16 community and prepare a report to be filed in August 2005.

17 I should further indicate that the minutes of
18 that teleconference are available, and we will be circulating
19 them later today.

20 MS. MARLA MURPHY: Thank you, Mr. Stephens.

21 Ms. Stewart, would you please outline your
22 areas of responsibility with respect to this Panel?

23 MS. LORI STEWART: Good morning, Mr.
24 Chairman, Members of the Public Utilities Board, ladies and
25 gentlemen.

1 In my testimony I will -- will be providing
2 evidence with respect to Centra's Derivatives Hedging Program
3 and its results. I will also be addressing issues that may
4 arise with respect to administration of direct purchase.

5 MS. MARLA MURPHY: Ms. Stewart, would you
6 please outline Centra's derivative hedging activities since
7 Centra last appeared before the PUB in the 2004/05 Cost of
8 Gas Application?

9 MS. LORI STEWART: All of the financial
10 instruments purchased since last year's Cost of Gas Hearing,
11 were purchased in accordance with the approved Derivatives
12 Hedging Policy and operating principles and procedures.

13 All hedges purchased were fifty (50) cents out
14 of the money cash-less callers, accordingly there were no
15 prepaid premium costs associated with the transactions.

16 Ninety (90) percent of eligible volumes were
17 hedged for the 2004/05 fiscal year. These transactions are
18 described in Section 8.2 of the Application.

19 Hedges for the months of February through
20 April 2005, were also placed on 90 percent of eligible
21 volumes. Thereafter 100 percent of eligible volumes were
22 hedged, as discussed by Mr. Warden in his direct evidence.

23 Details of the transactions for the 2005/06
24 fiscal year can be found in Section 9.2 of the Application.

25 The impact of Centra's hedging transactions on

1 its gas costs will be referred to by Mr. Sanderson in his
2 direct evidence. Notwithstanding, the reduction in gas costs
3 that Mr. Sanderson will outline, Centra considers the
4 percentage reduction in primary gas rate volatility, as the
5 appropriate measure in determining the effectiveness of its
6 hedging program.

7 The percentage reduction in primary gas rate
8 volatility achieved during the 2004/05 fiscal year, as a
9 direct result of the Derivatives Hedging Program for primary
10 gas was 53 percent.

11 MS. MARLA MURPHY: Ms. Stewart, could you
12 please outline the status of the report to test alternative
13 hedging approaches on a retrospective basis and consultations
14 with consumer groups as directed by the Public Utilities
15 Board in Order 131/04?

16 MS. LORI STEWART: Centra has met with
17 representatives of both CAC and MSOS on four (4) occasions
18 since the 2004/05 cost of gas proceeding. Most recently on
19 May the 24th, 2005. The
20 results of Centra's retrospective analyses and these
21 consultations will be provided in a report to the Public
22 Utilities Board by August 1st, 2005.

23 MS. MARLA MURPHY: Thank you, Ms. Stewart.

24 Mr. Sanderson, would you please outline your
25 areas of responsibility with respect to this Panel.

1 MR. BRENT SANDERSON: Good morning, Mr.
2 Chairman, Members of the Public Utilities Board, ladies and
3 gentlemen.

4 In my testimony I will be providing evidence
5 related to Centra's gas costs for the period beginning April
6 1st, 2004 to March 31st, 2005 as well as the related PGVA and
7 other gas cost deferral balances and derivatives hedging
8 results for the period from April 1st, 2004 to March 31st,
9 2006.

10 I will also be providing evidence with respect
11 to Centra's gas costs forecast for its 2005/06 fiscal year.

12 MS. MARLA MURPHY: As outlined by Mr.
13 Rainkie, one of the approvals that Centra is seeking is final
14 approval of gas costs for the period April 1st, 2004 to March
15 31st, 2005.

16 These amounts were detailed in Centra's cost
17 of gas update filed April 29th, 2005 based on actual
18 information to February 28th, 2005 and forecast information
19 for the month of March 2005.

20 Could you please provide the Board with the
21 twelve (12) month actual gas costs for 2004/05 for which
22 Centra is seeking approval?

23 MR. BRENT SANDERSON: Schedule 8.0.0 shows
24 final gas costs in the amount of \$380.5 million for the
25 period April 1st, 2004 to March 31st, 2005 based on eleven

1 (11) months of actual data.

2 I can now advise that the final gas costs
3 based on the full twelve (12) months of actual data which
4 Centra is seeking approval of is \$380.4 million. This
5 includes a reduction in gas costs of approximately \$10
6 million as a result of Centra's derivatives hedging
7 activities for the 2004/05 fiscal year.

8 MS. MARLA MURPHY: Mr. Sanderson, would you
9 please outline the PGVA and other gas cost deferral balances
10 for which Centra is seeking approval?

11 MR. BRENT SANDERSON: Similar to the gas cost
12 amounts just discussed, Centra filed Schedule 8.1.0 in its
13 update, also based on eleven (11) months of actual data.

14 I'm now able to advise the Board that Centra
15 is requesting final approval of all non-primary gas PGVA and
16 gas cost deferral balances to March 31st, 2005 with carrying
17 costs and amortization of currently approved rate riders to
18 July 31st, 2005 totalling approximately \$1.4 million owing to
19 customers.

20 MS. MARLA MURPHY: Mr. Sanderson, would you
21 please provide an update of the gas costs sought by Centra in
22 this application for 2005/06?

23 MR. BRENT SANDERSON: On April 29th, 2005
24 Centra filed an update of its forecast gas costs for 2005/06
25 based on the forward price strip as of March 15th, 2005.

1 The resulting gas costs forecasts for 2005/06
2 is \$428.5 million as per updated Schedule 9.1.3(a). This
3 includes an expected reduction of \$9 million in gas costs as
4 a result of Centra's derivative hedging activities for the
5 2005/06 year.

6 Of the \$428.5 million gas costs for 2005/06,
7 approximately \$62.8 million is non-primary gas costs. This
8 amount represents a decrease of approximately \$2.6 million
9 from the non-primary gas costs included in existing base
10 rates as shown on updated Schedule 9.1.4.

11 MS. MARLA MURPHY: Thank you, Mr. Sanderson.
12 Mr. Chairman, that concludes the direct
13 examination of this Panel and they're available for cross-
14 examination.

15 THE CHAIRPERSON: Thank you, Ms. Murphy.
16 I think what we'll do is we'll take a break
17 now until 10:30 and resume with Mr. Peters. Thank you.

18
19 --- Upon recessing at 10:20 a.m.

20 --- Upon resuming at 10:32 a.m.

21
22 THE CHAIRPERSON: Okay, I guess we surprised
23 everyone by coming back when we said we would.

24 Mr. Peters, any time you're ready. Oh, we're
25 missing Mr. Warden.

1 (BRIEF PAUSE)

2
3 THE CHAIRPERSON: We'll take this experience
4 into account and we promise to be more tardy.

5
6 (BRIEF PAUSE)

7
8 MR. BOB PETERS: Thank you, Mr. Chairman.
9 I'm proposing that I will have some overview questions of
10 this Panel, probably primarily for Mr. Warden and Mr.
11 Rainkie, and then I want to do -- focus on some policy type
12 issues and questions. And what I don't finish before lunch I
13 think I can finish shortly after lunch and still allow the
14 timetable to proceed as we've -- as we've hoped.

15
16 CROSS-EXAMINATION BY MR. BOB PETERS:

17 MR. BOB PETERS: Mr. Warden, always fun to
18 start with a legal question to start off the day, but I'd
19 mentioned in my opening comments, which, of course, are not
20 evidence in these Proceedings but just merely my comments,
21 that the Applicant bears the onus of proof in these
22 Proceedings.

23 Is that a concept that you agree with, in
24 general?

25 MR. VINCE WARDEN: I've been working with

1 lawyers so long now I think I can -- almost entitled to
2 honorary degree. I don't think Ms. Murphy agrees with that.
3 Nevertheless, yes, I agree with your
4 statement.

5 MR. BOB PETERS: All right. And, Mr.
6 Chairman, Board Members and parties present, I've circulated
7 and have, I think, one (1) or two (2) extra copies of a book
8 of documents that I may refer to throughout the questions of
9 the witnesses.

10 To the extent that my documents are in the --
11 in the book of documents I'll draw attention to the tab
12 number. And if they're not in the book of documents but are
13 in the application we will identify the volume of the
14 application together with the tab and the specific schedule
15 or document or Information Request that we're referring to.

16 But in the book of documents that I've
17 circulated, under Tab 11 there's various extracts from the
18 Public Utilities Board, one (1) of them being Section 84 and
19 another one being Section 123.

20 And I don't want you to answer this from a --
21 from a strictly legal perspective, but in terms of the
22 Application that you have before the Board, do you accept
23 that it is for Centra to convince the Board, at the end of
24 the day, of the merits of Centra's requests?

25 MR. VINCE WARDEN: Yes, Mr. Peters, I agree

1 with that.

2 MR. BOB PETERS: And the Board will take into
3 account all of the evidence it hears and, at the end of the
4 day, the burden of proof has to fall on Centra, specifically
5 with respect to Centra's requests of this Board?

6 MR. VINCE WARDEN: Yes.

7 MR. BOB PETERS: And if there is a request or
8 a suggestion put forward by an Intervenor that's not part of
9 Centra's request, that's a matter that you have to leave for
10 that Intervenor and the Board to determine whether or not the
11 Board has any interest in pursuing that or will sustain or
12 continue those types of suggestions?

13 MR. VINCE WARDEN: Yes, Mr. Peters, that
14 appears reasonable to me.

15 MR. BOB PETERS: Now, normally, Mr. Warden,
16 we start off these gas General Rate Applications by starting
17 with the revenue panel, but that's changed so that we can
18 facilitate the timeline that's available to the Board and the
19 parties.

20 And we're starting with the Cost of Gas Panel;
21 correct?

22 MR. VINCE WARDEN: Correct.

23 MR. BOB PETERS: And that doesn't change
24 anything from the Corporation's perspective in terms of what
25 it has to prove or what it has to convince the Board of in --

1 in making its case; does it?

2 MR. VINCE WARDEN: No, it doesn't change
3 anything from our perspective.

4 MR. BOB PETERS: And in terms -- you started
5 with an overview this morning with the Board and I'm not sure
6 if I should have this right but you have -- you have reduced
7 the amount of money the Parent wants to see from the
8 Affiliate by \$3 million in your opening comment; have I got
9 that right?

10 MR. VINCE WARDEN: Yes. The amount of the
11 corporate allocation has been reduced for the fiscal year
12 2004/05 by \$3 million from \$15 million to \$12 million.

13 MR. BOB PETERS: All right. And does that
14 corporate allocations reduction apply to the subsequent years
15 as well or just that one (1) -- the 04/05 year?

16 MR. VINCE WARDEN: It is intended to apply to
17 all subsequent years.

18 MR. BOB PETERS: And I appreciate you had
19 told the Board that the questions on that would be better --
20 would be expected at the Revenue Requirement Panel -- but if
21 I can still keep it on a fairly overview basis, you talked
22 about a \$19 million per year cost for the parent to acquire
23 the shares of Centra.

24 MR. VINCE WARDEN: Correct.

25 MR. BOB PETERS: And in years past, or the

1 past year, I thought we were talking more in -- in the
2 neighbourhood of \$20.1 million in terms of being the -- the
3 total costs on an annual average for the next thirty (30)
4 years to -- to fully pay for the costs of acquiring Centra's
5 shares.

6 MR. VINCE WARDEN: Well, I think the number
7 we talked about was \$20.9 million and that was the -- simply
8 the amount to amortize the -- all acquisition costs over a
9 thirty (30) year period. The difference between the 20.9 and
10 the 19 million, the 19 million is simply the carrying cost of
11 the acquisition, and that's what we are booking each year.

12 MR. BOB PETERS: Okay. I'm still not quite
13 with you on that. You're booking --

14 MR. VINCE WARDEN: Maybe --

15 MR. BOB PETERS: -- you're booking the
16 carrying costs but you're not paying down the principal.

17 MR. VINCE WARDEN: The -- the 19 million is
18 split between the finance expense, so the financing cost of
19 -- of the monies required or borrowed to -- to acquire
20 Centra, plus the amortization of the write-up of the
21 acquisition -- or the write-up of the assets which are being
22 carried outside of the books of Centra. So, it's the 19
23 million plus the additional amortization of the write-up
24 cost.

25 MR. BOB PETERS: All right. Thank -- thank

1 you for that. We can explore that in greater detail but does
2 -- does your revision this morning to your Application
3 suggest to the Board that any part of the interim ex parte
4 award for February 1st rates was not required?

5 MR. VINCE WARDEN: No, not at all.

6 MR. BOB PETERS: Well, the -- the February
7 1st rates were premised on there being a -- a loss in the
8 corporation after a corporate allocation, correct?

9 MR. VINCE WARDEN: That's correct. And, as I
10 indicated in my opening remarks, there still is a loss in the
11 -- in the gas side of the business for 04/05. The loss is \$3
12 million less than it would otherwise have been absent this
13 change.

14 MR. BOB PETERS: And in terms of what it
15 otherwise would have been -- and maybe I'm not quite with the
16 materials here -- but you had told the Board that you were
17 expecting to lose, was it \$8 million at the February 1st
18 Hearing?

19 MR. VINCE WARDEN: Before the rate increase
20 -- requested rate increase?

21 MR. BOB PETERS: Yes.

22 MR. VINCE WARDEN: Yes, that's correct.

23 MR. BOB PETERS: And with the requested rate
24 increase you expected to generate \$3 million in the '05
25 fiscal year.

1 MR. VINCE WARDEN: The requested rate
2 increase would generate \$3 million of additional revenue,
3 which would reduce the \$8 million loss to \$5 million
4 projected at that time.

5 MR. BOB PETERS: And you're not telling the
6 Board that that \$5 million loss will -- will even be \$3
7 million lower, so there will still be a \$2 million loss.

8 MR. VINCE WARDEN: Assuming that our forecast
9 was correct, the -- the loss would be \$2 million, that's
10 correct.

11 MR. BOB PETERS: And assuming your forecast
12 is correct, these were on financial statements that were
13 prepared as of March 31/05, which was your year end?

14 MR. VINCE WARDEN: Correct.

15 MR. BOB PETERS: And, I suppose, your office
16 has had a -- had a hand in developing them at this point in
17 time?

18 MR. VINCE WARDEN: Yes.

19 MR. BOB PETERS: And they're going to your
20 executive, I think you said, next week?

21 MR. VINCE WARDEN: Going to our Audit
22 Committee next week.

23 MR. BOB PETERS: Audit Committee. All right.
24 And then, from there, it would go to your Board June 23rd?

25 MR. VINCE WARDEN: That's correct, yes.

1 MR. BOB PETERS: And, if I could be so
2 presumptuous, when would you be in a position to file them
3 with the Public Utilities Board?

4 MR. VINCE WARDEN: Following their approval
5 by the Manitoba Hydro Board, the financial statements are
6 then forwarded to the minister responsible for Manitoba
7 Hydro. It's at the discretion of the minister as to when
8 those are released, but they would be released no later than
9 July 31st of this fiscal year.

10 MR. BOB PETERS: Well, when we come to
11 talking about them, you might be able to provide the Board
12 with an update but what I hear you telling the Board is that,
13 at this point in time, you're confident in updating them to
14 reduce the forecasted loss by approximately \$3 million?

15 MR. VINCE WARDEN: The loss that otherwise
16 would have been incurred with this change has been reduced by
17 \$3 million. And I can't say that the forecast that we
18 provided to the Board earlier, is very close to what the
19 actual results have turned out to be.

20 MR. BOB PETERS: Mr. Warden, are you -- are
21 you at liberty to indicate to this Board that while the
22 actual filing of the audited financial statements may be time
23 delayed, but you can tell the Board, in support of your
24 Application that's now before them, that the -- that the
25 financial statements for the year ending March 31, 2005, are

1 not significantly or materially different from those filed
2 with this Proceeding?

3 MR. VINCE WARDEN: That's correct. They're
4 very close.

5

6

(BRIEF PAUSE)

7

8

9 MR. BOB PETERS: In terms of more of an
10 overview to what -- what comes before the Board this week,
11 Mr. Rainkie, we always say this isn't about primary gas, but
12 the more you say it's not about primary gas, the primary gas
13 always finds its way coming into these Hearings, does it not?

14 MR. DARREN RAINKIE: That's correct, Mr.
15 Peters. This is the time to get final approval of the
16 interim Primary Gas Rate Applications over the last six (6)
17 to nine (9) months.

18 MR. BOB PETERS: All right. And -- and
19 primary gas, Mr. Rainkie, and Mr. Sanderson, is approximately
20 85 percent of all the gas costs that you incur; would you
21 agree with that?

22 MR. DARREN RAINKIE: I think we'd have to
23 calculate that, the numbers have changed so much, Mr. Peters,
24 but it's certainly the bulk of the -- the gas costs, the
25 largest component of it.

MR. BOB PETERS: I'll ask you to take that

1 subject to check, Mr. Rainkie, and if anything turns on it
2 you can get back to me.

3 But -- but you did say that the primary gas
4 rates are changed quarterly, and the last one (1) that was
5 changed was May the 1st of 2005; correct?

6 MR. DARREN RAINKIE: That's correct.

7 MR. BOB PETERS: And in that order, rates for
8 residential customers for primary gas went up approximately
9 11 percent, and more for other -- other classes?

10 MR. DARREN RAINKIE: That's right. I
11 remember 10.9 percent was the typical residential increase.

12 MR. BOB PETERS: And you're proposing the
13 next primary rate change to be on August 1st, 2005?

14 MR. DARREN RAINKIE: That's correct.

15 MR. BOB PETERS: And you want an order from
16 this Board, hopefully by August 1st, of 2005, so you can
17 implement the impact of this rate order, together with
18 whatever happens in the next primary gas rate order?

19 MR. DARREN RAINKIE: That's our plan, Mr.
20 Peters, yes.

21 Mr. Peters, I can confirm your 85 percent is
22 -- is a good number.

23 MR. BOB PETERS: Thank you, Mr. Rainkie.
24 This primary gas rate that gets billed every quarter has not
25 only a base rate, but a rider that will dispose of the

1 quarter and primary gas PGVA account; correct?

2 MR. DARREN RAINKIE: That's correct.

3 MR. BOB PETERS: And whatever money is in
4 this purchased gas variance account, either owing to the
5 company or owing to customers, would be added on as a -- as a
6 refund rider to one (1) of those two (2) parties over a
7 twelve (12) month period?

8 MR. DARREN RAINKIE: That's right. Either a
9 refund or a collection, depending on what direction it was
10 in.

11 MR. BOB PETERS: And that rate rider is
12 calculated on a continuous basis, Mr. Rainkie, over the next
13 twelve (12) months of normalized volumes?

14 MR. DARREN RAINKIE: That's fair, yes.

15 MR. BOB PETERS: In terms of non-primary gas
16 costs, if -- I suppose if 85 percent are primary, then 15
17 percent will be left for the non-primary gas costs; correct?

18 MR. DARREN RAINKIE: That makes sense to me.

19 MR. BOB PETERS: All right. And these non-
20 primary gas costs would be your supplemental gas, as well as
21 your transportation, and a portion of the distribution rate?

22 MR. DARREN RAINKIE: That's correct. The --
23 the distribution part is unaccounted for gas.

24 MR. BOB PETERS: All right. And just to
25 refresh the Board's memory, the unaccounted for gas rate is

1 calculated so that each rate class will pay a portion of the
2 unaccounted for gas, and so that every customer in the class
3 pays it; you add it on to the distribution rate?

4 MR. DARREN RAINKIE: Because it's a function
5 of -- of the distribution side of our business, yes, it's
6 included in the distribution rate as opposed to one (1) or
7 the other line items on the bill.

8 MR. BOB PETERS: And Mr. Rainkie, these non-
9 primary gas items can either be dealt with annually, or they
10 can form part of a GRA, as they're doing this time?

11 MR. DARREN RAINKIE: That's correct, as a
12 requirement for an annual Cost of Gas Hearing, and when we --
13 when we decide that we need an adjustment in our non-gas
14 costs, we couple the two (2) together for efficiency
15 purposes, while we have everybody assembled.

16 MR. BOB PETERS: And the last time you were
17 before the Board on -- on non-primary gas costs there was no
18 GRA attached to it?

19 MR. DARREN RAINKIE: That's right.

20 MR. BOB PETERS: And for these non-primary
21 gas rates that you're asking the Board to approve, those also
22 contain a base rate and a rate rider for all non-gas -- non-
23 primary gas deferral account balances?

24 MR. DARREN RAINKIE: That's right.

25 MR. BOB PETERS: And those rate riders are

1 changed annually and are determined based on a twelve (12)
2 month normalized volume basis again?

3 MR. DARREN RAINKIE: Yeah, I think the, if I
4 remember correctly, we've got three (3) rate riders in the --
5 in place in this Application. And the -- what we call the
6 PGVA rate -- rate rider, I think, is proposed to be for
7 twelve (12) months so it would fall off on July 31st, 2006,
8 assuming that we're setting non-primary gas rates again on
9 August 1st, 2006. I hope I got my year right there.

10 MR. BOB PETERS: I think -- I think we
11 understand your point.

12 When we talk about gas costs, and you've
13 broken them down into primary and non-primary, if we take
14 those -- all those gas costs collectively, Mr. Rainkie,
15 that's about 75 percent of the Corporation's annual revenue
16 requirement; would you agree with that?

17 MR. DARREN RAINKIE: I think that's fairly
18 close in proportion, given that non-gas costs are usually
19 about 25 percent. Yeah.

20 MR. BOB PETERS: All right. And we say --
21 when we say "non-gas costs", Mr. Rainkie, you're telling the
22 Board that you're talking about the other components of
23 revenue requirement, such as amortization, depreciation, O&M,
24 income tax or tax, other income, return on rate base or not
25 income and finance expense?

1 MR. DARREN RAINKIE: That's correct.
2 Unfortunately our rate schedule is so complex we usually
3 refer to things in the negative rather than in the positive
4 like non-gas costs and non-primary gas costs.

5 But that's the nomenclature that we've
6 developed over the years.

7 MR. BOB PETERS: And when you get all of
8 these gas costs and non-gas costs together, you functionalize
9 them, you classify them and you allocate them to the customer
10 classes in accordance with the methodology that this Board
11 will have approved?

12 MR. DARREN RAINKIE: That's correct. That's
13 to determine the base rates.

14 MR. BOB PETERS: Right. And with the
15 exception of what happened on February 1st rates, the cost
16 allocation methodology usually relies on a full cost
17 allocation process?

18 MR. DARREN RAINKIE: That's correct.

19 MR. BOB PETERS: And when I say "what
20 happened on February 1st", Mr. Rainkie, there was a
21 modification on the interim ex parte in terms of how you
22 recovered the rate increases that the Board approved?

23 MR. DARREN RAINKIE: That's correct.

24 MR. BOB PETERS: The other component of the
25 rates, Mr. Rainkie, is the basic monthly charge and that

1 normally remains unchanged regardless of the type of review
2 that's before the Board and it'll recover varying percentages
3 of the allocated fixed costs depending on the customer class?

4 MR. DARREN RAINKIE: That's partially
5 correct. The -- the fixed monthly charge or the basic
6 monthly charge for the SGS and the LGS classes are not
7 changing -- or we're not proposing to change them through
8 this Application.

9 But they automatically get changed for the
10 larger volume classes every time we re-crank out the cost
11 allocation model.

12 MR. BOB PETERS: And the reason that they
13 change and the -- the basic monthly charge for the lower
14 volume classes such as LGS and SGS don't is what, Mr.
15 Rainkie?

16 MR. DARREN RAINKIE: I think in a sense a --
17 a policy decision on our part in terms of what the
18 appropriate mix of the basic monthly charges versus the
19 commodity charges.

20 MR. BOB PETERS: What you're really telling
21 the Board is that on a policy basis the Corporation wants to
22 charge the larger volume customers a more accurate reflection
23 of the fixed costs that through the basic monthly charge and
24 it doesn't get quite as accurate when you're dealing with the
25 lower volume customers?

1 MR. DARREN RAINKIE: Well, I think one (1) f
2 the reasons that we are so precise on the larger volume
3 customers is we have a 3-part rate for those customers, so we
4 have demand, commodity and a basic monthly charge.

5 When it comes to the lower volume customers,
6 the SGS and the LGS, we have a 2-part rate design. So, we --
7 we don't necessarily just push the calculator and take the
8 results, we look at what's reasonable in terms of the basic
9 monthly charge for the -- and what's acceptable for a basic
10 monthly charge for those classes.

11 MR. BOB PETERS: Well, in that answer, Mr.
12 Rainkie, no matter what your customer class, you're still
13 charging a basic monthly charge to them, correct?

14 MR. DARREN RAINKIE: That's correct.

15 MR. BOB PETERS: And in the lower volume,
16 such as the LGS and SGS, you make it a volumetric charge --
17 charge on a commodity basis, rather than having a 3-part rate
18 and a demand component for those customers?

19 MR. DARRIN RAINKIE: That's correct, we just
20 have a three (3) part rate for the higher volume customer.

21 MR. BOB PETERS: But, still -- still in terms
22 of the costs for the -- that are charged through on the basic
23 monthly charge, there's an element of corporate judgment or
24 policy reflection that the Corporation has done, as to how
25 much is appropriate.

1 Would you agree with that?

2 MR. DARRIN RAINKIE: That's correct.

3 MR. BOB PETERS: And would it also be correct
4 that there would be -- the Corporation considers there would
5 be significant negative reaction from their customers should
6 they try to increase the basic monthly charge for the SGS and
7 the LGS customers in any significant way?

8 MR. DARRIN RAINKIE: Well, that matter is
9 currently under review. As you probably know we have a
10 report due to the Board on August 1st on the level of the
11 basic monthly charge. And we have got negative reaction in
12 the past, in terms of increasing that basic monthly charge.
13 So that is one (1) of our concerns, yes.

14 MR. BOB PETERS: Mr. Rainkie, in terms of the
15 summary of overall what's before the Board now, it's
16 basically all of your costs are before the Board, except for
17 the primary gas itself?

18 MR. DARRIN RAINKIE: That's right, we provide
19 the primary gas estimate in this proceeding, just as a frame
20 of reference for the Board, in terms of what the costs
21 that'll be expected in the next twelve (12) months.

22 MR. BOB PETERS: All right. And also before
23 the Board, Mr. Rainkie, is you want the Board to finalize the
24 revenue -- additional revenue awarded by way of interim ex
25 parte rates on February 1st of 2005, correct?

1 MR. DARRIN RAINKIE: That's correct.

2 MR. BOB PETERS: And that was approximately a
3 2 1/2 percent increase in overall revenue, Mr Rainkie?

4 MR. DARRIN RAINKIE: That's correct.

5 MR. BOB PETERS: And if I understood Mr.
6 Warden's answer to me earlier, that was to generate
7 approximately \$3 million in the months of February and March
8 of 2005?

9 MR. DARRIN RAINKIE: That's correct.

10 MR. BOB PETERS: And it did approximately
11 that?

12 Did it generate approximately \$3 million in
13 those two (2) months?

14 MR. DARRIN RAINKIE: Given the fact that Mr.
15 Warden tells us that our forecast is fairly close to what
16 actually happened, I think the answer to that is, yes Mr.
17 Peters.

18 MR. BOB PETERS: And those -- and that rate
19 increase on February 1st of 2005, Mr. Rainkie, you want that
20 to continue throughout the current fiscal year in which it's
21 projected to raise approximately \$12 million of additional
22 revenue?

23 MR. DARRIN RAINKIE: That's correct.

24 MR. BOB PETERS: The increases on February
25 1st, Mr. Rainkie, were for non-gas cost matters; is that

1 correct?

2 MR. DARRIN RAINKIE: That's correct.

3 MR. BOB PETERS: And I think as it was
4 stated, either in the interrogatories or in the -- maybe both
5 in the interrogatories and Board Order, if the overall
6 revenue increased by approximately 2.5 percent as a result of
7 the Board's rate increases, the rate increase for non-gas
8 costs was more in the magnitude of 10 percent?

9 MR. DARRIN RAINKIE: Yeah, if you wanted to
10 calculate and take \$12 million increase divided by
11 approximately \$120 million of non-gas costs that one (1)
12 component, yes, that's -- that's the calculation.

13 Of course, our -- our impacts that we provide
14 to the customers are always calculated over the total bill.

15 MR. BOB PETERS: Right, but, for that portion
16 of your operations for which you are asking for that interim
17 ex parte rate increase, which was granted and which you're
18 trying to finalize in these proceedings, it was really a 10
19 percent increase in the non-gas cost side of the business?

20 MR. DARRIN RAINKIE: That's correct. Just on
21 the basis of that calculation you just outlined.

22

23 (BRIEF PAUSE)

24

25 MR. BOB PETERS: You acknowledged to me

1 earlier that the allocation of the rate increases was not
2 done through the regular cost allocation methodology,
3 correct?

4 MR. DARRIN RAINKIE: That's correct.

5 MR. BOB PETERS: But, in these proceedings
6 you want to have a reconciliation rider where you want the
7 Board to adjust the rate increases that they approve February
8 1st and make the final adjustment now, so that it's
9 consistent with having run it through the cost allocation
10 model?

11 MR. DARRIN RAINKIE: That's correct. And I
12 think that was contemplated in Order 13/05, as well.

13 MR. BOB PETERS: In Order 13/05 and the ones
14 that followed, Mr. Rainkie, the increases on February 1st
15 were reflected by changing the distribution rate for the SGS
16 and LGS class, correct?

17 MR. DARRIN RAINKIE: That's correct.

18 MR. BOB PETERS: But, it was the distribution
19 demand rate for the other classes except for the special
20 customer class that were adjusted, do you recall that?

21 MR. DARRIN RAINKIE: Vaguely, but we're
22 getting a little out of my area of comfort --

23 MR. BOB PETERS: All right.

24 MR. DARRIN RAINKIE: -- but, yes, I think
25 that's a true statement, Mr. Peters.

1 MR. BOB PETERS: And for the special contract
2 customer class, the basic monthly charge was adjusted?

3 MR. DARRIN RAINKIE: That's correct.

4 MR. BOB PETERS: We'll leave more of that for
5 the third Panel, when Ms. Derksen can be closer to the
6 microphone.

7 Mr. Rainkie, the second document -- no, it's
8 the first document in the book of documents that I had put
9 together. I'm not sure if a copy of it made its way to your
10 end of the table or not, but I just want to conclude by
11 walking you through this Application, so that the Board knows
12 exactly what you are asking of them, and what they can expect
13 in the next several Hearing days.

14 You answered to Ms. Murphy in her questions of
15 you, that -- and -- and of me, that you want to finalize the
16 February 1st rate increases, as adjusted by way of the
17 reconciliation rider; would that be correct?

18 MR. DARREN RAINKIE: That's correct.

19 MR. BOB PETERS: So the overall amount of
20 money the Board awarded you want to maintain, but you want to
21 shift it a little bit in terms of whose pocket it's coming
22 out of?

23 MR. DARREN RAINKIE: Yes, I think we referred
24 to it as a true up back on February 1, 2005.

25 MR. BOB PETERS: And, Mr. Rainkie, at Tab 2

1 of the book of documents that you have before you, and, Mr.
2 Chairman, and Board Members, in Tab 2 of the book, there's a
3 copy of Board Order 13/05, and for the ease of reference, Mr.
4 Rainkie, you now want that order finalized, so that the --
5 the revenue is not subject to being refunded to customers;
6 correct?

7 MR. DARREN RAINKIE: That's correct.

8 MR. BOB PETERS: And, Mr. Warden, maybe just
9 on a policy issue here. If Centra is not successful in its
10 -- in discharging its onus or carrying its burden of proof,
11 and does not convince the Board for whatever reason, to
12 finalize the rate increase that was awarded February 1,
13 Centra accepts that it may have to refund money to customers?

14 MR. VINCE WARDEN: Yes, we do.

15 MR. BOB PETERS: And the money that would
16 have to be refunded to customers for February and March,
17 would be the approximately \$3 million that the rates
18 generated in the -- in that time period?

19 MR. VINCE WARDEN: Correct.

20 MR. BOB PETERS: But those rates are still in
21 affect, as we speak today, and they have continued to collect
22 money since February 1st, into the new fiscal year; correct?

23 MR. VINCE WARDEN: That is correct.

24 MR. BOB PETERS: And so likewise, Mr. Warden,
25 on a policy basis, that if for any reason the Board does not

1 finalize and give final approval to those rates and the rate
2 increases from February 1, Centra is subject to having to
3 refund that money to customers in some fashion?

4 MR. VINCE WARDEN: Yes, I agree with that.

5 MR. BOB PETERS: All right. There are no
6 additional non-gas cost increases sought for the 2006 fiscal
7 year?

8 MR. DARREN RAINKIE: Other than what we just
9 mentioned, the finalization of the February 1 increase, no.

10 MR. BOB PETERS: All right. So put another
11 way, you got what you wanted February 1st, and you're not
12 asking for anymore until starting May 1st of '06?

13 MR. DARREN RAINKIE: That's correct, with --
14 with the exception that you noted, that the reconciliation
15 rider is, you know, moving some of the money around.

16 MR. BOB PETERS: The overall additional
17 revenue is -- is what you want to keep, and you may have to,
18 as you say, just adjust who has paid what portion of it, to
19 coincide with your cost allocation methodology?

20 MR. DARREN RAINKIE: That's correct.

21

22

(BRIEF PAUSE)

23

24 MR. BOB PETERS: In the Application you have
25 before the Board, you want approval of adjustments to rates

1 to reflect changes in its supplemental gas, transportation
2 and unaccounted for gas, to be effective August 1st, 2005.

3 And if I turn you, Mr. Rainkie, to the third
4 document in the book of documents that you have before you,
5 these adjustments in rates, are they set out on a final basis
6 in Schedule 9.1.4?

7 MR. DARREN RAINKIE: Sorry, yeah, by final
8 you mean that's -- that's our Application? It -- this has
9 been updated, this is the updated schedule from the original
10 Application, yes.

11 MR. BOB PETERS: Yes, and -- and thank you
12 for that. Maybe I worded it clumsily.

13 Mr. Sanderson, there was no revision by you in
14 your direct evidence this morning to those amounts?

15 MR. BRENT SANDERSON: That's correct, Mr.
16 Peters.

17
18 (BRIEF PAUSE)

19
20 MR. BOB PETERS: So what you're asking the
21 Board to do then is to approve the non-primary gas costs as
22 contained on Schedule 914 and to then embed those into what
23 would become base rates going forward for those categories of
24 non-primary gas?

25 MR. BRENT SANDERSON: That's correct, Mr.

1 Peters.

2 MR. BOB PETERS: And you'll also be removing
3 rate riders on July 31 and putting on new rate riders on
4 August 1st to recover and refund any deferral account
5 balances related to these items?

6 MR. BRENT SANDERSON: That's correct.

7 MR. BOB PETERS: Now, Mr. Rainkie, what
8 happens in the fiscal 2006-2007 year for these non-primary
9 cost of gas matters; that's not before the Board in this
10 application, is it?

11 MR. DARREN RAINKIE: That's right. We
12 provided only a 2005/06 gas cost forecast. We contemplate
13 having a 2006/07 cost of gas application that would adjust
14 those costs sometime next year.

15 MR. BOB PETERS: So you want the Board to
16 approve non-gas cost increases of approximately another
17 2 1/2 percent starting May of '06, but the gas cost for that
18 same time period are not yet before them?

19 MR. DARREN RAINKIE: That's correct.

20 MR. BOB PETERS: And you'll bring that before
21 the Board starting with an application sometime in -- is it
22 January of 2006 that I understand from the materials?

23 MR. DARREN RAINKIE: Our normal filing is
24 somewhere towards the end of January or middle of February.

25 MR. BOB PETERS: The -- the third request

1 which we've -- just to make sure we've got it clear for the
2 Board, is that this extra or additional 2 1/2 percent
3 increase in overall revenue is to start on May the 1st, 2006,
4 and that's not starting your fiscal year but that's starting
5 on a primary gas quarter; is that correct?

6 MR. DARREN RAINKIE: That's correct.

7 MR. BOB PETERS: And that's in keeping with
8 your policy to keep rate increases as infrequent as possible
9 but to coincide with the primary gas rate changes which are
10 -- which are happening every quarter?

11 MR. DARREN RAINKIE: That's correct. I think
12 we think changing rates four (4) times a year is enough and -
13 - and so we try to get the non-gas costs in line with our
14 adjusting the gas costs and the primary gas costs.

15 MR. BOB PETERS: And what you're asking for
16 in this application is to essentially recover a twelve (12)
17 month's worth of additional revenue over an eleven (11) month
18 time frame, Mr. Rainkie?

19 MR. DARREN RAINKIE: The -- the amount of
20 that -- the length of that rider escapes me at the moment,
21 Mr. Peters.

22 MR. BOB PETERS: Ms. Dirksen will answer that
23 on the third panel --

24 MR. DARREN RAINKIE: Yeah. Sorry. I -- I
25 know the -- the length of the first two (2) riders but the --

1 the length of the third riders escapes me right now.

2 MR. BOB PETERS: All right. But what doesn't
3 escape you, Mr. Rainkie, is that you've told the Board that
4 the February 1 2 1/2 percent of additional revenue equates to
5 a 10 percent increase in your non-gas costs; correct?

6 MR. DARREN RAINKIE: After the first increase
7 it might a little less than 10 percent but it's of the same
8 magnitude, yes.

9 MR. BOB PETERS: Well, I think maybe you're
10 ahead of me because the February 1, '05 increase was
11 2 1/2 percent of overall revenue, which I think you indicated
12 or agreed with me would be approximately 10 percent on non-
13 gas cost matters?

14 MR. DARREN RAINKIE: That's correct.

15 MR. BOB PETERS: And what you're asking for
16 on May the 1st of 2006 is essentially another 10 percent
17 increase on account of non-gas cost matters; would that be
18 correct?

19 MR. DARREN RAINKIE: That's the correct
20 magnitude, yes.

21 MR. BOB PETERS: So that's 20 percent over
22 two (2) years, Mr. Rainkie?

23 MR. DARREN RAINKIE: I can't argue with your
24 math.

25 MR. BOB PETERS: Okay. And the rates would

1 be based on a fully allocated costs and they'd be filed at a
2 later date for actual approval if the Board was -- grants
3 your application?

4 MR. DARREN RAINKIE: Yeah. I think out of
5 this proceeding we would get approval of the total non-gas
6 costs to implement on May 1st, 2006. And of course, we have
7 primary gas rates changing on May 1st, 2006. So we'd get a
8 combined rate schedule in the May 1st, 2006 primary gas rate
9 application probably for -- for approval.

10 MR. BOB PETERS: Well, let me just be clear,
11 and I hope I've asked it properly, Mr. Rainkie, for the Board
12 to understand that while you -- while you want an additional
13 2 1/2 percent of overall revenue starting May 1st of 2006,
14 the exact rates that will go in effect on May 1st of 2006 are
15 not yet known by the Board because the cost of gas component
16 is absent.

17 MR. DARREN RAINKIE: That -- that's correct.
18 To get the full rate schedule we have to wait and see what
19 the proposed May 1st, 2006 primary gas rates were. But we
20 would have the -- the non-primary gas rates established in
21 this proceeding and the amount, I guess, of the -- of the
22 non-gas portion of the rate set in this proceeding as well.

23 What I'm trying to say, Mr. Peters, is we
24 wouldn't be re -- re-examining operating costs and the other
25 non-gas costs at that time. It would be set through this

1 proceeding and we would simply input that information into
2 the cost allocation model to get the correct rates.

3 MR. BOB PETERS: What you're telling the
4 Board is if you get the 10 percent increase in non-gas costs
5 that you have on an interim basis from February 1st and you
6 get another 10 percent effective May 1st of 2006, you don't
7 want to revisit that in subsequent hearings because you're
8 accepting the Board's order as final on those -- on those
9 matters?

10 MR. DARREN RAINKIE: That's correct. That's
11 the purpose of the dual test year is to deal with non-gas
12 costs for two (2) years in one (1) proceeding.

13 MR. BOB PETERS: And the only matters that
14 will then be outstanding will be what would be the primary
15 gas rate for May 1st of '06 together with what would be the
16 non-primary gas costs which will be subject to an annual cost
17 of gas filing sometime in early 2006?

18 MR. DARREN RAINKIE: Given our current plan,
19 we wouldn't be planning on adjusting non-primary gas costs on
20 May 1st. We would be planning on doing that for August 1st.

21 So the -- that component wouldn't change on
22 May 1st, Mr. Peters.

23 MR. BOB PETERS: Okay. Thank you.

24 Mr. Rainkie, point number (d) on your
25 application found at Tab -- Tab 1 of the Book of Documents is

1 final approval of April 1, 2004 to March 31, 2005 gas costs
2 and if I'm keeping with the program, Mr. Sanderson, maybe you
3 and the Board Members can turn with me to Tab 4 of the Book
4 of Documents that they have before them because I think you
5 gave us a new number in your direct evidence to Ms. Murphy.

6 Did I hear you correct?

7 MR. BRENT SANDERSON: Yes. We have actual
8 figures now for the full twelve (12) month period ended March
9 31st, 2005 and the actual final total is \$380.4 million as
10 opposed to the \$380.5 as depicted in Schedule 8.0.0 in your
11 Tab 4.

12 MR. BOB PETERS: You're looking at Line 56 in
13 the middle column, Mr. Sanderson, of...

14 MR. BRENT SANDERSON: That's correct.

15 MR. BOB PETERS: And the new number is, for
16 these proceedings, is \$380.4 million?

17 MR. BRENT SANDERSON: That's correct.

18 MR. BOB PETERS: And you'll be filing a new
19 Schedule 8.0.0 at some point during the proceeding, sir?

20 MR. BRENT SANDERSON: We will undertake to do
21 that, yes, sir.

22 MR. BOB PETERS: All right. I appreciate
23 that.

24
25 --- UNDERTAKING NO. 1: Centra to provide Board a new

Schedule 8.0.0.

1
2
3 CONTINUED BY MR. BOB PETERS:

4 MR. BOB PETERS: Mr. Sanderson, just to give
5 Mr. Rainkie a bit -- a bit further of a rest, in terms of
6 Number (e) on page 2 of 4 of the request that you're making
7 of the Board, you want the Board to give final approval to
8 the balances and the disposition of the non-primary gas cost
9 purchase gas variance account and other deferral of -- gas
10 deferral accounts.

11 Would that be those -- those ones found on
12 Schedule 8.1.0 found at Tab 5 of the Book of Documents that
13 I've provided you?

14 MR. BRENT SANDERSON: Yes, that's correct,
15 Mr. Peters.

16 MR. BOB PETERS: Now, I'm checking my notes
17 as I speak, Mr. Sanderson, but you rounded that off in your
18 request of the Board this morning. And I note on Schedule
19 8.1.0 the amount requested to be refunded found on line 18 is
20 six hundred and sixty-nine (669) -- six hundred and sixty-
21 nine thousand, six hundred and twenty-seven dollars
22 (\$669,627), correct?

23 MR. BRENT SANDERSON: That was the number we
24 filed in our April 29th update to the application; correct.

25 MR. BOB PETERS: Has that number changed?

1 MR. BRENT SANDERSON: Yes, that number now is
2 based on actual results to the end of March 2005 is now an
3 amount \$1.4 million refundable to the customer.

4 MR. BOB PETERS: And you'll be undertaking to
5 file a revised Schedule 8.1.0, Mr. Sanderson, for the
6 assistance of the Board?

7 MR. BRENT SANDERSON: We will do that, yes,
8 sir.

9
10 --- UNDERTAKING NO. 2: Centra to provide Board a revised
11 Schedule 8.1.0.

12

13 CONTINUED BY MR. BOB PETERS:

14 MR. BOB PETERS: And you're also asking this
15 Board in Item (f) to give final approval to the supplemental
16 gas -- just before I leave number (e), just a thought, Mr.
17 Sanderson, the number that you have given us of \$1.4 million
18 also contains carrying costs to July 31; would that be
19 correct?

20 MR. BRENT SANDERSON: As well, it contains
21 forecast amortisations of the refund rider that is currently
22 in place to July 31st, 2005 as well.

23 MR. BOB PETERS: So that brings it as current
24 as possible for your calculations to when you're -- the day
25 before you're asking for new rates from this Board?

1 MR. BRENT SANDERSON: That's correct, sir.

2 MR. BOB PETERS: All right. In terms of the
3 final approval of a supplemental gas transportation and
4 distribution rates that were effective November 1 of 2004,
5 approved on an interim basis, you're seeking final approval,
6 correct?

7 MR. DARREN RAINKIE: That's correct.

8 MR. BOB PETERS: And Ms. Stewart, to the
9 extent that there was any price management of any of those
10 aspects -- or first of all, was there any price management of
11 any supplemental gas or any other aspects in this proceeding?

12 MS. LORI STEWART: No, there was not Mr.
13 Peters.

14 MR. BOB PETERS: And the only price
15 management impacts would have been on the primary gas, Ms.
16 Stewart; correct?

17 MS. LORI STEWART: Yes, that's correct.

18 MR. BOB PETERS: Including primary gas sent
19 to storage?

20 MS. LORI STEWART: That's correct.

21 MR. BOB PETERS: Okay. Turning to point
22 number (g), the final approval of Interim Order 73/03,
23 129/04, Mr. Rainkie, this relates to the quarterly primary
24 gas rates that we've talked about and you mention in your
25 direct evidence you want the Board to give final approval

1 for?

2 MR. DARREN RAINKIE: That's correct.

3 MR. BOB PETERS: You also, I think, in your
4 answers to Ms. Murphy, indicated you wanted approval of the
5 February 1st primary gas and the May 1st, '05 primary gas
6 rate, did I hear that correctly?

7 MR. DARREN RAINKIE: You did, Mr. Peters.

8 MR. BOB PETERS: And Ms. Stewart, you'd
9 acknowledge that some of the price management impacts on
10 those rate orders have not yet fully settled have they?

11 MS. LORI STEWART: Yes, that's correct.

12 MR. BOB PETERS: We may have touched on this
13 last time we talked on the microphone Mr. Rainkie, now that I
14 think about it. But, as a matter of -- let's call it policy,
15 so that it tweaks Mr. Warden's interest, you're asking the
16 Board to approve now on a final basis, what the Board set on
17 February 1st, even though the February 1st numbers will not
18 be finally known at this time. Is that correct?

19 MR. DARREN RAINKIE: That's correct, Mr.
20 Peters, I would call it a matter of -- an issue of procedure
21 perhaps rather than policy. And I guess it's a matter of
22 how the Board wants to undertake this particular aspect.
23 Given that we have deferral accounts that take the
24 differences between forecasts and actual amounts, I think
25 giving final approval to the Order is saying that now is the

1 first opportunity for the public to come forward and have its
2 say on the Application.

3 The only reason I think that the primary gas
4 rate applications are interim in nature, is that it's done on
5 an ex-parte basis between ourselves and the Board. So it
6 depends on whether you want to look at the finalization of
7 those Orders as being, well, all the gas costs related to
8 them have to be in and accounted for.

9 Or if we're simply giving the public an
10 opportunity to speak to those Orders. Because we --
11 regardless if you finalize the Order, or not, now the PGVA
12 accounts take the swings in those -- between actual and
13 forecast. So the -- even if we give finalization of the
14 Order, it's not like we're going to keep any differential.
15 It will be refund or collected to customers.

16 So I guess it's a matter of procedure in how
17 the Board wants to go about approving those -- those Orders.

18 MR. BOB PETERS: All right. If you want to
19 call it procedure, we'll see what it ends up being called,
20 Mr. Rainkie. But, let me word it this way and this just
21 maybe brings it to a boil a little quicker.

22 If in setting the February 1st primary gas
23 rate that this Board panel approved on an interim basis, the
24 Board in the next few days considers some of the actions of
25 the company to be imprudent, what do you tell the Board are

1 their options at that point in time, Mr. Rainkie, in terms of
2 how to deal with that imprudence?

3 MR. DARRIN RAINKIE: Well, presumably if the
4 Board found something in our gas costs forecasts that it
5 didn't think was appropriate, it would adjust -- it would
6 adjust the rates, it would direct us to adjust the rates in
7 the Order that comes out of this Proceeding. I'm not sure if
8 that's exactly what you're asking me, or not.

9 MR. BOB PETERS: Let me try it this way and
10 maybe Mr. Warden can tell us. On a policy basis, if the
11 Board determines that there was a -- let's say one dollar
12 (\$1) of imprudent expenditure as a result of -- sorry Ms.
13 Stewart -- of Ms. Stewart's price management activities for
14 the February 1st or the May 1st primary gas; something's been
15 done that this Board doesn't think is appropriate and they
16 want -- they don't want consumers to have to pay that one
17 dollar (\$1) of imprudent expenditure.

18 If the Board finalizes the February 1st rate
19 and the May 1st rate, is it Centra's position that the Board
20 is precluded from disallowing that in some way, shape, or
21 form from Centra's revenue requirement?

22 MR. VINCE WARDEN: Well, I think -- excuse me
23 -- the -- the Board can certainly disallow any costs that it
24 considers to be imprudently incurred by Centra.

25 It's since Centra was acquired though, as a

1 Crown Corporation, it's always been a bit of a question mark
2 as to what we would do in that circumstance, because we have
3 no shareholder per se, to take that imprudent cost back to.
4 It would, therefore, likely be a reduction in retained
5 earnings of Centra, to be recaptured at a later date,
6 assuming that the Board agrees with the targets we set out
7 for retained earnings.

8 So it becomes a bit of a circular thing, Mr.
9 Peters, and I don't think there is any real good answer to
10 that question. We certainly wouldn't want to burden the
11 electricity ratepayers with any imprudence that might have
12 been judged by this Board to have occurred on the gas side of
13 the business.

14 So there's really no place else we could
15 charge that off. I don't think the Government would want to
16 step up, so there's really no shareholder that we can -- we
17 can charge that back to.

18 It's a -- as a Crown, as -- as I say, it's a
19 bit of a issue that has never really been -- or a question
20 that's really ever been addressed.

21 MR. BOB PETERS: Okay.

22 MR. VINCE WARDEN: And hope -- and hopefully
23 we never will have to.

24 MR. BOB PETERS: Of course, Mr. Warden, but
25 let me -- let me try to get it this way: if the Board

1 approved, on a final basis, as a result of this Hearing, the
2 May 1st, 2005 primary gas rates, which -- which rates have
3 gas costs that have not yet been settled finally, because of
4 price management impacts.

5 If the Board approved the -- those rates on a
6 final basis, and wants to, at a subsequent point, revisit
7 them, and finds any amount of imprudence, does Centra accept
8 that it is open for the Board to disallow it, at a subsequent
9 point in time, through the PGVA mechanism that Mr. Rainkie
10 mentioned?

11 MR. VINCE WARDEN: Yes, given that we have a
12 PGVA mechanism, I -- I think that it is perfectly reasonable,
13 given the mechanism we have in place, for the Board, at some
14 subsequent date, to in theory, determine that such costs may
15 have been incurred imprudently, and to make some
16 disallowance.

17 MR. BOB PETERS: So, pushing you a bit
18 further on that, Mr. Warden, if the Board accepts the
19 utilities request to give final approval at this point in
20 time, the company acknowledges that it is open for the Board,
21 at a later point in time, to adjust the PGVA accounts, should
22 the Board determine that they need adjustment for imprudence
23 or some other reason?

24 MR. VINCE WARDEN: Yes, I agree with that.

25 MR. BOB PETERS: In terms of the last item on

1 page 3 of 4, of the Application found at Tab 1 of the book of
2 documents that I provided you, there's a request that you
3 will be asking for changes to the terms and conditions of
4 service, and this may be putting this Panel a bit on the
5 spot, but this dealt primarily with the partial payment
6 priorities and the labour rates; is that correct?

7 MR. DARREN RAINKIE: Yes, those are the two
8 (2) items that we've addressed in, I think it is Tab 12 of
9 our Application.

10 MR. BOB PETERS: And then in terms of the PUB
11 directives, Mr. Rainkie, there was a number of them that are
12 found at Tab 13, some for this Panel, some for the third
13 Panel, as I understand it?

14 MR. DARREN RAINKIE: I think they're split
15 amongst the -- all three (3) Panels in accordance with our
16 letter of May 18th.

17 MR. BOB PETERS: Yes, okay, I'm sorry, I
18 apologize. Yes, you've indicated that Tab 13 matters are --
19 are before each of the Panels.

20 In -- in terms of some specific cost of gas
21 issues that -- that may contain the policy type issues, as
22 well as some substantive issues, I want to turn, with this
23 Panel, to a consideration of their supply for primary gas
24 from Western Canada, and Mr. Stephens, I think in your direct
25 evidence you told Ms. Murphy that there's really no changes

1 to your primary gas supply contract; have I got that right?

2 MR. HOWARD STEPHENS: That's correct, sir.

3 MR. BOB PETERS: And that's with Nexen; is
4 it, sir?

5 MR. HOWARD STEPHENS: That's correct.

6 MR. BOB PETERS: This was a three (3) year
7 term contract -- a three (3) year term with Nexen, and it was
8 effective last November 1st of '04 so it's got the better
9 part of two and a half (2 1/2) years to run?

10 MR. HOWARD STEPHENS: Unless we decide --
11 mutually agree to extend it for an additional year or two
12 (2); it has that provision, but it has to be by mutual
13 agreement, and we have to agree six (6) months prior to the
14 termination of the agreement.

15 MR. BOB PETERS: Have you entered into any
16 such discussions at this point in time, Mr. Stephens, to
17 extend it?

18 MR. HOWARD STEPHENS: No. We have not.

19 MR. BOB PETERS: From a policy perspective,
20 Mr. Warden, Mr. Stephens, has the Corporation concluded on
21 whether or not it -- it -- it will move towards extending it,
22 or will the Corporation have a further position on that?

23 MR. VINCE WARDEN: We have no position at
24 this time. As the contract -- the first term, three (3)
25 years, comes closer to conclusion we'll -- we'll certainly

1 take a closer look at that, but at this point, we have no --
2 no position.

3 MR. BOB PETERS: Mr. Stephens, when Centra
4 wants to look at its long term, or its next term of primary
5 gas supply, Centra is planning on sending out a request for
6 proposal?

7 MR. HOWARD STEPHENS: That's correct, sir.

8 MR. BOB PETERS: Would you be sending out a
9 request for proposal even if you wanted to extend the Nexen
10 agreement?

11 MR. HOWARD STEPHENS: Given the direction
12 that the Board has given us with respect to dealing with all
13 of the stakeholders that are impacted with respect to the gas
14 supply contract, I would think that I will be obligated to do
15 so.

16 But it will be after some sort of stakeholder
17 process to determine what our stakeholders' desires are with
18 respect to gas-related issues, or as commodity related
19 issues.

20 MR. BOB PETERS: So as I understand your
21 answer, you envision holding stakeholder consultations to
22 determine what aspects of the gas supply contract should be
23 included specifically in the request for proposal?

24 MR. HOWARD STEPHENS: That's correct.

25 MR. BOB PETERS: And the stakeholders with

1 whom you would consult would include those parties who are
2 present and registered as Intervenor in this hearing?

3 MR. HOWARD STEPHENS: That's correct.

4 MR. BOB PETERS: Would there be other
5 stakeholders that come to mind?

6 MR. HOWARD STEPHENS: Anybody that expresses
7 an interest I would suggest we would welcome.

8 MR. BOB PETERS: Would you be planning on
9 contacting any other brokers or other parties?

10 MR. HOWARD STEPHENS: We would contact the
11 brokers of record and the interested parties to these
12 proceedings as it stands today. And -- and I would leave it
13 to other mechanisms to determine whether or not there are
14 other -- other parties that are interested.

15 MR. BOB PETERS: And after those
16 consultations, you would expect to provide a draft of the
17 request for proposal to those parties as well as the Board?

18 MR. HOWARD STEPHENS: That's correct.

19 MR. BOB PETERS: That's what's envisioned?

20 MR. HOWARD STEPHENS: Well, I would -- I
21 would envision that we would come to some sort of consensus
22 in terms of the RFP with the stakeholders, and then take it
23 to our executive to ensure that they are in -- in alignment
24 with it, and then, from that perspective, then we'll take it
25 to -- bring it before the Board.

1 MR. BOB PETERS: It was Order 131/04, last
2 fall's order, Mr. Stephens, that requested the Corporation
3 have this stakeholder consultations; correct?

4 MR. HOWARD STEPHENS: That's correct.

5 MR. BOB PETERS: As a matter of policy, is
6 that something that you find merit with?

7 MR. HOWARD STEPHENS: Certainly. I mean, I
8 think -- I mean, we're trying to serve our consumers the best
9 we -- we -- the best -- the best way we can, and the more
10 information I have with respect to their concerns, with
11 respect to the gas supply contracts, the better off I am.

12 MR. BOB PETERS: Can you indicate to the
13 Board how long in advance of the expiration of your current
14 contract you would be sending out a request for proposal for
15 a subsequent arrangement?

16 MR. HOWARD STEPHENS: Well, my sense right
17 now is that it's going to be sooner rather than later. But
18 that's having -- I qualify that answer with regard to the
19 ever changing dynamics in the environment that we're working
20 within.

21 The potential issues with related to the WTS
22 Service that the brokers have raised, and a variety of --
23 number of issues that are going on in -- in the marketplace
24 in terms of where gas supplies are coming from and whether
25 LNG is going to be in a major player in the role -- in the

1 marketplace, et cetera.

2 So we're going to have to use an element of
3 judgment as to when the appropriate time to go to the market
4 is. But I would like to have the initial blocks in place to
5 try and resolve -- or to move forward when the timing is
6 appropriate.

7 In that answer, you want the initial -- the
8 initial process completed, significantly in advance of the
9 end of the -- by the end of the Nexon agreement?

10 MR. HOWARD STEPHENS: Not necessarily will
11 the process be completed, but, I'll have a process developed.

12 One of the Board's recommendations was that we
13 hire a consultant. That's something we have to give
14 consideration to, as well, and certainly would have to move
15 that along relatively quickly.

16 MR. BOB PETERS: Can you tell the Board, what
17 policy issues you foresee having to wrestle with when you go
18 out looking for your next primary gas contract?

19

20

(BRIEF PAUSE)

21

22

23 MR. HOWARD STEPHENS: In IR-CAC/Centra 49,
24 the question was posed to me as to the impact of brokers on
25 our gas supply contracts. And I gave a number of theoretical
implications or impacts that direct purchase can have on our

1 contracting parameters. And from that perspective those
2 issues are very much -- come to the forefront.

3 So we would have to be prepared, from that
4 perspective, to deal with those issue.

5 MR. BOB PETERS: Can you foresee, Mr.
6 Stephens, where issues in respect of brokers may put the
7 company adverse to the position of the brokers on those
8 matters?

9 MR. HOWARD STEPHENS: There certainly are
10 some very contentious issues with respect to who pays for
11 what and in what circumstance and the role of the Utility.

12 MR. BOB PETERS: And from a policy
13 perspective, do you see yourselves representing then, in the
14 process, the interests of the consumers who are on system
15 supply, as opposed to those who are on broker supply?

16 MR. HOWARD STEPHENS: No, I see myself as, or
17 the company as responsible for the well being or the welfare
18 of all of the customers that are -- that could potentially be
19 our customers.

20 MR. BOB PETERS: But that would potentially
21 then put you at an adverse position for some who may want to
22 source broker supply or direct purchase arrangements, rather
23 than system supply?

24 MR. HOWARD STEPHENS: You tend to a very long
25 winded answer, sir. In order to provide some of the

1 flexibility associated with it and I get into -- I mean some
2 of that description in response to the IR that I referenced,
3 in order to provide the flexibility that the brokers are
4 looking for, there could be incremental costs associated with
5 acquiring systems supply.

6 So you get into the issues of whether or not,
7 or who pays those incremental costs for the flexibility of
8 having direct purchase arrangements et cetera. So there are
9 -- there are a number of issues that need to be addressed.

10 MR. BOB PETERS: Which leads me then to --
11 one of the stakeholders you intend to consult with would also
12 be the intervenors in these proceedings, CAC and MSOS, who
13 represent the residential consumers in some capacity?

14 MR. HOWARD STEPHENS: That's correct.

15 MR. BOB PETERS: And would it also be correct
16 that you would be returning the RFP or providing it to the
17 Board for the Board's review and consideration, as well?

18 MR. HOWARD STEPHENS: If the Board has
19 directed us to do so, we will.

20 MR. BOB PETERS: And do you envision there
21 being any proceeding by the Board to finalize the RFP or to
22 approve it or otherwise revise it?

23 MR. HOWARD STEPHENS: I guess the Board was
24 not particularly definitive in terms of the process that they
25 envisioned, in terms of us filing the RFP for their, I don't

1 know whether you would refer to it as approval, but,
2 certainly I would leave it to the Board's discretion in terms
3 of how they want to proceed with respect to it.

4 MR. BOB PETERS: All right. Then that's
5 probably an ideal way to leave that answer, Mr. Stephens,
6 that when you do file your RFP after your consultation with
7 stakeholders, you will leave it to the Board to consider
8 what, if any, further process is involved with it, in terms
9 of moving it forward from the Board's perspective.

10 MR. HOWARD STEPHENS: I believe that the
11 development of the RFP and certainly the report that we're
12 doing with respect to WTS Service will raise a number of
13 questions that will give everyone cause to pause and think
14 and perhaps we will be dealing with a much broader set of
15 issues than just how we go about contracting for supply.

16 MR. BOB PETERS: Okay. That was somewhat of
17 a cryptic answer and while it's intriguing, what -- what are
18 you saying could be possibly some of those issues?

19 MR. HOWARD STEPHENS: I don't want to set
20 myself up too quickly, but I guess you're pushing me into the
21 corner that, I mean, we're really talking about philosophical
22 issues as to Centra's role in the marketplace, et cetera.
23 And along with the portfolio review, which also has a direct
24 impact on the broker community, we may end up in a generic
25 type of hearing to determine what is appropriate, what is the

1 appropriate role of the LDC in the marketplace.

2 MR. BOB PETERS: Is that a matter that's
3 being reconsidered by the Corporation?

4 MR. HOWARD STEPHENS: I believe that we
5 provided a letter as a result of the Chairman's invitation to
6 provide viewpoints with respect to that, and we indicated
7 that a number of these issues have not been dealt with for,
8 going on ten (10) years now, and I mean perhaps it is
9 appropriate that they be revisited.

10 MR. BOB PETERS: Can you -- can you indicate
11 whether as a policy basis, the Corporation has changed its
12 position on where it stands as being a supplier in the
13 marketplace?

14 MR. HOWARD STEPHENS: That I'm not prepared
15 to respond to.

16 MR. BOB PETERS: Is it because that's still
17 being discussed, or that it hasn't been finally approved,
18 what û- whatever the Corporate position is?

19

20

(BRIEF PAUSE)

21

22 MR. HOWARD STEPHENS: I'll take it, seeing as
23 Mr. Warden and I are going back and forth, but the answer is
24 the same regardless, we haven't come to a conclusion with
25 respect to the issue.

1 MR. BOB PETERS: What time frame do you
2 envision needing to come to that kind of a conclusion, Mr.
3 Warden, is it different than the RFP process for the Nexen
4 Contract?

5 MR. HOWARD STEPHENS: You were looking at me,
6 but you asked Mr. Warden, so who would you like to respond?

7 MR. BOB PETERS: I'm sorry, Mr. Stephens, I
8 suspect it's going to end up on your desk, so I was --

9 MR. HOWARD STEPHENS: It already is.
10 Maybe could you frame the question again, sir?

11 MR. BOB PETERS: Well in recognizing that the
12 Corporation will want to refresh and re-analyse its -- its
13 position and views on its role in the marketplace, in what
14 time frame do you expect to have that review and
15 consideration completed?

16 MR. HOWARD STEPHENS: I'm very hesitant to
17 give you a time frame with respect to that. I would
18 anticipate within the next two (2) to three (3) years that we
19 are going to have to come to grips with these issues, because
20 they've been outstanding for some period of time, and
21 certainly the brokers are asking hard questions of me.
22 Certainly in the last Hearing I had some hard questions asked
23 of me, and I have to provide a report with respect to that.

24 And so it is -- it is time for us to address.

25 MR. BOB PETERS: Thank you, Mr. Stephens.

1 While the microphone is still warm on your side, let's talk a
2 little bit about TCPL tolls and tariffs. And the Board and
3 I, if we recall correctly, you have two (2) firm service
4 transportation contracts for deliveries from Western Canada,
5 one (1) that goes to Saskatchewan delivery zone and one (1)
6 to Manitoba delivery zone?

7 MR. HOWARD STEPHENS: Actually we have three
8 (3), we have the Gladstone contract that was assigned over to
9 us for a very small amount.

10 MR. BOB PETERS: The Gladstone one (1) was a
11 result of your acquiring the -- the Gladstone/Austin Natural
12 Gas Co-op?

13 MR. HOWARD STEPHENS: That's correct.

14 MR. BOB PETERS: Your firm service
15 transportation contract to the Saskatchewan delivery zone, is
16 such that it allows you to serve the extreme western portion
17 -- north and western portion of -- of your franchise
18 territories?

19 MR. HOWARD STEPHENS: The Minell Pipeline,
20 yes.

21 MR. BOB PETERS: And those contracts for form
22 service expire October 31 of 2006; is that right?

23 MR. HOWARD STEPHENS: The EFT contracts, yes.

24 MR. BOB PETERS: And those can be renewed on
25 an annual basis at your option -- at Centra's option?

1 MR. HOWARD STEPHENS: That's correct.

2 MR. BOB PETERS: And has Centra determined
3 whether or not it will be doing anything with those
4 agreements?

5 MR. HOWARD STEPHENS: Yeah, we will very
6 likely be renewing them as they stand today.

7 MR. BOB PETERS: And how can you determine
8 that, when you haven't concluded on other portfolio
9 management issues?

10 MR. HOWARD STEPHENS: Regardless of whether
11 or not we should conclude on other portfolio management
12 issues, there will be time required to -- and I'll say in the
13 circumstance that, say, we'd determine that we are going to
14 develop the TransGas storage it will take time to develop
15 that storage.

16 So in the interim we will continue to require
17 the existing assets.

18 MR. BOB PETERS: You're saying you can't
19 develop any storage plans, even if you wanted to, by the end
20 of October of 2006, so you're going to need to extend them
21 for some period of time?

22 MR. HOWARD STEPHENS: That's correct.

23 MR. BOB PETERS: And, Mr. Stephens, have you
24 thought further about whether firm service transportations
25 are the best option to serve Manitoba or whether there's --

1 whether there's something less expensive to serve Manitobans?

2 MR. HOWARD STEPHENS: There is nothing less
3 expensive in terms of trans-Canada transportation.

4 MR. BOB PETERS: Is there any interruptible
5 service arrangement that's possible?

6 MR. HOWARD STEPHENS: It goes for a higher
7 toll than the trans-Canada FT service.

8 MR. BOB PETERS: Even for the duration of the
9 contract? Even if it's over a --

10 MR. HOWARD STEPHENS: Well, the only benefit
11 associated with contracting on an IT basis is that you can
12 contract on a day-by-day basis. Where as FT -- and there is
13 a short-term firm transportation contract that you can sign
14 for a minimum of two (2) weeks.

15 Neither of those, though, provide you with a
16 right of first refusal when it comes time to renew the
17 contract and I certainly wouldn't want to get to the end of
18 the contract and find out the trans-Canada is now full and I
19 haven't got any capacity to serve the Manitoba load.

20 I don't think the customers would be very
21 happy with me. In fact, I don't think I'd be living here.

22 MR. BOB PETERS: In addition to those three
23 (3) firm service transportation contracts that you've now
24 told the Board about, you also have the storage
25 transportation service that allows you to put gas from the

1 Manitoba delivery area to Emerson so that it can go on for
2 injection in the summer months; correct?

3 MR. HOWARD STEPHENS: Yes. It's -- it serves
4 two (2) roles. It allows us to inject gas into storage
5 during the summer months and withdraw gas from storage in the
6 winter months.

7 MR. BOB PETERS: And it allows it to be done
8 at different volumes; correct, it doesn't have to be the same
9 volumes flowing?

10 MR. HOWARD STEPHENS: That's correct. And,
11 in fact, the MDQ associated with it during the summer months
12 is different than the MDQ associated with it during the
13 winter months.

14 MR. BOB PETERS: And therefore the winter
15 month would be a back haul arrangement, the summer months the
16 forward haul?

17 MR. HOWARD STEPHENS: That's correct.

18 MR. BOB PETERS: Those tariffs are approved
19 by whom, Mr. Stephens?

20 MR. HOWARD STEPHENS: I sometimes wonder.
21 The National Energy Board.

22 MR. BOB PETERS: And that contract, the --
23 the STS contract expires also March 31 of 2006; is that
24 correct?

25 MR. HOWARD STEPHENS: That's correct.

1 MR. BOB PETERS: And that also can be renewed
2 on an annual basis?
3 MR. HOWARD STEPHENS: That's correct.
4 MR. BOB PETERS: And at this point in time do
5 I take it then you're leaning towards renewing that as well,
6 for the same reasons that you've given me before?
7 MR. HOWARD STEPHENS: No we need that
8 contract to get access -- to be able to fill and access our
9 storage inventory.
10 MR. BOB PETERS: And, in addition, you have
11 an interruptible back haul transportation arrangement to
12 accommodate delivered service downstream of Winnipeg?
13 MR. HOWARD STEPHENS: On trans-Canada?
14 MR. BOB PETERS: Yes.
15 MR. HOWARD STEPHENS: Yes, that's correct.
16 MR. BOB PETERS: And that contract can be
17 terminated on thirty (30) days' notice?
18 MR. HOWARD STEPHENS: That's correct.
19 MR. BOB PETERS: Last time you were before
20 the Board, Mr. Stephens, you alerted the Board that
21 TransCanada had surplus capacity and that surplus capacity
22 was intriguing but one that had to be monitored by the
23 Corporation to see what was happening to it; correct?
24 MR. HOWARD STEPHENS: That's correct.
25 MR. BOB PETERS: And since last time before

1 the Board, what has been happening with the surplus capacity
2 on TCPL?

3 MR. HOWARD STEPHENS: TransCanada, for the
4 most part, has been able to sell a considerable amount of
5 their surplus capacity using short-term arrangements, IT for
6 instance.

7 So, they've been running the pipe relatively -
8 - at a relatively high load factor. None of those are long-
9 term arrangements though and, for the most part, they're very
10 short-term arrangements.

11 And the other significant event was the
12 decision to take one (1) of the lines out of service as a
13 natural gas line and put it -- and convert it to an oil
14 pipeline.

15 MR. BOB PETERS: That's the Keystone Oil
16 Pipeline; correct?

17 MR. HOWARD STEPHENS: I'm glad you could
18 remember the name, I was trying for the life of me to
19 remember it and I couldn't.

20 MR. BOB PETERS: So what -- what they've done
21 is, out of all of the pipes that come to Manitoba -- and how
22 many is that in number?

23 MR. HOWARD STEPHENS: I believe the last
24 count there are seven (7) tubes coming to Winnipeg.

25 MR. BOB PETERS: And one of those is now

1 going to be converted, instead of transporting natural gas
2 will transport oil?

3 MR. HOWARD STEPHENS: That's correct.

4 MR. BOB PETERS: And it'll send oil out to
5 Eastern Canada?

6 MR. HOWARD STEPHENS: I believe Chicago is
7 the ultimate destination.

8 MR. BOB PETERS: And what stage are they in
9 converting that; do you know?

10 MR. HOWARD STEPHENS: They have a number of
11 regulatory hurdles that they have to overcome and
12 environmental approvals they have to obtain. And there's
13 going to be a fair amount of discussion with the full task
14 force in terms of what the appropriate costing associated
15 with that portion of the land is going to be. So it's going
16 to take some time.

17 They are in -- as I last recall, envision
18 having it in service by 2006, although I think that's a
19 somewhat aggressive timetable.

20 MR. BOB PETERS: And that, effectively, also
21 reduces the surplus capacity available from that shipper,
22 that pipeline provider?

23 MR. HOWARD STEPHENS: That's correct, sir.

24 MR. BOB PETERS: Has the uptake of capacity
25 on Trans Canada pipeline affected Centra's policy

1 considerations as to the arrangements it needs with TCPL?

2 MR. HOWARD STEPHENS: It certainly gives an
3 indication that Trans Canada is actively pursuing ways to
4 deal with surplus capacity and from that perspective it is
5 something that we need to be mindful of in terms of our go
6 forward position with respect to our existing portfolio.

7 MR. BOB PETERS: Well you'd expect them to do
8 that though, wouldn't you, Mr. Stephens? You'd expect them
9 to go find shippers to fill up their available space?

10 MR. HOWARD STEPHENS: I expected them to do
11 that in 2000 and they didn't and they jacked our rates up
12 considerably.

13 MR. BOB PETERS: We'll come to the rates --
14 well since you raised it. On March 1st of '05, you have told
15 the Board that you're forecasting a \$1.8 million reduction in
16 the tolls that TCPL will be charging through to Manitoba?

17 MR. HOWARD STEPHENS: That was relative to
18 our original application, yes.

19 MR. BOB PETERS: You revised it downwards?

20 MR. HOWARD STEPHENS: That's correct.

21 MR. BOB PETERS: And why did you do that?

22 MR. HOWARD STEPHENS: Because the tolls that
23 Trans Canada had approved -- the interim tolls that they had
24 approved by the tolls task force and ultimately by the NEB,
25 were reduced accordingly.

1 MR. BOB PETERS: And subsequent to that
2 reduction on the interim tolls, there's been a final decision
3 now on their cost of capital issues?

4 MR. HOWARD STEPHENS: That's correct.

5 MR. BOB PETERS: And their equity -- their
6 permitted equity has been increased?

7 MR. HOWARD STEPHENS: That's correct.

8 MR. BOB PETERS: And do you expect that's
9 going to now have upward pressure on the tolls, starting on
10 July 1st of '05?

11 MR. HOWARD STEPHENS: Although the tolls task
12 force, and I indicated in my evidence that it's before the
13 tolls task force and they're deliberating with respect to the
14 final tolls, which won't be -- won't come into effect until
st

15 July 1 . There was a vote with respect to what the tolling
16 structure will be and there are some offsetting costs.

17 Trans Canada has experienced greater
18 discretionary revenues, if you will, or they've got -- akin
19 to our capacity management revenues. They are far higher
20 than what they were forecast so they are going to offset the
21 increase.

22 So, the absolute dollars are still subject to
23 any re-approval. But in the final analysis, regardless of
24 where they sit, the final impact to Centra Manitoba consumers
25 is going to be relatively minor.

1 MR. BOB PETERS: And so, therefore, your \$1.8
2 million downward revision in TCPL tolls stands in terms of
3 this application?

4 MR. HOWARD STEPHENS: That's correct.

5
6 (BRIEF PAUSE)

7
8 MR. BOB PETERS: In turning to the US
9 supplies for supplemental gas, you get that out of Oklahoma
10 and Louisiana; correct?

11 MR. HOWARD STEPHENS: For the most part, yes.

12
13 MR. BOB PETERS: And there's also some
14 delivered service and loan transactions pursuant to capacity
15 management that's done to provide that supplemental gas?

16 MR. HOWARD STEPHENS: That's correct.

17 MR. BOB PETERS: Would it be a correct
18 reading of your filings, Mr. Stephens, that the peak day
19 requirements for your design peak have reduced from the last
20 time you were before the Board?

21 MR. HOWARD STEPHENS: Yes. On the basis of
22 the latest load forecast that we have, our firm peak day has
23 been reduced.

24 MR. BOB PETERS: Why has the -- well, the
25 firm peak day is your forecast as to what you will need on

1 the coldest day in Manitoba?

2 MR. HOWARD STEPHENS: To satisfy our firm
3 customers, yes.

4 MR. BOB PETERS: And can you indicate to the
5 Board why that peak day requirement appears to have fallen?

6 MR. HOWARD STEPHENS: Well I'm going to give
7 my supposition, but, I mean, I think we have some natural
8 demand side management going on where you're seeing the
9 effect of high efficiency furnaces et cetera that customers
10 are installing, impacting the amount of gas that the
11 customers are consuming, is a direct result of the
12 significant increase in the cost of gas.

13 MR. BOB PETERS: I take from that answer,
14 there's probably -- you're thinking there may be as many as
15 two (2) reasons, one (1) is customers are just turning down
16 their furnace and wearing sweaters and the second is, when
17 they replace their heating appliances, they're going to high
18 efficiency?

19 MR. HOWARD STEPHENS: Yes. And I think Mr.
20 Kuczk -- who will be on another panel talking about DSM,
21 could talk to this much more extensively than I, but, that's
22 -- that's my sense of it.

23 MR. BOB PETERS: All right. And I appreciate
24 Panel 3 will have some more to say about that. But can you
25 indicate to this -- this -- to the Board, from this Panel,

1 how that reduced peak day requirement may impact the IGC
2 Study?

3 MR. HOWARD STEPHENS: It really doesn't
4 impact the IGC Study at all. From my perspective the IGC
5 Study was recommending that we cover off our firm peak
6 shortfall, pre -- pre-contracted -- excuse me, shortfall, and
7 put in place facilities to satisfy our peak day requirements.

8 One (1) of the components that was going to
9 assist us in that regard is the TransGas storage, but there
10 are multiple components that IGC was recommending that we
11 would change. TransGas may be one (1) of them, A&R may be
12 one (1) of them, Trans Canada Pipelines may be one (1) of
13 them.

14 So it -- I -- it will have an impact, but not
15 as significant as it may appear on first blush.

16 MR. BOB PETERS: Can you -- can you quantify
17 for the Board, this reduction in peak day requirement?

18 MR. HOWARD STEPHENS: We had a peak day
19 requirement of four hundred and ninety-nine thousand
20 (499,000) I believe, in the last Application. We're down to
21 four hundred and eighty-five thousand (485,000), so I believe
22 we had seventy-eight thousand (78,000) uncontracted or gas
23 that we were buying on a just in time basis, going to the
24 market for delivered service on a peak day, and now we're
25 down to sixty-five thousand (65,000).

1 MR. BOB PETERS: One (1) of the
2 recommendations from IGC that you've told the Board about
3 now, is that -- that you firm up those arrangements, you
4 don't leave it at the whim of the market, you have something
5 firmly committed; correct?

6 MR. HOWARD STEPHENS: That's correct.

7 MR. BOB PETERS: But while you have, in past
8 years, operated you have not always had your firm peak day
9 requirement under contract, correct?

10 It's -- there's always been some risk
11 involved?

12 MR. HOWARD STEPHENS: There's always been
13 some component of the risk over the -- but over the course of
14 the last four (4) to five (5) years, we've put capacity
15 management arrangements, and I hate to use the term, but what
16 it was referred to is soft asset arrangements into place, to
17 satisfy some of that peak day shortfall. And they're
18 essentially capacity management arrangements that allow us
19 additional deliverability to satisfy from firm peak day
20 requirements, or a greater portion of them.

21 MR. BOB PETERS: Just a thought, maybe
22 something for us to ponder over lunch, Mr. Stephens. In
23 terms of the reduced peak day requirement, can you provide
24 some illustration to the Board to -- to bring home how much
25 that peak has come down, either by households that have to be

1 heated, or percentage for each household?

2 MR. HOWARD STEPHENS: I can certainly give it
3 a try.

4 MR. BOB PETERS: I'd appreciate that. Let me
5 know after lunch if you've been able to come up with
6 something on that.

7 I want to touch with you, Mr. Stephens, and
8 find out the US storage and transportation arrangements. I
9 understood from your evidence to Ms. Murphy, that there has
10 been no change since November of 2004, in respect of any of
11 the arrangements for US storage and transportation?

12 MR. HOWARD STEPHENS: That's correct.

13 MR. BOB PETERS: Mr. Stephens, I'm not sure
14 if we've talked about it in past, but you have three (3)
15 contracts with A&R, is that correct?

16 MR. HOWARD STEPHENS: No, we have more than
17 that, sir.

18 MR. BOB PETERS: Well, in terms of -- I'm --
19 I'm thinking you have a firm contract, a firm transportation
20 contract on Great Lakes Gas Transmission, to interconnect to
21 A&R Storage?

22 MR. HOWARD STEPHENS: We have two (2)
23 contracts with the Great Lakes, one (1) is for the forward
24 haul, one (1) is for the back haul.

25 MR. BOB PETERS: Okay. And -- and those are

1 both on a firm basis?

2 MR. HOWARD STEPHENS: That's correct.

3 MR. BOB PETERS: Have you -- have you
4 investigated whether any of those can be acquired more
5 cheaply through any interruptible arrangements, recognizing
6 that you already have a -- a contract with them, but whether
7 there's a cheaper alternative?

8 MR. HOWARD STEPHENS: Actually, Mr. Peters,
9 last year we just went through the process of firming up the
10 interruptible back haul because I had reservations in terms
11 of how much gas was going to continue to move down Great
12 Lakes' system, on a firm basis, on a forward haul basis,
13 during the winter months.

14 And that is still a -- a matter before the NEB
15 and before Trans Canada, who are the major shippers on Great
16 Lakes' system.

17 So I guess the long and the short answer is,
18 yeah, we've looked at it, but I mean, I'm satisfied that the
19 firm arrangements are the appropriate arrangements to satisfy
20 our requirements in Manitoba.

21 MR. BOB PETERS: From a policy perspective,
22 Mr. Stephens, is there any preference in the Corporation
23 using Western Canadian sourced gas to put into storage or US-
24 sourced gas?

25 MR. HOWARD STEPHENS: I think -- I think

1 buying Canadian is generally a good thing. Other than that,
2 it becomes a matter of economics. All things being equal,
3 you know price is relatively indifferent, it's a function of
4 how you transport the gas to the marketplace, that's what the
5 portfolio review and the analysis that you do drives out.

6 But there are some fundamentals that you apply
7 to that in terms of restricting your analysis so that if you
8 have a desire for diversification with respect to the
9 portfolio that those things, although may -- they may not be
10 the most cost effective way to serve the load, have other
11 intrinsic value associated with them. And, in that respect,
12 you may contract for more US-sourced supply if -- if it was
13 more costly -- even -- even though it was more costly than
14 would be indicated by the model.

15 MR. BOB PETERS: How often has Centra filled
16 their storage using only Canadian supply?

17 MR. HOWARD STEPHENS: I don't think there has
18 been a case, sir.

19 MR. BOB PETERS: Are all of those contracts
20 you mentioned in effect until 2013?

21 MR. HOWARD STEPHENS: Yes.

22 MR. BOB PETERS: And without your putting on
23 the legal hat that Mr. Warden was trying on, is there any out
24 for Centra or any way for you to remove yourself from any or
25 all of those contracts that you're aware of, short of

1 assigning them, and maybe that's not even a possibility, I
2 don't know?

3 MR. HOWARD STEPHENS: When we looked at --
4 when we went through the significant revisions last year,
5 that was something that I got an opinion on as to whether or
6 not it was something I could extricate -- could do and that
7 was extricate myself from the existing long-term contracts.

8 The legal opinion I got was that, no, it --
9 no, it was not possible. And certainly -- and IGC, I mean,
10 made -- alluded to the fact that it's not necessarily good
11 business practice to try and break contracts, especially in
12 this circumstance we're in -- we're in the twilight years of
13 the arrangement.

14 And with the fixed revenue cap associated with
15 the ANR arrangements it is becoming more cost effective and
16 more cost attractive every year.

17 MR. BOB PETERS: And that fixed revenue --
18 that fixed cap with the ANR arrangements was the \$14 million
19 US costs?

20 MR. HOWARD STEPHENS: \$14.7 million US.

21 MR. BOB PETERS: And the -- the tolls that
22 are set and adjusted are for ANR as well as the Great Lakes
23 gas transmission lines are set by FERC?

24 MR. HOWARD STEPHENS: That's correct.

25 MR. BOB PETERS: But the revenue -- but the

1 cap of \$14.7 million has to be honoured contractually?

2 MR. HOWARD STEPHENS: That's correct. And
3 that is for the ANR arrangements only. So that -- just so
4 there's no confusion. That does not apply to the Great Lakes
5 arrangements.

6 MR. BOB PETERS: In the couple of minutes we
7 have left, Mr. Stephens, before lunch, in terms of the asset
8 portfolio and IGC -- or the asset portfolio review and the
9 IGC report, I understood from your evidence in the materials
10 that you're anticipating filing a report with this Board no
11 later than August 1st of '05?

12 MR. HOWARD STEPHENS: That's correct.

13 MR. BOB PETERS: And --

14 MR. HOWARD STEPHENS: I believe that was Mr.
15 Warden's evidence but...

16 MR. BOB PETERS: And as a result of filing
17 that report with the Board, can you tell the Board what
18 further process Centra is envisioning happen, once the report
19 is filed?

20 MR. HOWARD STEPHENS: I believe we asked for
21 a request for -- an intermission request with respect to
22 that. Certainly we will have to obtain the necessary
23 internal approvals but then what process the Board uses to
24 pass judgment on our report is really a matter that's up to
25 the Board.

1 MR. BOB PETERS: And will you be putting
2 forward a recommendation for -- in your materials?

3 MR. HOWARD STEPHENS: Yes, I believe so.
4

5 (BRIEF PAUSE)
6

7 MR. BOB PETERS: Mr. Chairman, I have a few
8 other areas to cover but I'll do that immediately following
9 lunch before I turn the microphone over to the Intervenors.

10 THE CHAIRPERSON: Thank you, Mr. Peters.

11 Mr. Brown, I think we're in good shape for
12 your travel arrangements today. We're going to take, if it's
13 not a problem for anyone, we'll take seventy-five (75)
14 minutes for lunch and be back at 1:15.

15 Thank you.
16

17 --- Upon recessing at 12:00 p.m.

18 --- Upon resuming at 1:15 p.m.
19

20 THE CHAIRPERSON: Mr. Peters, whenever you're
21 ready.

22 MR. BOB PETERS: Two (2) matters of
23 housekeeping if I might, Mr. Chairman, and I know we're
24 awaiting the arrival of Mr. Saxberg, but at the end of the
25 day today I'd just invite the representatives and Counsel for

1 the various parties to maybe stay behind for five (5) minutes
2 so we can just talk scheduling and -- and other witness
3 matters that we want to finalize and make sure the Board is
4 aware of.

5 The second matter is that in the questioning
6 this morning Mr. Rainkie gave some answers and I think he's
7 reflected over his -- his lunch hour and he wants to clarify
8 or, at least, readdress a matter from this morning and I'll
9 turn it back to him.

10 MR. DARREN RAINKIE: Thanks, Mr. Peters. I
11 just wanted to clarify one (1) area that we went through this
12 morning and that is the increase in the non-gas revenue
13 requirement.

14 I can't recall if you asked me if it was an
15 increase in costs or an increase in the non-gas rates. But
16 of the \$12 million increase between 2003/04 approved and
17 2005/06 requested, 9 millions related to an increase of costs
18 and \$3 million is related to a decrease in volumes.

19 And I'm not sure if a lot of the material to
20 date has addressed the fact that a decrease in volumes, of
21 course, will reduce the revenue at existing rates and will
22 make the rate increase look higher than -- that it is in
23 terms of cost terms.

24 And I guess that becomes important when we're
25 looking at the rates because a rate is always a calculation

1 of a dollar amount divided by a volume. So, if your volumes
2 are reducing there's upward pressure on your rates.

3 And I guess it also provides context for our
4 discussions on DSM because the more aggressive we get on DSM
5 there would be some upward pressure on our distribution rates
6 as well.

7 So, I just want -- I'm sure we will get into
8 that more in the Revenue Requirement Panel but when you're
9 looking at a revenue deficiency calculation there's always
10 two (2) parts of it, the change in the level of cost and the
11 change in the level of volumes.

12 And there was a quite -- quite a decrease
13 between our last GRA and the current GRA in terms of volumes.

14 MS. MARLA MURPHY: Mr. Chairman, I might
15 indicate that over the lunch hour Mr. Stephens also did a
16 little reflecting and is prepared to offer an illustration,
17 as Mr. Peters had requested, of the impactful change in the
18 peak.

19 THE CHAIRPERSON: Very nice. Please proceed,
20 Mr. Stephens.

21 MR. HOWARD STEPHENS: I won't represent this
22 as being the most scientific calculation but we used to use
23 as a general rule of thumb for a residential customer on a
24 peak day as using one (1) giga-joule per day. So if you look
25 at that peak day and the amount of exposure, as I understand

1 Mr. Peters' question, was how many more customers are no
2 longer at risk as a result of the fact that the peak day has
3 gone down and our existing assets have remained the same.

4 And we used to have an exposure of seventy-
5 eight thousand (78,000) giga-joules per day and now we have a
6 -- an exposure of sixty-five thousand (65,000). So, that's
7 thirteen thousand (13,000) residential customers that are now
8 more assured of having gas on that peak day.

9 And I hope that answers your question, sir.

10 MR. BOB PETERS: Thank you. Yes. I
11 appreciate the example.

12

13 CONTINUED BY MR. BOB PETERS:

14 MR. BOB PETERS: Ms. Stewart, if we could
15 talk on matters relating to hedging policy and your hedging
16 program. You'll note in Tab 9 of the Book of Documents that
17 I circulated, I included, from Tab 13, Attachment 4, the --
18 what I think is the Revised Derivatives Hedging Policy for
19 Primary Gas dated May 20th, 2005. That's the one that was
20 included initially or, in some people's, may still be in
21 Volume III that was provided on May 20th; is that right?

22 MS. LORI STEWART: Yes, that's correct.

23 MR. BOB PETERS: And just to refresh our
24 memory and briefly so, if possible, Ms. Stewart, your program
25 is considered mechanistic. correct?

1 MS. LORI STEWART: Yes, that's correct.

2 MR. BOB PETERS: What makes it mechanistic,
3 in your view?

4

5

(BRIEF PAUSE)

6

7 MS. LORI STEWART: With the exception of
8 unusual circumstances, the timing and the magnitude of the
9 hedge as well as the instrument that will be utilized are
10 defined in advance, well in advance of -- of the hedges being
11 placed.

12 MR. BOB PETERS: And the Board, in the last
13 Order of 131/04, Ms. Stewart, asked Centra to consider
14 alternatives to the mechanistic hedging and also file some
15 results of some retrospective testing, correct?

16 MS. LORI STEWART: Yes, that's correct.

17 MR. BOB PETERS: And that, as I understand
18 it, is still underway and the expected date, as I understand,
19 is still August the 1st of 2005?

20 MS. LORI STEWART: That's correct.

21 MR. BOB PETERS: And when we say
22 "retrospective testing", that will allow the corporation to
23 use hindsight to run a couple of tests against what it
24 actually did or what the market did to assess different
25 strategies?

1 MS. LORI STEWART: That's correct.

2 MR. BOB PETERS: And is it correct that from
3 a policy perspective Centra does not want its derivative
4 hedging program to be tested on a retrospective view?

5 MS. LORI STEWART: That's correct.

6 MR. BOB PETERS: You don't want the Board to
7 -- to use the rearview mirror, Ms. Stewart, you'd rather the
8 Board be in the driver's seat at the time you made the
9 decision and assess your actions or inactions based on being
10 there at -- at the moment?

11 MS. LORI STEWART: The company would prefer
12 that the gas costs consequences of our hedges be evaluated on
13 the basis of whether or not the Derivative Hedging Policy in
14 the operating principles and procedures were followed in the
15 execution of those hedges.

16 MR. BOB PETERS: So, it starts with approval
17 of the Derivatives Hedging Policy and you want to be tested
18 and measured against the policy.

19 MS. LORI STEWART: That's correct.

20 MR. BOB PETERS: And that testing against the
21 policy can be done in a retrospective way because it has to
22 be done that way when we come to these hearings, correct?

23 MS. LORI STEWART: That's correct.

24 MR. BOB PETERS: When you look at the results
25 of your Derivative Hedging Policy, not only do you want to be

1 tested against whether you complied with the policy that the
2 Board has last approved but you also want to be judged by
3 whether or not the volatility has been reduced.

4
5 (BRIEF PAUSE)

6
7 MS. LORI STEWART: Certainly we want to be
8 judged on the basis of whether we executed the program in
9 accordance with the policy.

10 And to the extent that all parties understand
11 that the reduction in volatility is a function of the market,
12 we have described that as the most effective way that we know
13 to measure the success of our program.

14 MR. BOB PETERS: All right. I believe you
15 told Ms. Murphy that the Corporation was successful in
16 reducing rate volatility by 53 percent last gas year.

17 MS. LORI STEWART: That percentage is
18 correct.

19 MR. BOB PETERS: Would you agree with me, Ms.
20 Stewart, that and I'm not sure if you did answer that, but,
21 whether it was 53 percent or some other number, that's merely
22 a function of what the market does?

23 MS. LORI STEWART: Yes, I would agree with
24 you.

25 MR. BOB PETERS: You don't have a target in

1 mind when you're going through your derivative hedging
2 program as to how much you want to reduce volatility?

3 MS. LORI STEWART: No, we -- no we don't for
4 the reason that you stated in that the percentage of
5 reduction in volatility is a function of the market.

6

7

(BRIEF PAUSE)

8

9

10 MR. BOB PETERS: In your consultation process
11 in looking at the alternatives to the mechanistic hedging, as
12 well as, the retrospective testing, you've had some
13 consultation with CAC/MSOS, correct?

14 MS. LORI STEWART: Yes, that's correct.

15 MR. BOB PETERS: And I think you told us of
16 the meetings that you mentioned this morning, but, that is
17 the only other stakeholder with whom you've had
18 consultations?

19 MS. LORI STEWART: Yes, we've only consulted
20 with consumer groups.

21 MR. BOB PETERS: And, in particular, those
22 two (2) who intervene in these proceedings, CAC and MSOS?

23 MS. LORI STEWART: That's correct.

24 MR. BOB PETERS: And you're not planning on
25 contacting or consulting with any other consumer's groups?

1 MS. LORI STEWART: No we are not.

2 MR. BOB PETERS: And when you file your
3 report as requested by the Board, will Centra be making any
4 requests of the Board at that time?

5 Let me phrase that a different way. You're
6 going to be filing a report with the Board that addresses the
7 issues the Board raised in Order 131/04, correct?

8 MS. LORI STEWART: That's correct.

9 MR. BOB PETERS: And in filing your report,
10 does Centra envision or plan at this time, to make any
11 specific requests of the Public Utilities Board?

12 MS. LORI STEWART: No it does not.

13 MR. BOB PETERS: And will Centra be making
14 any recommendations to the Board as to what, if anything, the
15 Board should do with that report?

16 MS. LORI STEWART: No.

17 MR. BOB PETERS: I take from those answers,
18 Ms. Stewart, and then from a policy perspective, as well, Mr.
19 Warden that again it will be a matter for the Board to
20 determine, what if anything it chooses to do in addressing
21 the report, or -- at that point in time?

22 MR. VINCE WARDEN: Yes, we agree with that.

23 MR. BOB PETERS: Ms. Stewart, while we're
24 talking about this and maybe we can capture it briefly here,
25 I just need you to help me understand the volumes that you

1 hedge. There was a minimum volume that you would hedge, you
2 told the Board last time and it worked out to 90 percent, I
3 think of the warmest year requirements. Have I got that
4 right?

5 MS. LORI STEWART: Yes, formerly we hedged 90
6 percent of eligible volumes which were also corelated with
7 our warmest year requirement and also coincidentally corelated
8 with our operational demand volumes or ODB volumes.

9 MR. BOB PETERS: In what you have now filed
10 as the new policy and Mr. Warden spoke to it, I think, this
11 morning, there was a change -- two (2) changes made or maybe
12 three (3) and I'd like you to just help me explain those to
13 the Board.

14 First of all, the policy has been revised so
15 that there is some discretion added, would you agree with
16 that?

17 MS. LORI STEWART: Yes I would.

18 MR. BOB PETERS: And the discretion added is
19 in terms of the volumes to be hedged; is that correct?

20 MS. LORI STEWART: Yes, that's correct.

21 MR. BOB PETERS: And in the present policy
22 found at Tab 9 of the Book of Documents that I sent out, I'm
23 sorry -- at Tab 9 of the Book of Documents that you have
24 before you, is the proposed new Derivatives Hedging Policy
25 for primary gas, correct?

1 MS. LORI STEWART: That's correct.

2 MR. BOB PETERS: And you're asking the Board
3 to approve this in these proceedings?

4 MS. LORI STEWART: This is the revised policy
5 which has been approved by Manitoba Hydro's Board of
6 Directors. Explicitly, I don't believe that we are
7 requesting approval of this policy by the regulator.

8 MR. BOB PETERS: But you want the regulator
9 to measure then your performance against this policy?

10 MS. LORI STEWART: Yes, that's correct.

11 MR. BOB PETERS: And in this policy you say
12 that you have the ability, you being Centra, have the ability
13 to put hedges on for up to 100 percent of eligible volumes?

14 MS. LORI STEWART: That's correct.

15 MR. BOB PETERS: And has the definition of
16 eligible volumes changed from the last policy?

17 MS. LORI STEWART: Yes, it has.

18 MR. BOB PETERS: Can you explain that to the
19 Board?

20 MS. LORI STEWART: I thought I had. But,
21 formerly eligible volumes were defined as our warmest year
22 volumes and that equated in practice to our operational
23 demand volumes or ODV volumes relative to the former Nexen
24 contract.

25 The current definition of eligible volumes is

1 found in Section 1.1 of the operating principles and
2 procedures and it's defined as our base load, primary gas
3 volumes, that is those volumes forecast to be purchased at
4 the AECOC and Nova Inventory transfer monthly spot index
5 price.

6 MR. BOB PETERS: And can you tell the Board
7 why you changed the definition of eligible volumes?

8 MS. LORI STEWART: We changed the definition
9 to -- to preserve the total normal year requirements that we
10 -- that -- that we hedge. So, our objective is to hedge
11 approximately two-thirds (2/3) of our total normal year
12 natural gas requirements.

13 And as a result of the change in the
14 contractual terms of the former Nexen contract and the
15 current Nexen contract, that required us to bump up the
16 percentage hedged in order to maintain that two-thirds (2/3)
17 objective.

18 MR. BOB PETERS: The change in definition of
19 eligible volumes necessitated the change in the percentage of
20 gas to be hedged?

21 MS. LORI STEWART: That's correct.

22 MR. BOB PETERS: Now, when you say you can
23 hedge up to 100 percent of eligible volumes for the ensuing
24 twelve (12) months, are you obliged under this policy to
25 hedge any amounts for the ensuing twelve (12) months?

1 MS. LORI STEWART: Strictly speaking, from a
2 policy perspective, no, we're not required to hedge any
3 volumes.

4 However, we do go on in the operating
5 principles and procedures to define what course the Company
6 will take as a matter of course or in typical circumstances.

7 MR. BOB PETERS: But this policy now would
8 permit you to hedge zero percent of eligible volumes for the
9 ensuring twelve (12) months; is that correct?

10 MS. LORI STEWART: That is correct.

11 MR. BOB PETERS: And that introduces an
12 element of discretion, correct?

13 MS. LORI STEWART: In the event that the
14 company chose to exercise that discretion, yes.

15 MR. BOB PETERS: And that wasn't present in
16 the previous policy?

17 MS. LORI STEWART: The previous policy
18 required me to hedge a minimum of 90 percent of eligible
19 volumes.

20 MR. BOB PETERS: And if you choose to hedge
21 less than 100 percent of eligible volumes under this new
22 policy you need the approval of the executive committee of
23 Centra Gas Manitoba Inc.?

24 MS. LORI STEWART: That's correct.

25 MR. BOB PETERS: Of which Mr. Warden is one

1 (1) member?

2 MS. LORI STEWART: That's correct.

3 MR. BOB PETERS: Can you explain to the Board
4 under what circumstances you would envision Centra hedging
5 less than 100 percent of eligible volumes in any gas quarter?

6 MS. LORI STEWART: Two (2) circumstances come
7 to mind. Both of them -- well, I'll go on to the describe
8 the first one. The first one would be in the event of a
9 disaster like one (1) or all of the tubes of TCPL's main line
10 being compromised.

11 In which case, the hub at which we're hedging
12 would certainly be -- well there would be a great degree of
13 uncertainty in the marketplace to the extent that the
14 counterparties with whom we do business may not be willing to
15 enter into a hedged transaction and it would -- or could be
16 imprudent for us to proceed on that given day, given that
17 circumstance that I described.

18 So that's one example of, you know, completely
19 unpredictable events that might cause the Company to pause in
20 its hedge -- hedge execution.

21 Another circumstance that comes to mind is
22 related to the uncertainty surrounding the proportion of
23 Manitobans who elect to purchase their gas supply from either
24 the Utility versus the broker community. And because we're
25 hedging forward up to twelve (12) months, in the event that

1 encounter any unusual circumstances since the inception of
2 the -- the current program.

3 MR. BOB PETERS: And then why -- why do you
4 think you need -- now need to have that discretion to -- to
5 go from what was 90 percent down to zero, if the
6 circumstances haven't been encountered and, as you say, by
7 their nature, they're unpredictable?

8 MS. LORI STEWART: The company's position,
9 and it was suggested in fact by the Regulator in Board Order
10 131/04, is that some level of discretion -- that there is an
11 advantage to some level of discretion being embedded into our
12 derivatives hedging program and, as a result, the policy
13 change was made.

14 MR. BOB PETERS: Is there any opportunity,
15 Ms. Stewart, to exercise discretion by taking a market view?

16 MS. LORI STEWART: That is not the intent of
17 the Company.

18 MR. BOB PETERS: What you're telling the
19 Board is that there's no intention in Centra to look and see
20 what the market is doing and to put the hedges in based on
21 your best guess as to what's happening in the market?

22 MS. LORI STEWART: Yes, that's correct. We
23 have not shifted our position to taking subjective price
24 views.

25 MR. BOB PETERS: And you also, I think,

1 indicated that you, under this process, will never put hedges
2 on for volumes that you won't physically require?

3 MS. LORI STEWART: To the best of our
4 ability, given the fact that those volumes are forecast
5 volumes at the time that we hedge them.

6

7

(BRIEF PAUSE)

8

9 MR. BOB PETERS: You indicated that there was
10 unpredictable events and you gave a couple of examples, but
11 do you have a framework that's been established to govern how
12 you make your decisions in those circumstances?

13 MS. LORI STEWART: The revisions made to the
14 operating principles and procedures are meant to represent
15 the framework that -- that you're suggesting, Mr. Peters, in
16 that Centra's practice as a matter of course is now much more
17 clearly defined than it was in our former operating
18 principles and procedures.

19 MR. BOB PETERS: I'm not sure I understood
20 that answer. What you do give is you give some matter of
21 course bullet points in your materials to say, This is how we
22 would normally do things, but that doesn't mean you would
23 necessarily do them that way going forward, correct?

24 MS. LORI STEWART: It means that as the --
25 I'm -- I'm not going to alter the language, as a matter of

1 course, we will hedge 100 percent of eligible volumes, we
2 will utilize cashless collars, and we will utilize fifty (50)
3 cent out of the money coverage, however, the policy does
4 permit discretion.

5 MR. BOB PETERS: So the intention, then, is
6 to -- to remain mechanistic for up to 100 percent of eligible
7 volumes as you've described?

8 MS. LORI STEWART: Yes, that has been our
9 practice, and to the best of our knowledge, that will be our
10 practice going forward. However, we're recognizing that the
11 world within we -- we work and live is -- is unpredictable,
12 and, as a result, the policy now reflects a degree of
13 discretion.

14 MR. BOB PETERS: So you -- you would agree
15 with me then that the methodology is mechanistic, but the
16 implementation is discretionary?

17 MS. LORI STEWART: Implementation would be
18 discretionary in the -- in the event that we vary from what
19 is outlined as our typical practice.

20 MR. BOB PETERS: And if you did vary from
21 your typical practice that would require the prior approval
22 of your executive?

23 MS. LORI STEWART: Yes, that's correct.

24
25

(BRIEF PAUSE)

1 MR. BOB PETERS: Just back to the volumetric
2 discussion, 100 percent of the now eligible volumes, equates
3 approximately to 90 percent of the former minimum year
4 volumes, is that correct?

5 MS. LORI STEWART: Yes, that's correct.

6 MR. BOB PETERS: In putting on your hedges,
7 Ms. Stewart, has the number and the credit worthiness
8 requirements of your counter parties changed?

9 MS. LORI STEWART: The number of counter
10 parties has not changed, although we are close to adding to
11 our stable of counterparties by two (2), however, those
12 ISDA's have not yet been executed, and the credit -- credit
13 worthy requirements remain the same.

14 MR. BOB PETERS: And while the number hasn't
15 yet changed, has the composition of those counter parties,
16 making up that number, changed since you were last before the
17 Board?

18 MS. LORI STEWART: No it has not.

19

20 (BRIEF PAUSE)

21

22 MR. BOB PETERS: Can you tell the Board why,
23 in the first place, Centra uses derivative hedging?

24 MS. LORI STEWART: I -- I sure hope I can.
25 Yes, we utilize derivatives to mitigate volatility on behalf

1 of our customers.

2 MR. BOB PETERS: And it's mitigating that
3 volatility based on what you understand your customers want
4 of you?

5 MS. LORI STEWART: As you know, we undertook
6 market research to assist us in determining what our customer
7 base is looking for, in terms of price protection. However,
8 you're also aware that our customer base is approximately two
9 hundred and forty thousand (240,000) residential and small
10 commercial customers.

11 And of course, each and everyone of those
12 individual customers might have their own preference in terms
13 of how we execute a hedging program. So, our role as
14 management is to evaluate and interpret the market research
15 conducted, and then make a decision that we believe is in the
16 vested interests of the majority of our customers.

17 MR. BOB PETERS: What tolerance level do you
18 now tell customers that you strive to achieve for them?

19 MS. LORI STEWART: I would engage in a
20 discussion with a customer -- I -- I think where I would
21 start is advising them that two-thirds of their normal year
22 -- normal year natural gas requirements are hedged, and as a
23 result, one-third of their total normal year net gas
24 requirements are not hedged, and as a result, one-third of
25 their total normal year nat. gas requirements are not hedged,

1 or a swinging market.

2 So that's one (1) way to help consumers
3 understand that a portion of their price volatility has been
4 mitigated, however, also a portion of it has not at all.

5 MR. BOB PETERS: You no longer subscribe to
6 the plus or minus sixty dollars (\$60) a year in terms of
7 fluctuation, other than for weather?

8 MS. LORI STEWART: The company has moved away
9 from that particular indicator, Mr. Peters. It wasn't
10 particularly well understood to begin with and we did not --
11 we expressly did not solicit feedback from consumers relative
12 to that indicator in our most recent market research.

13 MR. BOB PETERS: Was the most recent market
14 research that done prior to the last gas hearing, Ms.
15 Stewart?

16 MS. LORI STEWART: Yes, it was.

17 MR. BOB PETERS: All right. And as a result
18 of your preparing a report for the Board that deals with
19 alternatives to mechanistic hedging, as well as retrospective
20 testing and consultations with stakeholders, will you be
21 conducting any further customer focus groups to determine
22 tolerance levels?

23 MS. LORI STEWART: Not in the immediate short
24 term, Mr. Peters. However, we are on the record as saying
25 that it would be prudent for the company to update its market

1 research on a relatively regular basis, for example, every
2 three (3), four (4), five (5) years.

3 MR. BOB PETERS: Has there been any change in
4 the controls exercised by Centra with respect to its program
5 since we last discussed it on the record?

6 MS. LORI STEWART: No. The control's
7 environment remains the same.

8 MR. BOB PETERS: Ms. Stewart, when I asked
9 you about the -- the -- what made it mechanistic, you talked
10 about the timing, the instrument used, and the magnitude of
11 the -- the amount hedged.

12 You've told us now the magnitude of the amount
13 hedged will increase to 100 percent of eligible volumes, and
14 -- and that's a change; correct?

15 MS. LORI STEWART: The definition of eligible
16 volumes has changed, however, practically, the volumes hedged
17 have remained approximately the same.

18 MR. BOB PETERS: All right. And in terms of
19 the type of instrument you use, has there been any discretion
20 -- new discretion entered into the -- the new policy?

21 MS. LORI STEWART: No. The former policy
22 provided us with the flexibility to utilize either call
23 options, swaps, or cashless collars.

24 The current policy continues to provide us
25 with that discretion.

1 MR. BOB PETERS: And -- and the policy allows
2 you to use any over-the-counter derivative instrument that
3 would be -- would be available; correct?

4 MS. LORI STEWART: Restricted. Any OTC
5 instrument restricted to price swaps, call options, or
6 cashless collars.

7 MR. BOB PETERS: And can you go to the
8 executive committee if you want to change those, or is that
9 not allowed?

10 MS. LORI STEWART: If I would like to use an
11 instrument other than one (1) of those three (3)?

12 MR. BOB PETERS: Yes. Do you have the
13 ability to make a recommendation to the executive to change
14 that, or is that not something you can do?

15 MS. LORI STEWART: Well, theoretically I
16 have, I guess, the right to make a number of recommendations
17 to our executive committee.

18 MR. BOB PETERS: You've never done that?

19 MS. LORI STEWART: No.

20 MR. BOB PETERS: You don't envision having to
21 do that?

22 MS. LORI STEWART: No. Not at this time.

23 MR. BOB PETERS: And you also said that one
24 of the issues that make it mechanistic was the timing, if I
25 recorded your answer correctly. And that meant -- what you

1 meant by that was the timing as to when you placed the
2 derivative transactions?

3 MS. LORI STEWART: The timing as it relates
4 to when we go to the market.

5 MR. BOB PETERS: And that was -- that was
6 considered mechanistic by you before; correct?

7 MS. LORI STEWART: Yes, that's correct.

8 MR. BOB PETERS: And instead of going to the
9 market to place 90 percent of the old minimum year volumes,
10 by definition, you changed that so that you would have the
11 ability to go to the market on a couple of occasions, and
12 place up to 45 percent on each occasion; correct?

13 MS. LORI STEWART: What you're describing is
14 a revision that we made to our program in taking our volumes
15 to the market in two (2) distinct tranches, and that was
16 permitted under the former policy and operating principles
17 and procedures, and then, in fact, that's when that change
18 was made.

19 MR. BOB PETERS: And that discretion
20 continues, or that requirement continues; correct?

21 MS. LORI STEWART: We continue to execute in
22 two (2) tranches, as we believe it's important to address the
23 concerns, the liquidity concerns that were noted by our
24 counterparties.

25 MR. BOB PETERS: Is that something you're

1 attempting to -- to measure or test in the study that you're
2 preparing for the Board, as to whether there have been --
3 whether the liquidity concerns are -- are justified in terms
4 of what the numbers would be had you gone that -- a 100
5 percent of the amount you wanted to hedge, on a certain date,
6 as compared to only half of that?

7 MS. LORI STEWART: I don't believe that's
8 measurable, Mr. Peters.

9 MR. BOB PETERS: If going in two (2) tranches
10 provides better liquidity, does three (3) give you even a --
11 a better advantage or a more market representative place?

12 MS. LORI STEWART: Directionally, yes.

13 MR. BOB PETERS: Why don't we use -- why
14 doesn't Centra use three (3) tranches as opposed to two (2)?

15 MS. LORI STEWART: Because management is
16 exercising its discretion relative to the value that would be
17 gained by going to the market. I guess I could go to the
18 market every day, and bring a group of people together, and
19 set up the mechanism and the facility that we use to hedge
20 and -- yes, management discretion is being utilized with
21 regard to any incremental value that might be achieved by
22 going to the market more frequently than twice per quarter,
23 but I certainly don't want to preclude it.

24 MR. BOB PETERS: That's never been tested or
25 measured, the -- the advantages against the cost of that?

1 MS. LORI STEWART: It's virtually impossible
2 to measure, Mr. Peters.

3
4 (BRIEF PAUSE)

5
6 MR. BOB PETERS: I just want to touch on a
7 couple of capacity management issues. Mr. Stephens, I think
8 you told the Board, in your direct examination that, first
9 and foremost, Manitoba consumers must have their requirements
10 met before you're going to embark on capacity management
11 transactions?

12 MR. HOWARD STEPHENS: Yes sir, that's
13 correct.

14 MR. BOB PETERS: Does that mean you won't do
15 any capacity management transactions until you've satisfied
16 yourself that we're not going to be in the coldest winter
17 ever in Manitoba?

18 MR. HOWARD STEPHENS: No. It's more a
19 function of we will not enter into a capacity management
20 transaction that may hinder our ability to serve the
21 customers over the course of the winter.

22 MR. BOB PETERS: That is to serve them over
23 the course of the winter if it becomes a new max -- or it
24 becomes a maximum requirement year?

25 MR. HOWARD STEPHENS: That's correct.

1 (BRIEF PAUSE)

2
3 MR. BOB PETERS: The potential transactions
4 that remain available to you to do your capacity management
5 have not changed since the last hearing, have they, Mr.
6 Stephens?

7 MR. HOWARD STEPHENS: No. They're pretty
8 much the same. One (1) limitation placed on the sales, and
9 which I went through at the last hearing when I was
10 explaining the terms of the new Nexen contract, which doesn't
11 allow for us to sell commodity, under that contract, into the
12 secondary market. But we do -- still do have the opportunity
13 to make secondary sales into the market from storage, if you
14 will.

15 MR. BOB PETERS: And you told the Board last
16 time, did you, Mr. Stephens, that that could cost you up to
17 half a million dollars on the capacity management side?

18 MR. HOWARD STEPHENS: Well, looking at -- I
19 mean, history I mean if you go back five (5) or six (6)
20 years, we've had secondary sales as high as \$1 million and I
21 mean -- and they've also been as low as about eight thousand
22 dollars (\$80,000) a year; it's a function of the marketplace.

23 We did some analysis in formulating the
24 response to one of the IR's for the past gas year, as to
25 whether our secondary sales could potentially have been,

1 having -- having had to make some assumptions, but looking at
2 the price as it was set at the end of the month, relative to
3 the daily price and the days that we would have had excess --
4 excess gas over the course of the last year, we missed the
5 opportunity to make about a hundred thousand dollars
6 (\$100,000).

7 MR. BOB PETERS: In the last Board Order, at
8 least 131/04, which dealt with cost of gas matters, there was
9 some discussion about forecasting capacity management
10 revenues and having them in the PGVA.

11 Just so the Board is clear in these
12 proceedings, what you've done, and maybe it's Mr. Rainkie's
13 arithmetic or accounting, that you've put the forecast into
14 the -- into the forecast cost of gas supplied to load, and
15 that's where you've embedded an amount that you are now to go
16 out and get, is that right, Mr. Stephens?

17 MR. HOWARD STEPHENS: I'll let Mr. Rainkie
18 respond.

19 MR. BOB PETERS: All right.

20 MR. DARREN RAINKIE: Mr. Peters for rate
21 treatment we've took the best estimate of the capacity
22 management revenues that Mr. Stephens has provided of 3.8
23 million, and we've embedded that in the gas cost forecast and
24 in the base rates as you -- as you outlined.

25 MR. BOB PETERS: So if the Board, and -- and

1 you Mr. Rainkie, would turn to tab 8 of the Book of Documents
2 that has been prepared. On tab 8 of these Book of Documents,
3 is schedule 9.1.3(b) and on line 49, there is forecast
4 capacity management revenues of \$3.8 million, and that's the
5 number to which you've referred, correct?

6 MR. DARREN RAINKIE: That's correct.

7 MR. BOB PETERS: And by treating it as you
8 have here, Mr. Rainkie, you're telling the Board that it will
9 now become part of every consumer's base rate rather than
10 sitting in the PGVA waiting to be dealt with a year from now?

11 MR. DARREN RAINKIE: I agree with everything
12 except the tail end of that sentence. Our past treatment was
13 to embed both the historic amount of capacity management
14 deferral as well as the forecast amount for the following
15 year, and run it through the -- the deferral accounts and the
16 rate rider calculations.

17 What we're simply doing now is we're
18 continuing to put the historic capacity management amount
19 through the rate riders, consistent with the rest of the
20 deferral account balances, how they're treated. But, we're
21 putting -- taking the forecasted capacity management revenues
22 for the forward year and putting them in the gas cost
23 forecast, which gets them -- gets them embedded into the base
24 rate, which is consistent with how we treat all of the
25 forecasted gas costs.

1 So, in summary, we're -- we're treating the --
2 the capacity management cost exactly the same as we're
3 treating all the other gas costs under this new proposal.

4 MR. BOB PETERS: And does this mean now, Mr.
5 Rainkie, that there will be a separate deferral account, or
6 accounting record kept, to the extent you don't make \$3.8
7 million off of Mr. Stephens activities, you'll be back before
8 the Board asking for either additional monies or a refund of
9 anything above that amount?

10 MR. DARREN RAINKIE: Mr. Peters, there always
11 has been a deferral account for capacity management revenues,
12 and that won't change under -- under our proposal though,
13 we'll continue to do one.

14
15 (BRIEF PAUSE)

16
17 MR. BOB PETERS: I'm going to leave the DSM
18 questions to your third panel and in terms of fixed price
19 offerings I just wonder if, Mr. Warden, whether there's
20 anything definitive as to whether the Corporation will be
21 providing advice to the Board on the fixed price offering
22 report or review that the Board requested in Order 131/04 as
23 to when -- or when that will be filed?

24 MR. VINCE WARDEN: Yes, Mr. Peters, I believe
25 we will be filing a report with the Board tomorrow.

1 MR. BOB PETERS: And that's a matter you'd
2 want addressed then with the third panel?

3 MR. VINCE WARDEN: Correct.

4 MR. BOB PETERS: I suppose we can wait an
5 extra day for that then, Mr. Warden. And turning to some of
6 the broker issues, and I won't deal with them at too great of
7 length here, but there was an expectation that Centra would
8 consult with stakeholders with respect to the -- the fixed
9 price offering. Is that something you know that has been
10 done, or is that something the third panel needs to address?

11 MR. VINCE WARDEN: Well, the third -- third
12 panel will certainly address that, but yes it has been done.

13 MR. BOB PETERS: And in terms of consumer
14 education on broker supply and direct purchase, is there a
15 report forthcoming on that matter, as well?

16 MR. VINCE WARDEN: Yes there is.

17 MR. BOB PETERS: And is that -- is that
18 going to be filed tomorrow or on -- or before August 1st?

19 MR. VINCE WARDEN: It will be filed before
20 August the 1st, I can't say for certain it will be filed
21 tomorrow. I don't believe it's quite at the same state of
22 readiness as the MSO report.

23 MR. BOB PETERS: All right. Pulling teeth
24 this morning with Mr. Stephens, I think I got him to tell the
25 Board that the role of Centra Gas Inc. in the marketplace is

1 one that is being revisited and reconsidered by the
2 Corporation.

3 Does that, in any way, impact how Centra sees
4 itself relative to the broker community in terms of providing
5 gas to Manitoba consumers?

6 MR. VINCE WARDEN: Well, I was interested in
7 Mr. Stephens' comments on that, actually, I wasn't aware we
8 were revisiting that issue.

9 MR. BOB PETERS: All right. We'll let you
10 discuss that with him over coffee. But I -- I take from that
11 answer, Mr. Warden, Centra sees itself continuing to provide
12 a gas purchase option to all gas customers in Manitoba?

13 MR. VINCE WARDEN: Yes.

14 MR. BOB PETERS: And in terms of further
15 matters of consideration, has Centra's policy, with respect
16 to allowing third party storage and supplemental gas service,
17 changed from when you were last before the Board; that is,
18 are you -- are you thinking of allowing customers to arrange
19 their own third-party storage, or supplemental gas supply?

20 MR. VINCE WARDEN: Not at this time, Mr.
21 Peters, no.

22 MR. BOB PETERS: And in terms of, I think,
23 one (1) of the Intervenors last year had posed the question
24 of whether or not a customer could provide natural gas to
25 Centra, in kind, to replace the UFG cost that was being

1 levied against them, I may have worded that a little clumsily
2 but...

3 MR. VINCE WARDEN: Yes, I'm aware of the
4 customer you refer to. And my understanding is that that
5 would be very difficult, operationally, for us to
6 accommodate.

7 MR. BOB PETERS: So, that's not on the
8 drawing board at this time either?

9 MR. VINCE WARDEN: No. It is not.

10 MR. BOB PETERS: Does Centra still, as a
11 matter of policy, accept that it should be the supplier of
12 last resort for gas consumers in Manitoba?

13 MR. VINCE WARDEN: Yes, we do.

14 MR. BOB PETERS: Mr. Chairman, with that
15 answer, I'm going to suggest that the Board invite some of
16 the Intervenors to pose their questions of this Panel.

17 And the remaining areas of some of the details
18 that I have I can address with the Panel, either later this
19 afternoon or tomorrow morning.

20 THE CHAIRPERSON: Very good, Mr. Peters.

21 Mr. Peters, if I understand it properly, the
22 arrangements were that Mr. Brown would jump ahead of Mr.
23 Saxberg?

24 MR. BOB PETERS: I believe that was the
25 gracious offer from Mr. Saxberg, and I think Mr. Brown's

1 going to take him up on that.

2 THE CHAIRPERSON: Mr. Saxberg is still giving
3 signals of acceptance so, Mr. Brown, you can begin.

4 MR. DAVID BROWN: Thank you very much, Mr.
5 Chair, and I'm obliged to Board counsel and Mr. Saxberg for
6 the accommodation.

7

8 CROSS-EXAMINATION BY MR. DAVID BROWN:

9 MR. DAVID BROWN: Mr. Stephens, the policy
10 questions I have are really directed only towards you. These
11 are informational in nature, not confrontational in nature,
12 in large part because Mr. Peters has covered a fair amount of
13 the ground.

14 I do want to focus, sir, on the two (2)
15 reports which Centra will be filing; the -- the report on WTS
16 options, and also the internal review that Centra is
17 conducting on the ICG report.

18 Could I ask you to turn with me in -- well,
19 perhaps before I start my questions, I should get my cross-
20 examination brief in. I provided the Board Secretary and I
21 think with your Counsel, Mr. Stephens, a brief which I've
22 entitled, "Cross-Examination Brief of Direct Energy,
23 Municipal Gas".

24 I'll refer to two (2) of the documents in
25 that, and perhaps, Mr. Chair, I could have an exhibit number

1 assigned to this for reference?

2 THE CHAIRPERSON: Do we have a number, Mr.
3 Singh?

4

5

(BRIEF PAUSE)

6

7

THE CHAIRPERSON: Exhibit 2.

8

9 --- EXHIBIT NO. DIRECT/MUNICIPAL/ESMC/CENTRA-2: Brief
10 entitled, Cross-Examination Brief of Direct
11 Energy, Municipal Gas

12

13

MR. DAVID BROWN: Thank you, Mr. Chair.

14

15 CONTINUED BY MR. DAVID BROWN:

16

17 MR. DAVID BROWN: Mr. Stephens, if you could
18 turn with me to the first tab in Exhibit number 2, it's an
19 extract from the Board's decision last year, Board Decision
131/04.

20

21 If you could go with me to page 37 of the
22 Board decision you'll see down at the bottom of the page,
23 that in that proceeding, Direct had asked the Board to
24 require Centra to file a report which would address the
25 benefits of -- and costs of implementing some changes to WTS
and there's, sort of, a shopping list of four (4) points.

1 And I understand that that shopping list has,
2 sort of, formed the basis of the consultation that you had
3 with the brokerage community to date?

4 MR. HOWARD STEPHENS: That's correct.

5 MR. DAVID BROWN: So, if you could turn with
6 me to Tab 2 of Exhibit 2, there's a draft agenda for the
7 conference call that took place on May 11th, 2005, and item
8 number 2 included a consideration of those four (4) points;
9 correct?

10 MR. HOWARD STEPHENS: That's correct.

11 MR. DAVID BROWN: From your evidence this
12 morning, sir, you indicated that draft minutes of that May
13 11th conference call have been circulated?

14 MR. HOWARD STEPHENS: They are in the process
15 of being circulated, sir -- or we're in the process of
16 producing them for circulation.

17 MR. DAVID BROWN: Well, actually, one of the
18 staff of Centra was good enough, just before 9:00 this
19 morning, to circulate them electronically to the participants
20 and my client, I think, OEFC, have taken a -- a look at them
21 and it looks like there will be some comments back, as
22 requested, by tomorrow.

23 So, I'm suggesting to you it might be prudent
24 to hold off on actually filing the minutes until you got back
25 the folks' comments tomorrow. Then they could be filed once

1 they've been finalized.

2 MR. HOWARD STEPHENS: Fair enough. We were
3 just trying to get the document in front of everybody while
4 -- while you were still here as a matter of fact.

5 MR. DAVID BROWN: Well, I -- I appreciate.
6 You're always thinking of me. That's very kind.

7 Because the minutes will be put in, I won't go
8 into what you discussed in the conference call in any detail,
9 but can I fairly say that there are two (2) issues of some
10 significant -- significance in that discussion. 1 is whether
11 there's a way to establish an alternative to the maximum
12 daily quantity mechanism and the other is whether there can
13 be more -- more frequent customer mobility; people who want
14 to move from system supply to WTS?

15 MR. HOWARD STEPHENS: That's a -- a
16 reasonable interpretation. I -- I would lump A, B and C as
17 the -- I mean, two (2) -- three (3) -- first three (3) items
18 of the shopping list, as you referred to it, as interrelated
19 issues in terms of who controls the gas coming into the
20 system. And then D is a separate issue that we can address
21 separately.

22 MR. DAVID BROWN: And in terms of the first
23 three (3) issues, who controls the gas, you've been hearing
24 from the broker community request that they have greater
25 control over the actual nomination process. That has sort of

1 been the thrust of their -- their comments, correct?

2 MR. HOWARD STEPHENS: Yes. I mean, and we --
3 I've been giving -- and then, certainly, as part and parcel
4 of the invitation to attend the conference call, I was
5 looking for suggestions in terms of how we would accommodate
6 that, how -- how we would accommodate the brokers, and what
7 the brokers' suggestions were, and what the logistics
8 associated with them would be. I had hoped to get them in
9 writing so we could give them consideration and have dialogue
10 back and forth.

11 What we ended up getting was just verbal
12 comments back from the people that did participate. We --
13 although I tried to make it just a fact-finding type of
14 session, we did get into some debate. I mean, I'm somewhat
15 guilty of liking to debate some of these things but -- I
16 didn't get concrete answers in terms of how we could make the
17 system -- make changes to the system and still have it work
18 from a system-wide perspective.

19 MR. DAVID BROWN: Well, and as I understand
20 it, one (1) of the, sort of, rollouts from the Board's
21 decision last fall was that Centra was to consider not only
22 the possible benefits but also the costs and constraints that
23 would exist in, really, whether any of these options are
24 feasible at a reasonable price, correct?

25 MR. HOWARD STEPHENS: Yes. And, I mean, to

1 the extent that -- I mean, notwithstanding the fact that we
2 only got the comments verbally, I am preparing a report that
3 will address -- give some background with respect to how
4 we've gotten to where we are, identify how the existing WTS
5 system works, how the different components that are
6 identified in the Board's directive are dealt with now, what
7 the broker community's requirements or request is, and why we
8 can or cannot do what they're requesting.

9 MR. DAVID BROWN: Would it be fair for me,
10 sir, to say that in terms of the shopping list of four (4)
11 issues, the issues are related in broad strokes to -- to two
12 (2) major elements.

13 The first element relates to the terms and
14 conditions of the primary gas supply contract that Centra
15 enters into; and currently you've got a contract with Nexen.
16 And the second element it relates to is the overall
17 configuration, nature and operational capabilities of your
18 storage and transportation assets.

19 Is that a fair characterization?

20 MR. HOWARD STEPHENS: No I wouldn't -- I
21 wouldn't agree with you, sir. The Nexen contract does not
22 necessarily a barrier to -- I mean really the only issue it
23 has a significant impact on is the enrollment period or the
24 notice associated with it. The remaining points were more a
25 function of the portfolio of assets that we have and the

1 system load factor that we operate.

2 And the fact that we have a very temperature
3 sensitive marketplace and no local storage.

4 MR. DAVID BROWN: Dealing with the last
5 point, that is the customer mobility. We've heard from My
6 Friend, Board Counsel's questions to you this morning, that
7 the Nexen contract runs until the end of October 2007,
8 correct?

9 MR. HOWARD STEPHENS: That's correct.

10 MR. DAVID BROWN: There's something called
11 the displacement provision in that contract and that sets the
12 right to displace system supply in favour of WTS to one (1)
13 supporter, right?

14 MR. HOWARD STEPHENS: That's correct.

15 MR. DAVID BROWN: So, if Centra wanted to
16 decide next year to make some change to that customer
17 mobility schedule it would have to go back to Nexen and ask
18 for an amendment to the contract, correct?

19 MR. HOWARD STEPHENS: And I have gone back to
20 Nexen and we'll make as part of the report that I provide to
21 the Board, an indication as to what costs, if any, there will
22 be associated with making the adjustments more frequently.

23 MR. DAVID BROWN: And if Nexen says no, then
24 the next alternative you have -- would have would be to say,
25 Well fine, we'll let the Nexen contract run its course, but,

1 if we come around to an RFP for a new contract or want to sit
2 down and talk about an extension with Nexen, we can raise
3 this frequency of customer mobility issue again, correct?

4 MR. HOWARD STEPHENS: Absolutely.

5 MR. DAVID BROWN: And so I guess the simple
6 point that I was trying to drive to Mr. Stephens is that in
7 terms of the reports that you will be filing with the Board,
8 one of the WTS options and the other on your, sort of, system
9 portfolio review, there really linked in some fairly key
10 places, are they not?

11 MR. HOWARD STEPHENS: They're very much
12 interrelated.

13 MR. DAVID BROWN: So in terms of a go forward
14 process, is it the company's view that certainly the ultimate
15 process resides in the hands of the Board, but it would make
16 sense to consider some process once you've filed the report
17 that would deal with those two (2) reports together, because
18 they are so intrinsically linked?

19 MR. HOWARD STEPHENS: You're dragging me down
20 the road that we've just finished discussing with Mr. Warden
21 in terms of -- I mean it comes to the heart of I mean, what
22 is the role of the LDC? I have a sense and I don't have
23 quantitative data to back it up right now, but I will have it
24 by the time it's time to provide the report.

25 But, in order to provide more frequent

1 enrollments, I think there's going to be an incremental cost
2 associated with that. It's an option, I mean, and options
3 cost money.

4 Our mandate today, is to provide the gas at
5 the lowest possible cost. So, if to the extent that we're
6 adding costs, now I have diametrically opposed objectives.
7 And which side of the fence do we sit on? And we need to
8 resolve that issue.

9 I mean and that's where -- that's where I got
10 into the discussion of a generic hearing this morning.

11 MR. DAVID BROWN: Right and I'm not asking
12 you to make a decision, that's why we have a Board. The
13 Board can make that balance of the various components of the
14 public interest and give the company direction as to what to
15 do, correct?

16 MR. HOWARD STEPHENS: Correct.

17 MR. DAVID BROWN: I take it that you'd also
18 agree with me that as part of this process, it would be
19 reasonable to have, not only the company giving its view of
20 what it sees as doable or not doable and what the prices may
21 or may not be for various services.

22 But, it would also be worthwhile to give other
23 intervenors an opportunity to have their say as well, so
24 you've got the fullest record before the Board to make that
25 sort of critical decision as to where things should go for

1 the next while?

2 MR. HOWARD STEPHENS: That will be a function
3 of what the Board decides to do with the reports I provide
4 them in terms of the portfolio review, as well as the report
5 that we're discussing right now.

6 MR. DAVID BROWN: In terms of the timing of
7 this review of the various reports, I think in response to
8 one of Mr. Peters questions, you said sooner rather than
9 later.

10 But, to try and put some concrete dates on
11 that, the Nexen contract expires at the end of October 31,
12 2007 and I believe I heard your evidence to be that Centra
13 has the right to give notice six (6) months in advance of
14 that date, if it wants to extend the contract for a further
15 term.

16 MR. HOWARD STEPHENS: We are obligated to
17 provide them six (6) months notice.

18 MR. DAVID BROWN: So as a practical point
19 April 30th, 2007 is the -- the notice date that Centra is
20 bound by?

21 MR. HOWARD STEPHENS: I'll take your math,
22 yeah.

23 MR. DAVID BROWN: My fingers. Obviously from
24 a corporate point of view, the Corporation's going to have to
25 make some decisions, some strategic decisions as to whether

1 or not it would want to go down that route.

2 And so is it fair to say that the Corporation
3 would make those decisions either in the first quarter of
4 2007 or the last quarter of 2006?

5 MR. HOWARD STEPHENS: I only hesitate because
6 I don't like to make promises I can't keep, but if anything I
7 would like to do it sooner than that.

8 Certainly we want to move it down the road as
9 quickly as we can having regard to the other things that are
10 on our plates.

11 MR. DAVID BROWN: Well, and also having
12 regard that I assume from a corporate strategy point of view,
13 at the same that the Corporation is considering whether or
14 not to extend the Nexen contract, it would also be
15 considering whether or not it would make sense to issue an
16 RFP and you'd be going down parallel tracks for -- for both
17 of those wouldn't you?

18 MR. HOWARD STEPHENS: Precisely.

19 MR. DAVID BROWN: So, in terms of a timing of
20 the review by this Board of these various reports, is it fair
21 to say that we're really looking at probably the middle of
22 2006, the third quarter of 2006 at the outside by which time
23 the company would like to have some guidance from the
24 Manitoba Public Utilities Board as to the various issues that
25 have been raised in these reports that you're going to file?

1 MR. HOWARD STEPHENS: Well, that certainly
2 would be nice. I mean, certainly I can -- I can operate
3 without that direction from the Board and put necessary
4 arrangements into place and seek necessary stakeholder input,
5 but I don't know that it's absolutely essential.

6 MR. DAVID BROWN: I guess the practical
7 aspect that the company is facing is that the closer you're
8 getting to this extension notice date, the window of
9 opportunity is beginning to close.

10 So, to the extent that there's a desire to
11 have consultation with stakeholders, to take that
12 consultation into account and all of those sorts of things,
13 it's really driving a decision making date back sometime into
14 2006, if the company's going to operate with any margin of
15 comfort, correct?

16 MR. HOWARD STEPHENS: It's a very involved
17 process which is very time consuming; there's no question
18 about it.

19 MR. DAVID BROWN: Well, I think that's it in
20 terms of the policy questions for the cost of gas. I thank
21 you very much, Mr. Stephens.

22 MR. HOWARD STEPHENS: You're more than
23 welcome.

24 THE CHAIRPERSON: Thank you, Mr. Brown.
25 Mr. Saxberg...?

1 MR. KRIS SAXBERG: Thank you, Mr. Chairman.
2 I only have a few policy questions and they're
3 fairly open-ended in nature. The answers will help me when
4 it comes time to formulate more precise questions for this
5 Panel.

6

7 CROSS-EXAMINATION BY MR. KRIS SAXBERG:

8 MR. KRIS SAXBERG: Mr. Warden, this morning
9 you amended Centra Gas' evidence, correct?

10 MR. VINCE WARDEN: I put on the record the
11 amendment to the corporate allocation, yes, I did.

12 MR. KRIS SAXBERG: So, the evidence with
13 respect to corporate allocation being 15 million has now been
14 amended to it being an appropriate amount of 12 million,
15 correct?

16 MR. VINCE WARDEN: Correct.

17 MR. KRIS SAXBERG: And is it too much of a
18 simplification to say that now the Company's position is that
19 it no longer requires \$3 million to be transferred from
20 Centra to Manitoba Hydro each year for the next thirty (30)
21 years?

22 MR. VINCE WARDEN: Well, I don't think it's
23 too much of a simplification. It's -- I would characterize
24 it as the transfer to Centra rather than the other way
25 around.

1 The transfer to Centra in order to cover the
2 costs of the acquisition and that has been reduced by \$3
3 million per year up -- for that thirty (30) year period that
4 you referenced.

5 MR. KRIS SAXBERG: I didn't understand that
6 -- why you say that it's a transfer to Centra. Isn't it
7 money that would otherwise be collected in Centra rates and
8 then notionally or actually transferred to Hydro, since the
9 costs of the acquisition are on Hydro books?

10 MR. VINCE WARDEN: No, there's really no
11 money transfer that takes place. There's -- there's a cost
12 being incurred every year to finance and -- and fix costs
13 associated with the acquisition debt, which are being
14 transferred to Centra each year proportionate to the benefits
15 that are -- are derived in Centra, versus electricity side of
16 the business.

17 So, that's the -- the \$12 million that we were
18 referring to, to transfer to Centra, that's taking place.

19 MR. KRIS SAXBERG: The costs of the
20 acquisition though, are recorded from the books of Manitoba
21 Hydro?

22 MR. VINCE WARDEN: Well they are, but to be
23 -- to be -- make it fairly clear, the -- we have electricity
24 ratepayers, we have gas ratepayers and then you can consider
25 that Corporate Manitoba Hydro sitting out there as a third

1 body. The Corporate Manitoba Hydro has to allocate the costs
2 of the acquisition to both electricity and gas ratepayers, so
3 that's why I characterize that as an allocation to Centra, of
4 the \$12 million, the difference the \$7 million is being
5 allocated to electricity ratepayers.

6 Does that make it clear?

7 MR. KRIS SAXBERG: I think I follow you. The
8 evidence has been amended. Does that mean that the
9 Application is being amended?

10 MR. VINCE WARDEN: No, the Application
11 remains as is.

12 MR. KRIS SAXBERG: So, the \$3 million that
13 was previously included in the revenue requirement and has
14 now been taken out, has the justification for inclusion of
15 that \$3 million been added?

16 Let me -- maybe I can rephrase the question;
17 that was awkward.

18 MR. VINCE WARDEN: That would be good.

19 MR. KRIS SAXBERG: Although the corporate
20 allocation has gone from \$15 million to \$12 million, you
21 haven't amended the Application to reduce your revenue
22 requirement by 3 million; is that right?

23 MR. VINCE WARDEN: That's correct.

24 MR. KRIS SAXBERG: Previously the \$3 million,
25 the justification for including that in the revenue

1 requirement was the corporate allocation, correct?

2 MR. VINCE WARDEN: Fair enough, yes.

3 MR. KRIS SAXBERG: And now that justification
4 no longer applies, correct?

5 MR. VINCE WARDEN: Well, the justification
6 for any kind of a revenue requirement request of this Board,
7 in the financial condition of Centra, is firstly to cover off
8 operating expenses, and secondly, to build a level of
9 retained earnings within Centra. So, to the extent that that
10 \$3 million is no longer required to cover off an expense that
11 was previously there, the \$3 million will flow to the
12 retained earnings of Centra.

13 MR. KRIS SAXBERG: So, you're continuing to
14 ask for that \$3 million so that it be an additional cushion
15 for retained earnings, correct?

16 MR. VINCE WARDEN: Well, retained earnings are
17 lower than we would like them to be. We have financial
18 targets in Centra that are to be achieved over the long term,
19 and the quicker we get there, the better it is, recognizing
20 that there are customer sensitivities along the way.

21 But the 2 1/2 percent that we requested in
22 terms of a rate increase, we believe to be very reasonable
23 and sensitive to customers, and there's no need to reduce
24 that -- that rate increase.

25 MR. KRIS SAXBERG: The new split, in terms of

1 the costs being allocated for the acquisition between gas and
2 electric is 12 million for gas and 7 million for electricity,
3 correct?

4 MR. VINCE WARDEN: Correct.

5 MR. KRIS SAXBERG: Was there some new
6 evidence that -- or new information that was made available
7 to the company, in order to rework that -- that split?

8 MR. VINCE WARDEN: No, as I indicated in my
9 opening remarks, the timing of this Hearing is coincidental
10 with the preparation of the financial statements for Manitoba
11 Hydro, and as we do every year at this time, we do look at
12 all the details of what makes up those financial statements.
13 Part of that was the allocation of costs between Centra and
14 electricity ratepayers.

15 In the process of that review we've determined
16 that, as I indicated, that the ratepayers -- electricity
17 ratepayers could bear more of the cost than other corporate
18 allocation they had in the previous two (2) years.

19 MR. KRIS SAXBERG: And that determination was
20 based on slower achievement of synergies in gas and greater
21 achievements in hydro?

22 MR. VINCE WARDEN: Very simply, yes. I might
23 say this is probably more of a revenue requirement issue and
24 we can certainly get into the details then or now, if you
25 prefer. But, it is something that we would probably be more

1 prepared to talk about at the -- with the Revenue Requirement
2 Panel.

3 MR. KRIS SAXBERG: Okay. And I appreciate
4 that. I just -- since it's new information, I just wanted
5 to, sort of, canvass it at a high level, before we got into
6 it in a bit more detail.

7 Would you agree that the split, 12 million
8 gas, 7 million electric, is your best evidence as you sit
9 here today, as to where the costs should properly reside?

10 MR. VINCE WARDEN: Yes, as I indicated that's
11 what our financial statements are going to reflect for the
12 year ending 2004/05. And yes, that's the best estimate.

13 MR. KRIS SAXBERG: Is there -- is it -- and I
14 don't want to use too strong language, but, is it a somewhat
15 arbitrary splitting of costs?

16 MR. VINCE WARDEN: Well, there is, by its
17 very nature, there is some judgment involved. And we look at
18 where, as best we can, as to where the synergies, where the
19 benefits of the acquisition were and are being achieved.

20 It was our determination and I think we spoke
21 to this in our rebuttal evidence to some extent, it was our
22 determination that the benefits are being achieved to a
23 greater extent than originally projected on electricity side
24 of the business and somewhat slower on the gas side of the
25 business.

1 But, in total, the benefits overall are
2 certainly more than enough to justify the -- and support the
3 acquisition.

4 MR. KRIS SAXBERG: So the location of
5 synergies in each of the businesses, drives the determination
6 of the split of the costs?

7 MS. MARLA MURPHY: Mr. Chairman, Mr. Warden
8 was politely suggesting a minute ago that this was more
9 appropriate for the Revenue Requirement Panel. And I
10 appreciate that we to some extent opened the door, in
11 updating the evidence today, but it is our intention that
12 that would be canvassed with the Revenue Requirement Panel.
13 And I'd ask for your direction in that regard.

14 THE CHAIRPERSON: Well, the only thing that
15 gives me pause is the comment before about the potential
16 unavailability of Mr. Warden.

17 MS. MARLA MURPHY: That comment relates only
18 to Tuesday and Wednesday of this week. Mr. Warden is
19 available for the most part throughout the Hearing next week.
20 There are some meetings which he'll have to leave for, but
21 for the most part he'll be here.

22 THE CHAIRPERSON: Mr. Saxberg...?

23 MR. KRIS SAXBERG: I only have a few more
24 questions, but I think it's important to get it on the record
25 because that way I can read the transcript and my experts can

1 read the transcript and then we can determine amongst
2 ourselves whether or not, this new position is something that
3 we want to take issue with or we want to embrace.

4 And it'll allow us to then prepare cross-
5 examination of the revenue requirement. In the same way --
6 in the same way that had this information had been filed with
7 the main application, we would have been able to ask
8 information requests and then formulate our position and then
9 do cross-examination.

10 THE CHAIRPERSON: Mr. Warden, are you
11 uncomfortable answering these few, sort of, broad questions
12 at this time?

13 MR. VINCE WARDEN: No I'm not, Mr. Chairman.

14 THE CHAIRPERSON: Okay. Continue Mr.
15 Saxberg.

16 MR. KRIS SAXBERG: Thank you.

17 THE CHAIRPERSON: I think I understand your
18 point given the reading of your Witnesses testimony.

19 MR. KRIS SAXBERG: Thank you.

20

21 CONTINUED BY MR. KRIS SAXBERG:

22 MR. KRIS SAXBERG: The change to a \$12
23 million allocation for gas begins in the gas year 2004/05,
24 correct?

25 MR. VINCE WARDEN: Correct.

1 MR. KRIS SAXBERG: The accounting treatment
2 for the previous two (2) years would include a corporate
3 allocation of \$15 million; is that correct?

4 MR. VINCE WARDEN: 15 million in allocation
5 to Centra, yes.

6 MR. KRIS SAXBERG: Why is it the case that
7 we're not taking that \$12 million and recalculating the
8 retained earnings in a retroactive fashion?

9 MR. VINCE WARDEN: Well we, as I mentioned,
10 we do look at the allocation as part of the year-end process.
11 We did that last year at this time, and we're satisfied that
12 the -- the allocation was appropriate then, and there's
13 really no reason to change it -- change what we had decided
14 last year.

15 There is, as I mentioned, some level of
16 judgment involved so we do an update of where we think the
17 synergies are falling between electricity and gas.

18 We've done that this year. We've determined,
19 as I've mentioned, that there is justification for changing
20 the split, which we've done.

21 MR. KRIS SAXBERG: Your best evidence when
22 you calculated retained earnings for '01/'02 and '02/'03 was
23 there should be a \$15 million allocation to Centra. Now,
24 your best evidence is it should be twelve (12); correct?

25 MR. VINCE WARDEN: Well, I think I mentioned

1 '02/'03, '03/'04. Those are the two (2) years that it was
2 \$15 million. Now, we're saying it is -- it can be reduced to
3 \$12 million; correct.

4 MR. KRIS SAXBERG: It can be reduced to 12
5 million, and if it is reduced to 12 million for those two (2)
6 years then your retained earnings, in total, would go up by
7 \$6 million; correct?

8 MR. VINCE WARDEN: For the two (2) test years
9 are you talking about or for -- for '04/'05 which, of course,
10 is the year just past, it would go up by \$3 million. For
11 '05/'06 it would go up by \$3 million.

12 For '06/'07 it would go up by \$3 million. So
13 for the three (3) years, of course, that's \$9 million.

14 MR. KRIS SAXBERG: I'm looking at '02/'03 and
15 '03/'04 and if we were to use \$12 million as the corporate
16 allocation rather than fifteen (15) would that not mean that
17 the retained earnings, as they sat on in the year 2004/'05,
18 would have been improved by \$6 million?

19 MR. VINCE WARDEN: Well, there's no doubt if
20 -- if we made this retroactive they would go up by that \$6
21 million. But I guess we could say, okay, well, let's go back
22 to 2000/2001 when there was no allocation whatsoever and so,
23 you know, it's -- we've done this on a prospective basis, and
24 -- and based on the best information we have available today,
25 to us, that's the most reasonable approach.

1 MR. KRIS SAXBERG: Okay. Thank you for that.
2 If you -- I think you agreed with me that the synergies, and
3 the location of the synergies, helps drive the cost
4 allocation, correct?

5 MR. VINCE WARDEN: I did agree with that,
6 yes.

7 MR. KRIS SAXBERG: And the cost allocation
8 has changed from 15 million to 12 million; correct?

9 MR. VINCE WARDEN: The cost allocation to
10 Centra has changed from fifteen (15) to twelve (12); yes.

11 MR. KRIS SAXBERG: Does that mean that the
12 synergy calculation has also changed?

13 MR. VINCE WARDEN: Well, synergies are an
14 estimate of -- of the value we've received -- the benefits
15 we've received by putting the two (2) companies together.

16 In coming up with that estimate we have to
17 make some assumptions about what those costs -- costs would
18 have been, absent the acquisition. So, we're -- there are a
19 number of assumptions that go into that determination of
20 synergies.

21 We think our assumptions are sound, but I
22 don't think we should be second guessing what we've done in
23 the past. We -- we make the best information going -- the
24 best decision we can going forward, and that's what we've
25 done in this instance.

1 MR. KRIS SAXBERG: I -- I apologize because
2 my questions was awkward. What I meant was, has the
3 calculation of the level of synergies in Centra changed?

4 MR. VINCE WARDEN: Well, the calculation of
5 the level of synergies in Centra was made based on a
6 determination of what the OM&A, operating, maintenance, and
7 admin -- administration costs would have been at a point in
8 time.

9 I mentioned earlier that we are not quite
10 where we thought we would be so, therefore, the synergies are
11 somewhat lower.

12 MR. KRIS SAXBERG: But as we sit here today
13 you can't give me a number as to how much lower they are than
14 -- than Centra's previous evidence?

15 MR. VINCE WARDEN: Well, they are in the
16 range of \$3 million lower than we expected them to be at this
17 time. That does not mean though -- I don't want to leave the
18 impression that Centra ratepayers are in any way
19 disadvantaged by the -- by the acquisition.

20 Centra ratepayers are better off by, as we
21 indicated in our rebuttal evidence, by \$9 million, at least
22 \$9 million, and that is with the allocation of the 15
23 million.

24 So if we reduced that \$15 million allocation,
25 as we've just talked about, down to twelve (12), then

1 obviously Centra rate payers are better off than they other
2 would have -- otherwise would have been by \$12 million.

3 MR. KRIS SAXBERG: My recollection of the
4 evidence is that the -- the company's best information was
5 there was \$10 million of synergies in Centra, and 6 million
6 in hydro, that was before the evidence was amended.

7 So am I right then that you're saying
8 synergies are somewhere around the \$7 million mark for gas
9 and \$9 million mark for hydro?

10 MR. VINCE WARDEN: Yes. Your conclusion is
11 accurate.

12 MR. KRIS SAXBERG: I just want to touch on
13 your rate increase policy. I think that I asked this
14 question at the last hearing and you agreed that the
15 company's policy is to try to change rates no more than four
16 (4) times a year.

17 MR. VINCE WARDEN: Well, I think Mr. Rainkie
18 spoke to this earlier and that, to avoid imposing more than
19 four (4) rate increase or -- or rate changes that is,
20 sometimes the rates go down, to avoid doing that more than
21 four (4) times per year we time the -- the -- or attempt to
22 time the -- all changes on those quarterly anniversary --
23 anniversary dates.

24 MR. KRIS SAXBERG: Does the company have a
25 policy with respect to avoiding rate shock?

1 MR. VINCE WARDEN: We have no policy with
2 respect to rate shock, no.

3 MR. KRIS SAXBERG: It's a practice that you
4 try to avoid it?

5 MR. VINCE WARDEN: Well, with respect to the
6 gas business, we -- as you know, the cost of gas is a total
7 passthrough of -- of costs incurred by -- by Centra. So,
8 therefore, there could be very substantial rate changes to
9 customers, and some may interpret that as rate shock.

10 MR. KRIS SAXBERG: Does the company have a
11 position as to what level of quarterly increase would amount
12 to rate shock?

13 MR. VINCE WARDEN: We do not.

14 MR. KRIS SAXBERG: The last quarterly
15 adjustment was 11 percent increase, would you consider that
16 to be rate shock?

17 MR. VINCE WARDEN: It's very high. I have
18 not heard any reaction from customers that would be in the --
19 that would be interpreted as rate shock. You have to
20 remember, of course, that that rate increase or rate change
21 went into effect on May the 1st, at a time when gas
22 consumption costs were very low.

23 So by the time we roll around to the next
24 quarterly rate change, there could very well be a rate
25 decrease of that order of magnitude or greater.

1 MR. KRIS SAXBERG: With respect to the
2 interim ex parte rate increase, that was applied for -- in
3 order to reduce what would otherwise have been an \$8 million
4 loss in 2004-2005, correct?

5 MR. VINCE WARDEN: Correct.
6

7 (BRIEF PAUSE)
8

9 MR. KRIS SAXBERG: I just want to ask you
10 this as a matter of policy. If the primary gas rates were
11 changing on February 1st the way that they changed on May
12 1st, that is a large increase rather than going down, would
13 you still have sought the increase for non-gas costs for that
14 quarter?

15 MR. VINCE WARDEN: Well, I think we would
16 have definitely taken that into consideration. There is no
17 doubt that the fact that rates -- it was opportune for us,
18 the fact that commodity rates were going down. But if rates
19 were going up at that point in time, we would have thought
20 very carefully about a rate change at that point in time.

21 So customer sensitivity is certainly an issue
22 with -- with Manitoba Hydro and Centra.

23 MR. KRIS SAXBERG: Okay. Thank you for that.
24 I hate to skip back to where I was, but, I just realized that
25 I forgot one (1) question.

1 When you were mentioning \$19 million versus
2 the \$20.9 million as the total amount required to -- a year
3 as a result of the cost of acquisition, I was wondering
4 should these intervenors look to the \$19 million in order for
5 a calculation to hold ratepayers harmless, or should we be
6 looking to the \$20.9 million?

7 MR. VINCE WARDEN: You should be looking to
8 the 19 million, those are the actual costs that are incurred.
9 The 20.9 million was just a calculation that was put on the
10 record as being somewhat of a check of -- of the 19 million.
11 That is just a calculated, equal, annual payment required to
12 -- to amortize the total investment over a period of 30
13 years. The actual amount that's being incurred is \$19
14 million.

15 MR. KRIS SAXBERG: Thank you for that. I
16 think this is a policy question because Mr. Peters was
17 canvassing the question of what would happen if there was
18 imprudent action and a disallowance; do you recall that
19 dialogue?

20 MR. VINCE WARDEN: I do.

21 MR. KRIS SAXBERG: One of the things that you
22 were saying, Mr. Warden, is that it's difficult for there to
23 be a disallowance because there's no shareholder to bear the
24 pain of a disallowance?

25 MR. VINCE WARDEN: That's what I said, yes.

1 I didn't say that exact words, but, in effect, yes.

2 MR. KRIS SAXBERG: With respect to non-gas
3 rates, the distribution rate and -- there's a forecast made,
4 and depending on the weather, you may collect more money than
5 you required or you may collect a little less, that's called
6 the weather risk, right?

7 MR. VINCE WARDEN: Yes, that's right.

8 MR. KRIS SAXBERG: And it can be a fairly
9 significant deviation, correct?

10 MR. VINCE WARDEN: Well, I -- I think we'd
11 have to define significant, but, I don't think the variation
12 is all that significant as it affects the distribution
13 utility.

14 MR. KRIS SAXBERG: In a particular year, if
15 the Board was to calculate that there'd been an over
16 collection because of the weather benefit, would you be
17 adverse, from a policy perspective, if there had also, in
18 that year, been some imprudence to the Board disallowing on
19 that basis, taking it out of the weather benefit?

20 MR. VINCE WARDEN: Well, in that situation
21 you have to realize that anything that's taken away or
22 awarded by this Board, ultimately flows into the retained
23 earnings of -- of Centra.

24 So, to the extent that we're prepared to
25 accept a -- a lesser or a greater amount, to reside in the

1 retained earnings, then as long as we all do that knowingly,
2 I -- I don't have a big problem with it.

3 MR. KRIS SAXBERG: Could I ask someone on the
4 panel to undertake to provide a reconciliation of the weather
5 benefit or weather loss for the last five (5) years?

6

7

(BRIEF PAUSE)

8

9 MR. BRENT SANDERSON: I can undertake to
10 provide that.

11

12

13 --- UNDERTAKING NO. 3: Centra to provide CAC/MSOS
14 reconciliation of the weather
15 benefit or weather loss for the
16 last five (5) years.

17

18 CONTINUED BY MR. KRIS SAXBERG:

19

20 MR. KRIS SAXBERG: And so apropos of that
21 discussion then, I -- I want to ask a policy question about
22 retained earnings. Is that, in your mind, the same thing as
23 having a reserve?

24

25

MR. VINCE WARDEN: Yes, I think at one point
in history we did call them reserves. So retained earnings
is more of a modern term for reserves.

1 MR. KRIS SAXBERG: From a policy perspective,
2 does Centra Gas require a reserve against risk in the same
3 way that the parent company requires a -- a large reserve in
4 the event of drought?

5 MS. MARLA MURPHY: Mr. Chairman, we continue
6 to be in the revenue requirement area of our discussions and
7 I'd prefer that they be left to that Panel.

8 THE CHAIRPERSON: I think the only -- the
9 only question I have on this is that this was a discussion of
10 general policy issues, and I think that -- I could suggest
11 when you ask a question on -- you're getting into the nature
12 of the debt equity mix in Centra; is that where you're
13 headed, as compared to the parent, and I'm wondering where
14 you're going too.

15 MR. KRIS SAXBERG: It's definitely tied into
16 that issue and I -- I -- maybe I am jumping the gun here. I
17 just -- I wanted to get an indication --

18 THE CHAIRPERSON: Well, hearing --

19 MR. KRIS SAXBERG: -- from a policy
20 perspective.

21 THE CHAIRPERSON: -- Ms. Murphy's quite
22 legitimate point, try and make the points, if you wouldn't
23 mind, as succinctly as you can and carry over the rest until
24 we get into the revenue requirement.

25 But I understand the general questions related

1 to the debt equity mix as a policy issue.

2

3 CONTINUED BY MR. KRIS SAXBERG:

4 MR. KRIS SAXBERG: Do I need to re-ask the
5 question?

6 MR. VINCE WARDEN: No, I don't think you do.
7 We -- in determining what is the appropriate level of
8 retained earnings, we have to consider what are the risks
9 faced by each utility. And we have certainly looked at the
10 risks on the -- on the electricity side of the business,
11 probably more in depth than we have on -- have on the gas
12 side of the business.

13 But, having said that, the target that we have
14 for equity; that is 75/25, is very modest and to -- while
15 we're sitting at approximately 84/16, I believe it is today,
16 that's quite a ways away from 75/25, any discussion we have
17 as to whether or not -- whether 75/25 is adequate is probably
18 very hypothetical until we make more progress towards that.

19 If that's clear.

20 MR. KRIS SAXBERG: Okay. Well, thank you for
21 that. We'll follow up on that myself --

22 THE CHAIRPERSON: Mr. Warden, when you say
23 84/16, you're talking about the consolidated equity ratio?

24 MR. VINCE WARDEN: Well, no, actually I was
25 talking about the debt equity ratio of Centra Gas.

1 THE CHAIRPERSON: Thank you.

2

3 CONTINUED BY MR. KRIS SAXBERG:

4 MR. KRIS SAXBERG: Turning now to broker
5 issues, do you agree that System Gas customers and Direct
6 customers cause different costs?

7

8

(BRIEF PAUSE)

9

10 MR. VINCE WARDEN: Can I, Mr. Saxberg,
11 interpret your question to be that if -- if there were no
12 broker supply customers in Manitoba would the costs be less,
13 in Manitoba, to Centra today than they are today?

14 MR. KRIS SAXBERG: Yes.

15 MR. VINCE WARDEN: Okay. Then there's --
16 there's no question there are some administrative costs
17 incurred in -- in dealing with the broker community in -- in
18 Manitoba. So there -- the costs are somewhat higher. I
19 don't think we've ever attempted to put a -- a price tag on
20 that; it's the price of doing business.

21 I wouldn't expect they would be real
22 significant but I -- I don't have a sense of it as to how
23 much they would be.

24 MR. KRIS SAXBERG: And so is it fair to say
25 then that it's the company's policy to not track those costs?

1 MR. VINCE WARDEN: I wouldn't say it's the
2 policy, but we don't track those costs.

3 MR. KRIS SAXBERG: And what is the reason for
4 not tracking them?

5

6 (BRIEF PAUSE)

7

8 MR. VINCE WARDEN: Well, I think when the
9 decision was made many, many, years ago, before Hydro arrived
10 on the scene, that there would be System and non-system
11 supplied customers, that there would be a so-called
12 competitive environment in Manitoba. That -- that was the
13 business climate we were operating in and there was really no
14 reason to segregate out costs of -- of maintaining that
15 business climate.

16 MR. KRIS SAXBERG: As migration trends
17 increase and there's a greater number of people purchasing
18 their gas directly, is that something that the company would
19 want to reconsider?

20

21 (BRIEF PAUSE)

22

23 THE CHAIRPERSON: We're just going to take a
24 ten (10) minute break, Mr. Saxberg, if you don't mind, and
25 come back at 3:00.

1 --- Upon recessing at 2:50 p.m.

2 --- Upon resuming at 3:08 p.m.

3

4 THE CHAIRPERSON: Mr. Saxberg, I suggest that
5 we start up again by you asking the question that we took the
6 break on.

7 MS. MARLA MURPHY: Mr. Chairman, not to
8 interrupt that question, one (1) more time, but, if I might
9 we have circulated response to two (2) undertakings. And I
10 would just like to have them marked for the record, before I
11 forget.

12 The response to Undertaking number 1, I would
13 proposed be filed as Centra Exhibit 7. And the response to
14 Undertaking number 2, I'd be proposed be filed as Centra
15 Exhibit 8.

16 THE CHAIRPERSON: Sobeit. Thank you.

17

18 --- EXHIBIT NO. CENTRA-7: Response to Undertaking No. 1

19

20 --- EXHIBIT NO. CENTRA-8: Response to Undertaking No. 2

21

22 THE CHAIRPERSON: Mr. Saxberg...?

23 MR. KRIS SAXBERG: Thank you Mr. Chairman.

24 Should I re-ask the question?

25 THE CHAIRPERSON: I think so, at least to

1 remind the panel.

2 MR. KRIS SAXBERG: Thank you.

3

4 CONTINUED BY MR. KRIS SAXBERG:

5 MR. KRIS SAXBERG: I believe the question
6 was, whether the company's view is that system gas users and
7 direct purchase customers cause different costs for the
8 company?

9 And then there was an answer and then the
10 question was, why wouldn't the company want to track those
11 costs?

12 MR. VINCE WARDEN: Mr. Saxberg, I thought we
13 were beyond that question, actually, because I did answer
14 that question. It's a way of -- it's the way we're
15 structured, it's the way we do business and therefore,
16 there's really no point to tracking those costs separately.

17 We probably, having said that -- we probably
18 could go through our accounting system and pick out those
19 costs that are related to direct purchase.

20 THE CHAIRPERSON: Mr. Warden, just to help
21 you, did you say at some point in that though, that you
22 didn't think they were particularly material, or did I hear
23 you wrong?

24 MR. VINCE WARDEN: I did say that. I don't
25 think they're material. But, having said that, I don't

1 really know what they are. I'd have to go through and make
2 some kind of an assessment.

3 But, we don't specifically attempt to do that.
4 It could be done, but we don't do it.

5

6 CONTINUED BY MR. KRIS SAXBERG:

7 MR. KRIS SAXBERG: And I think that reminds
8 me of the question where we left off.

9 The question was, if -- as more people
10 migrate to direct purchase, do those costs increase?

11 MR. VINCE WARDEN: The break didn't really
12 help to give you a definitive answer to that, Mr. Saxberg. I
13 quite frankly, don't know the answer to that question, we'd
14 have to probably, if it was important, we would probably have
15 to undertake to study that. I -- we'd have to look at the
16 behaviour of costs that is, system versus direct purchase.

17 What the change -- directionally it would have
18 on the composition of those costs. I don't have an intuitive
19 sense as to whether they would go -- what direction they
20 would go quite frankly. If they went at all one direction or
21 the other, the costs would certainly be affected.

22 But, as long as you have a mix of system
23 direct purchase, I think the cost would be similar.

24 MR. KRIS SAXBERG: Are you aware of the
25 policies of other utilities on this subject?

1 MR. VINCE WARDEN: I'm not aware.
2 MR. KRIS SAXBERG: Does the company have a
3 policy on whether it would be in a consumer's interest or in
4 the public interest to fully unbundle and -- between retail
5 and distribution?
6 MR. VINCE WARDEN: We don't.
7 MR. KRIS SAXBERG: Those are all my policy
8 questions. Thanks.
9 THE CHAIRPERSON: Thank you Mr. Saxberg.
10 Okay. Mr. Boyd do you have any policy
11 questions?
12 MR. SANDY BOYD: No, I have none.
13 THE CHAIRPERSON: Thank you. Dr. Miller or
14 Mrs. Ruzycki?
15 MS. NOLA RUZYKI: No, I have none.
16 THE CHAIRPERSON: Thank you.
17 Dr. Miller...?
18
19 CROSS-EXAMINATION BY DR. DAVID MILLER:
20 DR. DAVID MILLER: Yes, thank you.
21 Just a couple of questions, first related to
22 sustainable development policy in the corporation.
23 Basically, you know, I've cited in my opening
24 comments the provincial sustainable development principles
25 and guidelines from the act. And my question is: How does

1 the -- if you can give a brief overview, how does the -- the
2 corporation respond to those?

3 Is there an individual responsibility --
4 responsible for a sustainable development implementation in
5 the corporation?

6 Perhaps you could just indicate how you
7 determine best sustainability practices that express the
8 principles and guidelines of the act.

9 MS. MARLA MURPHY: Mr. Chairman, I might
10 indicate that Mr. Peters indicated to me the Board had an
11 interest in this and I suggested to him that our third panel
12 would be better equipped to deal with that. We would go away
13 and inform ourselves of some of the legal issues that are
14 surrounding that and be in a position to respond to those
15 when the third panel appears. Perhaps Mr. Miller's questions
16 could be directed to that panel in that regard as well.

17 THE CHAIRPERSON: Dr. Miller, are you all
18 right with that?

19 DR. DAVID MILLER: Yeah. Sure. I'll -- I'll
20 be here then. Can I ask about one (1) specific one, namely
21 the full cost accounting, if -- if that's something that you
22 have examined. I remind you that it says:

23 "Employing full cost accounting to provide
24 better information for decision-makers."

25 And that's understood to include externalized

1 costs and so on.

2 Is there any -- are there any policy
3 guidelines within the corporation about the application of
4 the full cost accounting directive? If you want to defer
5 that to the third panel, that's fine.

6 MS. MARLA MURPHY: I think we'll take your
7 invitation and deal with that with the third panel as well.

8 THE CHAIRPERSON: Dr. Miller, if I may, just
9 to interject here, when you're talking about full costing, I
10 think you're talking about a variety of full costing that's
11 not that familiar, if you like, in generally accepted
12 accounting principles. You're talking about including
13 externalities, things outside the corporation; are you not?

14 DR. DAVID MILLER: That's correct.

15 THE CHAIRPERSON: Just to help you prepare.

16 DR. DAVID MILLER: Maybe I can just read the
17 definition from the Act --

18 THE CHAIRPERSON: Please.

19 DR. DAVID MILLER: -- a full cost accounting:

20 "Full cost accounting means accounting for
21 the economic environmental land use, human
22 health, social and heritage costs and
23 benefits of a particular decision or
24 action, to ensure no costs associated with
25 the decision or action, including

1 externalized costs, are left unaccounted
2 for."

3 So, that's the Act's definition of full cost
4 accounting.

5 THE CHAIRPERSON: Do you have any other
6 policy questions?

7 Don't feel too hamstrung because we're going
8 to be going through two (2) other panels and well and we'll
9 be returning to the cost of gas in more general side probably
10 tomorrow, so.

11

12 CONTINUED BY DR. DAVID MILLER:

13 DR. DAVID MILLER: I just have -- I mean, I
14 -- I don't know if it's appropriate to raise it now but it's
15 the question of -- of risk management, but it -- it relates
16 to cost of -- of gas perhaps more than policy. Let me just
17 state it and you can tell me whether it's appropriate or not.

18 There was discussion of mitigating customer
19 risks through hedging and -- and so on. And those are
20 entirely risks to the customer, right, because gas cost is
21 just passed through to the customer. So it doesn't hurt
22 Centra if -- if gas prices spike, or does it?

23 MS. LORI STEWART: The premise that you've
24 put forward is -- is correct, that is that the cost of gas is
25 a pass through and that customers ultimately bear the brunt

1 of volatility.

2 DR. DAVID MILLER: Okay. Thank you. Now,
3 that's in contrast to another set of risks that Mr. Saxberg
4 raised, which is a weather-related risks. Because your --
5 the money that you use, the revenues that you -- you have for
6 the distribution and -- and so on, comes -- is volume
7 related.

8 And so in a warm winter you're not going to
9 collect as much and yet your costs are fairly fixed, aren't
10 they, for the plant that -- that revenue is supposed to
11 cover.

12 And I'm just wondering if you have any -- any
13 policies, to use that word, to get it in here, related to the
14 management of the risk to the Corporation from variations in,
15 you know, warm versus cold winters?

16 MR. VINCE WARDEN: Well, Dr. Miller, we will
17 -- we've undertaken to quantify that for the past five (5)
18 years; that is what the -- the cost implications are to -- to
19 Centra.

20 I don't believe they're all that significant
21 but, to the extent you have -- that weather will be
22 normalized over the long term and to the extent that any
23 pluses or minuses do ultimately end up in the retained
24 earnings of the company, I would say that we're, over the
25 long term, we're neutral to that risk.

1 MR. PETER MILLER: Over the very long term,
2 but do you have the equivalent of a drought experience that
3 Manitoba Hydro had which, although, you know, retained
4 earnings are supposed to take care of things in the long
5 term, it had a rather devastating result.

6 For instance, if you had three (3) warm
7 winters in a row; would that put you behind the 8 ball in any
8 way?

9 MR. VINCE WARDEN: Well, in relative terms it
10 would be not anywhere near what we would experience on the
11 electricity side of the business with a drought.

12 MR. PETER MILLER: Would it be sufficient to
13 drive you early to a rate hearing?

14 MR. VINCE WARDEN: I would suspect not. But
15 we -- we'll put some numbers around that and we'll come back
16 and perhaps talk about that some more. But I -- I don't
17 think so.

18 MR. PETER MILLER: Okay. Thank you. Those
19 are my questions.

20 THE CHAIRPERSON: Thank you.

21 Okay, Ms. Murphy, do you have any re-
22 examination at this time?

23 MS. MARLA MURPHY: Not at this time, no.

24 THE CHAIRPERSON: Thank you.

25 Mr. Peters, I believe we're back to you.

1 MR. BOB PETERS: Thank you.

2

3 RE-CROSS-EXAMINATION BY MR. BOB PETERS:

4 MR. BOB PETERS: With that in mind then, I'd
5 like to turn with this Panel to some of the perhaps more
6 mundane cost of gas matters.

7 But Mr. Sanderson was kind enough to provide
8 us with Centra Exhibit 7 which is a revised Schedule 8.0.0,
9 using the smallest font he could find. Excuse me, I perhaps
10 shouldn't have said that so loud.

11 But Mr. Sanderson, this Schedule 8.0.0
12 provides to the Board the final costs for which you're
13 seeking the Board approve as a result of this hearing;
14 correct?

15 MR. BRENT SANDERSON: For the fiscal year
16 2005, yes, that's correct.

17 MR. BOB PETERS: And the amount again is
18 \$380.401 million?

19 MR. BRENT SANDERSON: I'd round it to four
20 (4), zero (0), two (2), but, yes, I would agree.

21 MR. BOB PETERS: All right. And without
22 microscopically comparing the revision that you've provided
23 today to what you provided in the pre-hearing update before
24 today, can you explain to the Board where the -- where the
25 difference netted out or what the issues were?

1 MR. BRENT SANDERSON: You -- I'm going to
2 have to ask you to be more specific, especially in terms of
3 these actual costs, relative to what? There's a number of
4 different benchmarks against which I compare them.

5 MR. BOB PETERS: All right. I was just
6 trying to get you to explain to the board where did your
7 final costs differ from your -- from your forecasted costs or
8 your outlook of costs and I -- I think that question probably
9 comes down to each and every line item, from almost the looks
10 of things here.

11 But was there any precipitating event or
12 occurrence or cost that contributed to -- to the change, more
13 significantly than others?

14 MR. BRENT SANDERSON: The lion's share would
15 be lower commodity costs than was reflected in our original
16 application.

17 MR. BOB PETERS: Are you referring to primary
18 gas or other costs?

19 MR. BRENT SANDERSON: The bulk of it would be
20 primary gas, yes.

21 MR. BOB PETERS: When I move from that
22 Exhibit -- Centra Exhibit 7 to Centra Exhibit 8, that one
23 dealt with your latest revision to schedule 8.1.0, which was
24 really the deferral accounts, up until the end of March 31st
25 of 2005, with carrying costs, to the end of July, 2005,

1 correct?

2 MR. BRENT SANDERSON: Correct.

3 MR. BOB PETERS: And here the amount that you
4 had previously advised the Board that you'd be in a position
5 to refund, by way of rate riders, was six hundred and sixty-
6 nine thousand -- six hundred and sixty-nine -- yes six
7 hundred and sixty-nine thousand dollars (\$669,000), now it's
8 \$1.437 million?

9 MR. BRENT SANDERSON: That's correct.

10 MR. BOB PETERS: And again without doing a
11 line by line comparison, was the transportation PGVA the most
12 significant variance here?

13 MR. BRENT SANDERSON: I would have to go away
14 and look at those two (2) different versions to wrap my head
15 around where the lion's share resides, this schedule --
16 revised schedule 8.1.0 doesn't make a comparison against our
17 first pre-Hearing update.

18 So I would feel a little more comfortable
19 going away and having a look at that.

20 MR. BOB PETERS: No, I'm not going to ask you
21 to do that, Mr. Sanderson, but, in terms of the -- the costs
22 that you've now contained in the middle column on schedule
23 8.1.0, in Centra Exhibit 8, those represent the final costs
24 to the end of March 31, 2005, together with carrying costs to
25 July 31st, 2005, for which you now want the Board to approve,

1 correct?

2 MR. BRENT SANDERSON: Correct. I -- I might
3 add that there is still an element of forecasted figures in
4 these amounts. We're still forecasting rate rider
5 amortisations on the prior period gas deferrals which began
6 amortization November 1st, 2004 and now those rate riders
7 will continue in place until July 31st, 2005.

8 So these figures in front of you here are
9 still forecasts for the months of May, June, and July, in
10 terms of the amortisations that -- the refunds that customers
11 would receive through those rate riders.

12 MR. BOB PETERS: But, the difference that
13 will -- will result will be put into a prior years deferral
14 account, total that will be dealt with next time you come
15 forward on a cost of gas matter?

16 MR. BRENT SANDERSON: That is correct.

17

18 (BRIEF PAUSE)

19

20 MR. BOB PETERS: Mr. Sanderson before you put
21 away these schedules, on schedule 8.0.0, when looking at
22 items on line 15 in terms of your total fixed costs, the
23 variance appears relatively small, would you agree with that?

24 MR. BRENT SANDERSON: I would agree.

25 MR. BOB PETERS: This is because your

1 arrangements under fixed costs are contractual and it's
2 really a take or a pay arrangement?

3 MR. BRENT SANDERSON: I don't know that I
4 would characterize it exactly like that. I would say that to
5 the extent that weather and consumption are different from
6 normal, these costs should be relatively fixed in nature.
7 Mr. Stephens and his group would be working to offset those
8 fixed costs, to the extent that they were able, through the
9 capacity management program.

10 MR. BOB PETERS: And one of the significant
11 reasons for any variance in these fixed costs, would be such
12 things as the TCPL tolls, or other tolls that would be
13 charged to the company?

14 MR. BRENT SANDERSON: I would say the two
15 factors that would be the most influential in giving rise to
16 variances in these figures would be T.C. bill tolls, and
17 differences in US-Canadian exchange rates between actual and
18 forecast figures.

19 MR. BOB PETERS: By answering it to -- with
20 those two (2), weather fluctuation impacts are minimal?

21 MR. BRENT SANDERSON: On the fixed cost side
22 of things, I would say non-existent.

23 MR. BOB PETERS: In terms of the variable
24 transportation costs that are recorded and summarized on line
25 33, there appears to be a significant, in my words, variance

1 from what was forecast, do you agree with that?

2 MR. BRENT SANDERSON: In terms of what we
3 would forecast on an annual basis for that line -- those line
4 items, I would agree, it's a fairly significant variance.

5 MR. BOB PETERS: And could you explain to the
6 Board what happened to give rise to that significant
7 variance?

8 MR. BRENT SANDERSON: The bulk of that would
9 -- would be decreases in the cost for variable compressor
10 fuel on our pipeline transportation. As I said, the lion's
11 share of the negative variance, or reduction in cost, is due
12 to lower commodity costs than originally forecast. And to
13 the extent that commodity costs reduce our outright supply
14 costs, they will also work to reduce our compressor fuel
15 costs in the process of transferring that gas to the Manitoba
16 market from the supply basin.

17 MR. BOB PETERS: With reference to line 26,
18 let's see if we can deal with that last answer you gave us.
19 In terms of the compressor fuel, TCPL to the Manitoba
20 delivery area, is the -- is the variance here -- it's a
21 favourable variance for consumers; correct?

22 MR. BRENT SANDERSON: That's correct.

23 MR. BOB PETERS: And is that as a result of
24 the decrease in the commodity cost itself?

25 MR. BRENT SANDERSON: Again, I don't have the

1 information at hand to do a detailed variance analysis but
2 the majority of that would have been due to compressor fuel
3 costs. There may be some element of a volume variance, or
4 weather variance, that may have contributed to that. I don't
5 have the figures in front of me right now but I can -- I can
6 safely say the majority is due to lower commodity costs.

7

8

(BRIEF PAUSE)

9

10 MR. BOB PETERS: Would -- would I be correct,
11 Mr. Sanderson, that the undertaking you've given to Mr.
12 Saxberg to quantify the last five (5) years of weather
13 impacts and the -- that will show what amount of things like
14 these other items that are in variance have been affected by
15 weather, the total amount?

16 MR. BRENT SANDERSON: We weren't envisioning
17 providing that variance analysis in this type of detail.
18 It's not routinely prepared by the corporation on a line item
19 by line item basis in terms of gas costs. We were
20 envisioning providing it in terms of the revenue variance,
21 overall revenue variance resulting from weather, our overall
22 cost of sales variance due to weather and then the resulting
23 variance in our margin.

24 MR. BOB PETERS: All right. So you're going
25 to do it on -- on an overall basis and not come up by line by

1 line?

2 MR. BRENT SANDERSON: We don't have that
3 information available to us, no.

4 MR. BOB PETERS: All right. Thank you.

5

6

(BRIEF PAUSE)

7

8

9 MR. BOB PETERS: As we scan down this
10 Schedule 8.0.0 revised to today, the cost of primary gas, to
11 load into storage has a significant variance as well, and is
12 that related only to the difference in the price strips that
13 you've based them on?

14 MR. BRENT SANDERSON: You would need to
15 offset those variances with the positive variances resulting
16 from the exchanges with counterparties that were undertaken
17 in terms of our -- the primary component of our supply, and
18 the net of the two (2) would be largely commodity cost
19 variances.

20 So you would need to net lines 37, 38 and 39
21 to get a more accurate picture of what the true commodity
22 cost variance was.

22

23

(BRIEF PAUSE)

24

25

MR. BOB PETERS: In looking at the

1 supplemental gas variance line, the -- the variance again
2 appears to be significant; that's line 42, is it not, Mr.
3 Sanderson?

4 MR. BRENT SANDERSON: Yes, that's correct.
5 But it -- again, it will somewhat cloud the picture as to the
6 true nature of the supplemental gas variance. We would need
7 to net the Oklahoma supply variance, with the exchanges with
8 counterparty variance on line 43, to get a truer picture of
9 what our net supplemental direct-to-load cost variance was.

10 And actually, that's a positive variance
11 because at the end of the day we used more supplemental
12 supply this past winter than we had forecast because of
13 colder than normal weather conditions.

14 MR. BOB PETERS: So it's a positive variance
15 but it's to the detriment then of consumers' costs?

16 MR. BRENT SANDERSON: It's a higher cost that
17 would have to be borne by the consumer, yes.

18 MR. BOB PETERS: You specifically drew the
19 Board's attention to line 43, the exchanges with
20 counterparties for supplemental supply; are these the soft
21 assets to which Mr. Stephens referred in terms of arranging
22 -- arranging supply from the United States?

23 MR. BRENT SANDERSON: They're, without taking
24 any of Mr. Stephens' thunder, they're a shorter term
25 arrangement that allows us to access supplemental gas

1 supplies in lieu of taking them directly from Oklahoma.

2 MR. HOWARD STEPHENS: Those are the soft
3 assets at the regions that I described or discussed earlier
4 this morning where we have essentially put that into place, a
5 capacity management arrangement, with a counterpart.

6 We have come to an agreement with the
7 counterpart that they will provide us with so many days of
8 firm deliverability during the months of December, January
9 and February in exchange for the ability to exchange a
10 certain quantity of gas over the course of the winter at no
11 fee.

12 So there are avoided costs associated with
13 that and we make reference to that, as well, in the
14 description of the capacity management revenues where we
15 discuss the fact that there are capacity management revenues
16 that reduce the cost to customers that are not necessarily
17 recorded. That's a long answer, Mr. Peters, I hope I
18 answered your question.

19 MR. BOB PETERS: No, I think I have your
20 point, Mr. Stephens, on how that's -- how that's conducted.

21 And, Mr. Stephens, that's all supplemental
22 supply arrangements through these delivered services; that's
23 -- that would be supplied directly to storage or would it go
24 back haul to Manitoba?

25 MR. HOWARD STEPHENS: The gas we receive is

1 -- would be considered supplemental gas and we give an
2 equivalent volume out of storage which would also be
3 supplemental, yes.

4 MR. BOB PETERS: On line number 44 you talk
5 about delivered service and then on line 45 there's also
6 delivered service but alternative service for curtailed
7 interruptibles.

8 Would it be correct that line 44 deals with
9 the delivered service that is needed to meet the firm peak
10 requirements of the Corporation?

11 MR. BRENT SANDERSON: Line 44 represents
12 delivered service supplies that would either have been
13 purchased to serve the firm requirements of the customer --
14 of the firm customer base or -- and or interruptible
15 customers when they're not under periods of curtailment as
16 distinct from line 45, which are supplies purchased
17 specifically to serve interruptible customers only once they
18 have been curtailed from regular utility service.

19 MR. BOB PETERS: All right. So, if I
20 understand correctly, Mr. Sanderson, you will arrange
21 delivered service to provide -- to provide gas to your
22 interruptible customers rather than interrupt them?

23 MR. HOWARD STEPHENS: We will provide
24 alternate service rather than interrupting them. But that is
25 not the gas that Mr. Sanderson is referring to in the first

1 line.

2 The gas in the first line is gas that we buy
3 as a delivered service in the event that our -- as a result
4 of our storage plan we haven't got sufficient gas into
5 storage in October and the weather forecast is going to
6 preclude us from allowing as much Western Canadian supply to
7 get into storage.

8 So we will buy gas at Emerson or some other
9 secondary point and put the gas into storage to make sure
10 that we have completely full storage.

11 MR. BOB PETERS: But is that delivered
12 service, Mr. Stephens, on line 44 related to what you will
13 provide to interruptible customers who may not be interrupted
14 at that point in time?

15 MR. HOWARD STEPHENS: Well line 45 is
16 alternate service for the curtailed interruptibles and that
17 is gas that's taken by -- just a second while I recollect my
18 thoughts.

19 We -- we do give customers the alternative to
20 buy gas from us on days when they would ordinarily be
21 curtailed and that's what that -- that line item describes,
22 is the amount in gas that we had purchased to satisfy
23 interruptible customer requirements where they've indicated
24 that they wanted such gas.

25 MR. BOB PETERS: That's line number 45, Mr.

1 Stephens?

2 MR. HOWARD STEPHENS: That's correct.

3 MR. BOB PETERS: All right.

4 MR. BRENT SANDERSON: Mr. Peters, if I might
5 correct my response when discussing line 44. I originally
6 stated that that may include some gas for interruptible
7 customers when they were on regular system supply and that's
8 not correct, actually.

9 In a case where an interruptible customer
10 would require delivered service of any kind, that's a
11 circumstance where the customer would then be curtailed and
12 be given the alternative of taking gas which is characterized
13 in line 45, which would be a delivered service for under an
14 alternate service arrangement for curtailed customers.

15 So line 44 is strictly to serve the firm
16 customers of the utility.

17 MR. BOB PETERS: All right. Thank you for
18 that clarification and explanation gentlemen.

19 I want to just take another second on the line
20 45 item which is, as I've heard repeatedly now, offered to
21 interruptible customers at cost in lieu of curtailment as I
22 understand it?

23 MR. BRENT SANDERSON: Correct.

24 MR. BOB PETERS: And when you say, offered at
25 cost, Mr. Stephens, is it the particular customer that will

1 pay the cost or is it the class, the interruptible class of
2 customer that gets charged these costs?

3 MR. HOWARD STEPHENS: The customer, we get a
4 quotation from multiple counterparts in terms of delivered
5 service to satisfy the interruptible load that day. We will
6 make the same quotation in terms of price, relative to those
7 customers. We look at the price relative to their existing
8 sales rate, the existing -- to the extent that the delivered
9 service is less than the existing sales rate, we'll charge
10 them the sales rate, if it's more, then we charge them the
11 higher cost.

12 MR. BOB PETERS: So you can make a -- you can
13 gain or make a profit on the delivered service which is
14 considered alternate service?

15 MR. HOWARD STEPHENS: Well I don't know that
16 you consider it a profit, I mean it's a positive variance to
17 the PVGA fund.

18 MR. BOB PETERS: Is it a positive variance
19 specific to a customer or to the class of customer?

20 MR. HOWARD STEPHENS: To the class of
21 customers.

22 MR. BOB PETERS: All right. And if it's not
23 a positive variance, if it's a cost, an additional cost over
24 and above what you would otherwise be able to charge them
25 from your supplies, is that charged through to the customer

1 level or the class level?

2 MR. HOWARD STEPHENS: I am told it's the
3 customer level.

4 MR. BOB PETERS: All right. So on one side
5 the customer pays if it costs more, on the other side, the
6 class benefits if it costs less?

7 MR. HOWARD STEPHENS: That's correct.

8 MR. BOB PETERS: Why wouldn't you equate the
9 two (2) or provide the customer with the benefit of the
10 delivered service actual cost, rather than charging it at the
11 higher rate?

12 MR. HOWARD STEPHENS: Let me contemplate
13 that, sir, and I'll come back and give you an answer.

14 MR. BOB PETERS: Ms. Stewart, I think this
15 might be one that you'll be interested in. Line 47, the
16 hedging impact in terms of system supply, there's a \$9
17 million variance shown -- oops I better look at the most
18 current one. Yes, approximately the same maybe exactly the
19 same, there's been no revision to this line item on account
20 of the update today?

21 MS. LORI STEWART: No.

22 MR. BOB PETERS: Can you explain to the Board
23 how this variance occurred?

24 MS. LORI STEWART: Certainly. The first
25 column is based on the forward strip as at a date and would

1 include unsettled hedge transactions. While the second
2 column, which is an actual column, includes only settled
3 results or the actual results or impacts of our hedge
4 transactions.

5 MR. BOB PETERS: So initially you were basing
6 your forecast on the gas costs being reduced by about \$19.9
7 million over what the market would otherwise be, in the first
8 column?

9 MS. LORI STEWART: As at that particular
10 strip date, yes.

11 MR. BOB PETERS: And what you're telling the
12 Board in the middle column is that, in terms of actual costs,
13 the gas costs were reduced by \$10 million over what they
14 would have been at -- rather than market costs because of
15 hedging?

16

17 (BRIEF PAUSE)

18

19 MS. LORI STEWART: The settled results of
20 transactions for the '04/'05 fiscal year resulted in a
21 reduction to consumers gas costs of approximately \$10
22 million, which is different than the forecast prepared as at
23 the July 2nd strip. And it would be different on every
24 single day that we took the strip.

25

MR. BOB PETERS: Understood. And the

1 details, Ms. Stewart, were I think referred to on Schedule
2 8.2.0, which is included under Tab 6 of the book of documents
3 that I've provided to you?

4 MS. LORI STEWART: Yes, that's correct.

5 MR. BOB PETERS: In looking at Schedule
6 8.2.0, when during -- which gas month did you institute the
7 100 percent of eligible volumes policy?

8

9

(BRIEF PAUSE)

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11

MS. LORI STEWART: Subject to check, Mr.
12 Peters, my belief is that all of the positions reflected on
13 this page were volumes hedged at the 90 percent level.

14

15

MR. BOB PETERS: That is 90 percent of
15 eligible volumes where eligible volumes equates to a minimum
16 year volume?

17

MS. LORI STEWART: Warmest year, yes.

18

19

MR. BOB PETERS: And if I turn the tab to Tab
19 Number 7, Ms. Stewart, if I turn to Tab 7 in the book of
20 documents, I do see that commencing in the gas month of May
21 of 2005, that's the first month in which the percent of
22 eligible volumes increases to 100 percent?

23

MS. LORI STEWART: Yes, that's correct.

24

25

MR. BOB PETERS: So the policy that you and I
25 reviewed earlier today just came into effect then in -- this

1 month, that is May of '05?

2 MS. LORI STEWART: Well, it was approved by
3 our Board of Directors in May 2005.

4 MR. BOB PETERS: And you didn't act on it
5 until this month?

6

7

(BRIEF PAUSE)

8

9 MS. LORI STEWART: We -- we instituted the
10 change in terms of hedging 100 percent of base load volumes
11 as soon as we were privy to the -- the change in contractual
12 terms from the prior Nexen contract relative to the current
13 Nexen contract.

14 And we instituted that change and that was
15 within our policy because, of course, we -- the former policy
16 read that we must hedge a minimum of 90 percent of eligible
17 volumes; did not preclude us from hedging 100 percent of
18 eligible volumes, which is what commenced effective for the
19 transaction month May 2005, and that hedge was placed in July
20 of 2004.

21 MR. BOB PETERS: All right. So then what --
22 what you're telling the Board is that you knew, back in July
23 of 2004, that you were going to change from a 90 percent of
24 eligible volumes, where eligible volumes were the minimum
25 year volumes, over to 100 percent of eligible volumes, which

1 were the base load volumes under your contract?

2 MS. LORI STEWART: Yes, that's correct.

3 MR. BOB PETERS: And to effect that change,
4 that did not go to the executive committee, that was done as
5 a matter of course under your -- your interpretation of the -
6 - of the derivative hedging policy that existed at the time?

7 MS. LORI STEWART: Yes, that's correct.

8 MR. BOB PETERS: I had asked you if -- I'm
9 still looking at Tab 6 of the book of documents, that's
10 Schedule 8.2.0, I had asked you if you had ever measured what
11 difference resulted when you broke it down into, I think your
12 words were, two (2) tranches as opposed to one (1).

13 And I see that in the gas month of April of
14 2004, on Line Item Number 1, you appear to have placed your
15 hedging transactions through one (1) tranche; would that be a
16 correct interpretation of that line?

17 MS. LORI STEWART: Yes, that's correct.

18 MR. BOB PETERS: And at that time you put a
19 cap on at six dollars and fifty-one cents (\$6.51); correct?

20 MS. LORI STEWART: Well, at that time I
21 simultaneously purchased a cap at six fifty-one (6.51) and
22 sold a floor or a put at five seventy-two (5.72).

23 MR. BOB PETERS: What you determined was you
24 wanted the cap at six fifty-one (6.51) and the market told
25 you where the floor was going to be; would that be a fair way

1 to say that?

2 MS. LORI STEWART: That's correct.

3 MR. BOB PETERS: And so you didn't have a
4 choice at what floor you could pick unless you wanted to
5 start paying a premium related to picking of the floor?

6 MS. LORI STEWART: That's correct.

7 MR. BOB PETERS: And if you would have done
8 that, then you would no longer be using cashless collars,
9 you'd be purchasing a different instrument?

10 MS. LORI STEWART: That's correct.

11 MR. BOB PETERS: And when the Board looks at
12 these items and looks under unit premiums or total premium
13 costs and notices a lot of zeros, those zeros exist because
14 none of your price management transactions for the '05 fiscal
15 year carried with them a premium that the Corporation had to
16 pay?

17 MS. LORI STEWART: That's correct, Mr.
18 Peters.

19 MR. BOB PETERS: And those net mark to market
20 months where there's a zero in the far right-hand column,
21 those would have occurred because the settlement price fit in
22 between the floor and the ceiling?

23 MS. LORI STEWART: That's correct.

24 MR. BOB PETERS: And it's only where the
25 floor or the ceiling would have otherwise been broken by the

1 market do you have either a positive or a negative mark to
2 market reaction?

3 MS. LORI STEWART: That's correct.

4 MR. BOB PETERS: And, again, I think the way
5 you worded it a few minutes ago was, as a result of the price
6 management of the Corporation in fiscal 2005, consumers' gas
7 costs were \$10 million lower than what they would otherwise
8 be without the price management by the Corporation?

9 MS. LORI STEWART: Yes, that's correct.

10 MR. BOB PETERS: And you take no credit for
11 that; correct?

12 MS. LORI STEWART: That's correct.

13 MR. BOB PETERS: And it's simply a function
14 of what the market is and it could have just as easily have
15 been \$10 million additional cost to consumers?

16 MS. LORI STEWART: It could indeed.

17 MR. BOB PETERS: And do you believe that over
18 the long-term it averages out to zero or is there -- is there
19 any empirical data that will allow you to answer that one (1)
20 way or the other?

21 MS. LORI STEWART: Yes, I do believe that
22 over the long run the expected payout of a strategy like this
23 would be zero. Although we do need to note the dealer margin
24 and that's a relatively -- I could characterize it as a
25 relatively immaterial price of insurance.

1 It's the insurance -- premium extracted by the
2 dealer.

3 MR. BOB PETERS: But you don't know what that
4 is on any particular transaction?

5 MS. LORI STEWART: We have filed evidence at
6 the -- at last year's Cost of Gas Proceeding that indicated
7 that it was in the neighbourhood of three-quarters (3/4) to 1
8 1/2 percent.

9 MR. BOB PETERS: But you don't know that in
10 advance of placing a transaction, what the specific premium
11 that the dealer is charging you when they're buying or
12 selling you a hedge?

13 MS. LORI STEWART: No, we don't. We rely on
14 our competitive open outcry system in order to extract
15 competitive pricing.

16 MR. BOB PETERS: When we -- we may as well
17 flip the page while we're here to Tab 7 of the book of
18 documents, Ms. Stewart. And here, what you've provided the
19 Board, is for the first test year, that is the 2006 fiscal
20 year.

21 As we sit, as of March 15th, in any event, you
22 have done a calculation of the net mark to market results and
23 are forecasting gas costs for the next twelve (12) months as
24 being \$8.9 million lower than they would be without your
25 price management in place?

1 MS. LORI STEWART: That's correct.

2 MR. BOB PETERS: And what you probably know
3 is that when we come back and revisit this with the Board
4 next time, the eight point nine (8.9) number -- \$8.9 million
5 will be long forgotten and there will be some new number in
6 place which may not have brackets around it?

7 MS. LORI STEWART: It may or not have
8 brackets around it, yes.

9 MR. BOB PETERS: And it'll be an entirely
10 different number depending on what the market does on the
11 date that you measure against it?

12 MS. LORI STEWART: It's extremely likely that
13 it will be a different number.

14 MR. BOB PETERS: And I, perhaps, should have
15 scanned this earlier, but are any of -- which of these months
16 are fixed at this point in time and which ones are still
17 open, as you would say, and not -- and not settled?

18 MS. LORI STEWART: As at March 15th none of
19 these transactions had settled.

20 MR. BOB PETERS: So quite conceivably again,
21 Ms. Stewart, every number in the right-hand column will also
22 likely change by the time the settlement occurs?

23 MS. LORI STEWART: Yes, that's correct.

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(BRIEF PAUSE)

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MR. BOB PETERS: Mr. Sanderson, you took Ms. Stewart's forecast of \$8.9 million of lower gas costs for next year and you've included them in the first test year; would the be correct?

MR. BRENT SANDERSON: For the 2005/2006 fiscal year, that's correct.

MR. BOB PETERS: I'm looking at Tab 8 of the book of documents that I provided to you. And Tab 8 of the book of documents on line 48, has "hedging impact, system supply, \$8.956 million"; correct?

MR. BRENT SANDERSON: That's correct.

MR. BOB PETERS: And that's the number that Ms. Stewart gave you from her Schedule 9.3.1, which was at Tab 7 of the book of documents?

MR. BRENT SANDERSON: That's correct.

MR. BOB PETERS: So to the extent that number is wrong, you'll simply blame her?

MR. BRENT SANDERSON: Seeing as you've given me that opportunity I'll take you up on that.

MR. BOB PETERS: All right. But you -- what you're telling the Board is you have built into next year's base rates for gas and assumption as to what the hedging impact will be?

MR. BRENT SANDERSON: No, I would disagree

1 with you. Because our hedging activities relate only to our
2 -- the primary gas component of our commodity cost, we are
3 not bringing anything forward at this Application with
4 regards to forecast hedging impacts to embed in -- in any of
5 our rates, base or otherwise.

6 The next point in time when hedging impacts
7 with regards to primary gas will be before the Board will be
8 in our Application for new primary gas rates to become
9 effective August 1st, 2005.

10 MR. BOB PETERS: And at that time the
11 difference between this \$8.9 million number and the actual
12 number will be embedded in the -- in the PGVA which you will
13 seek to get a rate rider to recover over twelve (12) months?

14 MR. BRENT SANDERSON: Yes, keeping in mind
15 that the period we will be looking at for new August 1 rates
16 will be somewhat different than the period depicted in
17 Schedule 9.1.3 in your book of documents.

18 Here we're talking about a period from April
19 2005 to March 2006, and in our August 1 Application we'll be
20 looking at a period spanning August 2005 to July 2006.

21 MR. BOB PETERS: When it comes time for this
22 Board to -- to look at the actual gas costs for the 2006 test
23 year there will be a line item for hedging impacts that
24 you'll ask the Board to approve, and that will be what the
25 hedging impacts were on the primary gas you will have

1 purchased for that test year?

2 MR. BRENT SANDERSON: There will be, yes.

3 MR. BOB PETERS: Ms. Stewart, before I leave
4 it, either one (1) of the schedules, let's pick Tab 7 of the
5 book of documents, is the -- is the cap or the ceiling
6 established as still a fifty (50) cent out of the money on
7 the date the transaction is -- is made?

8 MS. LORI STEWART: Yes, that's correct.

9 MR. BOB PETERS: And there's no discretion,
10 at this time, for you to vary that?

11 MS. LORI STEWART: We haven't exercised any
12 discretion in that regard.

13 MR. BOB PETERS: Do you feel your policy
14 provides you with that discretion to exceed or -- or narrow
15 the out of the money range?

16 MS. LORI STEWART: Only with the prior
17 approval of our executive committee.

18

19 (BRIEF PAUSE)

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21 MR. BOB PETERS: In the foreseeable future,
22 Ms. Stewart, do you see using anything other than cashless
23 collars for your hedging -- for your hedging transactions?

24 MS. LORI STEWART: I'll put it this way: I
25 don't have any information before me today that would

1 precipitate a shift away from cashless collars.

2

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(BRIEF PAUSE)

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MR. BOB PETERS: Can you remind the Board
6 what discretion or judgment is exercised by Centra as to when
7 during the -- the month to place the transaction?

8

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MS. LORI STEWART: Certainly. Immediately
10 following the purchase of our hedged transactions Mr.
11 Sanderson and I sit down and pull out our calendar and given
12 staffing constraints and the like, we do select the date that
13 will be in the market, the forward quarter, at that time, so
14 that we're not tempted to be influenced by pricing closer to
the date of the transaction.

15

16

MR. BOB PETERS: In the report that you have
17 pending and being prepared for the Board by August the 1st on
18 your review of your mechanistic hedging approach, are you
19 studying or reviewing whether any other instruments would be
of greater advantage or less advantage to the corporation?

20

21

MS. LORI STEWART: Yes. In fact, that is the
22 crux of the analysis that's being performed, is a comparison
23 of a price swap versus call option versus cashless collar
strategy.

24

25

(BRIEF PAUSE)

1 MR. BOB PETERS: Do you expect, and I may
2 have asked you this this morning, Ms. Stewart, but do you
3 expect that that report to the Board will contain a
4 recommendation as to whether any changes be made to the
5 policy?
6

7 (BRIEF PAUSE)
8

9 MS. LORI STEWART: There will be conclusions,
10 the -- the company's conclusions, Mr. Peters, but not a
11 recommendation.

12 MR. BOB PETERS: Well, presently your policy
13 will permit you to use other instruments other than a
14 cashless collar, correct?

15 MS. LORI STEWART: Yes, that's correct.

16 MR. BOB PETERS: But, as a matter of course,
17 your operating guidelines and procedures expect that you will
18 use a cashless collar; is that also correct?

19 MS. LORI STEWART: It is.

20 MR. BOB PETERS: And so if your study comes
21 back to show that there may be -- it may be more advantageous
22 for consumers to use a different instrument, does your
23 existing policy have the flexibility to allow you to do that
24 or do you need to change the policy again?

25 MS. LORI STEWART: It -- we would need to go

1 to our Executive Committee in order to alter the instrument
2 of choice.

3

4

(BRIEF PAUSE)

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7 MR. BOB PETERS: And just a final couple of
8 questions for today. In terms of the heating value deferral
9 account, I remember when I used to understand this one but,
10 units of gas have a heating value of thirty-seven point eight
11 (37.8) gigajoules for -- for a thousand (1,000) cubic metres,
12 Mr. Sanderson; is that the -- the standard that you measure
13 against?

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MR. BRENT SANDERSON: The standard varies in
jurisdictions. Some jurisdictions use thirty-eight (38).
We've come to use thirty-seven point eight (37.8) gigajoules
per thousand (1,000) cubic metres here because that's closer
to the average heating value that exists in the TCPL mainline
gas that we take off of their system.

MR. BOB PETERS: Well, if you're so good at
estimating that, why do we keep finding ourselves with a
heating value margin deferral on line 8 of Schedule 8.1.0
which is the new Centra Exhibit 8?

MR. BRENT SANDERSON: Well, just like it
occurs with our hedging program, the heating content of the
gas that comes down the TCPL mainline system is a function of

1 whatever the producers are pulling out of the ground in
2 Alberta, and over which we have no control whatsoever.

3 MR. BOB PETERS: Have you considered changing
4 the heat content from the traditional thirty-seven point
5 eight (37.8) to a lower number, such as thirty-seven point
6 four (37.4), which would be closer to the five (5) year
7 average?

8 MR. BRENT SANDERSON: No. And right now
9 there is a move of foot from TransCanada and they had a
10 request from a shipper to put richer gas onto their system.
11 So, from that perspective, we would be looking at raising the
12 calorific content associated with it.

13 MR. BOB PETERS: All right. With -- with
14 that answer, Mr. Chairman and Board Members, that will
15 conclude my questions for today and I will finish them up
16 before coffee tomorrow morning with this panel.

17 THE CHAIRPERSON: Thank you, Mr. Peters.
18 Good night.

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20 (PANEL RETIRES)

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22 --- Upon adjourning at 4:00 p.m.

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Certified Correct,

Carol Wilkinson, Ms.