

1 **REFERENCE:**

2 **PREAMBLE:**

3 Centra seeks to understand the frequency with which certain T-Service customers are
4 communicating consumption estimates/forecasts to their nominating agents.

5 **QUESTION:**

6 For each of Maple Leaf Foods and Simplot Canada (II) Limited, who are IGU members,
7 please provide a copy of any and all electronic communications between the customer
8 and its nominating agent relating to the customer's consumption estimates/forecasts (day
9 ahead and intra-day) over the two month period from May 1, 2019 – June 30, 2019.

10 **ANSWER:**

11 Conversations that take place between these companies and their nominating agents are
12 highly confidential in nature discussing operating activities and natural gas consumption.
13 As a result, copies of electronic communications have not been provided.

14 For Maple Leaf, the nominating agent assumes that normal day operations are in place
15 unless the plant(s) update on any known variations. If these occurrences are known (for
16 example a plant shut down/reduction on a holiday or for annual maintenance) the plant
17 will communicate via email, explaining the situation and expected amount of change.
18 These communications occur as early as possible, generally about a week prior.

19 If occurrences are unknown in nature, the plant updates the nominating agent when
20 possible but at present this does not always occur in real-time. For example, in the winter,
21 weather-related road closures can sometimes reduce operations and by extension natural
22 gas requirements. Another example is unexpected equipment failures that reduce
23 operational efficiencies. Real-time communication with explanation of usage changes can
24 be difficult as under these circumstances the plant is working to be fully operational as
25 quickly as possible – in these instances getting roads plowed or fixing the equipment.

26 For Simplot please see response to PUB/IGU-Labonte-3.

1 **REFERENCE:**

2 **PREAMBLE:**

3 Centra seeks to understand the position of certain IGU members on the balancing fee
4 proposal for T-Service customers in Manitoba, given the status quo that balancing fees
5 are subsidized by Sales Service customers.

6 **QUESTION:**

7 What is the position of Gerdau Long Steel North America – Manitoba Mill on Centra’s
8 balancing fee proposal for T-Service customers in Manitoba? Please explain.

9 **ANSWER:**

10 Representatives from Gerdau stated that from a principled standpoint Gerdau is
11 supportive of a cost based balancing fee over a punitive based penalty. Gerdau supports
12 that costs incurred to the Centra system that are a direct result of T-Service class
13 imbalances should be allocated to that class and not the Sales Service classes, based on
14 cost causation principles.

15 In addition, Gerdau is not supportive of Centra’s proposal to increase the T-Service daily
16 usage threshold from 200 GJ per day to 2,500 GJ per day. Gerdau would like to preserve
17 flexibility in service options for customers in Manitoba. Allowing T-service customers to
18 pool to exchange imbalances amongst themselves would facilitate this. This is similar to
19 options available in some US states to Gerdau for both pools operated by the utility and
20 by customer/third parties.¹ Gerdau operates as a T-Service customer in other jurisdictions
21 where options exist to help manage daily imbalances.

¹ See for example, the Michigan Government website which summarizes transportation natural gas services offered in Michigan by applicable natural gas utilities, where NSP, WPS, Michigan Gas Utilities all offer pooling options for T-service customer balances:
<https://www.michigan.gov/mpsc/0,4639,7-159-16385-424394--,00.html>

1 **REFERENCE:**

2 **PREAMBLE:**

3 **QUESTION:**

4 a) Please advise of any stakeholder communication or consultations by IGU relating to
5 this proceeding. File all related documentation including but not limited to:
6 notice/request for consultation; presentation; notes taken by Intergroup during the
7 consultation and any post meeting summary or reports. If no contemporaneous
8 material is available, please file a narrative of all communication and consultation.

9 b) Please confirm that it is IGU's understanding that its members, and industrial
10 customers more broadly, may have divergent interests in matters related to natural
11 gas rates in Manitoba.

12 i. If confirmed, please explain how IGU determines issues that are of
13 common concern and how it reconciles these divergent interests when
14 advancing a position in this proceeding.

15 ii. Please identify which issues are of common concern within this proceeding.

16 c) Please confirm who (which individual representative(s)) will adopt the evidence as
17 IGU's evidence as part of this proceeding? If the Board directs an oral hearing for this
18 proceeding, please confirm who (which individual representatives(s)) will provide oral
19 testimony on behalf of the IGU association.

20 **ANSWER:**

21 a)

22 There were no formal consultations that took place to form IGU in the Centra Gas
23 intervention. The group was formed after members individually raised issues of concern
24 for the upcoming review. Please see the response to Centra/IGU-McLaren I-1 which
25 details communications that took place with IGU members and more broadly with other
26 industrials.

27 b)

28 Confirmed. Please see response to Centra/IGU-McLaren I-1 which outlines the types of
29 issues members were concerned with and how the issue development occurred.

30 In general, IGU's approach to these issues is similar to MIPUG's where the group is able
31 to individually engage with the PUB where issues diverge. We note that Koch Fertilizer
32 and Simplot opted to retain its individual Intervener status and Koch Fertilizer chose to file
33 evidence relating to its particular customer class cost allocation methods.

34 As consultant to IGU, InterGroup's approach to issue development is principle based,
35 where cost causation and fairness were the primary objectives for assessing Centra's
36 GRA and developing the main issues and proposed solutions. Where solutions are not
37 readily available, IGU has recommended ongoing development in coordination with
38 Centra, for example in implementing tools that will allow for flexibility in T-Service customer
39 balancing, and therefore will ultimately be more successful for balancing Centra's system.

40 Issues of common concern relate to cost allocation methods for large users, the heating
41 deferral account allocation, rate design and postage stamp rates (including the overall
42 level of rate increases proposed in this application), and ensuring the balancing fee
43 proposal allows for customers to successfully manage imbalances and is cost-based in
44 nature and not unnecessarily punitive.

45 c)

46 Please see response to Centra/IGU I-4 on the nature of IGU's intervention.

47 With PUB Order No. 98/19 establishing that the balancing fee issue is subject to oral cross-
48 examination, IGU plans to make available Troy Brown, Gil Labonte and Andrew McLaren
49 as a panel as required by involved parties who wish to cross-examine these witnesses.

50 For the Cost of Service matters listed as in-scope for direct examination and cross-
51 examination in an oral hearing, IGU plans to have Andrew McLaren provide oral testimony.

1 **REFERENCE:**

2 Evidence of Andrew McLaren, Gil Labonte and Troy Brown

3 **PREAMBLE:**

4 Centra seeks to better understand and confirm the position of IGU in this proceeding

5 **QUESTION:**

6 Does the IGU adopt the evidence submitted by the following parties: Mr. Brown, Mr.
7 Labonte and Mr. McLaren? If the answer is anything but an unqualified yes, please file a
8 revised version of the evidence, removing any portions that are not being adopted as the
9 evidence of IGU.

10 **ANSWER:**

11 IGU's position will be based on recognized and accepted regulatory principles and the
12 applicable law in Manitoba. IGU's position will be informed by all of the evidence in these
13 proceedings including written and oral evidence.

14 With respect to the request to have IGU have Mr. McLaren file a revised version of
15 evidence, IGU advises that the premise of the question is inappropriate. The premise
16 assumes that Mr. McLaren will revise his opinions and evidence if those opinions and
17 evidence diverge in any way from the final submissions of IGU. Mr. McLaren of InterGroup
18 is an independent expert. He has signed an Expert Declaration, attached to the IGU
19 Motion to have access to CSI. It is re-attached to this response. In the Declaration Mr.
20 McLaren acknowledges that it is his duty:

- 21
- 22 • to provide opinion evidence that is fair, objective and non-partisan;
 - 23 • to provide opinion evidence that is related only to matters that are within my area
24 of expertise; and
 - 25 • to provide such additional assistance as the Public Utilities Board may reasonably
26 require to determine an issue.

27 With respect to the evidence of Mr. Brown and Mr. Labonte. These pre-filed testimonies
28 offer experiences in gas supply for T-service customers, and while some portions may be
29 individual experiences not necessarily relevant to all customers, both are nevertheless
30 drafted with the intention to provide example and professional advice to the PUB. Again,

30 the request to have this evidence revised in the event individual examples are not entirely
31 relevant to all parties is inappropriate.

32 IGU therefore refuses to consider making any request which would limit or hinder the
33 expert duties.

EXPERT'S DECLARATION

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I Robert Andrew McLaren DECLARE THAT:

- 1 I understand that my duty in providing written reports and giving evidence is to help the Public Utilities Board, and that this duty overrides any obligation to the parties by whom I am engaged or the persons who have paid or are liable to pay me. I confirm that I have complied and will continue to comply with my duty.
- 2 I confirm that I have not entered into any arrangement where the amount or payment of my fees is in any way dependent on the outcome of the case.
- 3 I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:
 - to provide opinion evidence that is fair, objective and non-partisan;
 - to provide opinion evidence that is related only to matters that are within my area of expertise; and
 - to provide such additional assistance as the Public Utilities Board may reasonably require to determine an issue.
- 4 I know of no conflict of interest of any kind.
- 5 I will advise the party by whom I am instructed if, between the date of my report and the hearing, there is any change in circumstances which affect my answers to point 4.
- 6 I will identify the sources of all information I have used.
- 7 I will exercise reasonable care and skill in order to be accurate and complete in preparing this report.
- 8 I will endeavour to include in my report those matters, of which I have knowledge or of which I have been made aware, that might adversely affect the validity of my opinion. I will clearly state any qualifications to my opinion.
- 9 I have not, without forming an independent view, included or excluded anything which has been suggested to me by others, including my instructing lawyers.
- 10 I will notify those instructing me immediately and confirm in writing if, for any reason, my report requires any correction or qualification.

11 I understand that:

- 11.1 my report may form the evidence to be given under oath or affirmation;
- 11.2 questions may be put to me in writing for the purposes of clarifying my report and that my answers shall be treated as part of my report and covered by my statement of truth;
- 11.3 I may be required to attend at a hearing to be cross-examined on my report by a cross-examiner assisted by an expert.

STATEMENT OF TRUTH

I confirm that I will make clear which facts and matters referred to in a report are within my own knowledge and which are not. Those that are within my own knowledge I will be confirmed to be true. The opinions I will express represent my true and complete professional opinions on the matters to which they refer.

Signature.....  Date..... April 9 2019