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Public Utilities Board
400-330 Portage Avenue
Winnipeg, Manitoba R3C 0C4

Attention: Rachel McMillin, Associate Secretary

Dear Sirs/Mesdames:

Re: Oral vs Written Process
 IGU COSS Hearing
 Our Matter No. 0186305 AFH

The Industrial Gas Users ("IGU") and Koch are in receipt of the Application, accompanying Information Requests and Responses, Expert Intervener Evidence, Intervener Information Requests and Responses, and Rebuttal Evidence filed through the course of the Manitoba Public Utilities Board ("PUB") review of Centra Gas Manitoba's ("Centra") 2021 Cost of Service Study ("COSS") Application. The following comments are provided in response to Board Orders 36-22 and 58-22, which request that Interveners and Centra submit their comments regarding the scope and need for an oral hearing or written submissions, or a combination of both, following these initial stages of evidence, review and information gathering.

In reviewing the scope established by the Board through Order 36-22, IGU recognized that certain topics of priority to members and important to future rate setting would not be considered in this current COSS methodology review. These topics included:

- Matters of Rate Design & introduction of a Zone of Reasonableness; and
- Customer Class Rate Impacts (except for the near-term rate measures related to Special Contract Customer and Power Station Customer Classes)

Order 36-22 further outlined topics for consideration in the review of Centra's 2021 COSS Application. These topics included:

- Allocation of Transmission and Distribution Plant,
- Determination of Downstream Demand Allocation Factors,



- Direct Assignment of High-Pressure Transmission Plant to Customers Where Appropriate, including Postage Stamp Ratemaking,
- Classification and Allocation of Distribution Plant, including the Indexing of the Service Line Study to Current Costs,
- Allocation of Upstream Capacity Resources,
- Allocation of Demand-Side Management Costs,
- Amendments to the COSS Methodology for Rate Re-bundling Impacts,
- Elimination of the Co-op Class,
- Allocation of Operation & Maintenance, Customer Service, and Administrative Expenses, and
- Near-Term Rate Impact Measure for the Special Contract Class and Power Station Class.

After examining the redacted Application and subsequent responses to Information Requests, IGU determined that there was insufficient information available for Interveners to understand and review the derivation of downstream demand allocation factors, which are particularly relevant to the classification and allocation of distribution plant and the associated allocation of operation & maintenance, customer service, and administrative expenses from a rate class perspective. As result, it remained unclear on what basis costs were allocated to the Mainline and High-Volume Firm rate classes. In response, IGU filed a motion requesting access to information, which Centra had previously determined to be either confidential or unnecessary for review of its proposed COSS methodology changes.

In its ruling on the IGU motion, the Board issued Order 58-22, which further clarified the scope of this proceeding, stating that:

“The Board further finds that it is premature and not within the scope of this proceeding to review the implementation of any COSS methodologies that may be accepted by the Board. Any issues related to the implementation of any new COSS methodologies should be addressed following the Board’s issuance of its final Order and Centra filing its compliance submissions. The Board expects the next Centra General Rate Application will include consideration of COSS matters.” [PUB Order 58-22, PDF p. 17]

IGU acknowledges the Board’s decision to limit the scope of the current COSS to a high-level methodology review. With this acknowledgement, IGU also anticipates that the implementation of the COSS methodology, along with the related classifications and allocations flowing from methodologies, which it continues to view as an important aspect of a comprehensive COSS review, will be dealt with during an upcoming 2022/23 GRA hearing. There is an expectation that this GRA Application will be supported by access to unredacted



information and worksheets that allow Interveners to fully understand the derivation of allocation factors and establish their influence on the classification and allocation of distribution plant, along with the allocation of operation and maintenance, customer service, and administrative expenses to rate classes that are determined to use, and therefore derive benefit related to these investments.

Considering the scope of this high-level methodology review and the available information, IGU is of the view that its intervention in this proceeding can be facilitated by moving directly to written submissions coupled with an in-person appearance by Counsel to present those submissions. These submissions would be based on the existing evidentiary record, avoiding the necessity for an oral evidentiary extension to this hearing. In stating its preference for moving directly to submissions, rather than also adding an oral evidentiary hearing prior to submissions, IGU acknowledges that the Board may wish to have certain evidentiary issues further addressed in an oral hearing. IGU is prepared to assist the Board by making its expert(s) available at an oral hearing on any evidentiary issues identified by the Board.

It is the view of IGU that for purposes of the limited scope of this hearing, the evidentiary process has resulted in procedural fairness and has allowed the parties to set forth relevant evidence. Atrium filed its independent report which was considered by Centra in filing its application. The Board and the parties had an opportunity to test that evidence and obtain greater detail through information requests. Authorized interveners then submitted their expert evidence, which was also tested through information requests, providing greater detail on intervener evidence. Finally, as per previous Board expectations on the limited role of rebuttal, both Centra and Atrium filed limited rebuttal evidence. We acknowledge that the experts for CAC are advocating for an approach which is different than the other experts in this proceeding. It is our respectful view that each of the experts, including the experts of CAC, have had a fair opportunity to address those differences in their evidence. The evidentiary foundation for a Board decision is therefore complete. There is no need to expand the evidentiary portion of the hearing to include oral surrebuttals by all the experts.

It is the view of IGU and Koch that submissions as to why it is appropriate to choose one or more of the proposed methods suffices.

It is expected that in the upcoming GRA, a further oral hearing on evidentiary issues will be useful. The manner in which the methodologies arising from this COSS hearing will be interpreted and applied will necessarily require an examination of the details with further testing on specific issues. That can likely only be achieved through in-person testimony and cross-examination.

IGU is committed to an efficient and cost-effective regulatory process. To the end of June 2022, IGU has utilized approximately 65 - 70% of the revised draft budget submitted to the Board on April 17, 2022. Depending on the nature and scope of an oral



hearing, it is anticipated that an oral evidentiary process with cross-examination will add considerable expense for in-person testimony and counsel. If the Board determines a need for an oral evidentiary hearing, IGU will need to re-evaluate its budget and assess the additional costs for participation.

As noted earlier in these comments, IGU is of the view that the current process has satisfied the evidentiary requirements for this hearing and recommends that the Board move to final argument with written submissions. IGU also requests that Counsel be given the opportunity to present these submissions to the Board through an in-person presentation.

As Counsel for Koch, we confirm that Koch is also of the same view.

IGU intends to address all COSS topics in its written submission that are relevant to its intervention and applicable to the limited scope for review of the methodology proposed in Centra's 2021 COSS Application. By way of advance notice, some of the topics that IGU intends to address, include:

- Centra sought to clarify the matter of which peak to use (Rebuttal, Pages 9-10) in its rebuttal submission, a topic that was addressed in Mr. Bowman's evidence (Section 2.2.2). IGU continues to be of the position that Centra's statement remains unclear.
- On the topic of natural gas in storage (addressed in Mr. Bowman's recommendations), Centra offered a new alternative (Rebuttal, Page 12). IGU will be commenting on this new alternative.
- IGU recognizes Centra's acknowledgement that an error was made in respect to Mr. Bowman's Recommendation 6, along with an indication that the error will be corrected (Rebuttal, Page 12 - TCPL-STs).
- IGU will have further comments and submissions in respect to the treatment of the Mainline rate class (Section 3.1 of Mr. Bowman's evidence).
- Finally, IGU will have comments on responses to information requests on intervener evidence, provided by Centra, Atrium and Interveners.



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In closing, IGU is appreciative of the opportunity to participate in the evidentiary component of the 2021 COSS methodology review, which in its view has adequately addressed the scope established by the Board for this purpose. Recognizing the limitations of this scope, and in the interest of maintaining a cost-effective and efficient regulatory process, IGU supports a direct move to submissions with the opportunity for in-person presentation by its Counsel. Should the Board determine a need for an expanded oral evidentiary process, IGU is ready and able to participate with a review of its proposed budget for supporting participation by its Counsel and Expert Witness(es).

Yours truly,

THOMPSON DORFMAN SWEATMAN LLP

Per:


Antoine F. Hacault*

AFH/av

cc: Board Counsel
Centra Gas
CAC

*Services provided through A. F. Hacault Law Corporation