

**REFERENCE:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Regarding the document “Centra Gas Manitoba Inc. Cost of Service Review” dated June 15, 2021, specifically Figure 10: Allocation Results of Revenue Requirement by Customer Class (\$000’s) shown on page 38 of 40, please provide the following information with all components of Centra’s gas costs removed. To the extent that data relates specifically to Koch, please provide to Koch and the PUB an unredacted copy with Koch specific information and provide to the PUB a redacted copy with Koch specific information redacted:

- a) A complete set of workpapers supporting each cost of service study (Approved COS Methodology and Proposed COS methodology).
- b) The derivation of all allocation factors used in each COS with all source documents.
- c) Working models for each COS, in electronic format with all formulas intact.
- d) Provide the source of all direct assignment quantities for the Special Contract class, and indicate if the quantities are booked or allocated. If an allocation is used, include a description of the method used for that allocation. Indicate if the direct assignment quantities reflect the methodology discussed on page 17 and the schematic diagram shown on page 18 of Appendix 1, the Atrium Economics’ Centra Gas Cost Allocation Review. Please link the directly assigned cost to the schematic diagram on page 18. If there is more than 1 customer in the Special Contract class, provide the direct assignment quantity <br>for each customer.
- e) Verify that Figure 10 indicates that the Special Contract class requires a \$1,229,000 rate decrease to achieve cost of service based on the Proposed COS methodology. If this cannot be verified, please explain why in detail and provide the rate decrease required.
- f) Provide a Table similar to Figure 10 for each of the 2017/18, 2018/19 and 2020/21 test years.
- g) Does Figure 11 (page 40 of 40) indicate that Centra proposes an Interim Measure that consists of a \$838,000 rate reduction to the Special Contract class at this time, with no

other rate changes except to the Power Stations class? If not, please explain Centra's Interim Proposal in detail. Please also advise of the proposed effective date of this interim measure.

**RESPONSE:**

Response to parts a) through c):

In accordance with the Public Utilities Board (PUB") Rules of Practice and Procedure, Centra is unable and unwilling to provide a response to these Information Requests. Centra relies upon Rule 16(a) through (d). In Order 36/22 the PUB found that there is no need for Interveners' additional comprehensive reviews of the existing COSS methodology and model. Focus should instead be upon the appropriate methodologies for Centra's specific circumstances. Centra submits Koch's request is inconsistent with the PUB's direction and will not contribute to the matters at issue, which is the appropriateness of the methodologies proposed by Atrium and Centra. Auditing the existing cost of service study and the implementation of the proposed methodology will not add value to the Board's understanding of the issues in this proceeding.

Pursuant to Rule 16(b), Centra further submits that the information requested cannot be provided with reasonable effort. Creation of two sets of each workpapers, all allocation factors, and electronic models reflecting both the existing methodology and the proposed methodology without any gas costs would require substantial work effort. In particular, creating a working model with all formulas intact but all confidential information removed may be practically impossible.

Furthermore, the information requested requires the production of confidential information, including information related to customer specific information and information related to upstream and commodity costs.

d) Please see the response to CAC/CENTRA I-11e.

e) Please see the response to KOCH/CENTRA I-3.

Centra notes that the Figure 10 of the Application was prepared to assist in understanding the potential directional results proposed methodology changes would have on the cost of service study. These are illustrative results prepared without any updates to the Rate Base, Revenue Requirement or Load Forecast. Centra confirms that Figure 10 demonstrates that under the proposed methodology \$1,229,000 fewer costs would be allocated to the Special Contract class as compared to the existing methodology.

- f) Centra did not perform a cost allocation study in the years requested as a result the information is not available. Centra relies upon Rule 16(b) of the PUB Rules of Practice and Procedure.
  
- g) Confirmed. The effective date of any interim proposal would be at the direction of the PUB.

**REFERENCE:****PREAMBLE TO IR (IF ANY):****QUESTION:**

Is it correct that under Centra's proposed COS methodology as detailed in Section 5.0 of the "Centra Gas Manitoba Inc. Cost of Service Review" dated June 15, 2021, that the direct assignment approach used for the Special Contract and Power Stations classes does not change if the allocation methodology used to allocate transmission cost changes (i.e., coincident peak method compared to the peak and average method)? If this is not correct, please explain how the direct assignment approach would change, and provide a quantification of the difference in the results of the direct assignment approach.

**RESPONSE:**

This is not correct. The allocated costs to the Special Contract and the Power Station classes will be different if the Direct Assignment approach is used with a Coincident Peak allocator versus with a Peak and Average allocator for transmission costs.

The changes result primarily from the different allocation of the Operating & Administrative ("O&A") costs under both methods. The portion of the O&A costs functionalized to transmission and classified as demand (i.e., distribution maintenance, system performance and reliability etc.) are allocated based on coincident peak or peak and average. Consequently, as some of the assets in the General Plant section of the Rate Base are allocated in proportion to the allocation of total O&A costs, the different methods will result in a difference in how total Rate Base is allocated. Moreover, as costs such as finance expense, taxes, corporate allocation, and net income are allocated in proportion to allocated Rate Base, there will be differences in the allocation of these costs under the two methods.

The table below provides a comparison of the proposed methodology (Figure 10 in the Application) to the proposed methodology with the Peak and Average allocator used instead of the Coincident Peak allocator.

Allocation Results of Revenue Requirement by Class (\$000's)

Customer Class	2019/20 Test Year Approved Revenue Requirement		Increase/ (Decrease)
	Proposed COS Methodology (PDAY)	Proposed COS Methodology (PAVG)	
SGS	\$130,239	\$129,028	(\$1,211)
LGS	\$55,132	\$54,417	(\$715)
High Volume Firm	\$11,587	\$12,676	\$1,089
Co-op	\$15	\$15	(\$0)
Mainline	\$1,738	\$2,265	\$527
Special Contract	\$1,069	\$1,334	\$264
Power Stations	\$851	\$810	(\$41)
Interruptible	\$1,779	\$1,866	\$87
Primary Gas	\$115,089	\$115,089	\$0
Supplemental Firm	\$10,998	\$10,998	\$0
Supplemental Interruptible	\$760	\$760	\$0
Fixed Rate Primary Gas	\$64	\$64	\$0
<b>Total Cost of Service</b>	<b>\$329,320</b>	<b>\$329,320</b>	<b>\$0</b>

**REFERENCE:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide rates for the Special Contract customer class based on the current COS methodology, the proposed COS methodology and the Interim Measure proposal. Please derive the revenue targets produced by the various rates.

**RESPONSE:**

The below table provides the rates for Special Contract customer class based on the current Cost of Service (“COS”) methodology, the proposed COS methodology and the Interim Measure proposal.

	Approved (2019/20 TY)	Proposed Methodology COSRM (illustrative based on 2019/20 RR)	Interim Proposed Rates
Basic Monthly Charge: (\$/month)	\$187,693	\$85,241	\$117,847
Commodity Volumetric Charge: (\$/m <sup>3</sup> )	\$0.0001	\$0.0001	\$0.0001
Revenue BMC (\$)	\$2,252,313	\$1,022,886	\$1,414,165
Revenue Commodity Volumetric (\$)	\$46,596	\$46,611	\$46,677
Total Revenue	\$2,298,909	\$1,069,497	\$1,460,842

**REFERENCE:****PREAMBLE TO IR (IF ANY):****QUESTION:**

Please provide all other cost of service studies, with all components of Centra's gas costs removed, performed by or for Centra since the studies in Figure 10 were performed. To the extent that data relates specifically to Koch, please provide to Koch and the PUB an unredacted copy with Koch specific information and provide to the PUB a redacted copy with Koch specific information redacted

**RESPONSE:**

No further cost of service studies have been performed by Centra or for Centra since studies supporting Figure 10 of the Application were completed.