

March 7, 2022

VIA EMAIL

Mr. Brent Czarnecki
Law Department
Manitoba Hydro
22nd Floor – 360 Portage Avenue
Winnipeg, MB R3C 0G8

And Intervener Applicants [CAC, IGU, Koch]

Re: Centra Gas Manitoba Inc. (“Centra”) Cost of Service Study Methodology Review (“COSSMR”)
And Re: Decision Letter on Intervener Status and Invitation for Pre-Hearing Conference Submissions

Background

The purposes of this Decision Letter are to:

- advise Parties of the Board’s approved Intervener status for Consumers Association of Canada [Manitoba] Inc. (“CAC”), Industrial Gas Users (“IGU”), and Koch Fertilizer Canada, ULC (“Koch”), and
- invite written submissions from Interveners on all Pre-Hearing Conference issues.

Intervener Status

The Board has received applications for intervener status from CAC, IGU, and Koch, all of which are available as exhibits on the Board’s website www.pubmanitoba.ca. Also on the Board’s website, and marked as Centra Exhibit 5, is Centra’s response to the applications for intervener status. IGU Exhibit 2 is that Intervener Applicant’s reply to Centra’s response.

Centra, in Centra Exhibit 5, has no objection to Koch being approved as an Intervener. Centra does not oppose CAC being approved as an Intervener. Centra submits IGU’s intervention be restricted to those matters properly within the scope of this proceeding and of specific interest to the limited number of industrial customers expressly represented by IGU. Centra also raises concerns regarding the use of consultants by interveners.

The Board approves Intervener status for CAC, IGU, and Koch. The Board will further consider each Intervener's involvement on the issues that are determined to be in-scope, following a review of Intervener written Pre-Hearing Conference submissions and Centra's Reply.

All Parties are reminded that the Board approves the participation of Interveners in order to assist the Board in its understanding of the issues relating to Centra's COSSMR Application. Approved Interveners are required to actively participate in the hearing process. Interveners are also required to introduce information that adds to the Board's understanding of the issues, and to avoid duplication. Failure to add value to the process, or to avoid duplication, will have consequences when the Board adjudicates potential cost awards.

Following the Board's finalization of the topics that are in-scope, Interveners will be required to submit detailed budgets for their participation.

Eligibility for cost awards will be governed by the Board's Interim Intervener Costs Policy, available on the Board's website. Interveners who intend to seek cost awards for their participation in Centra's COSSMR Application are to submit, following the Board's next Procedural Order, their detailed cost estimates for their interventions, including consultants and expert witnesses. Interveners are to use the fillable Excel spreadsheet available on the Board's website for preparing and filing cost estimates and applications for cost awards. Cost estimates that are incomplete or prepared improperly will be returned to the Intervener.

The filing of Intervener cost estimates does not guarantee or disqualify an Intervener from eligibility for a cost award. All cost awards are in the sole discretion of the Board and all applications for cost awards will be considered by the Board in accordance with the criteria set out in Section 3.0 of the Interim Intervener Costs Policy.

Should any approved Intervener seeking an award of costs determine that its scope of participation in the proceeding or its final cost application will deviate or differ materially from its cost estimate, the Intervener is to notify the Board staff forthwith. Such deviations will be considered by the Board after the hearing when it evaluates the contributions made by interveners.

Pre-Hearing Conference Submissions

As indicated in the Board's First COSSMR Procedural Order 80/21 and also in the Board's February 18, 2022 letter, rather than convene an in-person Pre-Hearing Conference, the Board will provide information and directions through its procedural Orders, based on the written information before the Board.

In Centra's 2019/20 General Rate Application, the COSSMR issues were severed from that proceeding and deferred to this current separate COSSMR proceeding. Additionally, Centra retained an independent expert consultant to provide an in-depth review of Centra's existing COSS methodology and make recommendations including respecting the specific cost allocation concerns that were raised by Interveners in the 2019/20 General Rate Application. The terms of reference for this consultant are included in Minimum Filing Requirement 1.

Atrium Economics, LLC (“Atrium”) was retained by Centra and filed its report in this proceeding containing specific recommendations including on the cost allocation issues that were initially raised at Centra’s 2019/20 General Rate Application. Through the retention of Atrium as an independent expert, the Board now expects all Parties to focus the scope of their participation and COSSMR recommendations on the best practices for Centra’s natural gas distribution system and its customers.

In-Scope Issues

In its February 28, 2022 letter (which is attached to this communication), Centra details its proposed amendments to the COSSMR that relate to the Board’s decisions in the Rate Re-structuring Order 131/21. Centra also included in its February 28, 2022 letter its Pre-Hearing Conference submissions on scope, interveners and their consultants, as well as the procedures to facilitate an efficient review of Centra’s COSSMR Application.

Subject to the submissions of Interveners, but based on the COSSMR issues that arose and were severed from Centra’s last General Rate Application, as well as recommendations by Atrium, Board staff, and advisors, the Board’s preliminary list of in-scope issues includes:

1. Allocation of Transmission and Distribution Plant
2. Determination of Demand Allocation Factors
3. Direct Assignment of High-Pressure Transmission Plant to Customers Where Appropriate
4. Classification and Allocation of Distribution Mains
5. Approach to the Allocation of Upstream Capacity Resources
6. Allocation of demand-side management costs

The Board notes that its preliminary list of in-scope issues may duplicate some or all of Centra’s suggested primary issues, as indicated in Centra’s February 28, 2022 letter. The Board further notes, and invites Intervener submissions, as to matters that Centra recommends being considered out-of-scope in this proceeding.

The Board agrees with Centra’s February 28, 2022 suggestion that Interveners now advise the Board in written Pre-Hearing Conference submissions:

- whether the Intervener intends to challenge the qualifications or independence of Atrium, and if so, why;
- whether the Intervener accepts the Board’s preliminary list of in-scope issues as set out above or whether the Intervener recommends the in-scope list be expanded or refined, complete with specific reasons and justification for any additions or revisions to the in-scope list;
- whether the Intervener proposes to file any additional evidence, beyond what is on the record in Centra’s 2019/20 General Rate Application, together with the specific reasons and justification as to why such additional evidence is required by the Board;

Timetable

All Interveners are also invited to provide the Board with their submissions as to the recommended procedural steps for the orderly exchange of evidence leading up to the Board's consideration and determination of the in-scope issues. Again, the Board notes that in its February 28, 2022 letter, Centra provides its proposed process steps. Interveners should include responses to the process proposals by Centra including the requirement for the Board's approval of information requests. Interveners should provide their recommendations and rationale in respect of:

- a 'workshop' as contemplated in Order 135/20 and if so, the specific topics that should be addressed and by whom, and whether the workshop proceedings should be transcribed;
- written information requests of Centra & Atrium (one or two rounds);
- intervener evidence and information requests;
- oral evidence;
- written or oral closing submissions;
- approximate timeline for any recommended procedural steps; and
- any other procedural steps the Intervener wants to address.

Deadline for Submissions

Interveners are to ensure their written response to this letter is provided to the Board, and copied to all Parties, no later than **March 14, 2022**. Thereafter, Centra is requested to provide its Reply submissions, if any, on or before **March 21, 2022**. In the interim, should there be any questions of clarification, please send your written requests to the attention of the writer.

Regards,



Rachel McMillin
A/Associate Secretary

RM/ks

Attachment:

1. Centra letter to PUB dated February 28, 2022

cc: Shannon Gregorashuk / Darryl Martin, Manitoba Hydro
Bob Peters Board Counsel
Brady Ryall / David Bonin, Board Advisor