REFERENCE:

PUB/Centra I-18(d); Exhibit IGU-8 Bowman Evidence p.10; IGU/Centra I-2(b) Attachment p.23; 2019/20 Centra GRA Appendix 9.3; 2012 Transportation and Storage Portfolio Application PUB/Centra 13(a) and Transcript page 151

PREAMBLE TO IR (IF ANY):

In the response to PUB/Centra I-8(d), Centra states: "Winter season demand in excess of summer season demand is a relative comparison of class contribution to the total winter excess demand where winter excess is calculated as the average winter load less the average summer load. For Centra that equates to the average monthly throughput for November through March (winter) minus the average monthly throughput for April through October (summer). Each customer class's winter excess is then compared to the total winter excess to derive the customer class share."

In his evidence at page 10, Mr. Bowman states: "The alternative approach identified by Atrium [winter season demand in excess of summer season demand] appears to therefore be an inferior approach in terms of fairness and tracking cost causation, in that it only appears to track the first of the two factors noted above – that is the method would assign more of annual cost to customer classes whose loads peak in winter, but it would not assign the premium prices associated with serving those loads to the customers who drive the peaks. The alternative approach is also inferior in that it is a measure of average usage over four winter months, as compared to the average usage over the remaining eight months[29]. In order to meet acute system needs on key supply days, which are disproportionately driven by only certain customer classes, added costs must be incurred for pipeline capacity. A measure of average usage over 4 months will fail to capture this more acute cost driver. As such, the alternative is at best a coarse approximation of the costs driven by differentiated seasonal use." [emphasis added]

In the response to IGU/Centra I-2(b) Attachment page 23, Centra shows the proposed Cost of Gas allocators:

Account Description	Account Code	Functional Allocator	Classification Allocator	Demand Allocator	Energy Allocator	Customer Allocator
COST OF SERVICE DETAILS						
I. COST OF GAS						
A. FIXED COSTS						
TCPL FS Demand - Sask Zone		PIPE	-	-	-	-
TCPL STS Demand		PIPE	-	-	-	-
NGTL [redacted]		PIPE	-	-	-	-
TCPL Firm Service - Emerson to Man Zone		PIPE	-	-	-	-
TCPL FS Demand - Man Zone		PIPE	-	-	-	-
Other Pipeline Fixed Tolls		PIPE	-	-	-	-
ANR Storage Deliverability		STOR	-	-	-	-
ANR Joliet to Storage Winter		STOR	DEMAND	~~PAVG~~ WINTEXC	-	-
ANR Crystal Falls from Storage		STOR	DEMAND	~~PAVG~~ WINTEXC	-	-
GLGT Storage to Deward		STOR	DEMAND	~~PAVG~~ WINTEXC	-	-
Seasonal Storage Capacity		STOR	DEMAND	~~PAVG~~ WINTEXC	-	-
Seasonal Storage Deliverability		STOR	DEMAND	~~PAVG~~ WINTEXC	-	-
Annual Storage Capacity		STOR	DEMAND	~~PAVG~~ WINTEXC	-	-
Annual Storage Deliverability		STOR	DEMAND	~~PAVG~~ WINTEXC	-	-
ANR Joliet to Storage Summer		STOR	DEMAND	~~PAVG~~ WINTEXC	-	-
ANR Crystal Falls to Storage		STOR	DEMAND	~~PAVG~~ WINTEXC	-	-
GLGT Emerson to Crystal Falls		STOR	DEMAND	~~PAVG~~ WINTEXC	-	-
Forecast Capacity Management Revenues		PIPE	-		-	-
Sub-total						
B. VARIABLE TRANSPORTATION						
TCPL FS - Sask Zone		PIPE	-	-	-	-
TCPL FS - Flowing directly to Man Zone		PIPE	-	-	-	-
TCPL FS - SSDA (Welwyn)		PIPE	-	-	-	-
Primary Gas Delivered Service		PIPE	-	-	-	-
GLGT Storage Transportation		STOR	ENERGY	-	COMWINT	-
ANR Storage Transportation		STOR	ENERGY	-	COMWINT	-
ANR Storage Withdrawl Chg.		STOR	ENERGY	-	COMWINT	-
Storage Gas - Transportation & Delivery Cost		STOR	ENERGY	-	COMWINT	-
Compressor Fuel TCPL SSDA		PROD	-	-	-	-
Compressor Fuel ~~P~~ AECO (Empress)		~~PROD~~	-	-	-	-
Compressor Fuel Emerson		STOR	ENERGY	-	COMWINT	-
Compressor Fuel TCPL SSDA (Welwyn) to MDA		PROD	-	-	-	-
Compressor Fuel Oklahoma		STOR	-	-	-	-
Compressor Fuel Storage & Supplemental US Supplies		STOR	ENERGY	-	COMWINT	-
Sub-total						

Appendix 9.3 from the 2019/20 Centra GRA lists the individual contracts of the current Transportation and Storage portfolio which took effect April 1, 2020.

In the response to PUB/Centra 13(a) from the 2012 Transportation and Storage Portfolio Application, Centra stated: "The peak day requirements on Centra's system drive winter deliverability requirements for all pipelines needed to transport storage gas to the Centra service territory."

On page 151 of the June 25, 2012 transcript from the 2012 Transportation and Storage Portfolio Application, Centra's witness states: *"But from an operator's perspective, once we've drawn down storage levels to 20 percent, so there's only 3.1 PJs in our facility again, I'm into ratchets, which means that now I can't pull the same amount of gas out of storage as what I've been relying on from a planning perspective. And that's that daily deliverability number. So once I've drawn down the capacity to 20 percent, then I start to lose deliverability, and that means that then I'm exposed to buying in the day market and moving gas potentially on an*

interruptible transportation path, which makes me feel pretty uncomfortable in February and March. So when we are talking about the notion of storage, you've heard my colleagues suggest that the objective is not to draw down storage to zero, because I will have blown through all of my ratchets, and I'm out scrambling to find gas in the latter part of the winter, which is not the modus operandi that a utility should be in."

QUESTION:

a) Identify which of the TCPL STS, ANR, and Great Lakes Gas Transmission cost of gas elements (i.e. ANR, and GLGT individual contracts) had capacities which were sized or selected based on meeting Centra's peak day requirements (as explained by Centra in the response to PUB/Centra 13(a) from the 2012 Transportation and Storage Portfolio Application proceeding), as opposed to being sized in order to have sufficient capacity for the entire winter withdrawal season.

b) Explain whether Coincident Peak would be a more appropriate allocator than WINTEXC for the costs of each of the TCPL STS, ANR, and GLGT contracts that were sized or selected to meet Centra's peak day requirements.

c) If some elements of the storage and transportation portfolio were sized to meet Centra's peak day requirements which exclude serving the Interruptible class loads, explain whether it is appropriate to allocate these costs to the Interruptible class.

d) If the current ANR storage capacity was sized in order to ensure that ratchets (which reduce the amount of gas Centra can pull from storage each day) will not affect Centra's ability to meet its peak day demand then please explain whether Coincident Peak would be a more appropriate allocator than WINTEXC for ANR storage capacity costs.

RESPONSE:

a) Atrium did not perform an analysis of the referenced contracts and the basis upon which the respective capacities were determined. The excerpts from the response to PUB/CENTRA 13 a) from the 2012 Transportation and Storage Portfolio Application and the transcript from that proceeding reflect the dilemma facing the cost analyst when selecting an allocation method that is fully representative of the functions served by the

respective resources. It is for this reason, Atrium recommended a Resource Stack based analysis be conducted by Centra.

b) Atrium recommends that the allocation of transportation capacity contracted for the purpose of injection and redelivery of gas from storage should be consistent with the allocation method selected for the corresponding storage resources.

c) As stated in Atrium's report, "For interruptible customers, Centra should consider the use of a 100% load factor contribution to the peak day allocator. This will prevent these customers from escaping some peak day responsibility; that is, if Centra's capacity resources can accommodate the cumulative design day peak demands of the interruptible customer group." If as the premise of the question suggests, Centra's design day requirements used to size the storage and transportation portfolio did not include Interruptible class loads, then it may be appropriate to exclude the Interruptible class from the allocation. However, if Interruptible customer loads historically have been accommodated under less than design weather conditions, some contribution by this class should be considered, as suggested in Atrium's report.

d) Please see the response to part a).