



Consumers' Association of Canada Association des consommateurs du Canada Manitoba

July 9, 2021

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

**Re: Reply of the Consumers Association of Canada (Manitoba) Inc. (CAC Manitoba)
to Comments of Centra Gas Manitoba Inc. (Centra) – CAC Manitoba Intervenor
Application for Centra Rate Re-bundling Application**

CAC Manitoba appreciates the opportunity to provide its reply to the comments of Centra in its letter of July 6, 2021, with respect to the organization's application for intervenor status in this proceeding. The organization would like to begin by noting:

- While the impacts on rates as a result of rate rebundling are anticipated to be minimal to residential customers, there is some impact that should be explored regarding the reduction proposed to the interruptible class, the consequence of which impacts all classes, including the SGS Class. In addition, this proceeding is very much about how consumers see information on their bills, and how they will access, or not access, as the case may be, information about their natural gas use and its sources in the future. This last aspect of the proceeding is of key importance to CAC Manitoba.
- As in past interventions, CAC has been very careful not to expend time and cost on this proceeding in advance of the PUB's procedural direction, in light of past concerns from the PUB and Centra on regulatory costs. In past proceedings, an issues list has been developed by the PUB and/or Centra to assist in identification of and consensus on (to the degree possible), the

issues in scope. In this circumstance, no issues list was prepared and CAC was not in a position to develop its own issues list. Accordingly, the CAC intervenor registration was based on its high-level understanding of the material, at the time of application.

- While pre-application engagement of stakeholders and customers is appreciated and encouraged by CAC Manitoba on a regular basis, it should not preclude the PUB's and intervenor's ability to test issues and finalize their positions on the issues at the end of the prescribed PUB process. That is especially the case when the material produced from the engagement process with consumers is potentially problematic. CAC Manitoba's approach is more cautious and will (as it has in the past) be an evidence-based approach, that is informed as the steps in the PUB- directed process unfold.

With that general context in mind, CAC provides the following reply to the concerns raised by Centra in its letter of July 6, 2021:

1. Centra is concerned that CAC has not provided the number of members in its organization. CAC notes that it has been a regular intervenor in Centra regulatory matters for over 30 years. CAC's mandate, the reasons for intervening, its representation of the interests of a substantial number of residential ratepayers and its approach and conduct in these proceedings, is well known and accepted by the PUB as evidenced by the approval of numerous interventions and cost awards by the PUB over the last three decades. The organization's application did omit (unintentionally) to state the approximate number of consumer contacts CAC Manitoba enjoyed in 19/20 and 20/21 years. Over the two-year period, the organization was in contact with close to 8,000 consumers through consumer engagement activities, information events, workshops, focus groups, and other programs. This number is lower than previous years' numbers due to the limitation

subscribed by the Covid-19 environment, and the difficulty engaging via technology, particularly with those who are less connected, or completely un-connected.

2. Centra is concerned that CAC Manitoba did not specify its key areas of concern. As noted above in our contextual comments, the existence of pre-application engagement and consultation should not preclude participants to a regulatory proceeding from testing and formalizing their positions on the issues based on the full evidentiary record. Generally, CAC Manitoba would not enter a regulatory proceeding with pre-conceived notions of the outcome of the issues, but rather apply appropriate criteria to test and develop positions on the issues. In the Centra Rate Re-bundling proceeding, CAC would look to the criteria of a desirable rate structure as consolidated by J.C. Bonbright in the *Principles of Public utility Rates*, which he summarized into three categories – revenue-related attributes (such as effectiveness in yielding the total revenue requirement, revenue stability and predictability), cost-related attributes (such as cost causation, efficiency and fairness) and practical-related attributes (such simplicity, certainty, understandability, public acceptability and feasibility of application). Given the subject matter of the Centra Rate Re-bundling Application, CAC would expect that the issues that it explores would be mainly focused on the practical-related attributes of Centra’s proposals. However, this should not preclude CAC Manitoba’s evaluation of any revenue-related or cost-related issues that are brought up during the discovery process of this proceeding. The outline of the three categories of a desirable rate structure is designed to provide more details in terms of what CAC described in its intervenor registration as a “comprehensive intervention focused on issues important to residential natural gas customers of Manitoba.”
3. Centra is concerned that CAC Manitoba proposes to engage two consultants. As the PUB is aware, the consultants that the organization proposes to engage for this proceeding, Ms. Derksen and Mr. Rainkie, have a joint regulatory consulting practice, in which Ms. Derksen focuses on technical matters and Mr. Rainkie focuses on policy matters. CAC Manitoba

believes that the curriculum vitae of these two experts speak for themselves in terms of the contribution and value to the PUB's deliberations that they would bring to this proceeding, with over 55 years of combined and direct experience with Centra's regulatory issues and their regular appearances before the PUB as policy and technical witness at past Centra regulatory proceedings (on behalf of Centra).

CAC Manitoba is aware of the PUB's criteria for interventions and cost awards and intends to carefully manage and structure the external expert review of this proceeding to avoid, as much as possible, the duplication of effort between experts. All regulatory issues are a blend of policy and technical matters. The subject matter of this Application would tend to result in an expert budget that is more weighted toward technical matters than policy matters. CAC also notes that Centra uses a team-based approach in its regulatory applications that include policy witnesses, technical witnesses, legal counsel, regulatory staff and support staff. Presumably, Centra believes that this approach is necessary and yields benefits in terms of assisting the PUB's regulatory deliberations.

4. Centra is concerned that CAC Manitoba reserves the ability to engage the services of a professional research firm on matters involving customer input. CAC Manitoba was involved in the pre-application engagement and consultation as noted by Centra in its letter, and the organization appreciated that opportunity. During observation of the sessions with consumers, CAC Manitoba had some process concerns. The organization wants to carefully review the actual report from the process to determine whether the process concerns it noted during the sessions are reflected in the final product. CAC Manitoba noted in the application that it was reserving the ability to engage a research firm in its intervention very clearly "depending on the need" to do so. That need may occur for one of three reasons:

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- If a review of the report from the engagement reflects challenges in the process that CAC Manitoba observed during the course of the engagement.
 - Engagement is an iterative process and should be conducted when there are still options on the table, as in the case of engagement conducted by Centra Gas, which CAC Manitoba was invited to view. Consideration should be given to conducting further engagement when a final plan is in play, and prior to implementation, particularly if the final plan is significantly different than options discussed during the initial engagement.
 - After a detailed review of the supporting information of the Application, CAC Manitoba would be in a better position to make a more informed decision on this issue and, should it feel additional engagement was warranted as part of the proceeding, it would inform all parties and seek PUB direction regarding if, and how, it should proceed.

CAC trusts that the above information satisfies Centra's concerns raised in its letter of July 6, 2021. If the PUB has any questions with respect to the contents of this letter, please contact Gloria Desorcy at 204-998-3707 or by e-mail at Gloria@CACManitoba.ca.

Yours truly,



Gloria Desorcy
Executive Director, CAC Manitoba