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September 21, 2022

THE PUBLIC UTILITIES BOARD OF MANITOBA
400-330 Portage Avenue
Winnipeg, Manitoba
R3C 0C4

ATTENTION: Dr. D. Christle, Board Secretary and Executive Director

Dear Dr. Christle:

RE: CENTRA GAS MANITOBA INC. ("CENTRA") 2022 Modified LGS Contract – Information Requests

Enclosed are Centra's responses to the Information Requests of the Public Utilities Board ("PUB") with respect to Centra's request for authorization to modify large general service contracts for new grain drying customers.

If you have any questions or comments with respect to this submission, please contact the writer at (204) 360-3257 or Darryl Martin at (204) 360-4487.

Yours truly,

MANITOBA HYDRO LEGAL SERVICES

Per:

A handwritten signature in blue ink, appearing to read 'Brent A. Czarnecki', written over a horizontal line.

Brent A. Czarnecki
Senior Counsel
Att

REFERENCE:

Application pp. 1-2

PREAMBLE TO IR (IF ANY):

Centra states: “Centra’s South Loop transmission system is currently approaching its maximum capacity during the winter peak load season.”

QUESTION:

- a) Please explain approximately when Centra expects the South Loop will reach maximum capacity (assuming no further Transmission capacity upgrades are completed).
- b) Please confirm whether Centra is unable to accept, on a firm year-round basis, any new grain dryer customers on the South Loop at the present time. If not, please explain what loads can be accommodated.
- c) Please confirm whether Centra can generally accept new grain dryer customers, on a firm year-round basis, on its other systems, subject to local distribution (not transmission) system constraints.

RESPONSE:

- a) The South Loop transmission pressure system load has exceeded the maximum design system capacity at this time for high capacity customers like grain dryers. To provide reliable system operation and meet customer requirements under all conditions, Centra defines the maximum capacity as the coincident condition of design peak winter load and the minimum TCPL contract delivery pressure (4000 kPa). While the available TCPL Mainline delivery pressure often exceeds the minimum contract value, Centra and TCPL have executed pressure operating agreements which provide a mechanism for Centra to request and obtain higher delivery pressures as required¹. A higher delivery pressure

¹TCPL commits to providing higher delivery pressures on a reasonable efforts basis in the referenced agreements, one agreement for each of two service points on Centra’s system: Dominion City (TCPL-Altona) and Oakville (TCPL-Carmen).

from TCPL results in increased system capacity on the Centra system. The agreements with TCPL are effective from December 2021 to November 2024. Higher delivery pressures have not been required to date but the risk remains that TCPL may not be able to provide them and the pressure agreement is only effective until November 2024. As such, Centra is planning capacity system upgrades on the South Loop.

- b) Confirmed. Centra is currently unable to accept grain dryer customers on a firm year-round basis on the South Loop, hence the request for authorization of a modified LGS for grain dryer or other high capacity customers who are similarly situated on Centra's system.

- c) Generally yes, Centra can accept new grain dryer customers on a firm year round basis on its other systems. Other known capacity constrained systems are the Minell and Gladstone/Austin systems where customers and Centra would benefit from the proposed modified LGS.

REFERENCE:

Reference: Application p.2

PREAMBLE TO IR (IF ANY):

Centra states:

“As such, Centra proposes to include a new clause in the LGS customer contract that will permit Centra to physically turn off gas service to new grain drying customers during the December to March winter peak load period.”

QUESTION:

Please confirm whether Centra will charge a connection and disconnection fee when it turns the seasonal customers' gas supply on and off at the beginning and end of the proposed grain drying operational restriction period (e.g. lock-off on December 2 and unlock on April 1 of every year).

RESPONSE:

Centra does not intend to charge the customer a connection and disconnection fee when it turns the gas supply on and off each season, however the customer will be charged the standard basic monthly charge for LGS service throughout the entire year.

REFERENCE:

Reference: Application p.3

PREAMBLE TO IR (IF ANY):

Centra states:

“As a means to test customer acceptance of the new clause in the LGS contract, Centra approached two of the agricultural customers requesting natural gas service to support grain drying operations to determine if they would be willing to execute an LGS contract that restricted consumption from December to March, on the condition that this minor modification to the LGS contract would require the PUB’s written authorization.”

QUESTION:

- a) Please confirm whether Centra will offer seasonal LGS service to any prospective or existing customer who may wish to install grain drying equipment, regardless of where they are located on Centra's system.
- b) Please confirm whether Centra intends to advertise this seasonal LGS service, or whether it will only be responsive to customer-initiated requests for service.
- c) Please confirm whether Centra intends to offer seasonal LGS service to other seasonal loads, such as asphalt plants.
- d) If (c) is confirmed, please explain how Centra will ensure that its planning and design processes will take into account the availability of seasonal LGS service in the main extension design and approval process so as to offer seasonal LGS service to customers who may not require winter service.
- e) Please explain whether Centra’s ongoing system capacity planning and design activities would size future capacity upgrades to accommodate the possibility of seasonal LGS customers subsequently requesting year-round LGS service.
- f) Please explain whether and how the possibility of wider take-up of the proposed seasonal LGS service could affect Centra’s existing gas supply, transportation, and storage arrangements.

RESPONSE:

Response to parts a) and c)

Centra intends to offer modified LGS to any prospective customer wanting to install grain dryers or other similar high-capacity seasonal operations on capacity constrained areas of its systems. Based on recent experience, grain drying has been the highest demand for new connections. However, if another customer type has similar operations and needs to connect to a capacity constrained system, modified LGS would be offered. Centra does not intend to offer modified LGS to existing grain drying customers as there would be no benefit to these customers.

- b) Centra does not intend to advertise modified LGS to customers, rather it intends to only offer modified LGS to customers who want to connect to capacity constrained sections of Centra's natural gas system.
- d) The planning and design process follows the Energy Service and Sales ("ESS") request which includes customer specific information required for design such as customer load, customer location and requested service pressure. The identification of any potential for modified LGS would happen in the ESS request. The ESS representative dealing with the customer would identify modified LGS as an option.
- e) Centra's ongoing system capacity planning and design activities would size future capacity upgrades to accommodate modified LGS customers moving to year-round service. Any requests of this type will be individually evaluated through the PUB approved feasibility test and any identified contributions related to distribution system upgrades collected as appropriate.
- f) Use of the proposed modified LGS is expected to have little to no impact on Centra's gas supply portfolio, given the relatively small potential loads involved at an aggregate level and considering that they will not impact Centra's winter peak. Centra considers total Manitoba load when ensuring the adequacy of its supply, transportation, and storage arrangements rather than the load on specific portions of its transmission/distribution system that may be affected by new grain dryers or similar customers.

REFERENCE:

Attachment 1

PREAMBLE TO IR (IF ANY):

Centra provides an example of a customer contribution agreement for the proposed seasonal LGS service for new grain drying customers.

QUESTION:

- a) Please explain whether the 5-year contract duration (i.e. 2022 to December 31, 2027) indicated in the attached agreement is representative of the usual term for new connections for the LGS class? If not, please explain why it is different.
- b) Please explain whether five years is the minimum commitment period for the proposed seasonal LGS service.
- c) Please confirm whether the contribution paid by the customer under the proposed agreement is non-refundable.
- d) If (c) is confirmed, please explain why the contribution paid by the customer under the proposed agreement is not subject to a true-up after five years to determine if a refund is warranted.
- e) Please confirm whether Centra's Schedule of Sales and Transportation Services and Rates would need to be amended should the Board approve the proposed seasonal LGS rate application.
- f) In regards to Clause 6 of Attachment 1, please explain whether a customer reconnecting at the same location within five years of the last discontinuance would also be required to sign a new five-year (minimum) agreement for the proposed seasonal LGS service.

RESPONSE:

- a) Yes, 5-year contract durations are representative of the usual term for new connections to the LGS class.
- b) Five years is the minimum commitment period for the proposed modified LGS.

Response to parts c) & d)

The contribution paid by the customer will be treated as refundable, and a year 5 true-up will be conducted to determine if a refund is warranted.

- e) Centra views modified LGS as an interim solution, applicable only to new grain dryers or other similar high-capacity seasonal operations (e.g., asphalt plants) on capacity constrained areas of its systems. As a result, Centra does not see a need to amend its Schedule of Sales and Transportation Services and Rates.
- f) A customer reconnecting at the same location within five years of the last discontinuance would be required to sign a new five-year agreement. Modified LGS would only be an option to the customer at that time if capacity constraints on Centra's system continued to exist at the time of reconnection.