

Order No. 69/21

**PROCEDURAL ORDER IN RESPECT OF CENTRA GAS MANITOBA INC.'S RATE
REBUNDLING APPLICATION**

JUNE 25, 2021

BEFORE: Larry Ring, Q.C., Panel Chair
Marilyn Kapitany, B.Sc. (Hon), M.Sc., Board Vice-Chair,
Susan Nemec, FCA, FCPA, Member
Michael Watson, Member

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1.0 Executive Summary

In Order 65/11, arising from Centra Gas Manitoba Inc. ("Centra")'s 2011/2012 Cost of Gas Application, the Public Utilities Board ("Board") determined that Centra's separation of charges in its rate structure merited review:

Some other Canadian utilities only have a three-part rate structure for smaller customers: commodity, delivery, and monthly charge. Combining the Primary and Supplemental Gas charges, and/or the transportation and distribution charges, may help simplify Centra's rate structure.

In Directive 14 of Order 65/11, the Board directed Centra to

propose, by May 20, 2011, a process to review and obtain Board approval of Centra's rate and service structure – including the distinction between Primary and Supplemental Gas.

By letter dated March 23, 2021, the Board received Centra's Rate Rebundling Application (the "Application") seeking an Order, pursuant to *The Public Utilities Board Act*, approving changes to be effective no earlier than November 1, 2022, with respect to the following:

- The replacement of existing Primary Gas and Supplemental Gas rate components with a single Gas Commodity rate component;
- The replacement of the existing Primary Gas purchased gas variance account ("PGVA") with a new Gas Commodity PGVA, with any residual balance in the Primary Gas PGVA transferring into the Gas Commodity PGVA at that time;
- The creation of a new Commodity Cost Balancing Deferral ("CCBD") account and associated CCBD rate rider;
- The quarterly adjustment of the CCBD rate rider as part of quarterly variable Gas Commodity rate applications; and
- The migration of the delivery point from Empress to the AECO/NIT ("AECO") gas hub for the Western Transportation Service ("WTS").

By letter dated April 12, 2021, the Board requested that Interveners in the 2019/2020 Centra General Rate Application and Registered Natural Gas Marketers in Manitoba

provide written submissions on the process and procedures that the Board should follow for consideration and adjudication of Centra's Application.

By this Order, the Board establishes a process for the hearing of the Application. The Board has directed Centra to notify its customers of the hearing by including notifications in bills commencing June 16, 2021. The Board also establishes deadlines for the receipt of intervener requests and deadlines for registrations for public presentations.

2.0 Procedural History

On March 23, 2021, Centra filed its Application in response to Directive 14 of Order 65/11 with the Board. By letter dated April 12, 2021, the Board requested that interveners of record in the 2019/2020 Centra General Rate Application and registered natural gas marketers in Manitoba provide written submissions on the process and procedures that the Board should follow for consideration and adjudication of Centra's Application. The Board also requested Centra reply to these submissions.

On April 23, 2021, the Consumers' Association of Canada (Manitoba) Inc. ("CAC") and Direct Energy Marketing Limited ("Direct Energy") filed their written submissions. On April 30, 2021, Centra filed its written reply to the positions of CAC and Direct Energy.

3.0 Submissions Regarding Hearing Process and Procedure

CAC

CAC submits that the purpose of Directive 14 in Order 65/11 was to ensure that Centra's rates reasonably approximate the costs incurred in providing commodity service. CAC's position is that cost allocation matters underpin rate rebundling and that these matters are properly dealt with in a cost of service methodology review. As such, CAC submits that the Application should be considered by the Board during the Board's review of Centra's cost of service methodology, which is to be filed on June 15, 2021.

Further, CAC argues that Centra's Application does not address the fundamental question of cost causality and is incomplete. In CAC's view, Centra should re-file its Application with additional reasons addressing the cost allocation matters that underpin its Application.

CAC submits that if the Board grants CAC's application for a status update regarding Manitoba Hydro, the Board should hear CAC's application for a status update concurrently with the hearing of Centra's cost of service methodology review and rate rebundling application. CAC states that if the Board determines that these hearings must be scheduled in sequence rather than concurrently, the Board should prioritize the status update hearing.

Direct Energy

Direct Energy submits that with respect to the hearing of the Application, the Board should direct a round of Information Requests, followed by intervenor evidence, argument, and reply argument by Centra.

Centra

Centra disagrees with CAC's proposal that the Application should be considered by the Board as part of its review of Centra's cost-of-service methodology. Centra points out that in its Application, it has requested approval of the migration of the delivery point for

Western Transportation Service (“WTS”) from Empress to the AECO/NIT (“AECO”) gas hub. Centra intends to provide WTS marketers with notice of this change to accommodate the transition of the WTS delivery point at least 12 months in advance of the change, which is expected to be effective November 1, 2022. As such, Centra’s view is that considering the Application as part of the COSS review would not allow for Centra to provide sufficient notice to WTS marketers.

Further, Centra argues that CAC overstates the significance of the cost allocation matters flowing from the Application. In Centra’s view, the primary focus of the Application is to replace the existing gas commodity components of Centra’s rate structure with a single commodity requirement. Centra states that commodity costs are passed directly on to customers and that as a result, the cost of service methodology has very little impact upon costs recovered through commodity rates. As noted by Centra in its Application, there are some minor cost allocation adjustments required as a result of the changes proposed in the Application, but consideration of these minor adjustments can be reviewed as part of the Board’s upcoming cost of service methodology review.

Centra also disagrees with CAC that its Application does not adequately respond to Directive 14 in Order 65/11. Centra argues that in issuing Directive 14, the Board intended to simplify Centra’s rate structure and that its Application is consistent with this intention.

Centra’s position is that an oral evidentiary hearing is not required for the adjudication of its Application. Centra submits that the Board should direct a written process consisting of a single round of Information Requests, written evidence by interveners, rebuttal evidence by Centra if necessary, and final written submissions by interveners and Centra. Centra asserts that its Application is complete and contains all of the information required.

4.0 Board Findings

The Board finds that Centra’s Application is complete and there are no additional filing requirements. The Board accepts Centra’s position that to provide natural gas marketers with sufficient notice of the requested migration of the delivery point from Empress to the

AECO gas hub for the Western Transportation Service ("WTS") that this hearing proceed on a standalone basis and not be combined with the cost of service methodology review.

The Board has directed Centra to provide notification of the hearing of the Application to its customers in bills commencing June 16, 2021.

The Board accepts the submission of Direct Energy and Centra that one round of Information Requests be held to streamline the proceedings. Further, the Board directs that interveners may file evidence, Centra may file rebuttal evidence, and the parties may file final submissions.

The Board is circulating this Order to Interveners who participated in the 2019/20 General Rate Application and also to all Registered Natural Gas Marketers in Manitoba for their consideration as to whether, and how, they will seek to participate in this rate rebundling hearing. Should any of these parties seek to intervene in this rate rebundling proceeding, they are required to file written requests for intervener status with the Board and copy Centra within 7 days of their receipt of this Order. Should Centra have any comments in respect of any of the intervener requests, Centra's written comments are to be filed with the Board, and copied to the prospective intervener, within three days of Centra's receipt of the copy of the request to intervene. The Board intends to use the Interim Intervener Policy that is available on the Board's website. The form to be used to seek intervener status is available on the Board's website: <http://www.pubmanitoba.ca/v1/proceedings-decisions/appl-current/pubs/2019-centra-gra/intervener-application-form-2018.pdf>

The Board will adjudicate applications for intervener status through written submissions unless otherwise determined by the Board. Interveners are required to represent the interests of a significant group of customers and may be required for efficiency purposes to combine their intervention with others representing similar interests.

As noted above, Centra has already been directed to provide notice of this Rate Rebundling Application directly to its customers in bills commencing June 16, 2021. Should any customers wish to provide comments on the Application in writing or register to make a formal presentation to the Board they are invited to do so by completing and

submitting the form at <http://www.pubmanitoba.ca/v1/about-pub/pubs/public-presenter-application-form.pdf>

As for the matter of Information Requests, the Board will be filing its with Centra first and then will schedule the timelines for approved Interveners to pose their Information Requests of Centra, Centra's response, and Intervener evidence.

Following the Information Request process and Intervener evidence process, Centra and prospective interveners will be invited to provide written submissions regarding the issues to be canvassed during the review of the Application, whether an oral evidentiary hearing is required, and whether any issues can be considered solely through a written process.

Any questions of clarification are to be directed to the Board in writing for response.

