

Order No. 106/23

CENTRA GAS MANITOBA INC.:

**ORDER TO REVIEW AND VARY DIRECTIVE 7 OF ORDER 109/22
TO EXTEND INTERIM RATE RELIEF FOR THE SPECIAL CONTRACT CLASS**

September 13, 2023

BEFORE: Marilyn Kapitany, B.Sc., M.Sc., Vice Chair
Carol Bellringer, FCPA, FCA, Member
Shawn McCutcheon, Member
Susan Nemec, FCPA, FCA, Member
Hamath Sy, B.Sc., M.Sc., Member

1.0 CENTRA'S APPLICATION

1.1 History

Centra's last general rate application took place in 2019. As a result of large transmission-related investments made by the utility, the Special Contract customer class faced a significant non-gas rate increase beginning on November 1, 2019.

In 2022, the Board reviewed Centra's cost of service methodology and approved changes to that methodology in Order 109/22. One of those changes was the direct assignment of certain transmission plant costs to Centra's Special Contract and Power Station classes. In its submissions leading up to Order 109/22, Centra identified an indicative \$1,229,000 decrease in costs to be assigned to the Special Contract class and a \$571,000 increase in costs to be assigned to the Power Stations class.

In light of the indicative results, Centra applied for interim rate relief for the Special Contract class as part of its cost of service methodology review filing. Specifically, Centra sought to revert the non-gas portion of the rates paid by that class back to the rates that were in effect before Centra's 2019/20 General Rate Application in order to provide immediate rate relief to the Special Contract class while the timing of Centra's next general rate application remained uncertain. The resulting revenue deficiency was to be absorbed by the Power Station class, whose only customer is Manitoba Hydro, Centra's parent company. Centra determined that the requested interim rate relief would reduce the annual costs assigned to the Special Contract class by approximately \$838,000.

In Order 109/22, the Board approved Centra's request for interim rate relief. However, the Board limited it to a period of one year, beginning on November 1, 2022 and ending on October 31, 2023. Directive 7 of Order 109/22 states:

7. An interim rate measure for the Special Contract class and affecting the Power Station class BE AND HEREBY IS APPROVED as follows:

- a) *Effective November 1, 2022, the non-gas portion of the Special Contract class rates shall revert to the rates in effect for that class before November 1, 2019;*
- b) *The resulting revenue deficiency from reverting the Special Contract rates, in comparison to the non-gas rates approved in Order 161/19, shall be charged to the Power Station class through revised non-gas rates effective November 1, 2022; and*
- c) *The interim rate measure expires, and the non-gas portion of the Special Contract class rates shall revert back to the rates approved in Order 161/19, on November 1, 2023, unless the Board orders otherwise.*

1.2 Application to Review & Vary Directive 7 of Order 109/22

On August 1, 2023, Centra applied to review and vary Directive 7 of Order 109/22. Centra seeks to continue the interim rate measure until the earlier of July 31, 2024 or the day the Board issues its order in Centra's upcoming general rate application. On August 10, 2023, the Board sent a letter to interveners of record in Centra's cost of service methodology review to invite those interveners to comment on Centra's application to review and vary Directive 7. The Board received no comments.

1.3 Board Findings

The Board approves Centra's request to review and vary Directive 7 of Order 109/22 to extend the interim rate measure for the Special Contract class until the Board issues a final order in Centra's upcoming general rate application. However, the Board considers it unnecessary to impose a specific expiry date at this time.

The rationale for the interim rate measure approved in Order 109/22 continues to exist. When the Board issued that order, the timing of Centra's next general rate application was uncertain. At this time, Centra has advised the Board that it plans to file a general rate application in late 2023. As a result, the Board considers it to be just and reasonable

for the interim rate measure to be extended until the Board makes a rate ruling in that application.

The Board notes that because the revenue shortfall created by the interim rate measure is paid for by Manitoba Hydro as the sole customer in the Power Station class, extending the measure does not prejudice any of Centra's other ratepayers.

2.0 IT IS THEREFORE ORDERED THAT:

1. Directive 7 of Order 109/22 **BE AND HEREBY IS VARIED** to extend the interim rate measure approved in that directive until the Board issues a final order in Centra's next general rate application.

Board decisions may be appealed in accordance with the provisions of Section 58 of *The Public Utilities Board Act*, or reviewed in accordance with Section 36 of the Board's Rules of Practice and Procedure. The Board's Rules may be viewed on the Board's website at www.pubmanitoba.ca.

THE PUBLIC UTILITIES BOARD

"Marilyn Kapitany, B.Sc., M.Sc."

Vice Chair

"Rachel McMillin, B.Sc., MPA"

Associate Secretary

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issued by The Public Utilities Board



Associate Secretary