

MANITOBA | **Order No.168/01**
THE PUBLIC UTILITIES BOARD ACT | **October 30, 2001**

BEFORE: G. D. Forrest, Chairman
M. Girouard, Member
M. Santos, Member

**AN APPLICATION BY CENTRA GAS MANITOBA INC.
TO VARY ORDER NOS. 14/01 AND 106/01**

On January 4, 2001 Centra Gas Manitoba Inc. ("Centra") filed a General Rate Application ("GRA") with The Public Utilities Board (the "Board"). Following a pre-hearing conference held on January 16, 2001 the Board issued Order No. 14/01, which established a timetable for the orderly exchange of information and ordered additional Minimum Filing Requirements (MFR) to be filed by Centra. Order No. 14/01 also attached a review of the scope of integration issues flowing from Order No. 146/99. The timetable provided for a public hearing to be held commencing May 29, 2001.

Upon consideration of further correspondence from Centra and all other parties the Board issued Order No. 106/01 dated July 9, 2001 revising the timetable for the hearing as set out in Order No. 14/01. However, the MFR remained unchanged from Order No. 14/01. This revised timetable provided for a hearing to commence on February 4, 2002.

On July 27, 2001 Centra wrote to the Board concerning Order No. 106/01. Centra noted that its General Rate Application ("GRA") for the year 2001/02 was withdrawn at the Government's request and assumed that the Board was now seeking a GRA based on fiscal year's 2002/03 requirements. Centra advised "that the Centra Board is scheduled to consider Centra's revenue requirement for 2002/03 at its meetings on November 22, 2001 at which time the revenue requirements for Centra for 2002/03 is to be determined". Accordingly Centra requested that Order No. 106/01 be amended and that the filing date of the GRA be further changed to accommodate the approval of the Integrated Financial Forecast ("IFF") by the Centra Board. Centra noted that a GRA filing in conjunction with a filing on Cost of Gas matters could be expected after Centra's November Board meeting.

Centra further noted that "In filing its 2002/03 GRA, Centra will make every effort to provide all information relevant and necessary for the PUB to determine whether the utility's distribution rates are fair and reasonable." Centra also noted "that it will not be possible within any practical timetable to supply the comprehensive historical and Rate Base

Rate of Return information set out in Schedule "A" of Order No. 14/01". Centra also expressed some concerns regarding the information requested in the MFR indicating such information was neither available nor meaningful in the context of Centra's current ownership and mandate.

On August 9, 2001, the Board forwarded a copy of Centra's Application to Vary Order No. 106/01 to all registered intervenors and interested parties requesting their comments.

The Consumers' Association of Canada (Manitoba) Inc. and Manitoba Society of Seniors ("CAC/MSOS") provided its response to Centra's letter on September 4, 2001. With respect to the MFR, CAC/MSOS noted on the Board's requirements set out in Order No. 146/99 which dealt with the acquisition of Centra Gas Manitoba Inc.'s shares by Manitoba Hydro and Centra's decision to keep its accounts in a fashion different from before the acquisition. CAC/MSOS, noting the passage of time, and recommended that a review of the 2001/02 test year be attached to the 2002/03 test year GRA review.

Manitoba Industrial Power Users Group ("MIPUG"), by way of letter dated September 5, 2001, indicated that its position as outlined in its letter of February 14, 2001 had not changed. MIPUG noted that "Although more than eight months have passed since the Pre-Hearing Conference, MIPUG remained flexible regarding the schedule that will be required to accommodate Hydro's production of the information outlined in Order No. 14/01."

The Provincial Council of Women Manitoba Inc. ("PCWM") submitted its written comments on September 7, 2001. PCWM submitted that, in the public interest, the full scope of the matters as outlined in Order No. 14/01 need to be brought before the Board in as timely a fashion as possible.

The Canadian Centre for Energy Policy ("CCEP") provided its written comments on Centra's request on September 16, 2001. CCEP indicated that in its opinion it was reasonable to change the timetable to allow for Centra to file its application by or near to November 22, 2001. With regards to the filing requirements CCEP urged the Board to give weight to the positions submitted by those intervenors present at the share purchase approval hearings.

By way of letter dated September 7, 2001, the Board forwarded the comments of the above parties to Centra, requesting a response by September 21, 2001. On September 21, 2001 Centra requested an extension of this deadline to September 28, 2001. The Board received Centra's comment on October 2, 2001 and in a letter dated October 19, 2001 Centra provided a revised GRA timetable for the Board's consideration.

With respect to the MFR, Centra assured the Board that all gas costs and revenues have been recorded separately from electric costs and revenues and its inability to file some of the information as directed in Order No. 14/01 relates only to the format of accounts. However, Centra indicated

that it would make its best efforts to supply the information necessary for the Board to discharge its responsibilities.

With respect to the review of integration matters, Centra advised that it proposes to attach this review to Manitoba Hydro's next GRA rather than the Centra GRA. A timetable for this proceeding was also attached to Centra's letter of October 19, 2001.

CAC/MSOS, in a letter also dated October 19, 2001, provided further observation and comment regarding this matter. CAC/MSOS took the position and provided their reasons for suggesting that Manitoba Hydro is in breach of The Public Utilities Board Act for not seeking the Board's prior approval for consolidation of its operation pursuant to Sections 82 and 92 of The Public Utilities Board Act. CAC/MSOS further advised that a proceeding to consider matters related to integration must be convened prior to a Manitoba Hydro or Centra GRA filing to enable the applicant to consider the decision and direction of the Board that may impact on costs and cost allocation.

On October 19, 2001 the Board received tentative timetables for a Centra GRA as well as a Hydro GRA from Centra. The timetable indicates a Manitoba Hydro 2002/03 GRA/Integration Status Update to be filed on November 30, 2001 with a hearing to commence March 11, 2002. The other timetable indicated a Centra 2002/03 GRA as well as a Cost of Gas Application to be filed in February 2002 with a hearing to commence May 2002.

Board Findings

With the passage of time, the dates in the timetable attached to Order No. 106/01 have become unattainable and accordingly, the Order needs amending. The need for such a review has been addressed extensively in Order No. 14/01 and will not be repeated in this Order. The Board has considered all submissions and will approve the draft timetable submitted by Centra which at this time includes only an Application filing date of February, 2002 and a proposed hearing date of May, 2002. While the Board notes that Centra's final revenue requirement will be determined by the Centra Board on November 22, 2001, the Board wishes to reiterate its position respecting the filing requirements.

With respect to the MFR, the Board will approve the detachment of the integration matter from the scope of Centra's GRA and the examination of the integration issues in conjunction with the Manitoba Hydro GRA. The Board is sensitive to the arguments put forward by CAC/MSOS regarding the workability of joining the two matters. However, the Board expects that Manitoba Hydro will consider the practical aspects of this matter in its filing. The Board accepts the assurances that Manitoba Hydro will do its utmost in its filings to ensure that the Board can discharge its regulatory responsibilities.

In the absence of full information respecting specific accounting changes made by Manitoba Hydro and Centra, the Board will not vary the MFR as it pertains to the MFR for

Centra. It accepts the position of Centra that it will, on a best efforts basis, do its utmost to ensure that the Board can discharge its regulatory responsibilities in this regard as well. This undertaking will apply, to the extent necessary, to the filing of information prior to the 2002/03 test year. The Board is prepared to accept the undertakings at this time and expects the Applicant to satisfy its onus completely. The consequence of any delays or increased regulatory cost rests with the Applicant.

With respect to the application of Section 82 and 92 of The Public Utilities Board Act, the Board will leave this matter for the parties to address at the integration update proceeding.

Accordingly, the following sets out the Board's expectations regarding the Centra GRA:

1. The proposed filing date for Centra's GRA will be tentatively accepted with a timetable to be finalized at a Pre-Hearing Conference (Attachment "A").
2. Matters flowing from the Integration Status Update hearing and Board Order No. 146/99 are to be considered at the commencement of the Manitoba Hydro GRA proceeding.
3. Filing requirements for Centra's GRA as set out in Order No. 106/01 will remain unchanged noting that on a best

efforts basis, Centra will assist the Board, , to discharge its statutory obligation.

4. Centra will be required to satisfy the onus that the rates are just and reasonable requiring the filing of Phase 1 - revenue requirement information and Phase 2 - cost of service rate design information.
5. All outstanding Interim Ex Parte Orders will be confirmed or otherwise addressed in this proceeding.

IT IS THEREFORE ORDERD THAT:

1. Order No. 106/01 be amended as noted hereunder
 - i/ The proposed filing date for Centra's GRA is tentatively accepted with the detailed timetable to be finalized at a Pre-Hearing Conference (Attachment "A").
 - ii/ Integration matters flowing from Board Order No. 146/99 to be considered at the commencement of the Manitoba Hydro GRA proceedings.
 - iii/ Filing requirements for Centra's GRA as set out in Order No. 106/01 will remain unchanged noting that on a best efforts basis, Centra will assist the Board, to discharge its statutory obligation.

