

Centra Gas 2024/25 General Rate Application
Responses of Elenchus to CAC Information Requests

January 27, 2025

CAC/ERA I-1: Reference:

Elenchus Report, Section 3.2, pg. 11 & PUB COS Compliance Review Scope of Work, Order 6/24
pg. 13

Preamble:

In Order 6/24, the PUB defined the scope of work with respect to the compliance of Centra's COS to include, among other things, reviewing and analyzing Centra's COS model and to comment on whether the model complies with the directives of the Board in Order 109/22.

On page 11, Section 3.2 of Elenchus' Report, Elenchus describes the process it undertook to review Centra COS model including reviewing the overall structure, the formulas and crossreferences. It also states that it was provided a live-excel version of the model that was locked for editing and which could not be downloaded.

Question:

- a) Please confirm, or otherwise explain, that Elenchus' role was not to pass judgement on the appropriateness of the COS methodology or the reasonability of the results of the cost-of-service study.
- b) Please explain whether Elenchus agrees, or otherwise explain, that there are numerous different definitions of "design day". As part of the response, please confirm, or otherwise explain, that Elenchus has not passed judgement on Centra's definition of design day as reflected in its cost-of-service study.
- c) Please clarify if the live version of the model provided to Elenchus that was used for purposes of its Report was live in the sense that Elenchus was able to run scenarios to support its findings. If not, please confirm, or otherwise explain that Elenchus relied on tracing formulas through the model for verification purposes.
- d) Please explain whether Elenchus held any discussions with Manitoba Hydro to clarify or understand the rationale for any methodology changes made to compare with the formulae in the model. If yes, please provide the specific clarifications or understandings sought by Elenchus.

Rationale for Question:

To better understand the scope of the work undertaken by Elenchus in relation to the PUB outlines Scope of Work.

Response:

- a) Confirmed. Elenchus' scope of work did not require it to pass judgement on the appropriateness of the COS methodology or the results of the study.
- b) Elenchus agrees there are different definitions of "design day". Elenchus assessed the reasonableness of the definition adopted by Centra and found the definition to be consistent with common practice. To clarify our view, Elenchus notes that Centra defines design day "as the day with the highest coincident system peak conditions that the system is designed to meet under extreme weather conditions" (Appendix 10.1, Page 18). This definition is consistent with standard natural gas utility practice, however, Elenchus notes that there can be differences in how utilities design their systems to meet peak demands. Differences include:
 - whether systems are designed to meet maximum firm contracted demands or a forecast of firm demand based on the historical peak day demands of customers with contracted volumes,
 - whether interruptible demands are included as well as firm demand,
 - how extreme weather is determined, and
 - how historic volumes are adjusted to reflect extreme weather volumes.
- c) The version of the model provided to Elenchus was locked such that cells could not be modified and as a result Elenchus did not run scenarios. Elenchus reviewed formulas throughout the model, which are predominantly in the form of "lookup"-style formulas that reference other tabs or tables within each tab. This includes Index-Match, VLookup, HLookup, Sumifs, and Indirect-Address formulas. Rather than referencing a particular cell, this type of formula references an array of cells and uses headings and other labeling to produce a value within the array. For example, most tabs include a table of internal allocators. The formulas used to allocate costs references the label of the allocator and the table of allocators to produce the proper allocation factor to apply to the account. Elenchus tested formulas by separately calculating the values of a sample of cells in each tab based on the rate class, account balance to be allocated, and the allocation factor.
- d) Elenchus did not hold discussions with Manitoba Hydro staff to clarify the rationale for changes made to the model. After reviewing the model, Elenchus did not feel it was necessary to clarify how the Board-ordered changes were incorporated into the model.

CAC/ERA I-2: Reference:

Elenchus Report, Section 3.2, pg. 11, lines 12-13

Preamble:

Elenchus states that it was provided draft written information of the cost-of-service methodology and by Footnote 8, states that the final version of the draft was filed as Appendix 10.1

Question:

- a) Please identify and comment on what, if any, changes in methodology occurred subsequent to the draft written information on COS methodology that Elenchus relied upon for its review.

Rationale for Question:

To understand if any changes occurred subsequent to Elenchus' review.

Response:

- a) Elenchus conducted a comparative analysis of the draft written evidence and Appendix 10.1 and found no substantive changes in methodology.

CAC/ERA I-3: Reference:

Elenchus Report, Section 3.3, pg. 14, lines 25-26

Question:

- a) Please further explain Elenchus' statement that Demand-classified internal allocators are now a weighted average of design day coincident peak allocators. As part of the response, based on Elenchus' understanding, please discuss how the weighting is determined, and which design day coincident peak allocators are reflected in the weighting.

Response:

- a) Demand-classified distribution Land is allocated using an internal allocator that is the weighted average of the allocations of "Mains – Distribution", "Station Measuring & Regulating Equipment", and "Station Measuring & Regulating Equipment – Direct Assigned". "Mains – Distribution" is allocated with the design day distribution external allocator ("DDAY-Dist" which excludes Special Contract, Power Station, and Mainline volumes). "Station Measuring & Regulating Equipment" is allocated with the design day TBS external allocator ("DDAY-TBS" which excludes Special Contract and Power Station volumes). "Station Measuring & Regulating Equipment – Direct Assigned" is allocated with an external allocator that assigns assets directly to the Special Contract and Power Station rate classes ("Direct-D-STN_M&R"). The asset values produced with this allocator are consistent with the Station Measuring & Regulating Equipment balances provided in Schedules A1 and A2 of Section A within Tab 10.1. The sum of "Mains – Distribution", "Station Measuring & Regulating Equipment", and "Station Measuring & Regulating Equipment – Direct Assigned" allocated to each class with the external allocators, divided by the total sum of these asset values, forms the internal allocator ("INT_DMANS&STATIONS") that is used to allocate distribution Land among all rate classes. The relative asset values of each of the three accounts can be considered the weighting of each external allocator.