

Order No. 24/19

**PROCEDURAL ORDER IN RESPECT OF CENTRA GAS MANITOBA INC.'S
2019/20 GENERAL RATE APPLICATION**

February 20, 2019

BEFORE: Larry Ring, Q.C., Panel Chair
Marilyn Kapitany, B.Sc., (Hon), M.Sc., Vice-Chair
Carol Hainsworth, C.B.A., Member
Mike Watson, Member

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1.0 Executive Summary

The mandate of the Public Utilities Board (“Board”) is to set just and reasonable rates for Centra Gas Manitoba Inc. (“Centra” or the “Utility”) that are in the public interest, through balancing the impacts of rate increases on ratepayers with the financial health of the Utility.

Following the Board’s acceptance of Centra’s filing of its 2019/20 General Rate Application (“GRA”), the Board held a Pre-Hearing Conference. The purposes of the Pre-Hearing Conference were to:

- a. identify and approve appropriate Interveners who are to assist the Board in the hearing of the GRA;
- b. identify the issues that are included in the scope of the hearing; and
- c. finalize a process and timetable for the orderly exchange of evidence and the conduct of the hearing.

The Board received written applications for Intervener status prior to the Pre-Hearing Conference from the following:

- i. BP Canada Energy Group ULC
- ii. Bunge Canada
- iii. Consumers’ Association of Canada (Manitoba) Inc.
- iv. Koch Fertilizer Canada, ULC
- v. Industrial Gas Users
- vi. McCain Foods (Canada)
- vii. Richardson International Limited
- viii. Simplot Canada (II) Limited
- ix. TransCanada PipeLines Limited
- x. Unifor Local 681

By this Order, the Board approves the Applications to Intervene by BP Canada Energy Group ULC; Bunge Canada; Consumers' Association of Canada (Manitoba) Inc.; Koch Fertilizer Canada, ULC; Industrial Gas Users; McCain Foods (Canada); Richardson International Limited; Simplot Canada (II) Limited; TransCanada PipeLines Limited; and Unifor Local 681, all subject to working within the scope of issues that are approved by the Board.

Consumers' Association of Canada (Manitoba) Inc. and Industrial Gas Users are now required, within 10 days of the issuance of this Order, to prepare and file their detailed cost estimates with the Board for review and comment by Board staff, pursuant to the process set out in the Board's Intervener Cost Policy as found on the Board's webpage for Centra's 2019/20 GRA.

The Board approves the issues as enumerated in the list attached to this Order as Appendix A as being in scope for the hearing of this GRA.

A timetable for the process steps is also approved and attached to this Order as Appendix B.

2.0 Procedural History

On November 30, 2018, Centra filed its 2019/20 GRA with the Board. While Centra is not seeking a general revenue increase for the Utility, the rates for some classes will change effective August 1, 2019.

On December 14, 2018, pursuant to the process established by the Board, the Board issued a declaration of completion, declaring that the Centra GRA filing included all routine, standard and/or base information as determined on a review conducted by Board staff and advisors. The GRA was therefore accepted for filing by the Board.

On January 24, 2019 the Board conducted a Pre-Hearing Conference with Centra and prospective Interveners. In their written Intervener Application Forms and at the Pre-Hearing Conference, the prospective Interveners provided submissions on their Applications for Intervention, indicated issues of primary consideration in the hearing of the GRA, and some identified possible witnesses for their proposed interventions. Furthermore, the Board reviewed the January 23, 2019 written submission from Centra and also heard submissions from Centra at the Pre-Hearing Conference.

All parties gave submissions respecting the scope of the GRA process and the issues to be canvassed during the GRA. Finally, the Board considered a timetable for the orderly exchange of evidence and hearing of the GRA.

3.0 Submissions Regarding Intervener Participation, Hearing Process, and Scope of Review

BP Canada Energy Group ULC

As indicated in its Intervener Application Form, BP Canada Energy Group ULC (“BPCEG”) is a registered natural gas marketer in the province of Manitoba and provides gas management services, and gas supply services, to several Transportation-service (“T-service”) customers of Centra and is also a major shipper on the TransCanada PipeLines Limited’s Mainline. As a result, BPCEG and its interests stand to be directly or indirectly affected by the outcome of this proceeding. BPCEG indicates it is seeking to intervene in the Centra GRA proceeding because of concerns related to the proposed revisions to Centra’s Terms & Conditions of Service, specifically those that authorize Centra to impose financial consequences for imbalance (balancing fees), and increases the volumetric eligibility threshold applicable to new T-service customers.

Centra seeks Board approval to impose balancing fees, but BPCEG maintains that the Utility does not provide the necessary tools for T-service customers to manage their account within balance. Without such tools, this prospective Intervener states that these customers are at risk of having to pay onerous balancing fees on a consistent basis.

BPCEG’s Intervener Application Form indicates it does not represent ratepayers and, by intervening or applying for intervenor status, BPCEG does not purport to represent or act on behalf of any ratepayers.

BPCEG submits it is a long-time provider of gas management services to numerous T-Service customers and, accordingly, is experienced with the Centra pipeline system. Therefore, BPCEG further submits it understands the effects that the proposed revisions will have on T-Service customers and desires to assist the Board to achieve a just and reasonable result. As well, BPCEG is a long-time major shipper on many Canadian gas pipeline systems and has broad and deep knowledge on pipeline transportation service

issues, including the type of issues raised in Centra's GRA, which compelled BPCEG to intervene.

According to BPCEG, if the Board provides Centra the right to charge balancing fees, Centra must also be required to provide the necessary tools for T-service customers to manage their account within balance. Such mechanisms should include, without limitation:

- 1) The ability of T-Service customers and Agents to transact inventory account transfers on the Centra system with other T-Service Customers;
- 2) An increase in the proposed tolerance threshold to a level that is reasonable for the account holders to manage, and;
- 3) Any balancing fees that are charged should align with the actual costs incurred by Centra as a direct result of balancing fees charged by the TCPL Mainline.

In addition BPCEG is concerned with the Centra proposal to increase the volume eligibility threshold for new T-Service customers.

BPCEG will monitor the proceedings and may provide written comment letters. BPCEG will not be seeking an award of costs.

Bunge Canada

Bunge Canada is in the oilseed processing industry, refining edible oils as an important link in the producer-to-consumer food chain. As an example, from canola and other oilseeds grown in Manitoba, Bunge Canada makes protein meal for the animal feed industry and also produces shortenings, margarine and cooking oils for food manufacturers.

Bunge Canada, in its Intervener Application Form, along with other Transportation Service customers, maintains that the balancing fee changes proposed by Centra in this

GRA are not fair and reasonable, and are the reason for which this prospective Intervener seeks a fair resolution.

Bunge Canada submits it has expertise in the natural gas business since at least 1993 and observes that the proposed changes by Centra are the most stringent of any of the 93 natural gas served facilities operated by this proposed Intervener. Bunge Canada indicates that Centra should not profit from balancing fees collected from its customers and that Centra should implement balancing procedures that permit its customers to offset such fees as well as crediting such customers who assist the Utility in offsetting any balancing fees.

Bunge Canada plans to be involved via teleconference and the Board's live streaming of the oral hearing and will not be seeking an award of costs.

Consumers' Association of Canada (Manitoba) Inc. ("CAC Manitoba")

CAC Manitoba sets out in its Intervener Application Form that it is a volunteer, non-profit, independent organization working to inform and empower consumers, and to represent the consumer interest in Manitoba. Formed in 1947, the organization is governed by a volunteer Board of Directors, elected annually at a general meeting of the organization's membership.

CAC Manitoba submits that it represents the interests of consumers across Manitoba in a number of areas including environmental sustainability, and regulatory review of utilities and Crown's delivering services and products to consumers. The organization seeks input on its policy positions from consumers through the innovative use of focus groups, and through its ongoing programs and services to the public. In 2016-2017, CAC Manitoba reports it had contact with approximately 13,000 consumers through its consumer education/information programs, services and consumer research. In addition, the organization seeks other perspectives on relevant issues through the use of policy community advisory committees and interviews.

CAC Manitoba indicates it is a branch of the national Consumers' Association of Canada, but is financially separate and separately incorporated. The organization's policy is guided by its understanding of generally accepted consumer rights, which include:

- The right to be informed - To be given the facts needed to make an informed choice, and to be protected against dishonest or misleading advertising or labeling.
- The right to choose - To be able to select from a range of products and services, offered at competitive prices with an assurance of satisfactory quality.
- The right to be heard - To have consumer interests represented in the making and execution of government policy, and in the development of products and services.
- The right to consumer education - To acquire knowledge and skills needed to make informed, confident choices about goods and services, while being aware of basic consumer rights and responsibilities and how to act on them.
- The right to a healthy environment - To live and work in an environment that is nonthreatening to the well-being of present and future generations.

Turning specifically to Centra's GRA, CAC Manitoba maintains natural gas costs, rates, billing, and Centra's operations, have a significant impact on many residential consumers in Manitoba, especially as they pay for their own energy bills, as well as that of producers, processors, and retailers of the products they purchase. According to CAC Manitoba residential ratepayers rely on vigorous, independent regulation to hold Crown Corporations, including Centra, accountable. For CAC Manitoba, bringing the voice of consumers directly to the Public Utilities Board is of primary importance in the independent rate-setting process.

This hearing is of particular importance to CAC Manitoba given the fact that Centra has not been before the Board for a general rate application in at least six years. Centra has a monopoly on many aspects of gas provision in Manitoba, and this process before the Public Utilities Board acts a proxy for the marketplace, ensuring fairness, just and reasonable rates, and transparency, in a public proceeding.

CAC Manitoba indicates that it is also concerned that some aspects of Centra's application (e.g. the proposed changes in cancellation fees and late payment fees), could have a disproportionate impact on those consumers who are more vulnerable in the marketplace, including those on low and fixed incomes.

According to its Intervener Application Form, CAC Manitoba will seek to protect the interests of Centra's largest customer class, with approximately 266,000 residential natural gas customers, by presenting an evidence based intervention guided by a principled consideration of the consumer Interest. The organization places a priority on direct consumer input using various forms of consumer engagement and stakeholder panels. CAC Manitoba strives to protect and reconcile the interests of all Manitoba residential consumers, including low and fixed-income consumers, the working poor, and other groups of consumers that are more vulnerable in the marketplace. These customers are not otherwise represented in the scope of this proceeding.

According to CAC Manitoba, just and reasonable rates are those that are fair to both consumers and the utility. In setting just and reasonable rates for natural gas, and reviewing the operations of Centra, the Board must balance two concerns, namely the interests of the utility's ratepayers, and the financial health of the utility. Together, and in the broadest interpretation, these interests represent the general public interest.

While Centra represents the interests of the utility, CAC Manitoba proposes to represent the interests of the large class of residential ratepayers, as it has done in previous GRAs. CAC Manitoba intends to file evidence and will seek an award of costs.

Industrial Gas Users ("IGU")

In its Intervener Application Form IGU, an informal association of companies who are substantial users of natural gas, is seeking their first intervention in a Centra GRA. IGU's core membership represents a substantial portion of industrial customer natural gas service in Manitoba using both Sales Service and T-Service.

IGU members at this time include:

- Gerdau Long Steel North America – Manitoba Mill;
- Koch Fertilizer Canada ULC;
- Maple Leaf Foods; and
- Simplot Canada (II) Limited (Simplot)

IGU reports that it continues discussions with a number of other potential members. Beyond members proper, IGU is undertaking active engagement with other industrial stakeholders and associations on natural gas matters. As a result, IGU's intervention will benefit industrial customers beyond the active membership, and additional active members may be recruited.

It was noted during the Pre-Hearing Conference that some of Centra's industrial customers were individually seeking to intervene in this proceeding but were also interested in avoiding duplication and joining with other prospective interveners, possibly within the IGU intervention (if approved by the Board as an Intervener in Centra's GRA), on issues where there was a common interest and a common position.

Additionally, IGU indicated that it will also work more broadly to reach out to other industrial customers and associations who are not formal members, to ensure they have accurate information about how the proposed rate changes will affect them. IGU is interested in collaborating with other industrial gas users with similar interests.

Fundamentally and according to its Intervener Application, IGU's intervention will seek to ensure Centra's rates are cost-based and fairly reflect the cost to serve each customer class. IGU companies are long-term economic contributors to Manitoba, and as such require stable and predictable rates over the long-term.

IGU submits that it intends to focus its intervention on key economic and financial conditions that impact revenue requirement. IGU anticipates reviewing elements of Centra's proposed revenue requirement forecast, cost allocation methods, and rate design proposals. IGU also proposes to review customer contribution methodology to the

extent it is included in scope (including within cost allocation methodology) and the Terms and Conditions of Service. Specific terms of the industrial rate designs are of particular concern, such as charges related to daily imbalance and the heating value deferral true-up. IGU also intends to review the costs, rates and riders charged to industrial gas users, predominantly those applicable to industrial Sales Service and T-Service customers, as well as those applicable to the Special Contract class.

IGU further submits that this proceeding will affect the rates charged for service in the test year, and will establish methodological considerations that may affect rates on a longer-term basis. IGU members, as industrial customers, are directly affected by increased rates for natural gas service. The proposed rate increases will increase operating costs, which IGU members generally cannot flow through in prices, as these are set by market, economic, and/or contract conditions.

Additionally, IGU is concerned that the Board's decision may establish how future rate proceedings unfold in Manitoba. Industrial customers operate under long-lead planning cycles for operational and investment decisions, requiring predictability in rate setting.

IGU intends to introduce evidence and will seek an award of costs related to its participation in Centra's GRA.

Koch Fertilizer Canada, ULC

Koch Fertilizer Canada, ULC, in its Intervener Application Form indicates it is a large consumer of natural gas in Manitoba and is concerned that Centra's proposed rate change will significantly affect its competitive position in the marketplace. Koch Fertilizer Canada, ULC is a significant long-term economic contributor to Manitoba and can provide clear and meaningful information on the effect the proposed rate increase will have on its continued competitiveness. This proposed Intervener is concerned that Centra's proposed rate structure will substantially increase operating costs, which Koch Fertilizer

Canada, ULC cannot flow through to its markets and believes it is being singled out and paying an unjustifiable amount.

Koch Fertilizer Canada, ULC plans to fully and actively participate in the Centra GRA and will not be seeking an award of costs.

McCain Foods (Canada)

McCain Foods (Canada) a Division of McCain Foods Limited has two processing plants in Manitoba that are served by Centra. This prospective Intervener indicates it has been transporting natural gas for many years and has knowledge of the current transportation services, current balancing requirements, and the proposed balancing requirements, tolerances and fees.

According to its Intervener Application Form McCain Foods (Canada)'s interest in intervening in Centra's GRA is to mitigate the financial impact from the proposed revisions to the Terms and Conditions of Service, specifically those that authorize Centra to impose fees for imbalances in the daily tolerances that would apply to McCain's two plants in Manitoba. McCain Foods (Canada) requests a more reasonable daily balancing tolerance and fee structure for its two plants.

Among the issues that McCain Foods Canada seeks to address in this Centra GRA are:

- Manage and reduce balancing costs issued by Centra Manitoba;
- Manage and reduce the time spent on managing natural gas daily balancing;
- Increase the proposed tolerance level to a more reasonable level for the account holders to manage;
- Negotiate the ability for T-Service Customers and their Agents to use methods to mitigate imbalances through customer pooling;

- Negotiate the ability for T-Service Customers and their Agents to transact inventory account transfers, at no cost, between other T-Service Customer accounts to manage imbalances; and
- Ensure any actual imbalance charges incurred by Centra are passed through to customers who are out of tolerance on a pro-rata basis.

McCain Foods Canada plans to monitor the proceedings, may provide written submissions, and will not be seeking an award of costs if it proceeds on its own intervention. However, McCain Foods Canada is also considering joining with the Industrial Gas Users group, should that prospective Intervener be approved by the Board in Centra's GRA.

Richardson International Limited

Richardson International Limited owns and operates a plant located in Portage La Prairie, Manitoba, and is currently a Centra natural gas T-Service customer. As indicated in its Intervener Application Form, Richardson International Limited is seeking to intervene in the Centra GRA proceeding for two reasons. The first is related to the Terms & Conditions of Service, specifically those that authorize Centra to impose imbalance fees to T-Service customers under restrictive balancing tolerance bands. The second is related to the fair and equitable treatment of all rate classes with respect to proposed billed rates.

Richardson International Limited submits that it operates numerous production facilities across North America and is a shipper of record on many natural gas transmission and distribution pipelines. As a result, it is familiar with the operational requirement for pipelines to operate safely, and is able to maintain its pipeline account balances within stated tolerance bands without incurring onerous imbalance fees.

Richardson International Limited is concerned that Centra seeks Board approval to impose balancing fees, under very restrictive balancing provisions that cannot be met due to the nature of operations at the Portage la Prairie facility, or for most other industrial

plants. Centra also does not provide the necessary tools for T-service customers to manage their account within the proposed tolerance bands. Without such tools proposed, imbalance fees are effectively a toll, with no ability to avoid or minimize proposed imbalance fees.

According to Richardson International Limited, if the Board provides Centra the right to charge balancing fees, Centra must also be required to provide the necessary tools for T-service customers to manage their account within balance. Such mechanisms should include, without limitation:

- 1) The ability of T-Service customers and Agents to transact inventory account transfers on the Centra system with other T-Service Customers;
- 2) An increase in the proposed tolerance threshold to a level that is reasonable for the account holders to manage, and;
- 3) Any balancing fees that are charged should align with the actual costs incurred by Centra as a direct result of balancing fees charged by the TCPL Mainline.

Richardson International Limited will monitor the proceedings, may provide written comment letters, and will not be seeking a cost award.

Simplot Canada (II) Limited

Simplot Canada (II) Limited owns and operates a processing plant located in Portage La Prairie in the province of Manitoba, and is currently a Centra T-Service customer. According to its Intervener Application Form Simplot Canada (II) Limited is intervening in the Centra GRA proceeding for two reasons. The first is related to the Terms & Conditions of Service, specifically those that authorize Centra to impose imbalance fees to T-Service customers under restrictive balancing tolerance bands. The second is related to the fair and equitable treatment of all rate classes with respect to proposed billed rates.

Simplot Canada (II) Limited submits it is concerned that Centra seeks Board approval to impose balancing fees, under very restrictive balancing provisions that cannot be met due

to the nature of operations at the Portage la Prairie facility and that Centra does not provide the necessary tools for T-service customers to manage their account within the proposed tolerance bands. Without such tools proposed, imbalance fees are effectively a toll, with no ability to avoid or minimize proposed imbalance fees.

Simplot Canada (II) Limited further submits that if the Board provides Centra the right to charge balancing fees, Centra must also be required to provide the necessary tools for T-service customers to manage their account within balance. Such mechanisms should include, without limitation:

- 1) The ability of T-Service customers and Agents to transact inventory account transfers on the Centra system with other T-Service Customers;
- 2) An increase in the proposed tolerance threshold to a level that is reasonable for the account holders to manage, and;
- 3) Any balancing fees that are charged should align with the actual costs incurred by Centra as a direct result of balancing fees charged by the TCPL Mainline.

Simplot Canada (II) Limited will monitor the proceedings, may provide written comment letters, and will not be seeking an award of costs.

TransCanada PipeLines Limited

TransCanada PipeLines Limited owns and operates a high-pressure natural gas transmission system that extends from Alberta to Ontario and through a portion of Quebec, connecting to various downstream Canadian and international pipelines (Mainline). The National Energy Board regulates TransCanada PipeLines Limited's operations of the Mainline. Centra is a shipper on TransCanada PipeLines Limited's Mainline system.

According to this prospective Intervener, Centra's contracting decisions impact the Mainline tolls and revenue. Mainline tolls paid for by Centra directly impact all Manitoba gas consumers. TransCanada PipeLines Limited has knowledge and understanding of

upstream contracting issues and landed cost analysis. This expertise can assist the Public Utilities Board in assessing the extent to which costs incurred by Centra on upstream arrangements are reasonable and result in just and reasonable rates for Manitoba gas users.

TransCanada PipeLines Limited submits it is able to conduct extensive upstream contracting analysis on landed costs of the various sources of gas supply, on which to inform the Public Utilities Board in Centra's GRA. According to this prospective Intervener, this knowledge can assist the Public Utilities Board in its evaluation of Centra's GRA and assist Centra in offering its best evidence and proposal to the Public Utilities Board.

TransCanada PipeLines Limited is evaluating the extent of its planned participation but requests the right to participate in all aspects of Centra's GRA. No cost award will be sought.

Unifor Local 681

Unifor Local 681 represents approximately 250 natural gas workers at Centra and seeks to intervene to ensure its membership and the public are represented on the issues of jobs, safety and costs. Specifically identified in its submission was the Customer Equipment Protection Program (formerly referred to as the Burner Tip Program), the meter inspection charges and the charges for safety checks. No award of costs will be sought by Unifor Local 681.

Centra Gas Manitoba Inc.

In addition to its submissions at the Pre-Hearing Conference, Centra provided its January 23, 2019 letter in which:

I. Centra has no objection to the Board granting Intervener status to the following parties as applied for:

- Bunge Canada;
- BP Canada Energy Group ULC;
- Koch Fertilizer Canada, ULC;
- McCain Foods (Canada);
- Richardson International limited;
- Simplot Canada (II) limited;
- TransCanada Pipelines limited; and
- Unifor Local #681.

Although Centra has no objection, it encourages these interveners to work collaboratively on areas of common interest as within their respective intervener application forms, there appears to be some direct overlap on the issues they intend to address.

- II. Centra raised its concern that the proposed intervention by Consumers Association of Canada (Manitoba) Inc. may be duplicative of work done by the Board's Advisors and that the number of consultants proposed to be engaged may be unwarranted;
- III. Centra indicated it was opposed to the intervention of Industrial Gas Users as it was unclear as to how such an Intervener would determine its scope and direction. Furthermore, Centra identified areas of potential duplication with other individual industrial customers which also applied to intervene, including the proposed amendments to the Terms and Conditions for T-Service customers, cost allocation methodology, and rate design. Because

several of the individual industrial customers are not seeking an award of costs, Centra opposes a cost award for Industrial Gas Users should it be approved as an Intervener.

- IV. Centra provided its submissions as to the Draft Issues List that was circulated as well as possible timetable and scheduling dates for the orderly exchange of evidence and the conduct of the Centra GRA.
- V. Centra also submitted that portions of its GRA have been filed in confidence with the Board. In addition to providing Commercially Sensitive Information ("CSI") to the Board and to its counsel and advisors, Centra is open to providing CSI to certain interveners (i.e. Consumers' Association of Canada (Manitoba) Inc. and its consultants if they do not provide advice to competing parties or commercial counter-parties of Centra) after executing a solicitor's undertaking or non-disclosure agreement to provide some protection to Centra in the event of any prohibited disclosure. Centra indicates it will not under any circumstance provide access to CSI to any party (or potential counterparty) who has a competing economic or business interest to Centra such as TransCanada Pipelines Ltd. ("TCPL") or natural gas marketers.

4.0 Board Findings

Intervener Status and Intervener Costs

The Board approves the participation of Interveners in order to assist the Board in its understanding of the issues that are determined to be within the scope of the GRA. Approved Interveners are required to actively participate in the hearing process. Interveners are also required to avoid duplication, and are to collaborate among themselves in the development of their scope of work for the issues on which they are approved. Failure to avoid duplication or to participate actively will have cost consequences. While the Board notes that several Interveners are not seeking an award of costs for their proposed interventions, they too are required to avoid duplication with other Interveners on matters of evidence and the testing of issues they have in common with other Interveners.

The Board has considered the Intervener Applications that were submitted in advance of the Centra Pre-Hearing Conference as well as the submissions at the Pre-Hearing Conference. Subject to the condition that Interveners are to work within the scope of issues approved by the Board, as enumerated at Appendix “A” of this Order, the Board approves separate Intervener status for each of: BP Canada Energy Group ULC; Bunge Canada; Consumers’ Association of Canada (Manitoba) Inc.; Koch Fertilizer Canada, ULC; Industrial Gas Users; McCain Foods (Canada); Richardson International Limited; Simplot Canada (II) Limited; TransCanada PipeLines Limited; and Unifor Local 681, all subject to working within the scope of issues that is approved by the Board.

As previously indicated by Centra, the Utility is open to providing confidential or commercially sensitive information to certain Interveners and their consultants if they do not provide advice to competing parties or commercial counter-parties of Centra. Execution of solicitor’s undertakings and non-disclosure agreements will be required to provide some protection to Centra in the event of any prohibited disclosure. To the extent access to confidential information is sought, Interveners need to first communicate with

Centra to resolve the disclosure issues before bringing motions to the Board to resolve remaining disputes.

The Board agrees with Centra, and as mentioned by several prospective Interveners, that Interveners are to collaborate on common issues and avoid duplication. In this regard, the Board notes that at least six of the now approved Interveners have raised the issue of the balancing tolerances and fee structure for T-service customers. Without committing, several Interveners mentioned consideration of joining with other Interveners on this issue. The Board encourages all Interveners on this 'balancing fee' topic to present a joint intervention under the leadership of Industrial Gas Users which has also identified these issues for its current and prospective members. Based on the Intervener submissions, the Board sees a commonality of interests on at least the following 'balancing fee' issues (as listed by McCain Foods Canada):

- Manage and reduce balancing costs issued by Centra Manitoba;
- Manage and reduce the time spent on managing natural gas daily balancing;
- Increase the proposed tolerance level to a more reasonable level for the account holders to manage;
- Negotiate the ability for T-Service Customers and their Agents to use methods to mitigate imbalances through customer pooling;
- Negotiate the ability for T-Service Customers and their Agents to transact inventory account transfers, at no cost, between other T-Service Customer accounts to manage imbalances; and,
- Ensure any actual imbalance charges incurred by Centra are passed through to customers who are out of tolerance on a pro-rata basis.

Should any approved Intervener that has raised the 'balancing fee' issue determine that their interests are not able to be jointly represented by Industrial Gas Users, such Intervener(s) is to notify the Board of the reasons in writing, prior to the date for Interveners filing Information Requests of Centra.

Likewise, Industrial Gas Users is to notify the Board in writing prior to the date for Intervener Information Requests of Centra, which of the other approved Interveners it is leading and on which issues.

A further Pre-Hearing Conference will be scheduled to determine which issues are to be included in the oral evidentiary hearing and well as to ensure duplication of evidence will be avoided.

TransCanada PipeLines Limited has indicated it is evaluating the extent of its planned intervention but also indicates it has knowledge and understanding of upstream contracting issues and landed cost analysis. This expertise could assist the Board in assessing the extent to which costs incurred by Centra on upstream arrangements are reasonable and result in just and reasonable rates for Manitoba gas users.

While certain aspects of Centra's GRA have been filed in confidence, the Board is mindful of Centra's submissions, as noted in Order 26/17, that there is nothing precluding TransCanada PipeLines Limited from sharing its market expertise and analysis with the Board and stakeholders without requiring access to Centra's confidential information.

Subject to the Board's full discretion over cost awards and the eligibility requirements relating to hearing participation, the Board finds that two approved Interveners, Consumers' Association of Canada (Manitoba) Inc. and Industrial Gas Users, meet the eligibility criteria for cost awards.

Within 10 days of the issuance of this Order, Consumers' Association of Canada (Manitoba) Inc. and Industrial Gas Users are to submit their detailed cost estimates for their interventions, including their consultants and expert witnesses. These two Interveners are to use the fillable Excel spreadsheet available on the Board's website for preparing and filing cost estimates and applications for cost awards. Cost estimates that are incomplete or prepared improperly will be returned to the Intervener.

The filing of Intervener cost estimates does not guarantee or disqualify an Intervener from eligibility for a cost award. Any comments provided by Board staff on Intervener cost

estimates are not binding on the Intervener or the Board. All cost awards, whether an Advance of Funds or a final costs award, are in the sole discretion of the Board and all applications for cost awards will be considered by the Board in accordance with the criteria set out in Section 3.0 of the Intervener Costs Policy. Should any approved Intervener seeking an award of costs determine that its scope of participation in the proceeding or its final cost application will deviate or differ materially from its cost estimate, the Intervener is to notify the Board forthwith. Unless there are exceptional circumstances, Interveners will not be approved for such deviations or differences without the required prior written notification to the Board.

Scope of the Hearing

The Board has considered the positions of the approved Interveners and Centra on which issues are within the scope of this hearing. The Board will adopt the modified Issues List as attached to this Order as Appendix A as it enumerates the issues that are in scope.

The Board has concluded that, subject to the Board's directions as to collaboration and non-duplication, each Intervener is approved to participate on the issues it has identified as relevant in its submissions and within scope as indicated in the Issues List.

Hearing Process and Timetable

Intervener applicants and Centra were given the opportunity to provide submissions on the appropriate hearing process and timetable for the review of Centra's GRA.

The Board finds that fairness requires that Interveners have the right to participate in the testing of Centra's evidence and in presenting evidence on the issues within the scope of this GRA. The participation of Interveners in evidentiary steps in the process will also assist the Board, as this participation contributes to a robust, transparent, and evidence-based decision-making process.

First round Intervener Information Requests shall be limited to issues not raised in Information Requests asked by the Board or, in the second round, to follow up on Centra's responses to the Board's and Interveners' Information Requests. Centra retains the ability

to challenge Intervener Information Requests as being irrelevant or out of scope. Similarly, where an Intervener takes the position that Centra has not properly responded to an Information Request, the Intervener can raise this as an issue before the Board. The Board shall determine the process to address any challenges. However, the Board encourages all parties to work together informally to resolve issues arising from Information Requests and Responses to Information Requests, before bringing matters formally before the Board for resolution.

Parties need to be aware that when asking or answering any Information Requests that may contain confidential information, those questions and answers should initially only be provided to Centra and the Board to allow the Utility to determine whether any of the included information is to be treated as confidential. If confidential information is included the party requesting that information remain confidential needs to apply to the Board for a ruling.

In addition to seeking Intervener status, members of the public are able to provide comments on Centra's Application through the public presentation process. Presentations may be made in writing through submitting comments on the Board's website, as well as in person through registering with the Board to give an oral public presentation.

Based on the submissions of all parties at the Pre-Hearing Conference, the Board has established the timetable for Centra's GRA as contained in Appendix "B" to this Order.

5.0 IT IS THEREFORE ORDERED THAT:

1. Intervener status for Centra's 2019/20 General Rate Application BE AND HEREBY IS APPROVED FOR:
 - i. BP Canada Energy Group ULC
 - ii. Bunge Canada
 - iii. Consumers' Association of Canada (Manitoba) Inc.
 - iv. Koch Fertilizer Canada, ULC
 - v. Industrial Gas Users
 - vi. McCain Foods (Canada)
 - vii. Richardson International Limited
 - viii. Simplot Canada (II) Limited
 - ix. TransCanada PipeLines Limited
 - x. Unifor Local 681
2. The issues that are considered within the scope of this General Rate Application are identified in Appendix "A" to this Order;
3. The Timetable for the orderly review of the General Rate Application is attached to this Order as Appendix "B".

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.pub.gov.mb.ca.

THE PUBLIC UTILITIES BOARD

"Larry Ring"

Panel Chair

"Rachel McMillin"

Assistant Associate Secretary

Certified a true copy of Order No. 24/19
issued by The Public Utilities Board



Assistant Associate Secretary

Appendix A

Issues List

The following issues are considered to be within or outside the scope of Centra's 2019/20 GRA, as indicated:

1. Rate changes requested
2. Centra's strategic plan
3. Financial targets
4. Changes in finances and financial assumptions since Order 85/13
5. Finance expense including interest rate forecast and debt management strategy
6. Accounting changes and implementation of IFRS
7. Depreciation expense and methodology - changes since Order 85/13
8. O&A expense:
 - i. Impacts of VDP and staffing levels
 - ii. Cost containment measures
 - iii. 360 Portage space costs per Order 85/13 p.64
9. Integrated Cost Allocation Methodology (allocation of costs between MH and Centra)
10. Liability insurance - appropriate levels of coverage
11. Capital expenditures and rate base additions and retirements since Order 85/13
12. Return on rate base including return on equity
13. Demand Side Management
 - i. DSM Deferral Account - disposition of the regulatory asset and liability
 - ii. DSM spending in prior years since the last GRA and in the test year as well as assumptions in the forecast;
 - iii. DSM program design is not in scope except for lower income programs;
 - iv. Bill affordability is not in scope;
 - v. Affordable Energy Program and the continuation of the Furnace Replacement Program and disposition of account balances
14. Bill impacts on consumers:
 - i. Macro-economic impacts of the proposed rate changes which includes evidence from industrial customers as to the effect Centra's proposed rate adjustments will have on their businesses;
 - ii. Carbon levy impacts and presentation of the levy on customer bills
15. Load forecast

16. Gas costs
 - i. Gas cost forecast including supply, storage, and transportation arrangements
 - ii. Actual gas costs since the 2015 Cost of Gas proceeding; disposition of Purchased Gas Variance Accounts and other gas cost deferral accounts
 - iii. Western Canadian Gas supply contracts
 - iv. NEB proceedings related to TCPL tolls and Mainline segmentation
 - v. U.S. storage and transportation assets post-Mar 2020
17. Cost of Service Study results and methodology (allocation of costs to customer classes)
18. Western Transportation Service - responsibility for costs incurred to administer Western Transportation Service and Agency Billing and Collection service
19. Fixed Rate Primary Gas Service – program results, continuation, program design, and risk thresholds
20. Feasibility test true-ups for main extensions over 500 meters;
21. Approval of interim orders: Primary Gas rates; franchises and crossing agreements
22. Terms and conditions of service
 - i. Customer services and products provided by Centra
 - ii. Company labour rates for chargeable services
23. Compliance with Orders and Directives (per Order 85/13 page 62)

24. Rate design is not in scope except for an update on Centra's ongoing stakeholder consultation process related to its five part rates;

The following issues will be deferred from the 2019/20 GRA to future applications, or may be the subject of a technical conference or another process:

1. Feasibility test methodology review
2. Disconnection policy
3. Results of the Bill Affordability Working Group unless there are further developments since Order 59/18
4. DSM program design

Appendix B**Centra Gas****2019/20 General Rate Application****Timetable**

Item	Date
Centra to file updated Application Materials (Tabs 3 to 7)	Friday March 22, 2019
PUB First Round Information Requests to Centra Gas	Friday, April 5, 2019
Intervenor First Round Information Requests to Centra Gas	Friday, April 12, 2019
Centra Gas Responses to First Round Information Requests	Friday, May 10, 2019
Second Round Information Requests to Centra Gas	Tuesday, May 21, 2019
Centra Gas Responses to Second Round Information Requests	Tuesday, June 11, 2019
Intervenors to File Pre-Filed Evidence	Friday, June 21, 2019
Information Requests on Intervenor Evidence	Friday, July 5, 2019
Intervenor Information Responses on Tab 9 Issues only	Friday July 12, 2019
Pre-Hearing Conference #2 to Identify Issues for Oral Evidence	Wednesday July 17, 2019
Possible Oral <i>in-camera</i> Hearing on Tab 9 Issues	July 17 & 18, 2019 as required
Centra's Pre-Hearing Update (Tabs 8-11 and interest rate update)	Wednesday July 24, 2019
Intervenor Information Request Responses	Friday, July 19, 2019
Centra Gas Rebuttal Evidence	Friday, August 2, 2019
Public Oral Hearing*	Week of August 12, 19, 26 & Sept 3

*dates and days of the week to be finalized at PHC #2