

MANITOBA | **Order No. 56/05**
THE PUBLIC UTILITIES BOARD ACT | **April 20, 2005**

Before: Graham F. J. Lane, C.A., Chairman
Monica Girouard, C.G.A., Member
Mario J. Santos, B.A., LL.B., Member

**DECISION ON A MOTION BY RESOURCE CONSERVATION
MANITOBA AND TIME TO RESPECT EARTH'S ECOSYSTEMS
FOR AN ORDER REQUIRING CENTRA GAS MANITOBA INC. TO
PROVIDE CERTAIN INFORMATION RELATED TO FISCAL
YEARS 2005/06 AND 2006/07 FOR THE GENERAL RATE
APPLICATION**

BACKGROUND

On January 10, 2005 Centra Gas Manitoba Inc. (“Centra”) made Application to The Public Utilities Board (“the Board”) for rate increases for 2005/06 and 2006/07, amongst other matters. Board Order 22/05 sets out the timetable for an orderly exchange of information and established a hearing date of May 30, 2005. At a Pre-Hearing Conference, Resource Conservation Manitoba and Time to Respect Earth’s Ecosystems (“RCM/TREE”) was granted intervenor status.

By way of letter dated April 5, 2005 and subsequent correspondence involving RCM/TREE and Centra, RCM/TREE advised the Board that Centra had declined to respond to the following Information Requests:

RCM/TREE/CENTRA 23

“Please provide the following from the MH filing on the need for and alternatives to (NFAAT) the Wuskwatim Project:

- (a) Volume 1, Chapter 4, Section 4.2 and 4.3 (pp.27-41) of the Wuskwatim NFAAT filing (on Resource Screening and Resource Option Conclusions); and
- (b) Volume 2, Appendix 10 of the filing: Life Cycle Evaluation of GHG Emissions and Land Change Related to Selected Power Generation Options in Manitoba by the Pembina Institute,”

And,

RCM/TREE/CENTRA II – 35

Reference: PUB/CENTRA 73 (c)

- (a) “Please confirm that the implication of the Keystone Oil Pipeline Project for Manitoba’s electricity consumers is unfavorable because it will increase domestic electrical load, which puts upward pressure on rates for other Manitoba consumers. If this is not the case, please explain why not.
- (b) Please estimate the following costs to the MH system for a 10 MW increase to domestic load with a capacity factor and usage profile similar to TCPL’s had it occurred in 2004/05 under the assumptions employed in MH’s COSS filed for last year’s GRA:
 - i. How much would net export earnings have been reduced from an increase in domestic load of this magnitude?
 - ii. How much of the reduced net export earnings would have been allocated to a TCPL’s profile for this increase and thus unavailable to the other domestic consumers?”

MOTION

Citing Centra's reasons for declining to provide the material to be that the material requested was filed and reviewed extensively in the Clean Environment Commission hearing for the Wuskwatim project; and was not relevant to this Application, RCM/TREE asked that the Board order Centra to provide the material, noting:

“...members of the current PUB panel and many of the other participants in the current Centra hearing were not parties to the CEC hearing and thus would not be expected to be familiar with the documents in question, which form one starting point for part of our own evidence to be submitted by the Pembina Institute.”

RCM/TREE observed that its intended efforts in this and previous hearings have had a “... particular focus on sustainability and social justice issues ... identified as relevant to the current hearing in Order 22/05.”

RCM/TREE opined that:

- a) “... full-cost accounting has not sufficiently penetrated the cost analysis, rate-making and DSM (sic Demand Side Management) resourcing of Centra Gas, and those issues ... lie at the center of this hearing; and
- b) We can now specify that a basic component of the sustainability mandate that we wish to explore is the legislated principle of efficient use of resources, including proper resource pricing, demand management, efficiency incentives and full-cost accounting...”

RCM/TREE provided the Board with an outline of the evidence to be filed by its expert witness, the Pembina Institute, and indicated that RCM/TREE's intervention would be within the budget presented at the Pre-Hearing Conference.

RCM/TREE reported “the most serious issue for us is whether our intervention is within scope in the eyes of the PUB, since we cannot afford to put ourselves or our consultants at financial risk. Hence we request clear advice from the PUB on whether our planned intervention, which we can now outline more clearly, is within the scope of the hearing. The other issues should fall into place once this is decided. As in the past, we intend to offer value for money.”

CENTRA

As previously indicated, Centra responded to RCM/TREE stating that the Information Requests at issue fall outside the scope of the current hearing and are not relevant to the matters before the Board. Furthermore, Centra referenced Order 22/05, pages 14 and 15 “... wherein the Board indicated that it intended to test various aspects of Centra's GRA and to consider related matters, including “DSM programming, including matters related to low-income and rental property customers, and higher volume customers”, and, disagreeing

With RCM/TREE's submission that the requested material is beyond the scope outlined by the Board in its Order.

Centra placed RCM/TREE on notice that it would oppose any application for costs by RCM/TREE related to areas beyond the scope of the hearing.

Furthermore, Centra indicated serious reservations regarding the proposed evidence by RCM/TREE's witness, reporting that the outline exacerbated Centra's concerns regarding the relevance of the proposed testimony. Centra "does not believe that the GRA is the appropriate forum for addressing the externality – related topics outlined in Appendix 2 of Prof. Miller's letter."

Accordingly, Centra requested a ruling on the relevance of IR 23 and 25 and asked that the Board provide direction to RCM/TREE with respect to its planned evidence.

BOARD FINDINGS

The Board has carefully considered the request of RCM/TREE and Centra's response.

The Board notes that some of the issues RCM/TREE wants to canvass have not previously been dealt with in a General Rate Application. The Board also understands Centra's desire to restrict the hearing to the specific matters the Application addresses, and wants to ensure cost effective regulatory processes.

Nonetheless, the Board holds that in today's energy environment, particularly given the Government of Manitoba's support for the Kyoto Protocol, matters such as the efficient use of resources are of considerable importance. Energy efficiency relates to topics of interest to RCM/TREE, including proper resource pricing, demand management, efficiency incentives and full cost accounting.

Attachment 2 of RCM/TREE's April 8 letter set out the intervenor's focus and suggested why "externalities" are relevant. The Board notes that RCM/TREE expects to remain within its preliminary budget, despite the expert witness it intends to put forward.

Historically, the Board has given fairly wide latitude to the issue of relevance, noting that if information relates to a matter before the Board, it is generally admissible and compellable. With respect to one area of interest, the Board has well established its view that DSM is highly relevant to pricing and other aspects of natural gas operations.

Once evidence is before the Board, the Board will determine what, if any, weight will be attached to it.

After a careful consideration of all of the arguments made by RCM/TREE and Centra, and though finding merit to both sides of the discussion, the Board will require Centra to provide RCM/TREE the information requested by RCM/TREE in its Information Requests 23 & 35.

Accordingly, and as noted, the Board is interested in hearing from RCM/TREE on the matters it plans to present evidence on.

However, the Board anticipates that RCM/TREE will provide specific and practical suggestions in its submissions, and that it will operate within the budget it has submitted.

IT IS THEREFORE ORDERED:

1. Centra provide the information as requested in RCM/TREE/CENTRA 23 and 35.

THE PUBLIC UTILITIES BOARD

“GRAHAM F. J. LANE, C.A.”
Chairman

“H. M. SINGH”
Acting Secretary

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by The Public Utilities Board

Acting Secretary