

Potential Further Rate Rebundling

Distribution rates

Current Bill and Rates

- Basic Charge
- Transportation to Centra
- Distribution to Customer
- Commodity Charges
- This rate structure has more or less been in place since May 1, 2000

Natural Gas - Residential / Gaz Naturel - Résidentiel															
Meter number / N° de compteur	Service / Pour la période From / Du To / Au		Days / Jours	Meter readings / Relevés du compteur Previous / Précédent Present / Nouveau		Usage / Consommation	Base pressure adj/Facteur de ajustement de la pression de base	Metric conversion factor/Facteur de conversion métrique	Cubic metres (m³) / Mètres cubes (m³)	Reading type / Type de relevé					
423925	Nov 15	NOV/18	Dec 14	DÉC/18	29	3524	3564	40	x	0.98780	x	2.832784	=	111.929	Estimated Estimatif
Basic Charge / Redevance de base															
				93.0	%	x	111.929	m³	x	\$ 0.08320			\$ 14.00		
Primary Gas (Centra) / Gaz d'inventaire (Centra)				7.0		x	111.929		x	0.15590			8.66		
Supplemental Gas / Gaz de réserve				100.0		x	111.929		x	0.05380			6.02		
Transportation to Centra / Transport jusqu'à Centra				100.0		x	111.929		x	0.08660			9.69		
Distribution to Customer / Distribution aux clients											39.59				
Subtotal / Total partiel											0.80				
2.50% City Tax Based on Non Heating Load / Taxe mun. fondée sur la charge de non-chauffage											3.17				
8.00% Prov Tax / Taxe prov.											1.97				
5.00% GST / TPS											0.05				
5.00% GST on City Tax / TPS sur taxe mun											45.58				
Natural gas charges / Frais de gaz naturel											45.58				

History of the Unbundled Bill

- In 1998 the PUB held a hearing to consider expanding competition in the natural gas marketplace in Manitoba.
- Resulting from this process was the Western Transportation Service and the rate structure we have today
- Some excerpts from the PUB's decision:
 - “The Board considers that the maximum benefit will accrue to customers when more services are unbundled and each of these services is separately priced and billed.”
 - “Educating consumers about the competitive aspects of the natural gas industry will also be important and can only be achieved through greater price transparency.”
 - PUB Order 15/98, Page 74

The Unbundled Bill

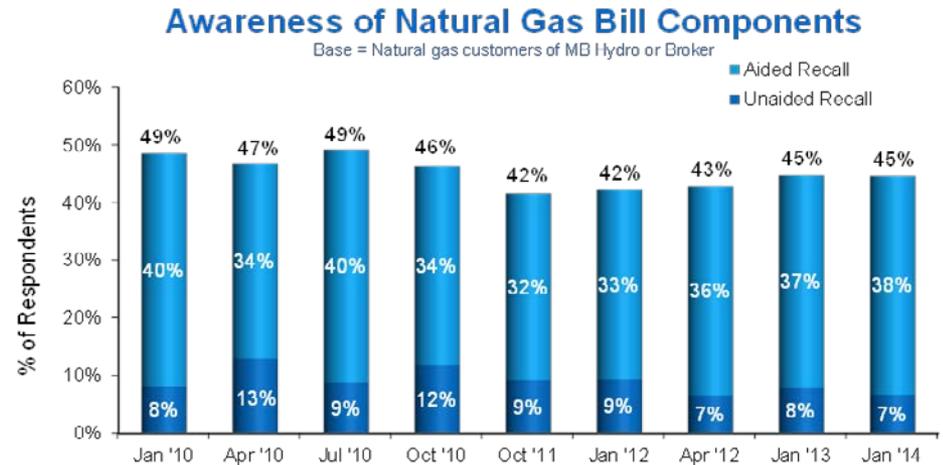
- During the 1998 process and in the stakeholder process that resulted from that hearing, all stakeholders were in agreement that the bill should be broken down to:
 - Primary Gas
 - Storage and Peaking Gas (renamed in the Board’s Order Supplemental Gas)
 - Transportation and Delivery Charge
- However, the PUB decided that unbundling should be taken one step further so that consumers would be aware of the portion of the costs over which Centra had no control:
 - “Specifically, the Board will require the bill to be further unbundled to isolate the National Energy Board approved fixed and variable tolls as well as the Federal Energy Regulatory Commission fixed and variable tolls on the ANR Pipeline system and the Great Lakes Gas Transmission system. This third component shall be called “Transportation to Centra”.”
 - PUB Order 19/00, Page 18

Rate Rebundling

- In Order 65/11, the MPUB directed Centra to:
 - Review its overall natural gas rate structure
 - Noted that the rates of other Canadian gas utilities appeared to be simpler than Centra's
 - Suggested that combining Primary and Supplemental Gas charges might be a good start

What Customers Have Told Us

- Some customers have told us that our bills are too detailed and the details don't mean anything to them
- Half of customers have no awareness of the various bill components



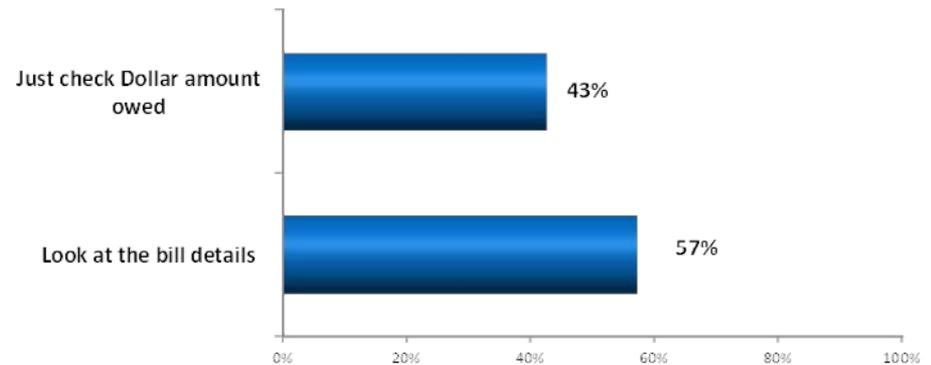
NG1. Your monthly natural gas bill is determined by adding the charges for several components. To the best of your knowledge, what are the different components of your natural gas bill? [Unaided Responses]

NG1b. Your natural gas bill is made up of three general components – the cost of the natural gas itself, the cost for Transporting & Distributing the gas from Alberta to your home in Manitoba, and a monthly administration fee. Were you aware of these three components or not?

How Customers Look at Their Bills

Among customers who look at their bill at least once a year 43% just look at the amount due while 57% review some level of detail or at least the breakdown between gas and electric charges

Detail Reviewed when Checking Energy Bill



NG3. When you do check your home's energy bill, do you typically check just the dollar amount due and due date or do you typically look at the bill details that breakdown the electricity or natural gas consumed and the electric or natural gas rates.

- Just check Dollar amount owed
- Look at the bill details

Possible Solution

- Add the Transportation to Centra and the Distribution to Customer components together and present on bill as a re-bundled “Delivery Charge”
- Solution could be used for Residential, Small Commercial, Large Commercial or for all customers
- Transportation Service rates would continue to be equal to the Transportation to Centra component.

Current Research

- Manitoba Hydro updated some questions in its Customer Satisfaction Tracking Study to get a better understanding of what customers think
 - Ask about which details they typically check
 - Ask if showing the rate components is useful or if it makes the bill too complex
- More targeted research could be undertaken in future surveys, if required.

Potential Result

Natural gas – Residential / Gaz naturel – Résidentiel												
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423925	Nov 15 NOV/18	Dec 14 DÉC/18	29	3524	3564	40	x 0.98780	x 2.832784	= 111.929	Customer Abonné		

Basic Charge / Redevance de base												\$ 14.00
Commodity Charge / Redevance de produit						111.929 m ³	x \$0.08320					9.31
Delivery Charge / Redevance de distribution						111.929	x 0.1404					15.71
Subtotal / Total partiel												39.02
2.50% City Tax Based on Non Heating Load / Taxe mun. fondée sur la charge de non-chauffage												0.98
8.00% Prov. Tax / Taxe prov.												3.12
5.00% GST / TPS												1.95
5.00% GST on City Tax / TPS sur taxe mun												0.05
Federal Carbon Charge / Redevance fédérale sur le carbone – 111.929 m ³ x \$0.0391												4.38
5.00% GST on Federal Carbon Charge / TPS sur Redevance fédérale sur le carbone												0.22

Natural gas charges / Frais de gaz naturel

49.72

Next Steps

- Centra is curious to receive feedback on this proposal
- Consumer research will also help inform all parties
- Participants are asked to provide a preliminary indication of their thoughts on the proposals and to identify issues they believe will need to be addressed by February 8, 2019. Comments may be sent to jniemczak@hydro.mb.ca
- Individual follow up planned with gas marketers to discuss details in February
- Further workshop to share feedback including consumer research

Thoughts / Comments / Questions?