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December 12, 2018

Mr. D. Christle
Secretary and Executive Director
Public Utilities Board
400-330 Portage Avenue
Winnipeg, Manitoba
R3C 0C4

Dear Mr. Christle:

**RE: CENTRA GAS MANITOBA INC. ("CENTRA") 2019/20 GENERAL RATE APPLICATION –
PUB COMPLETENESS REVIEW - RESPONSES TO INFORMATION REQUESTS**

On November 30, 2018, Centra filed its 2019/20 General Rate Application ("Application") with the Public Utilities Board ("PUB"). By letter of December 10, 2018, the PUB advised that it has conducted a review of the Centra's GRA filing for completeness and that additional information is required in order for the PUB to issue a declaration of completion. Please see below for the requested information.

- 1. Provide the most current Corporate Risk Analysis Report and Specific Risk Management Plans for all major risks that affect Centra. If there is no updated Report or Plan since the last Centra GRA, please provide an explanation as to why no updated Report or Plan is available.**

Please find as Attachment 1 a copy of Manitoba Hydro's current Corporate Risk Management Report.

In addition, please find as Attachment 2 and Attachment 3 Centra's Pipeline Risk Methodology and Pipeline Risk Assessment – 2017 Results Report respectively which address pipeline risks and evaluate the risk profile for the natural gas pipeline system. A presentation on Pipeline Risk Assessment - 2017 was delivered to PUB staff and advisors

during the February 12, 2018 Quarterly Communications Meeting and both reports were filed with the PUB later in February 2018.

- 2. Confirm if the Annual Business Plan replaces the Corporate Strategic Plan, and provide an explanation as to why this is the case. Provide the Corporate Strategic Plan Dashboard for Centra.**

The 2018/19 Annual Business Plan was not intended to replace the Corporate Strategic Plan (“CSP”), but rather was drafted in accordance with *The Crown Corporations Governance and Accountability Act*, and follows specific guidelines and standard reporting formats outlined by the Crown Corporations Council.

Manitoba Hydro reports on key performance measures and targets in its Annual Report and has, for the purpose of its 2019/20 General Rate Application, updated the Dashboard previously filed with the PUB as part of its June 1, 2017 submission (in response to the PUB’s request for information). The updated Dashboard is provided in Attachment 4.

- 3. In the form of PUB/Centra I-6 from the last GRA, provide the details that support the interest rate forecast including copies of third party forecasts relied upon, tables depicting the sources used to derive forecasts for each quarter, and details of the calculations of the rates shown in each of the tables.**

On December 7, 2018, Centra filed a revised copy of Appendix 3.2 of its Application, which included copies of the source interest rate forecasts.

Table 1 provided in Attachment 5 depicts the sources used to derive the interest rate forecast of Canadian 90 Day T-Bill Rate %, Canadian Long-Term Bond 10 Yr Rate %, Canadian Long-Term 30 Yr Rate %, and Canadian Long-Term Bond 10 Yr+ Rate % for each quarter of the 2018/19 and 2019/20 period as shown in Table 4 of Appendix 3.2. All rates have been adjusted to a comparable average period basis.

- 4. Confirm if there is an updated Economic Outlook. If there is, please file it. If not, please provide an explanation as to why an updated Economic Outlook is not available, confirm the date of the Economic Outlook that supports the GRA and provide any updates done on the information since the last Economic Outlook was prepared.**

Manitoba Hydro no longer prepares an Economic Outlook report but continues to produce a forecast of key economic and financial indicators. Appendix 3.2 of Tab 3 of Centra's GRA provides the corporation's forecast of key economic and financial indicators that underpin the natural gas operations financial forecast CGM18 filed as Appendix 3.1.

- 5. Confirm if Centra can provide summaries of all capital projects which have a value in excess of \$250,000, demonstrating the justification for each project. If these summaries cannot be provided, please provide an explanation as to why they cannot be provided.**

Please see Attachment 6 for the requested information.

- 6. Confirm if Centra can provide, for all capital projects approved or amended since the last GRA, capital project justifications or capital investment justifications for capital projects which have a value in excess of \$250,000. If the CPJs or CIJs cannot be provided, please provide an explanation as to why they cannot be provided.**

Centra is currently compiling the available CIJs/CPJs related to the projects and programs provided, and anticipates filing same as part of the first round of information requests.

- 7. Please file the most current Residential Energy Use Survey, which we believe is the 2017 survey referenced in Tab 7 at page 11. If the results of this survey are not complete, please file the 2014 Residential Energy Use Survey along with the preliminary results from the 2017 REUS.**

A copy of the 2014 Residential Energy Use Survey is provided in Attachment 7. The corporation is currently finalizing the report on the 2017 Residential Energy Use Survey and Centra will file a copy with the PUB when available, which is anticipated for early 2019.

8. File Affordable Energy Program annual reports not previously filed in a PUB proceeding.

In accordance with Directive 10 of Order 85/13, Centra files with the PUB quarterly reports on the performance of its Affordable Energy Program (“AEP”). Centra does not prepare annual reports related to its AEP.

Appendix 7.5 of Centra’s Application provides the AEP quarterly reports from 2015/16 through to the first quarter of 2018/19.

9. Provide the 2015 and 2016 Natural Gas Volume forecasts.

Attachments 8 and 9 provide copies of the 2015 and 2016 Natural Gas Volume Forecasts respectively, which have been provided to the Public Utilities Board of Manitoba in confidence. The redaction criteria that apply to the Natural Gas Volume Forecasts are 1d, 1e, and 2d.

10. Provide any internal or external reports which assess Centra’s cost of service study methodology since 2012 (e.g. the June 2012 Christensen Associates report).

Attachment 10 provides a report prepared by Christensen Associates Energy Consulting (“CA”) on the Cost of Service Methods of Manitoba Hydro, which includes discussion of Centra’s cost allocation methods in Sections 5 and 6. Attachment 11 provides Manitoba Hydro’s response to the recommendations of CA.

11. Provide any true-ups of any main extensions required by the PUB since the last GRA. Please note that the last true-ups filed with the PUB in a proceeding were at the 2013 GRA in PUB/Centra I-133.

In the response to PUB/Centra I-133 from the 2013/14 General Rate Application, Centra provided final true-up calculations for financial feasibility tests for the natural gas system extensions as required in Orders 54/05, 132/05, 72/06, and 102/06. Each of these Orders contained a specific directive to submit a true-up report to the PUB five years after the system extension.

While Centra routinely completes true-ups for all natural gas system extensions after 5 years, Orders issued by the PUB with respect to Franchise Applications since 2006 have

not contained a specific directive requiring Centra to submit true-up reports with the PUB. As such, there are no required true-ups to be filed with the PUB.

If you have any questions or comments with respect to this submission, please contact the writer at 204-360-3257 or Liz Carriere at 204-360-3591.

Yours truly,

MANITOBA HYDRO LEGAL SERVICES DIVISION

Per:



BRENT A. CZARNECKI
Barrister & Solicitor

cc: Interveners of Past Record
Bob Peters, Board Counsel
Dayna Steinfeld, Board Counsel

Att.