

M A N I T O B A) **Order No. 116/06**
)
THE PUBLIC UTILITIES BOARD ACT)
) **July 31, 2006**

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

**REVISED CENTRA GAS MANITOBA INC. RATES,
EFFECTIVE AUGUST 1, 2006**

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1.0 Executive Summary

The Public Utilities Board (Board) approves applications by Centra Gas Manitoba Inc. (Centra) for interim amended primary and non-primary gas rates. Effective August 1, 2006, annual bills will decrease between 1.2% and 9.3% from May 1, 2006 rate levels.

For customers receiving primary gas supply from Centra:

Customer Class	Projected Annualized Bill Reduction
SGS Residential	6.8% to 7.5%
SGS Commercial	7.0% to 7.8%
LGS	7.1% to 8.4%
High Volume Firm	8.9% to 9.2%
Mainline	9.0% to 9.3%
Interruptible	7.2% to 7.5%

Residential customers receiving “system gas” will experience projected annualized reductions in annual bills of approximately 7%. When combined, transportation, distribution and primary gas, rates are reduced from \$0.4465/ m³ to \$0.4121/ m³.

For customers receiving primary gas supply from brokers:

Customer Class	Consumption Ranges	Load Factor	Projected Decreases	
			Annualized \$ Impact	% Change
SGS-Residential	1,980m ³		(\$29)	-2.8%
	2,800m ³		(\$40)	-2.9%
	11,300m ³		(\$163)	-3.2%
SGS-Commercial	1,980m ³		(\$38)	-3.9%
	2,800m ³		(\$53)	-4.0%
	11,300m ³		(\$216)	-4.3%
LGS	11,300m ³		(\$134)	-2.6%
	679,900m ³		(\$8,022)	-3.1%
HVF	850,000m ³	75%	(\$10,155)	-3.3%
	850,000m ³	25%	(\$12,278)	-3.7%
Mainline, none on system gas	2,833,000m ³	75%	(\$31,092)	-3.2%
	28,328,000m ³	40%	(\$330,155)	-3.3%
Interruptible	850,000m ³	75%	(\$3,521)	-1.2%
	850,000m ³	25%	(\$5,294)	-1.8%

For residential customers purchasing primary gas from brokers, billed rates with respect to transportation to Centra and distribution will fall from approximately \$0.1277/ m³ to approximately \$0.1140/ m³, including credit rate riders.

Projected annualized bill decreases for customers purchasing primary gas supplies from brokers are lower than the case for customers receiving primary gas from Centra because the primary gas costs are not included. Customers purchasing primary gas from brokers incur primary gas costs determined by contracts, the details of which are not available to the Board, and these contracts together with the volume of natural gas consumed determine overall rates and costs.

Overview

This Order combines August 1 regularly scheduled quarterly interim primary gas rate changes with interim non-primary gas rate changes, the latter with respect to supplemental gas supply, transportation and unaccounted for gas (UFG).

Distribution rates affect all customers, but excepting for amendments with respect to changes in cost levels related to UFG, are not amended by this Order, awaiting a General Rate Application that may follow next year.

August 1, 2006 rate decreases arise during the summer, a period of low residential and space heating consumption affecting primary gas billings for customers. These rate decreases are accounted for by the recognition of past cost savings from initially forecast cost levels, and are not a certain sign of future rate levels.

The Board currently anticipates that primary gas rates, which apply only to customers on system gas, will rise once again on November 1 just ahead of the winter heating season. Accordingly, the Board suggests that system gas (primary gas) customers not to interpret the August 1 rate decrease as a sign that expenditures in enhancing the energy efficiency of their homes and other properties are not as necessary.

Natural gas commodity prices are set by the market, and subject to North American supply/demand imbalances and speculative interest. A number of problem situations can develop, such as occurred last year with Hurricanes Katrina and Rita, and natural gas commodity prices and resulting primary gas rates can move starkly upward, as has occurred in the past.

In Manitoba's climate conditions, well-insulated properties with high efficiency furnaces, combined with careful heat management, represent the most effective hedge against price spikes available to space heating customers. The time to make energy efficiency enhancements is in the

spring, summer or fall, before winter and temperatures well below zero arrive again. With the incentives now offered by Centra and its parent, Manitoba Hydro (MH), which include low-interest rate loans, now is a good time to invest in energy efficiency.

Non-primary gas rates, which are the only rates that affect Centra customers purchasing gas from brokers, will not change on November 1, as non-primary gas rates will not be further considered until the next Cost of Gas hearing, to be held later this year. Broker-served customers are subject to their contract terms with respect to primary gas supply. In comparing prices between brokers and Centra, and in particular with respect to primary gas supply, consideration must be given not only to current billed rates but also the prospects for future rates.

These August rate decreases, in total, are largely the result of sharp natural gas commodity market price declines (affecting both primary and supplementary gas commodity costs) since the natural gas commodity price spike of last summer and fall. As well, transportation charges were not as high as initially projected, this as a result of reduced volumes with the very much warmer than normal weather experienced in the winter and spring of 2005/06.

This said, the rate decreases for Centra's primary gas customers to take place as of August 1 would have been considerably greater excepting for Centra's ongoing hedging activities, pursued more or less consistently since Manitoba Hydro (MH) acquired the Corporation in 1999 to restrain rate volatility. While these hedging activities reduced rate volatility and overall rates over the period 1999 to 2005, this has not been the case with respect to rates in more recent months.

Finally, by this Order the Board calls for a Cost of Gas hearing to be held in October or November 2006. Centra is to file the necessary information to provide for the hearing which, among other things, will review for final approval the interim rate increases now provided.

2.0 Introduction

Centra, a subsidiary of MH, is Manitoba's largest natural gas distributor. Centra's rates are subject to the approval of the Board pursuant to provisions of *The Public Utilities Board Act*.

The five components of the natural gas billings to customers are:

- Primary Gas Rates (either system gas from Centra or purchased gas from brokers);
- Supplemental Gas Rates (applying to all Centra's customers, whether provided primary gas by Centra or through brokers);
- Transportation (to Centra) Rates (applicable to varying degrees to all customers);
- Distribution (to Customer) Rates (applicable to all customers); and
- Basic Monthly Charge (BMC) (applicable to all customers).

Each of the Primary Gas, Supplemental Gas, Transportation and Distribution rates have both base rate and rate rider components. Base rates reflect estimates of future gas commodity and related non-commodity costs; rate riders adjust for differences that have arisen between cost estimates employed in setting rates and actual costs.

Primary gas rates apply to all customers receiving "system gas". Customers contracting for primary gas from gas brokers are not affected by the quarterly system gas rate amendments that occur on February 1, May 1, August 1, and November 1 of each year.

These regularly scheduled quarterly primary gas rate amendments occur in accordance with an established Rate Setting Methodology (RSM) and accompanying standard process, as approved by the Board. The RSM is formula-driven, relying on established accounting and rate setting conventions applied to known results and positions.

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Non-primary gas components of Centra's rates are periodically reviewed and approved by the Board either through what has generally been an annual Cost of Gas hearing or in the context of a General Rate Application (GRA). Through a GRA, Centra seeks general rate increases to provide for changes in its operating, administrative and financial costs, as well as to provide for a reasonable level of retained earnings. As previously indicated, a GRA may be filed in 2007.

As natural gas commodity prices have increased over the years, the share that natural gas commodity costs represent of Centra's total overall customer rates for primary gas customers has grown as well, and now represents about 75% of the bill. The following table illustrates the volatility of natural gas prices over the past seven years (MH acquired Centra in 1999), from the perspective of a residential system gas customer, i.e. one not receiving primary gas from a broker.

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Date	Primary Gas Commodity Cost	Average Annual Bill, including primary gas Costs	% change in Primary Gas Cost	% Change in the Total Annual Bill
December 1, 1999	\$3.003/GJ	\$ 758	Base	Base
August 1, 2000	5.187/GJ	878	72.7%	15.8%
November 1, 2000	5.894/GJ	975	13.6%	11.1%
February 1, 2001	9.251/GJ	1,225	57.0%	25.6%
June 1, 2001	6.429/GJ	1,299	(30.5%)	6.1%
August 1, 2001	4.614/GJ	1,095	(28.2%)	(15.7%)
November 1, 2001	4.168/GJ	1,020	(9.7%)	(6.9%)
February 1, 2002	4.028/GJ	999	(3.4%)	(2.0%)
May 1, 2002	5.094/GJ	1,088	26.5%	8.9%
August 1, 2002	4.759/GJ	1,022	(6.6%)	(6.0 %)
November 1, 2002	5.024/GJ	1,041	5.6%	1.8%
February 1, 2003	5.860/GJ	1,155	16.6%	11.0%
May 1, 2003	5.928/GJ	1,149	1.2%	(0.5%)
August 1, 2003	5.857/GJ	1,091	(1.2%)	(5.1%)
November 1, 2003	6.003/GJ	1,110	2.5%	1.8%
February 1, 2004	6.148/GJ	1,121	2.4%	1.0%
May 1, 2004	6.413/GJ	1,153	4.3%	2.8%
August 1, 2004	6.683/GJ	1,179	4.2%	2.3%
November 1, 2004	7.032/GJ	1,152	5.2%	(2.3%)
February 1, 2005	6.637/GJ	1,121	(5.6%)	(2.7%)
May 1, 2005	7.855/GJ	1,243	18.4%	10.9%
August 1, 2005	7.957/GJ	1,276	1.3%	2.7%
November 1, 2005	9.314/GJ	1,356	17.1%	6.3%
February 1, 2006	9.162/GJ	1,359	(1.6%)	0.2%
May 1, 2006	9.205/GJ	1,369	0.5%	0.7%
August 1, 2006	8.818/GJ	1,273	(4.2%)	(7.0%)

Note 1: With the quarter beginning May 1, 2005 and as applied retroactively, the estimated annual consumption for a typical residential customer has been reduced from 3,201 cubic meters to 2,803 cubic meters, to reflect the estimated effects arising from homeowner efforts to reduce consumption. Also, November 1, 2005 and February 1, 2006 rates were affected by the Board's decision to defer one-half of the otherwise sharp rate increase pursuant to the RSM; in February 2006, when commodity prices had fallen, the RSM was restored.

Note 2: Residential customers receiving primary gas from brokers rather than from Centra would likely not have the same cost and bill experience as Centra's customers, as their primary gas costs would be in accordance with their contracts with brokers, and fixed for three to five year periods at rates different than those charged by Centra.

Note 3: The above table incorporates changes approved by the Board for both non-Primary Gas and Primary Gas from 1999 through to, now, August 1, 2006.

Note 4: The Board's RSM considers factors other than natural gas commodity prices, these including the cost of gas in storage and hedging results. Accordingly, the volatility in primary gas rates experienced by primary gas customers is reduced in overall effect as overall rates billed to system gas customers also take into account operating, amortization, administrative and financial costs

3.0 PROPOSED COMBINED RATE IMPACTS OF PRIMARY AND NON-PRIMARY GAS APPLICATIONS ON PRIMARY GAS CUSTOMERS

As previously indicated, combined annualized bill impacts effective August 1, 2006 and applying only to customers receiving primary gas supply from Centra, to arise with Board approval of Centra's applications to amend rates, are:

Customer Class	Projected Annualized Bill Reduction
SGS Residential	6.8% to 7.5%
SGS Commercial	7.0% to 7.8%
LGS	7.1% to 8.4%
High Volume Firm	8.9% to 9.2%
Mainline	9.0% to 9.3%
Interruptible	7.2% to 7.5%

The projected bill impact for a typical system gas residential customer, based on an annual consumption of 99 Mcf (2,802 m³), is an annualized bill decrease of approximately 7.0%, or \$97 per year, if the decreases were sustained for a year, a situation not currently expected by the Board.

August 1, 2006 quarterly rate changes follow modest February 1, 2006 (Board Order 13/06) and May 1, 2006 (Board Order 64/06) changes of less than 1% each. The last significant change to rates for system gas customers occurred on November 1, 2005 when annualized bills for residential customers rose by 6.1% to 6.8% (Board Order 142/05).

That increase represented only half of the RSM indicated required rate increase for November 1, 2005, the other half was deferred by the Board to February 1, 2006; the Board apprehended the existence of a commodity price bubble that soon broke. As commodity prices had fallen back by February 1, 2006, the other half of the indicated November 1, 2005 rate increase was not required.

The following sections review Centra's two applications for interim rates, firstly for non-primary gas rates, then for primary gas rates. As previously noted, customers, whether residential, commercial or industrial, that receive primary gas supplies from a broker will only be affected by this Order with respect to the non-primary gas application (see immediately below).

4.0 Non-Primary Gas Application

4.1 Application

Centra applied to the Board for interim revised Supplemental Gas, Transportation and Distribution rates to be effective with respect to all gas consumed on and after August 1, 2006. The only component of Centra's Distribution rates herein addressed is UFG.

Non-primary gas rate change proposals resulted from:

- a reduction in the estimate for non-primary gas base costs for the 2006/07 fiscal year of approximately \$6.6 million, to be reflected in reduced Supplemental Gas, Transportation and Distribution rates; and
- a refund to customers of approximately \$13.2 million related to March 31, 2006 credit balances in various non-primary gas Purchase Gas Variance Accounts (PGVAs) and gas cost deferral accounts, with imputed interest to July 31, 2006. The refund would be made through Supplemental Gas, Transportation and Distribution rate riders over the period August 1, 2006 to July 31, 2007.

Centra's current approved rates, applicable through to July 2006 and prior to this Order, included rate riders refunding approximately \$700,000 of non-primary gas PGVA and other gas costs deferral account balances over the period August 1, 2005 to July 31, 2006. Those particular rate riders conclude with this Order, and this has an upward direction pressure on rates offsetting to some degree the larger downward pressures.

4.2 Background

All Centra customers are subject to non-primary gas rates.

Centra last sought revised non-primary gas rates in June 2005 (Board Order 103/05 and 135/05). In its current Application, Centra applied for interim rate decreases with respect to Supplemental Gas, Transportation (to Centra) and UFG, and, as well, interim approval to refund non-primary gas PGVA and other gas cost deferral account balances as of March 31, 2006 with imputed interest to July 31, 2006.

Centra requested the rate changes coincide with the regularly scheduled August 1, 2006 quarterly primary gas rate adjustment and the expiry of rate riders as of July 31, 2006 (see above). To accomplish the latter objective, accumulated gas cost deferral balances as of March 31, 2006 were projected forward to July 31, 2006 including imputed interest. Board approval of Centra's Application would change all non-primary rates, excluding fixed monthly charges.

4.3 2005/06 Non-Primary Gas PGVA's and Gas Cost Deferrals

Periodically, following Board approval, rate riders are established to dispose of balances resulting from differences between actual and forecast gas costs and revenues developing in Centra's non-primary gas PGVAs.

On April 1, 2005 new non-primary gas PGVAs were established to record differences between actual and projected gas costs to arise during Centra's 2005/06 fiscal year. An extraordinarily warm winter and spring with further consumer energy efficiency efforts (insulation and more efficient furnaces) resulted in gas usage volumes being considerably lower than initially forecast. This brought about transportation and supplementary gas cost savings (primary gas supplies and costs are accounted for separately), resulting in \$13.2 million owing to customers accumulating in the 2005/06 non-primary gas PGVA and gas cost deferral balances.

The accumulation of these differences, projected to July 31, 2006 with imputed interest, led to Centra's application for a rate rider to refund to customers approximately \$13.2 million during the August 1, 2006 to July 31, 2007 period. Non-primary gas PGVA balances as at March 31, 2006, projected to July 31, 2006 with imputed interest, were:

PGVA	Balance
Supplemental Gas	\$ 9.2 million (owing to customers)
Transportation	\$ 3.4 million (owing to customers)
Distribution	\$ (0.8) million (owing to Centra)
Other Deferrals	\$ 1.4 million (owing to customers)
Total Non-Primary PGVA's	\$13.2 million (owing to customers)

The primary contributors to the \$13.2 million to be refunded to customers were supplemental gas and transportation services.

Supplemental gas PGVAs record differences between actual costs and initially projected costs included in rates with respect to the cost of U.S. purchases, delivered services and supplemental gas withdrawn from storage to meet load requirements. Supplemental gas PGVAs balances aggregating to \$9.2 million owing to customers resulted, as previously indicated, from warmer than normal weather and, to some degree, increased customer energy efficiency.

Transportation PGVAs record the differences between actual and projected costs included in rates associated with the transportation of gas by Canadian and U.S. pipeline systems, costs for leasing U.S. storage, and TransCanada PipeLine (TCPL) balancing charges. A balance of \$3.4 million owing to customers in the Transportation PGVAs arose, mainly attributable to:

- a) Capacity Management revenues (arbitrage transactions carried out by Centra utilizing excess natural gas commodity supply) earned by Centra in fiscal 2005/06 exceeding forecast revenues by approximately \$2.1 million;
- b) TCPL toll reductions effective July 1, 2005, January 1, 2006 and March 1, 2006;
- c) an increase in the value of the Canadian dollar relative to the American dollar; and
- d) lower storage charges, with lower volume usage.

Distribution PGVAs record the cost of UFG, and a balance of \$800,000 due to Centra resulted, this attributed mainly to lower volumes of consumption, higher than forecast commodity unit costs and UFG losses higher than forecast (1.0% versus 0.9% forecasted).

Prior-Period Gas Deferral Accounts record the accumulation of residual differences for a number of prior-period gas deferral accounts, including prior-period Supplemental, Transportation and Distribution PGVAs. As of July 31, 2006, residual balances of \$500,000 owing to customers are projected, mainly attributable to higher than expected opening balances on July 31, 2005.

4.4 Customer Impacts

The following table projects annual bill reductions to arise with Board approval of revised non-primary gas rates for various customer classes; with comparisons with existing rates as of May 1, 2006.

Upon Board approval, projected residential non-primary gas annualized bills as of August 1, 2006 will decrease by approximately 2.9% (\$40 over a year); other classes will experience decreases ranging from 1.2% to 4.3%, depending on consumption.

Customer Class	Consumption Ranges	Load Factor	Projected Decreases	
			Annual \$ Impact	% Change
SGS-Residential	1,980m ³		(\$29)	-2.8%
	2,800m ³		(\$40)	-2.9%
	11,300m ³		(\$163)	-3.2%
SGS-Commercial	1,980m ³		(\$38)	-3.9%
	2,800m ³		(\$53)	-4.0%
	11,300m ³		(\$216)	-4.3%
LGS	11,300m ³		(\$134)	-2.6%
	679,900m ³		(\$8,022)	-3.1%
HVF	850,000m ³	75%	(\$10,155)	-3.3%
	850,000m ³	25%	(\$12,278)	-3.7%
Mainline	2,833,000m ³	75%	(\$31,092)	-3.2%
	28,328,000m ³	40%	(\$330,155)	-3.3%
Interruptible	850,000m ³	75%	(\$3,521)	-1.2%
	850,000m ³	25%	(\$5,294)	-1.8%

When combined with decreases proposed for Primary Gas rates, for system gas customers, the decreases reported above will increase further.

5.0 Primary Gas Rates

5.1 Primary Gas Application

Primary gas rates affect only those customers receiving primary gas from Centra, rather than from a broker.

Centra applied to the Board for interim ex-parte approval of revised August 1, 2006 primary gas rates including proposed rate riders to return excess previously paid funds to customers. The application was pursuant to the Board's approved RSM. Ex-parte applications, if accepted as such by the Board, result in interim rate changes adopted by the Board prior to notification to

registered interveners; in this case, interveners were advised of the application as the rate changes proposed were to be implemented coincident with non-primary gas rate amendments (see above).

Primary gas rates set by this Order will remain in effect until November 1, 2006, that being the next scheduled quarterly primary gas rate change, again to be subject to the Board approved RSM.

5.2 Background, Primary Gas Base and Billed Rates

Centra proposed primary gas customer billed rates of \$0.2981/m³ and \$0.2846/m³ for August 1, 2006 (May 1, 2006: \$0.3188/m³ and \$0.3054/m³), for residential and other classes respectively.

The proposal was based on the Board's standard RSM, supported by the following table of factors:

Component	Existing Costs and Rates, May 1, 2006	Costs and Proposed Rates, August 1, 2006
Date of Forward Price Strip	April 3, 2006	July 3, 2006
12 Month Forward Price	\$9.007/GJ +	\$8.113/GJ +
Costs resulting from Hedging	\$0.486/GJ =	\$0.908/GJ =
Forecast Gas Supply Price	\$9.493/GJ	\$9.021/GJ
Cost of Gas drawn from Storage	\$7.902/GJ	\$7.902/GJ
Weighted Gas,Cost (mix of Gas Supply & Storage Gas costs)	\$9.205/GJ	\$8.818/GJ
Rate per Cubic Metre	\$0.3479m ³	\$0.3333/m ³
Base Primary Rate, adding Fuel and Overhead cost component less	\$0.3553m ³	\$0.3401/m ³
Less: PGVA Rider	(\$0.0365/m ³) Residential, and (\$0.0499/m ³) Other	(\$0.04200/m ³) Residential, and (\$0.0555/m ³) Other
Total Billed Rate	\$0.3188/m ³ Residential, and \$0.3054/m ³ Other	\$0.2981/m ³ Residential, and \$0.2846/m ³ Other

Notes:

1. Primary gas rate reduction factors in 100% of the reduction between the current 12-month forward price for Western Canadian natural gas commodity supplies for the period August 1, 2006 to July 31, 2007 from the price as of May 1, 2006;
2. Forecast losses on hedges placed for approximately 22.5 million GJ of natural gas are accounted for with the projected loss for hedging of \$35.5 million; a projected loss related to hedging was also reflected in May 1 rates, the immediately preceding quarter;
3. The cost of gas drawn from storage for supply to primary gas customers is accounted for, reflecting the actual cost of gas in storage withdrawn in 2005/06 (withdrawals commenced on November 1, 2005), and blended in on a weighted basis to arrive at a

- weighted gas cost, which is forecast to be lower for the August 1 to October 31, 2006 quarter than that forecast for the previous quarter (\$8.818/GJ compared to \$9.205/GJ);
4. Forecasted volumes of primary gas represented by the costs are used to determine the cost/ 1,000 m³, which is then increased to account for other costs; and Rate reductions by means of rate riders are established to return to customers Primary Gas PGVA balances accumulated between May 1, 2006 and, projected to, July 31, 2006, over a 12-month period beginning August 1, 2006; of \$12.64 million and \$22.35 million, owing to residential and non-residential customers respectively (resulting in credit rate riders \$0.0420/ m³ and \$0.0555/ m³, residential and non-residential respectively).

Rate riders now established take into account the balances of rate riders previously established with respect to primary gas PGVA accumulated between November 1, 2005 and April 30, 2006 for Residential and Non-Residential customers, and the October 31, 2005 primary gas PGVA, originally intended to be returned to customers through to October 31, 2006.

Through the combination of factors as set out above, proposed August 1, 2006 primary gas billed rates rates of \$0.2981/m³ and \$0.2846/m³, residential and non-residential customers respectively, were proposed, being less than the base rates (i.e. rates applying in the absence of rate riders).

The following table projects the reductions to annual average residential natural gas bills associated with only the proposed new August 1, 2006 Primary Gas rates, compared to May 1, 2006 rates (assuming the rate reductions were sustained for one year):

Customer Class	Decrease
SGS Residential	4.0% to 4.4%
SGS Commercial	4.1% to 4.6%
LGS	4.5% to 5.3%
High Volume Firm	5.2% to 5.8%
Mainline	6.0% to 6.3%
Interruptible	5.6% to 6.1%

If the reductions were sustained for a year, based on an annual residential consumption of 99Mcf or 2,802 m³, the average residential consumer purchasing primary gas through Centra would save approximately 4.2% or \$57 per year. Unfortunately, and as previously indicated, the Board does not expect these reductions to be sustained.

6.0 Outstanding Positions, Hedging

Centra acquires financial future contracts, “hedges”, towards reducing the volatility of primary gas rates for customers on system gas. Until recently, and since MH’s acquisition of Centra in 1999, Centra’s hedging activities resulted in reduced actual gas costs and rates for its customers.

The overall cost for Western Canadian natural gas, reflected in Centra’s rates to customers receiving primary gas from Centra, is impacted not only by the terms of Centra’s gas purchase contract with its commodity supplier, Nexen, but also by the results of hedging. Hedging is undertaken independent of actual gas purchases from Nexen, which are at market prices.

The results of hedges projected through to April 2007 are reflected in Centra’s proposed primary gas rates, and are an estimated addition to total primary gas costs of \$35.5 million. Actual results

associated with outstanding hedges will not be known until future dates and are dependent upon commodity market price changes and Centra actions with respect to outstanding positions.

Outstanding hedges as of July 1, 2006 were:

- On October 18, 2005, Centra hedged 50% of eligible volumes for the months of August through October 2006. The financial instruments were 50 cent out-of-the-money “cashless collars” with upper strike prices ranging from \$11.00/GJ to \$11.12/GJ. Lower strike prices range from \$10.34/GJ to \$10.40/GJ. Recent market settlement prices for August, September and October 2006 settlements were \$5.10, \$6.38 and \$5.64, respectively (38-50% lower than the lower strike prices).

(Upper and lower strike prices establish a range of actual market prices that would not result in either a gain or loss arising from the hedge transactions. Market settlement prices outside the range affect Centra’s overall primary gas commodity costs. When actual market prices are below the lower strike range of a Centra hedge, such as may prove the case for the August, September and October hedges reviewed above, Centra incurs a cost to settle the hedge with its counter-party equal to the difference between the then-market price and the lower strike price, and that difference represents a cost that, in essence, offsets purchased gas cost savings that would have occurred if no hedge had been placed. Based on current market prices, it is likely hedge losses will be incurred in the present quarter as projected for the May 1 through July 31, 2006 quarter.)
- On January 18 and 20, 2006, Centra placed two price hedges of 50% each for eligible primary gas volumes for the months of November 2006 through January 2007. These instruments were again 50 cent out-of-the-money cashless collars. Upper strike prices range from \$10.00/GJ to \$11.07/GJ, lower strike prices range from \$9.20/GJ to \$10.35/GJ. Recent market settlement prices for November and December 2006 and

January 2007 settlements were \$7.26, \$8.70 and \$9.18, respectively (approximately 10% to 20% lower than the lower strike prices).

- On April 10, 2006, Centra placed a hedge for 50% of eligible volumes covering the months of February through April 2007. These instruments were once again 50 cent out-of-the-money cashless collars. The upper strike prices range from \$8.83/GJ to \$10.25/GJ and lower strike prices between \$8.00/GJ and \$9.52/GJ. Recent market settlement prices for February, March and April 2007 settlements were \$9.22, \$9.20 and \$7.50, respectively.
- On May 2, 2006, Centra placed a hedge for 50% of eligible volumes covering the months of August through October 2006. The instrument was 50 cent out-of-the-money cashless collars. Upper strike prices range from \$6.57/GJ to \$7.02/GJ, lower strike prices between \$5.72/GJ and \$6.23/GJ. Recent market settlement prices for August, September and October 2006 settlements were \$5.10, \$6.38 and \$5.64, respectively.

If current market settlement prices are sustained until the outstanding hedges mature, it appears that Centra will incur additional primary gas costs arising out of the hedges. There are no up-front premium costs associated with the derivatives employed by Centra.

7.0 CONSULTATION WITH CENTRA AND INTERVENERS

In response to Centra's two rate applications for August 1, 2006 rates (primary gas and non-primary gas costs), and noting the materiality of the proposed rate adjustments arising out of the combination of effects and causes, the Board shared the applications with registered interveners and invited comments.

In inviting comments, the Board stated an intention to hold a public Cost of Gas hearing in 2006, and provided an additional list of items to be addressed at such a cost of gas hearing:

- confirmation of Interim Orders (quarterly primary gas and non-primary gas related);
- customer class data, including consumption by class;
- energy efficiency matters;
- forecasts, financial and statistical (including as related to customer numbers and volumes by class; 10 year normal weather data; US Exchange rates – Historic and forecast);
- information related to FERC, AR and GLGT and NEB Approved toll changes;
- Centra's hedging activities (approach, results, and impact forecasts);
- previous Board Directives
- peak day volume changes;
- gas storage issues;
- Blank Page Analysis update (gas purchases, transportation and storage matters);
- review of Unabsorbed Demand Charge information and approach;
- delivered service issues;
- UFG;
- Capacity Management results and issues;
- Cost Allocation Changes; and
- Primary Gas Protocol.

In response:

- a) Centra proposed that a Cost of Gas hearing take place in April or May of 2007, perhaps in conjunction with a GRA. Centra's Board of Directors is expected to consider updated financial forecasts in October 2006, and may thereupon seek a change in distribution rates by means of a spring 2007 GRA;

- b) Direct Energy, the parent company of Municipal Gas (a Manitoba natural gas broker) did not object to the Board providing the interim rate reductions proposed by Centra, provided Centra matters and interim rates are subsequently reviewed at a Cost of Gas hearing. Direct recommended September or October 2006, to allow parties sufficient time to examine the evidence and prepare interventions. Direct also suggested that in addition to the list of items for the hearing provided by the Board, Centra's Cost of Gas application should also include any proposed changes to gas rates, consumer communications programs, and service charges (including any proposed amendments to charges to brokers);
- c) Canadian Association of Consumers, Manitoba Society of Seniors (CAC/MSOS) supported interim approval of proposed rate decreases providing a Cost of Gas hearing is scheduled for before the end of 2006. CAC/MSOS proposed that interim rates be approved based on the most recent forward primary gas price strip. CAC/MSOS noted that its acceptance of interim rate changes should not be interpreted as acceptance of a process whereby as a matter of course interim rates are approved without a hearing. CAC/MSOS also noted Board Order 13/06 comments on Centra's mechanistic hedging approach, reporting it had retained the services of a hedging expert; and
- d) Resource Conservation Manitoba and Time to Respect Earth's Ecosystem (RCM/TREE) did not object to interim rates without a public hearing, and suggested that to the list of issues for a hearing provided by the Board the following matters should be added:
 - DSM programming and the implementation of Bill 11;
 - energy efficiency research - how energy efficient are Manitoba homes and businesses in comparison with comparable homes and businesses in other jurisdictions on a weather-adjusted basis;

- low-income, senior, landlord/tenant, rural, northern and Aboriginal DSM and other special programming with respect to such matters as bill assistance, education, cooperative delivery, and energy efficiency training;
- service disconnection, bad debts, and general collection issues;
- automated meter reading; and
- inverted rates and other environmentally-driven rate structure options such as Marginal Value of Gas to Consumers, rate de-coupling and pricing in cost estimates of environmental externalities (implementation of full-cost accounting in the context of both Centra rate setting and resource acquisition).

The Board carefully considered comments and suggestions received prior to reaching its findings.

8.0 Board Findings

Approval of Applications

The Board will approve Centra's proposal for interim primary and non-primary natural gas rates for customers effective August 1, 2006. Centra's proposed interim rate changes properly reflected:

- a) for primary gas rates: commodity market and future price, known results and situations, with proposed rates calculated consistent with the Board approved RSM applying to quarterly primary gas rate amendments; and
- b) for non-primary gas rates: experience and known situations, applied consistently with past practice and in accordance with existing Board directives.

Impact on Primary Gas Customers

As previously indicated, the changes to non-primary gas rates will affect all Centra customers, while the changes to primary gas rates will affect only those customers receiving system gas (primary gas) from Centra. The total billed rate for primary gas supply to system gas customers for the three months ending October 31, 2006 will be \$0.2981 and \$0.2846/ m³, for residential and non-residential customers, respectively.

Adding approximately \$0.12/ m³ to be billed residential customers in August for transportation and distribution rates to the revised rates for primary gas, the average system gas residential customer will incur a total billed rate of approximately \$0.42/ m³ down from \$0.45/ m³.

Comparison of Rates, System Gas and Broker Service

For those interested in comparisons, rates to be paid by Centra's system gas customers can be compared to the rates for Centra's customers utilizing broker primary gas.

To compare total billed residential rates per m³ between broker served and Centra primary gas customers, Centra's August rate of approximately \$0.42/ m³ may be compared with the approximate \$0.12/ m³ total for non-primary gas rates plus the primary gas rates charged by the brokers. Current broker contracts for five year fixed primary gas supply are in the range of \$0.38 to \$0.39/ m³. This suggests a total billed rate for gas service and broker supply in the range of \$0.50/m³ for broker served customers, compared to Centra's total billed rate for residential primary gas customers of approximately \$0.42/ m³.

Consumers need to consider not only the absolute current difference between offered broker primary gas rates and Centra's system gas rates, but should also form a considered opinion as to the prospects for future prices of primary gas. Centra's rates for primary gas are locked-in for three months, and controlled to some degree through hedging for up to twelve months, while the

brokers offer three to five year fixed primary gas supply contracts. The answer to the debate over which source of supply is best lies at least partially with individual circumstances and risk preferences, much the same situation as is found in the choice between locked-in fixed-interest mortgages as compared to floating rate mortgages.

Outlook for Customer Rates

With respect to the immediate term outlook for primary gas costs and primary gas customer rates, the Board notes Centra's outstanding hedging positions and current prices for future commodity deliveries. With recent natural gas commodity prices below the floor prices of Centra's hedges, additional primary gas costs can be expected arising out of the hedges. This is likely to put pressure on primary gas rates for the November 1 primary gas rate setting.

This said, no one knows with certainty the direction and future level of natural gas prices. This is why firms in many fields engage in financial derivatives to hedge future costs and revenues. The Board is not in a position to say with certainty whether the hedges placed by Centra out into 2007 will prove beneficial to costs and primary gas rates. The Board prefers to alert consumers to the risk that rates now falling will once again rise, and focus on consideration of options to the present derivatives approach.

Comments on Hedging

The Board acknowledges that Centra's purpose for hedging is the restraint of customer gas rate volatility, not the reduction of natural gas commodity costs. Centra has never suggested that its hedging will generate primary gas cost savings for consumers.

That said, the Board notes, as previously indicated, that over a period extending from the acquisition of Centra by MH, in 1999 to December 2005, a period of rising natural gas commodity prices, with two major spikes, Centra's hedging produced net gains, that is

reductions to purchased primary gas costs. Market prices often exceeded the upper strike price of Centra's hedges during this period, reducing overall gas commodity costs, with primary gas customer rates benefiting those customers on system gas. This was particularly true during the August 2005 through to January 2006 period, during which natural gas commodity prices spiked following Hurricanes Katrina and Rita and damage to natural gas production and transportation infrastructure in the American Gulf states.

Contrarily, the Board expressed particular concern as to Centra's "mechanistic", hedging approach, this at time of what proved to be the natural gas commodity price bubble of the fall and winter of 2005, and recommended that Centra reconsider its hedging approach.

Continued "mechanistic" hedging following the apex of a price spike and during a subsequent major price decline leads to higher primary gas rates for customers than would be the case if either no, less or perhaps different hedging approaches takes place. While the Board suspects that the major price decline from the peak of the most recent bubble is more or less over, the Board continues to recommend that Centra consider other options to its current use of derivatives. While the present approach involves no premium, there may be other approaches that would provide price protection without limiting the ability to participate in price declines.

In making the suggestion, then and now, the Board notes that CAC/MSOS is on record as opposing Centra's use of mechanistic hedges, and has evidenced a willingness to accept the risks attendant with an absence of hedging. The Board has supported CAC/MSOS' interest in having cost control rather than volatility reduction being the primary goal of hedging. In any case, Centra's hedging has limited volatility risk out only one year out, and only for primary gas, a protection not of the same order as the multi-year protection offered, at a price, by the brokers.

The issues surrounding Centra's hedging policy and practices need to be fully surveyed at the next Cost of Gas hearing. The cost of the natural gas commodity supply to Centra, as well as the

net result of its hedging activities, are, historically and by policy, passed through to its primary system gas customers without mark-up or deduction. In short, Centra's system gas customers pay for Centra's hedging, gas purchase and storage actions, whether those actions prove efficacious or not. Reservations as to Centra's "mechanistic" hedging approach have been expressed and need to be explored with the involvement of interveners representative of the consumers meeting the costs incurred.

In saying this, the Board suggests that no party to Centra-related proceedings has sought or seeks to usurp Centra's management responsibilities, nor do they claim to have a crystal ball capable of divining future commodity prices. However, all parties seek involvement in decisions surrounding costs that are passed through to customers whether efficacious or not.

Warm Weather and the Impact on Centra's Financial Position

The Board notes that the warm weather and concurrent lower sales volumes of natural gas that have benefited customers in lower bills, and are now to benefit customers with lower rates for the next quarter, are also most likely to have negatively impacted Centra's fiscal position. Centra did not apply for revised distribution rates with respect to its operating, depreciation, administrative and financial costs, and the rates in place to recover such costs for Centra were established on projections of higher volume. Accordingly, the Board anticipates that Centra has incurred a net loss for fiscal 2005/06 (Centra's financial results and annual report for 2005/06, ended March 31, 2006, together with the reports of its parent MH, has yet to be released).

As the Board's public interest mandate has two sides, concern for customers and for the financial health of the utilities that serve customers, and given the Board's concern over the likely financial impact of warm weather on Centra's financial results, the Board will direct Centra to file:

- a) its annual report and financial statements for fiscal 2005/06 with the Board by September 30, 2006;
- b) updated financial forecasts for the next ten years by November 30, 2006; and
- c) an indication as to whether Centra intends to file a GRA in 2007 by November 30, 2006.

While the Board has suggested that Centra consider offering a fixed price option in competition with the brokers, with only two brokers operating in the residential arena, it also notes there are other means already in place and in use to reduce bill volatility for system gas customers. These include the equal payment plan, quarterly primary gas rate settings (with locked-in prices for a quarter), and, perhaps more importantly for long-term outcomes, the enhancement of heat retention and heating efficiency of residential properties.

Wisdom of Energy Efficiency Measures

As to the rate decreases to take effect on August 1, the Board is concerned about the price signal that decreases, largely attributable to past experience, will provide customers ahead of the approaching winter season and possibly rising prices.

As bills are the result not only of rates but also of consumption, consumers should remain focused on energy efficiency measures. Consumers should seriously consider taking advantage of Centra efficiency incentives, now to be assisted by an Energy Fund to arise out of Bill 11. Reduced consumption is a particularly attractive option, allowing consumers to naturally hedge the risk of higher future natural gas prices.

Concern with respect to Low-Income Customers

Notwithstanding the collapse in natural gas commodity prices since the December 2005 bubble peak of approximately \$15/GJ, the Board continues to be concerned as to the impact of energy costs on low income individuals.

To this point this summer, the service of approximately 4,000 Winnipeg and Brandon natural gas customers have been disconnected for non-payment. This is a significant number, representing numerous families deprived of natural gas service due to personal financial situations. Even with recent declines in natural gas commodity prices, the market price of natural gas has risen three fold since MH acquired Centra in 1999; few families have seen their income keep pace.

The Board encourages Centra and its parent MH to continue to work to develop and further energy efficiency for low-income customers. The Board notes recent initiatives to integrate natural gas energy efficiency measures within MH's overall power smart programs, the engagement of a low-income co-ordinator by MH and the passage of Bill 11 to preserve the contributions to DSM that were to have come from the federal government (since cancelled).

Cost of Gas Hearing

While the Board, with the support of interveners, has proceeded by way of paper process and interim rates to process Centra's two applications (primary and non-primary gas rates), the Board will direct Centra to prepare for a Cost of Gas hearing this year. The issues to be addressed at the hearing, including the confirmation or amendment of interim rates, can be handled without the concurrency of a GRA.

The Board notes that approximately \$500 million is expended annually in Manitoba on natural gas service, funds that in the majority flow out of the Province. All matters related to gas costs,

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including matters such as storage, supply contracts and transportation arrangements are of great significance; it is in the public interest to address these matters promptly by way of hearing.

Proceeding with a Cost of Gas hearing in 2006 based partially on already filed material should assist in meeting the twin objectives of efficiency and transparency. Centra's Cost of Gas Application has already been filed in part, and the utility will provide additional information in keeping with the usual requirements and process.

Notification

Centra is to advise its customers of rate changes arising out of this Order and of an upcoming Cost of Gas hearing through its newsletter, *Energy Matters*, and by media release.

9.0 It Is Therefore Ordered That:

1. The Schedules of Rates attached to this Order as Appendix "A", effective for all gas consumed on and after August 1, 2006, BE AND ARE HEREBY APPROVED on an interim basis;
2. Centra file its audited financial statements by September 30, 2006;
3. Centra file its updated financial forecasts by November 30, 2006, with an indication as to whether it will file a General Rate Application by early 2007;
4. Centra consult with the Board and registered interveners with respect to a public Cost of Gas hearing to be scheduled for late October or early November, 2006, and develop and file such documents and information as are required for that hearing in accordance with a schedule to be developed by the Board following consultation with Centra and registered interveners; and
5. this Interim Order shall be in effect until confirmed or otherwise dealt with, by a further Order of the Board.

THE PUBLIC UTILITIES BOARD

"GRAHAM F. J. LANE, B.A., C.A."
Chairman

"H. M. SINGH"
Acting Secretary

Certified a true copy of Order No.
116/06 issued by The Public Utilities
Board

Acting Secretary

CENTRA GAS MANITOBA INC.
 FIRM SALES AND DELIVERY SERVICES
 RATE SCHEDULES (BASE RATES ONLY - NO RIDERS)

1 Territory:	Entire natural gas service area of Company, including all zones.				
2					
3 Availability:					
4 SGC:	For gas supplied through one domestic-sized meter.				
5 LGC:	For gas delivered through one meter at annual volumes less than 680,000 m ³ .				
6 HVF:	For gas delivered through one meter at annual volumes greater than 680,000 m ³ .				
7 Co-op:	For gas delivered to natural gas distribution cooperatives.				
8 MLC:	For gas delivered through one meter to consumers served from the Transmission system.				
9 Special Contract:	For gas delivered under the terms of a Special Contract with the Company.				
10 Power Station:	For gas delivered under the terms of a Special Contract with the Company.				
11					

12 Rates:	Distribution to Customers			Primary Gas Supply		Supplemental Gas Supply ¹
	Transportation to Centra	Sales Service	T-Service	Residential	Non-Residential	
13						
14						
15 Basic Monthly Charge: (\$/month)						
16 Small General Class (SGC)	N/A	\$10.00	N/A	N/A	N/A	N/A
17 Large General Class (LGC)	N/A	\$70.00	\$70.00	N/A	N/A	N/A
18 High Volume Firm Class (HVF)	N/A	\$883.42	\$883.42	N/A	N/A	N/A
19 Cooperative (Co-op)	N/A	\$307.21	\$307.21	N/A	N/A	N/A
20 Main Line Class (MLC)	N/A	\$1,589.47	\$1,589.47	N/A	N/A	N/A
21 Special Contract	N/A	N/A	\$106,090.27	N/A	N/A	N/A
22 Power Station	N/A	N/A	\$14,220.45	N/A	N/A	N/A
23						
24 Monthly Demand Charge (\$/m ³ /month)						
25 High Volume Firm Class (HVF)	\$0.1857	\$0.1287	\$0.1287	N/A	N/A	N/A
26 Cooperative (Co-op)	\$0.2955	\$0.1216	\$0.1216	N/A	N/A	N/A
27 Main Line Class (MLC)	\$0.3142	\$0.1349	\$0.1349	N/A	N/A	N/A
28 Special Contract	N/A	N/A	N/A	N/A	N/A	N/A
29 Power Stations	N/A	N/A	\$0.0276	N/A	N/A	N/A
30						
31 Volumetric Charge: (\$/m ³)						
32 Small General Class (SGC)	\$0.0385	\$0.0834	N/A	\$0.3401	\$0.3401	\$0.2669
33 Large General Class (LGC)	\$0.0379	\$0.0334	\$0.0334	\$0.3401	\$0.3401	\$0.2669
34 High Volume Firm Class (HVF)	\$0.0175	\$0.0100	\$0.0100	\$0.3401	\$0.3401	\$0.2669
35 Cooperative (Co-op)	\$0.0081	\$0.0001	\$0.0001	\$0.3401	\$0.3401	\$0.2669
36 Main Line Class (MLC)	\$0.0085	\$0.0036	\$0.0036	\$0.3401	\$0.3401	\$0.2669
37 Special Contract	N/A	N/A	\$0.0005	N/A	N/A	N/A
38 Power Station	N/A	N/A	\$0.0064	N/A	N/A	N/A
39						

40 ¹Supplemental Gas is mandatory for all Sales and Western T-Service Customers.

41
 42 Minimum Monthly Bill: Equal to the Basic Monthly Charge as described above, plus Demand Charge as appropriate.

43
 44 Effective: Rates to be charged for all billings based on gas consumed on and after August 1, 2006.

Approved by Board Order:
 Effective from: August 1, 2006
 Date Implemented: August 1, 2006

Supersedes Board Order: 64/06
 Supersedes: May 1, 2006 Rates

CENTRA GAS MANITOBA INC.
 INTERRUPTIBLE SALES AND DELIVERY SERVICES
 RATE SCHEDULES (BASE RATES ONLY - NO RIDERS)

CENTRA GAS MANITOBA INC. INTERRUPTIBLE SALES AND DELIVERY SERVICES RATE SCHEDULES (BASE RATES ONLY - NO RIDERS)						
1	Territory: Entire natural gas service area of Company, including all zones.					
2						
3	Availability: For any Consumer at one location whose annual natural gas requirements equal or exceed 680,000m ³ and who contracts for such service for a minimum of one year, or who received Interruptible Service continuously since December 31, 1998. Service under this rate shall be limited to the extent that the Company considers it has available natural gas supplies and/or capacity to provide delivery service.					
4						
5	Rates:					
6	Transportation to Centra	Distribution to Customers	Primary Gas Supply	Supplemental Gas Supply ¹		
7	Sales Service	T-Service	Residential	Non- Residential		
8	Basic Monthly Charge: (\$/month)					
9	Interruptible Service	N/A	\$942.77	\$942.77	N/A	N/A
10	Mainline Interruptible (with firm delivery)	N/A	\$1,589.47	\$1,589.47	N/A	N/A
11						
12	Monthly Demand Charge (\$/m ³ /month)					
13	Interruptible Service	\$0.0894	\$0.0702	\$0.0702	N/A	N/A
14	Mainline Interruptible (with firm delivery)	\$0.1376	\$0.1349	\$0.1349	N/A	N/A
15						
16	Commodity Volumetric Charge: (\$/m ³)					
17	Interruptible Service	\$0.0124	\$0.0073	\$0.0073	\$0.3401	\$0.2628
18	Mainline Interruptible (with firm delivery)	\$0.0050	\$0.0036	\$0.0036	\$0.3401	\$0.2628
19						
20	Alternate Supply Service: Gas Supply Interruptible Sales and Mainline Interruptible					
21			Negotiated Cost of Gas			
22	Delivery Service - Interruptible Class			\$0.0096		
23	Delivery Service - Mainline Interruptible Class			\$0.0080		
24						
25	¹ Supplemental Gas is mandatory for all Sales and Western T-Service Customers.					
26						
27	Minimum Monthly Bill: Equal to the Basic Monthly Charge as described above, plus Demand Charge as appropriate.					
28						
29	Effective: Rates to be charged for all billings based on gas consumed on and after August 1, 2006.					

Approved by Board Order:
 Effective from: August 1, 2006
 Date Implemented: August 1, 2006

Supersedes Board Order: 64/06
 Supersedes: May 1, 2006 Rates

CENTRA GAS MANITOBA INC.
FIRM SALES AND DELIVERY SERVICES
RATE SCHEDULES (BASE RATE PLUS RIDERS)

Distribution to Customers						
	Transportation to Centra	Sales Service	T-Service	Residential	Non-Residential	Supplemental Gas Supply ¹
13						
14						
15	Basic Monthly Charge: (\$/month)					
16	Small General Class (SGC)	N/A	\$10.00	N/A	N/A	N/A
17	Large General Class (LGC)	N/A	\$70.00	\$70.00	N/A	N/A
18	High Volume Firm Class (HVF)	N/A	\$883.42	\$883.42	N/A	N/A
19	Cooperative (Co-op)	N/A	\$307.21	\$307.21	N/A	N/A
20	Main Line Class (MLC)	N/A	\$1,589.47	\$1,589.47	N/A	N/A
21	Special Contract	N/A	N/A	\$105,090.27	N/A	N/A
22	Power Station	N/A	N/A	\$14,220.45	N/A	N/A
23						
24	Monthly Demand Charge: (\$/m³/month)					
25	High Volume Firm Class (HVF)	\$0.2239	\$0.1289	\$0.1289	N/A	N/A
26	Cooperative (Co-op)	\$0.2955	\$0.1216	\$0.1216	N/A	N/A
27	Main Line Class (MLC) (Firm)	\$0.2256	\$0.1352	\$0.1352	N/A	N/A
28	Special Contract	N/A	N/A	N/A	N/A	N/A
29	Power Station	N/A	N/A	\$0.0274	N/A	N/A
30						
31	Commodity Volumetric Charge: (\$/m³)					
32	Small General Class (SGC)	\$0.0357	\$0.0783	N/A	\$0.2981	\$0.2846
33	Large General Class (LGC)	\$0.0362	\$0.0281	\$0.0333	\$0.2981	\$0.2846
34	High Volume Firm Class (HVF)	\$0.0102	\$0.0045	\$0.0097	\$0.2981	\$0.2846
35	Cooperative (Co-op)	\$0.0081	\$0.0002	\$0.0002	\$0.2981	\$0.2846
36	Main Line Class (MLC) (Firm)	\$0.0077	\$0.0038	\$0.0038	\$0.2981	\$0.2846
37	Main Line Class (MLC) (Firm)	N/A	N/A	N/A	N/A	(\$0.0052) ²
38	Special Contract	N/A	N/A	\$0.0005	N/A	N/A
39	Power Station	N/A	N/A	\$0.0116	N/A	N/A
40						

41 ¹ Supplemental Gas is mandatory for all Sales and Western T-Service Customers.

42 ² Supplemental Gas Refund Rider; refunded over total annual volumes.

43

44 Minimum Monthly Bill: Equal to the Basic Monthly Charge as described above, plus Demand Charge as appropriate.

45

46 Effective: Rates to be charged for all billings based on gas consumed on and after August 1, 2006.

Approved by Board Order:
 Effective from: August 1, 2006
 Date Implemented: August 1, 2006

Supersedes Board Order: 64/06
 Supersedes: May 1, 2006 Rates

CENTRA GAS MANITOBA INC.
Appendix A - Schedule of Sales and Transportation Services and Rates
Proposed Rates Effective August 1, 2006

ATTACHMENT 1
July 18, 2006
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CENTRA GAS MANITOBA INC. INTERRUPTIBLE SALES AND DELIVERY SERVICES RATE SCHEDULES (BASE RATES PLUS RIDER(S))						
1	2	3	4	5	6	7
Territory:	Entire natural gas service area of Company, including all zones.					
Availability:	For any Consumer at one location whose annual natural gas requirements equal or exceed 650,000m ³ and who contracts for such service for a minimum of one year, or who received Interruptible Service continuously since December 31, 1996. Service under this rate shall be limited to the extent that the Company considers it has available natural gas supplies and/or capacity to provide delivery service.					
Rates:	Transportation to Centra	Distribution to Customers	Primary Gas Supply	Supplemental Gas Supply ¹		
	Sales Service	T-Service	Residential	Non-Residential		
8 Basic Monthly Charge: (\$/month)						
9 Interruptible Service	N/A	\$942.77	\$942.77	N/A	N/A	N/A
10 Marine Interruptible (with firm delivery)	N/A	\$1,589.47	\$1,589.47	N/A	N/A	N/A
11						
12 Monthly Demand Charge (\$/m ³ /month)						
13 Interruptible Service	\$0.1005	\$0.0704	\$0.0704	N/A	N/A	N/A
14 Marine Interruptible (with firm delivery)	\$0.1377	\$0.1362	\$0.1362	N/A	N/A	N/A
15						
16 Commodity Volumetric Charge: (\$/m ³)						
17 Interruptible Service	\$0.0082	\$0.0070	\$0.0070	\$0.2981	\$0.2846	\$0.2628
18 Interruptible Service						(\$0.0102) ²
19 Marine Interruptible (with firm delivery)	\$0.0048	\$0.0038	\$0.0038	\$0.2981	\$0.2846	\$0.2628
20 Marine Interruptible (with firm delivery)	N/A	N/A	N/A	N/A	N/A	(\$0.0052) ²
21						
22 Alternate Supply Service:						
23 Gas Supply (Interruptible Sales and Marine Interruptible)				Negotiated Cost of Gas		
24 Delivery Service - Interruptible Class				\$0.0093		
25 Delivery Service - Marine Interruptible Class				\$0.0082		
26						
27 ¹ Supplemental Gas is mandatory for all Sales and Western T-Service Customers.						
28 ² Supplemental Gas Refund Rider, refunded over total annual volume.						
29						
30 Minimum Monthly Bill:	Equal to the Basic Monthly Charge as described above, plus Demand Charge as appropriate.					
31						
32 Effective:	Rates to be charged for all billings based on gas consumed on and after August 1, 2006.					

Approved by Board Order:
Effective from: August 1, 2006
Date Implemented: August 1, 2006

Supersedes Board Order: 64/06
Supersedes: May 1, 2006 Rates