

GUIDE TO THE PURCHASE OF NATURAL GAS IN MANITOBA

As a Manitoba natural gas consumer, you have a choice when buying natural gas for your home or business. This guide provides information to help you select the choice that's right for you.

THIS BROCHURE IS INTENDED TO:

- Help you understand what your choices are;
- Inform you of some of the benefits and risks associated with those choices;
- Inform you of the approved marketing methods through which marketers may approach you; and
- Make you aware of your rights and responsibilities.

This brochure was developed under the auspices of the Public Utilities Board by licensed natural gas marketers, Centra Gas Manitoba Inc. (Manitoba Hydro), the Consumers Association of Canada (Manitoba) and the Manitoba Society of Seniors. The brochure explains the roles of Centra Gas and private sector gas marketers, to provide information to assist you in making an informed choice about your gas supply.

UNDERSTANDING YOUR NATURAL GAS SUPPLY

Natural gas is a commodity that is bought and sold in a highly competitive marketplace, one shaped by the forces of supply and demand on a continental basis. Natural gas prices rise and fall every day.

In Manitoba, consumers have a choice in purchasing natural gas for use in homes and businesses. Consumers can purchase their natural gas:

- 1) from Centra Gas on a regulated basis, or
- 2) from a gas marketer on an unregulated basis.

The choices are similar to those faced by a person choosing a residential mortgage. When shopping for a mortgage one might ask, "Do I want a fixed interest rate or a variable interest rate?" And, "How long do I want my choice to be locked in for?" When shopping for a natural gas supplier, the questions could be similar. "Do I want a fixed price, or a price that changes more frequently?" "Do I want a five-year term, or a one-year term?"

Regardless of which company supplies your natural gas, most of the natural gas you use is imported from Western Canada through a major transportation pipeline system, which transports the gas to Centra Gas's distribution facilities in Manitoba. Centra Gas delivers natural gas to your home or business through its network of pipelines and equipment.

The costs of providing these services are shown on your gas bill in the following way:

Primary Gas

This is natural gas received from Western Canadian sources. It can be purchased from a natural gas marketer, or from Centra Gas. Your Primary Gas represents nearly all of the natural gas used in your home.

If you are a typical residential customer, the cost of Primary Gas is approximately 60% of your total annual bill. This is the portion of your bill affected by your choice of gas purchase options.

Supplemental Gas

Supplemental Gas is purchased by Centra when demand is higher than normal to ensure supply is available. The Supplemental Gas price varies annually.

Transportation to Centra

This is the cost of transporting natural gas to Manitoba. This cost includes pipeline charges to transport gas to Manitoba and the costs to store gas purchased in the summer for use in the winter.

Distribution to Customer

This is the cost incurred by Centra to deliver the natural gas to your home or business. This includes the cost of pipe and facilities that Centra has installed, the operation and maintenance costs for the distribution system, and other customer services.

Basic Monthly Charge

This charge recovers some of the same costs as Distribution to Customer charge but does not depend on how much natural gas a customer uses. It helps pay for such things as the maintenance of metres and underground pipelines, as well as the cost of metre reading, billing and record keeping.

The role of Centra Gas

Centra Gas is a regulated utility that delivers natural gas and provides related utility services. Centra Gas is owned by Manitoba Hydro.

Centra Gas provides these services to all customers, regardless of whether you purchase your Primary Gas supply from Centra or a gas marketer.

Centra Gas also sells Primary Gas to its customers. In addition, it supplies Supplemental Gas and is responsible for providing backstopping and bridging services to all customers. Backstopping and bridging services are only required in the event that a customer's marketer is unable to provide them with their Primary Gas supply. Like the other services Centra

provides, the Primary Gas supply option offered by Centra Gas is regulated by the Public Utilities Board of Manitoba.

The role of gas marketers

Gas marketers, also called gas brokers, are independent businesses, and are not associated with Centra Gas. They offer Primary Gas supply at unregulated prices to consumers choosing to contract with them. Marketers offer the opportunity to select an option with different terms or pricing than that offered by Centra Gas, such as a fixed price for a fixed period of time.

The prices offered by marketers are not regulated by the Public Utilities Board.

Given normal weather conditions, your Primary Gas supply charge, itemized on your monthly gas bill as Primary Gas, represents about 60% of your annual natural gas bill.

HERE ARE YOUR OPTIONS:

There are two ways you can buy your Primary Gas. Each option comes with its own benefits and risks.

1. Marketer Supply Option

You contract to buy your Primary Gas supply from a marketer at an agreed upon price per cubic metre for a specified number of years (from 1 to 5 years). The marketer supplies the Primary Gas to Centra who then delivers it to you. Centra Gas will bill you for your Primary Gas supply at the price you agreed to pay your marketer, and then Centra Gas will pay the marketer on your behalf.

If you choose this option, your agreed-upon price per cubic metre will be shown in the Primary Gas area of your gas bill. The name and telephone number of your Primary Gas Supplier will also appear on your Manitoba Hydro bill.

2. Centra Supply Option

You buy your Primary Gas from Centra Gas. Centra Gas offers a single gas supply option to all consumers. The price for Centra's Primary Gas charge is approved by the Manitoba Public Utilities Board and is a pass-through of the cost of gas. The market price for natural gas changes so Centra's price is adjusted every 3 months. This ensures that those prices are equal to the prices paid by Centra's customers.

If you choose Centra supply, the regulated Centra Gas price will appear on the Primary Gas line of your Manitoba Hydro bill.

You may enrol in Centra's Equal Payment Plan with either the Marketer Supply Option or with the Centra Supply Option.

How do I know which option is best for me?

As with any other product or service, the best option for you will be the one that suits your own particular needs.

Each option will present a unique set of benefits and risks to the consumer. In order to choose between options, consumers will need to consider their price choices, the terms and conditions of the contract offered by the marketer, how much natural gas they use, natural gas market conditions, and their own personal risk tolerance.

For example, suppose you choose a fixed price (an amount that remains the same for the contract period). If the market conditions drive up the market price of natural gas and it remains higher than your fixed price, you would benefit. On the other hand, if gas prices remain lower than your fixed price, you could end up paying more than if you chose the system supply option.

It is important to understand the terms of your contract. You need to ask questions about other terms of your contract. For example, is there a penalty or fee to get out of the contract? Is the contract transferable if you move?

You should choose the option that best suits your needs. Some consumers may prefer the savings of a short-term price, while others may prefer the stability of a fixed price for a longer term.

Only Your Primary Gas Supply Charge Is Affected

Keep in mind that the Primary Gas charge on your gas bill represents about 60% of your bill. The Supplemental Gas charge, the Transportation charge, the Delivery charge and the Basic Monthly charge are all shown on your monthly gas bill and represent about 40% of your bill. These charges continue to be regulated by the Manitoba Public Utilities Board and are not affected by your Primary Gas supply purchase choice.

In entering into a fixed price and fixed term gas supply contract with a marketer, you are fixing the price per cubic metre, you are not fixing your bill. While marketers offer a fixed price per cubic metre of natural gas, it is important to realize that bills are based on the amount of gas used for that month as well as the price per cubic metre.

When can you change your supply option?

If you would like to pursue a new option and are currently buying Centra supply, you can authorize a marketer to act on your behalf by signing a contract with that marketer at any time. Your marketer will then notify Centra Gas and your new contract will take effect at the first available opportunity, usually within 75 days from agreeing to the contract.

If you have already agreed to a contract with a gas marketer for your Primary Gas supply, the terms and conditions of the contract will determine - and may limit - when you can change to another supplier. If you have questions about your contract, call your gas marketer. Their name and telephone number appear on your monthly gas bill.

How to locate marketers?

Marketers may advertise, send an agent to your door, mail information directly to you, or contact you by phone. While neither the Manitoba Public Utilities Board nor Centra can recommend a natural gas marketer to you, the Public Utilities Board does maintain a current list of all marketers who are licensed to do business in Manitoba and registered with the Board, and that list appears on its Website at www.pub.gov.mb.ca. You can get a copy of this list by contacting the Board at (204) 945-2638 or toll free at 1-866-854-3698 (in Manitoba). You may also be able to find some gas marketers listed in the Yellow Pages.

How will marketers contact you?

The Public Utilities Board has approved the following marketing channels:

a) Telephone marketing:

Marketers may now use what is commonly known as telemarketing, and are required to follow the protocols as set by the Canadian Radio-Television and Telecommunications Commission, as well as any other requirements set by the Public Utilities Board. Telephone sales and related communications must be made with the person(s) named on the Manitoba Hydro bill, recorded and retained by the

marketer as proof of sale, where you agree to a contract on the telephone.

b) Internet Sales

This would require you to initiate contact with the marketer through their website. You are encouraged to print any final arrangement you have made.

c) Door-to-door sales

Contracts will continue to require the signature of the person(s) named on the Manitoba Hydro bill.

d) Mailings

Contracts sent and agreed to by mail will require the signature of the person(s) named on the Manitoba Hydro bill.

When you agree to a contract over the phone, the marketer will mail you a copy of the contract which has the terms and conditions.

Cancellation Period

No matter what method is used, when you agree to a contract Centra Gas will send you a confirmation letter stating that you have agreed to a contract with a marketer. If you change your mind about the contract, you must call your marketer before the end of the cancellation period. The confirmation letter tells you the end of the cancellation period, which is 10 business days after Centra Gas mails the confirmation letter.

Tips for making an informed decision

Take the time to find out what your options are and to compare the choices offered by various gas marketers and Centra Gas. Ask questions. Comparative rates are available on the Public Utilities Board website. Marketers advertise their prices on their websites.

Before you agree to a contract, understand all of the terms and conditions.

FURTHER CONSIDERATIONS

Under the marketer supply option you will be taking on two other risks in addition to those already mentioned.

1. Risks related to your contract

Because you are agreeing to a contract, you should understand all the contract details. Make sure you understand all costs and fees, and if and when they apply to you.

2. Risk of supply failure

If your marketer is unable to supply your gas because of temporary or permanent problems related to production, transportation or financial difficulty, Centra Gas, through its backstopping or bridging service, will make every effort to provide you with the natural gas you need.

Although these situations have rarely arisen, there have been instances where natural gas marketers discontinued Primary Gas supply to residential consumers in Manitoba and in Ontario. If this should happen to you, the price you pay for Primary gas could be higher than either your contracted price or Centra's regulated price for a period of up to 90 days.

AS A CONSUMER, HOW AM I PROTECTED?

As a consumer, your best protection is to be informed. Consumers are protected by an industry Code of Conduct, which has been adopted by all marketers operating in Manitoba. This code spells out acceptable marketing practices and also provides for a process to resolve disputes that arise between consumers and marketers. This Code of Conduct is also summarized in the Customer Bill of Rights that will be provided to you by your marketer.

Ask your marketer for a copy of the Code of Conduct, or view it on-line at www.pub.gov.mb.ca.

If you have a question about your Primary Gas supply arrangements, as provided by a marketer, you should contact your marketer. In the event that your concerns have not been addressed to your satisfaction, a dispute resolution process, through the Public Utilities Board, is available to provide a quick and impartial resolution to your problem.

HOW DO I GET MORE INFORMATION?

For information about current pricing, features and options, contact a gas marketer directly, or visit the Public Utilities Board website at www.pub.gov.mb.ca.

If you have contracted with a marketer and have questions concerning the service being provided, please contact your marketer at the name and telephone number shown on your monthly bill from Manitoba Hydro.

If you purchase your Primary Gas from Centra Gas or have any questions about other portions of your bill, you should contact Centra Gas. Centra's telephone number is also shown on your monthly Manitoba Hydro bill.

Here are a Few Things to Find Out:

(Board Order 109/08)
Effective September 1, 2008

- What prices and terms (length of contract) are best for your needs?
- What are the conditions for changing your price option later on or for cancelling the arrangement? Is there a financial penalty?
- Are the marketer's fees or administration charges included in the offered price or do you have to pay any additional amounts?
- Does the contract you're about to sign accurately reflect the details of the gas marketer's offer?
- Do the contract details mailed to you match your understanding of the contract you agreed to over the phone?

(Board Order 109/08)
Effective September 1, 2008

Quarterly Primary Gas Rates as Approved by The Public Utilities Board For
Centra Gas

Date	Price ¢/m³
May 1, 2008	30.84
February 1, 2008	27.85
November 1, 2007	27.31
August 1, 2007	28.91
May 1, 2007	31.34
February 1, 2007	residential 29.32 / commercial 27.90 ¹
November 1, 2006	residential 29.32 / commercial 27.90 ¹
August 1, 2006	residential 29.81 / commercial 28.46 ¹
May 1, 2006	residential 31.88 / commercial 30.54 ¹
February 1, 2006	residential 32.05 / commercial 32.69 ¹
November 1, 2005	residential 32.07 / commercial 35.07 ¹
August 1, 2005	29.16
May 1, 2005	28.86
February 1, 2005	24.47
November 1, 2004	26.61
August 1, 2004	25.87
May 1, 2004	24.93
February 1, 2004	23.75
November 1, 2003	23.32
August 1, 2003	22.13
May 1, 2003	26.48
February 1, 2003	25.77
November 1, 2002	22.39
August 1, 2002	21.58
May 1, 2002	23.19
February 1, 2002	18.40
November 1, 2001	19.13
August, 1, 2001	21.39
May 1, 2001	29.22
February 1, 2001	29.22
November 1, 2000	19.64

¹rates split into residential and non-residential rates.

From Manitoba Hydro's website:

(to be changed as program changes)

JAN	FEB	<h2>Better budgeting with the Equal Payment Plan</h2> <p>It's easier to budget when you know how much your monthly payments will be. The Equal Payment Plan (EPP) can help you.</p> <p>The EPP runs from September to August. Your EPP instalment will be calculated in September based on your previous annual electricity or natural gas consumption, and may change during the year to help balance your plan for the August EPP year end. Regular meter readings will improve the accuracy of your instalment calculation. Credits for any overpayment will be applied to the first bill of the next EPP year.</p> <p>If your account is current, join the Equal Payment Plan today. For more details on EPP and reading your meter, call the number on your bill or visit our web site www.hydro.mb.ca</p> 
MAR	APR	
MAY	JUN	
JUL	AUG	
SEP	OCT	
NOV	DEC	