

<b>Section:</b>	Cover Letter	<b>Page No.:</b>	2
<b>Topic:</b>	Commercially Sensitive Information		
<b>Subtopic:</b>			
<b>Issue:</b>	Necessity of treating Cost of Gas Application as commercially sensitive		

**PREAMBLE TO IR (IF ANY):**

Centra stated in its May 25, 2015 cover letter to the 2015/16 Cost of Gas Application that it is concerned that public disclosure of certain information may expose Centra and its customers to increased costs.

**QUESTION:**

Please provide a copy of TransCanada's motion to compel disclosure of Centra's peak day requirement and contract details, Centra's response, and the NEB ruling of September 3, 2014 in the RH-001-2014 Tolls proceeding.

**RATIONALE FOR QUESTION:**

To explore the reasons for considering previously publicly disclosed information as commercially sensitive.

**RESPONSE:**

The following link provides TCPL's motion in the NEB's RH-001-2014 proceeding (August 14, 2014). TCPL's motion related to Centra's peak day requirement and contract details, specifically TransCanada-Centra 1.2 (a), (b), (c) and (r), can be found at pages 4 – 6 of Schedule "A".

[https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2456504/2495605/B15-1\\_Motion\\_to\\_Compel\\_ANE\\_and\\_Centra\\_Gas\\_-\\_A4A1G8.pdf?nodeid=2495606&vernum=1](https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2456504/2495605/B15-1_Motion_to_Compel_ANE_and_Centra_Gas_-_A4A1G8.pdf?nodeid=2495606&vernum=1)

The following link provides Centra's response to TCPL's motion (August 20, 2014). Centra's response to TransCanada-Centra 1.2 (a), (b), (c) and (r), which are related to its peak day requirement and contract details, can be found at pages 1- 5.

[https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2456596/2456580/2498950/C8-13-2 TCPL Centra IRs - A4A2Y1.pdf?nodeid=2498832&vernum=-2](https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2456596/2456580/2498950/C8-13-2%20TCPL%20Centra%20IRs%20-%20A4A2Y1.pdf?nodeid=2498832&vernum=-2)

The following link provides the NEB's ruling on TCPL's motion (Sept 3, 2014). The NEB's ruling on TransCanada-Centra 1.2 (a), (b), (c) and (r), specifically, can be found at page 3.

[https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2454494/2503715/A27-1 Ruling no. 2 - Motions from TransCanada and MAS dated 14 August 2014 - A4A7J2.pdf?nodeid=2504301&vernum=-2](https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2454494/2503715/A27-1%20Ruling%20no.%20-%20Motions%20from%20TransCanada%20and%20MAS%20dated%2014%20August%202014%20-%20A4A7J2.pdf?nodeid=2504301&vernum=-2)



<b>Section:</b>	Tab 1	<b>Page No.:</b>	1
<b>Topic:</b>	Application Letter		
<b>Subtopic:</b>			
<b>Issue:</b>	Recovery of 2014/15 PGVA outlook balance		

**PREAMBLE TO IR (IF ANY):**

Centra requests approval of recovery of the outlook of the 2014/15 PGVA balance.

**QUESTION:**

Please identify any previous instances when the Board has approved recovery of non-Primary Gas PGVA balances through rate riders prior to the PGVA balances being known on an actual basis.

**RATIONALE FOR QUESTION:**

Centra has not typically requested recovery or refund of non-Primary Gas PGVA balances prior to the final balances being known.

**RESPONSE:**

Prior to 2009, Centra managed its gas cost deferral accounts on the Corporation's fiscal period from April 1 to March 31 and Centra would typically file its Cost of Gas or General Rate Applications requesting approval of the disposition (through rate riders) of the forecast balance in the non-Primary Gas deferral accounts to the end of the current fiscal year. As the filing of these applications occurred part way through the fiscal year, the deferral account balances would have included actual results available at the time of filing, and forecast balances for the remaining months of the fiscal period to the end of March.

In the 2009/10 & 2010/11 Generate Rate Application, Centra transitioned the annual period over which it managed its gas deferral accounts from the fiscal period of April 1 to March 31 to its operational gas year, which runs November 1 to October 31. This was approved by the PUB in Order 116/09. Since this transition took place in 2009, Centra typically requests

approval to implement new rate riders to dispose of the balance in its non-Primary Gas PGVAs following the conclusion of the gas year, once actual final balances are known.

Centra notes that it plans to update the 2014/15 Gas Year forecast deferral account balances with actuals to June 2015 in its Cost of Gas Update to be filed in September and any differences in the forecast and actual non-Primary Gas deferral account balances to October 31, 2015, will flow to Centra's prior-period deferral account, and Centra will request disposition of this balance at a future regulatory proceeding.

<b>Section:</b>	Tab 2	<b>Page No.:</b>	7 (8 in CSI version)
<b>Topic:</b>	Overview of Application		
<b>Subtopic:</b>			
<b>Issue:</b>	Centra's compliance with Order 85/13 Directive 17		

**PREAMBLE TO IR (IF ANY):**

Centra did not file a Cost of Gas Application by January 31, 2014 as directed in Order 85/13. On January 29, 2014 Centra informed the Board that its forecast net deferral account balance was \$0.3 million.

**QUESTION:**

- b) Please provide a schedule showing the deferral account balances allocated to customer classes forecasted for October 31, 2014 as of the date the materials supporting Centra's January 29, 2014 letter were prepared. Please use a similar format to Schedule 5.5.0 from the current application.
- c) Please provide a schedule showing the allocated deferral account balances in (b) as well as the rate rider calculations in a similar format to Schedule 5.5.1.
- d) Please provide non-Primary Gas bill impacts (similar to schedule 6.2.0) reflecting the gas cost forecast for 2013/14 as known at the time the materials supporting Centra's January 29, 2014 letter were prepared.

**RATIONALE FOR QUESTION:**

To understand the customer class PGVA responsibility and potential bill impacts as opposed to the overall net PGVA balance. While on a net basis, the \$0.3 million forecasted deferral account balance may have been minimal, the customer class-specific deferral account balances and bill impacts may have been material.

**RESPONSE:**

Response to b), c) and d)

The deferral balances forecast to October 31, 2014, the basis of Centra's January 29<sup>th</sup> submission, are summarized in the table below:

	<u>Schedule 1.1.0</u>
Supplemental Gas PGVA	\$1,619,103
Transportation PGVA	\$712,346
Distribution PGVA	(\$1,569,394)
Heating Value Margin Deferral	(\$455,375)
Prior Period Gas Deferrals	\$10,916
<u>Deferral Balances forecast to Oct 31/14</u>	<u>\$317,596</u>

A detailed Cost Allocation Study was not undertaken at the time, as the respective account balances were minimal and the limited impact on each customer class did not warrant its preparation. Therefore, Schedules 5.5.0, 5.5.1 and 6.2.0 are not available.

Centra based its decision to defer a rate change at that time both on the overall net deferral balance as well as the magnitude of the balances of each PGVA. The SGS Class, given its size relative to other customer classes, would have born the most significant responsibility of these balances. It is estimated that the SGS class cost responsibility would have been approximately \$0.5 million. This cost was expected to be largely offset by the expiry of rate riders in place at the time and would have resulted in a negligible overall bill impact.

<b>Section:</b>	Tab 2	<b>Page No.:</b>	10 (11 in CSI version)
<b>Topic:</b>	2013/14 Gas Costs		
<b>Subtopic:</b>	Supply hubs market prices		
<b>Issue:</b>	Causes of high Prior Period deferral account balance		

**PREAMBLE TO IR (IF ANY):**

Centra attributes the high Prior Period deferral account balance to cold weather, rapidly depleting North American storage levels, and the effects of TransCanada's unlimited pricing discretion on commodity prices at hubs interconnected to the Mainline.

**QUESTION:**

- a) Please summarize Centra's evidence in the NEB proceeding RH-001-2014 that posited that TransCanada's pricing discretion was one of the causes of the high commodity prices at downstream hubs interconnected with the Mainline.
- b) Please summarize the NEB's findings on whether TransCanada's pricing discretion affected commodity prices at hubs interconnected to the Mainline and whether the NEB supported Centra's view of the influence of TransCanada's pricing discretion on commodity prices.

**RATIONALE FOR QUESTION:**

NEB considered the effects of TransCanada pricing discretion in a fulsome hearing of the matter and its position will help inform the Board.

**RESPONSE:**Response to part a)

Based on the analysis performed by both Centra and Dr. Cicchetti (the expert retained by Centra), Centra's conclusions were that the extraordinarily high prices experienced at downstream hubs during the winter of 2013/14 were the result at least in part of Mainline

pricing discretion and, as a result, Mainline pricing discretion should be constrained by the NEB.

Dr. Cicchetti's conclusions regarding Mainline pricing discretion were that: 1) Discretionary pricing has materially affected commodity prices. These effects may have been unintended. Nevertheless, the resulting extremely unusual natural gas price surges did not reflect natural competitive market forces; and 2) TCPL's current unfettered discretionary pricing should be curtailed and definitely not extended, as the Application proposes, for an additional 13 years beyond the 2017 date established in the RH-003-2011 tolling decision.

The link below provides Centra's Evidence in Chief in the RH-001-2014 proceeding. Centra's case as it relates to Mainline pricing discretion can be found at pages 25-47.

[https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2456596/2456580/2484858/C8-8-2\\_Centra\\_Evidence\\_In\\_Chief\\_-\\_A3Y8H2.pdf?nodeid=2484859&vernum=-2](https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2456596/2456580/2484858/C8-8-2_Centra_Evidence_In_Chief_-_A3Y8H2.pdf?nodeid=2484859&vernum=-2)

The links below provides Dr. Cicchetti's Written Evidence in the RH-001-2014 proceeding. Dr. Cicchetti's evidence related to discretionary pricing can be found at pages 26 – 39.

[https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2456596/2456580/2484858/C8-8-3\\_Centra\\_Evidence\\_Appendix\\_1\\_Cicchetti\\_Written\\_Evidence\\_-\\_A3Y8H3.pdf?nodeid=2484860&vernum=-2](https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2456596/2456580/2484858/C8-8-3_Centra_Evidence_Appendix_1_Cicchetti_Written_Evidence_-_A3Y8H3.pdf?nodeid=2484860&vernum=-2)

The link below provides Attachment 1, Part 1 of 2 to Dr. Cicchetti's evidence, which contains statistical tests of the relationship between IT bid floor and commodity price movements.

[https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2456596/2456580/2484858/C8-8-4\\_Cicchetti\\_Attachment\\_1\\_Statistical\\_Package\\_Part\\_1\\_of\\_2\\_-\\_A3Y8H5.pdf?nodeid=2485250&vernum=-2](https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2456596/2456580/2484858/C8-8-4_Cicchetti_Attachment_1_Statistical_Package_Part_1_of_2_-_A3Y8H5.pdf?nodeid=2485250&vernum=-2)

The link below provides Appendix B (Attachment 1, part 2 of 2) to Dr. Cicchetti's evidence, which contains the regressions testing performed of the effect of IT bid prices at Dawn and Emerson on other hub commodity prices in TCPL's market areas.

[https://docs.neb-one.gc.ca/11-eng/11isapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2456596/2456580/2484858/C8-8-5\\_Cicchetti\\_Attachment\\_1\\_Statistical\\_Package\\_Part\\_2\\_of\\_2\\_-\\_A3Y8H8.pdf?nodeid=2485153&vernum=-2](https://docs.neb-one.gc.ca/11-eng/11isapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2456596/2456580/2484858/C8-8-5_Cicchetti_Attachment_1_Statistical_Package_Part_2_of_2_-_A3Y8H8.pdf?nodeid=2485153&vernum=-2)

#### Response to part b)

The NEB's key findings on Mainline pricing discretion are summarized below. Although the NEB does not always attribute aspects of its decisions to specific intervenor arguments, it appears that some elements of Centra's evidence and argument influenced the NEB on the topics of Mainline pricing discretion and the transparency and management of pricing for discretionary services.

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#### **Pricing Discretion until 2030**

**Request or Position** - TCPL requested the extension of Mainline pricing discretion as one of the elements of its settlement with the Eastern Canadian LDCs, the term of which is to the end of 2030. Mid-litigation, following the filing of Centra's evidence on the topic of Mainline pricing discretion, its effects on commodity prices at downstream hubs and the period for which TCPL sought pricing discretion to be extended, TCPL clarified its request for the approval of pricing discretion, seeking its extension to the end of 2020 rather than 2030.

**NEB Decision or View** - The NEB decided to maintain pricing discretion to the end of 2017, as was established in the RH-003-2011 Decision, but will review the continued appropriateness of the existing pricing discretion for the 2018-2020 timeframe.

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#### **Impact of Pricing Discretion on Commodity Prices**

**Request or Position** - TCPL and its experts attempted to refute the position advanced by Centra and other interveners that Mainline pricing discretion contributed to unprecedented

commodity prices at downstream market hubs. Dr. Carpenter, testifying on behalf of TCPL, acknowledged that bid floor levels are one of many factors that influence spot basis differentials, but suggested that even if pricing discretion were to affect downstream prices for short periods of time, if the price effects cannot be sustained for longer than one year, there is no effect on economic efficiency, the reasonableness of tolls, or the public interest. Mr. Reed, also testifying on TCPL's behalf, submitted that it is possible that STFT and IT bid floors influence commodity prices, but that in his opinion, there was no evidence submitted by intervenors that pricing discretion had influenced commodity prices.

**NEB Decision or View** - The NEB concluded that during periods of high demand, TCPL's posted bid floors are more likely to impact commodity prices than other market factors, which is consistent with Centra's and Dr. Cicchetti's evidence that under some market conditions, the secondary market may not be effective in constraining TCPL's pricing discretion.

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### **Transparency over Discretionary Services**

**Request or Position** - Centra's arguments on the topic of transparency and management of pricing for discretionary services were as follow:

- Information disclosure that brings greater transparency to the market as to how TCPL is exercising pricing discretion on the Mainline and the results of same would be a step in the right direction;
- TCPL possesses an unfair informational advantage in setting bid floors associated with Mainline pricing discretion given its role as the operator of the Mainline;
- Mainline bid floor personnel should not have access to, nor use of, non-public shipper-specific information in the course of exercising pricing discretion on the Mainline; and
- Mainline bid floor personnel should be subject to a specific code of conduct prohibiting such access to non-public shipper-specific information, including the requirement to report any breaches of the code of conduct publicly to the NEB.

**NEB Decision or View** – The NEB directed TCPL to provide remedies with respect to how it will prevent access to, and the use of, non-public shipper-specific information in the setting of bid floors for discretionary services. Please see the information provided in Centra's



response to PUB/Centra 43 for the outcome of the collaborative process between TCPL and Mainline shippers to define appropriate remedies as referenced above.

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For more information on the NEB's findings related to Mainline pricing discretion, the following link provides the NEB's RH-001-2014 Letter Decision with Reasons to Follow of November 28, 2014. The NEB's high level summary on pricing discretion can be found at page 3 of 6.

[https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2564355/2564352/Letter\\_Decision\\_RH-001-2014\\_with\\_Reasons\\_to\\_Follow\\_-\\_A4F4I5.pdf?nodeid=2565340&vernum=-2](https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2564355/2564352/Letter_Decision_RH-001-2014_with_Reasons_to_Follow_-_A4F4I5.pdf?nodeid=2565340&vernum=-2)

The following link provides the NEB's RH-001-2014 Reasons for Decision of December 18, 2014. The NEB's summary on the pricing of discretionary services can be found at pages 15 – 39 of the Reasons for Decision.

[https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2585806/2585804/Reasons\\_for\\_Decision\\_RH-001-2014\\_-\\_A4G2G5.pdf?nodeid=2585408&vernum=-2](https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2585806/2585804/Reasons_for_Decision_RH-001-2014_-_A4G2G5.pdf?nodeid=2585408&vernum=-2)

<b>Section:</b>	Appendix 2.2	<b>Page No.:</b>	2-4
<b>Topic:</b>	Evidence of Drazen Consulting Group		
<b>Subtopic:</b>	Use of PGVAs		
<b>Issue:</b>	Whether retained earnings should be used to reduce bill impacts		

**PREAMBLE TO IR (IF ANY):**

Drazen states: “Centra’s PGVA was proposed and approved by the Board on the basis that it would recover exactly the cost incurred;”

**QUESTION:**

- a) Please confirm whether the PGVA approved in Order 10/93 was proposed by Centra or by the Board
- b) Please provide Mr. Drazen’s view whether the use of PGVAs shifts the risk of over- or under-collection of gas costs to ratepayers from the utility.
- c) Please quantify the cost to ratepayers if the utility was to assume the risk of over- or under-collection of gas costs. That is, what level of net income would Centra reasonably be expected to require if it was at risk of over- or under-collection of gas costs?
- d) Please indicate which gas utilities take on the commodity cost risk and what level of compensation do these utilities earn for taking on this risk.
- e) Please summarize how the Ontario Energy Board treated the increase in gas costs experienced by its two major utilities Union and Enbridge following the 2013/14 winter.
- f) Please provide links to the Ontario Energy Board decisions EB-2014-0039 and EB-2014-0050, as well as links to the applications and evidence filed in these proceedings.

**RATIONALE FOR QUESTION:**

To clarify the origin of the PGVA, to understand the risk-shifting nature of the PGVA, and to understand how other jurisdictions treated similar cost consequences of the 2013/14 winter.

**RESPONSE:**

- a) The PGVA approved by the PUB in Order 10/93 was proposed by Centra.
- b) The following response was provided by Mr. Drazen:

Whether use of PGVAs shifts risk to ratepayers depends on the underlying assumption regarding who should properly pay the cost of supply. The near-universal approach is that the cost of gas to the utility (excepting costs determined to be imprudent) should be paid by those who consume the gas. This happens directly with customers who buy gas in the market (that is, not from the utility). The same is true for customers of utilities that flow through the current cost of gas on a monthly basis (for example, those in Alberta).

Overcollection or undercollection with a PGVA is the result of the decision to fix the price of supply to customers for an extended period. That fixed price will almost inevitably differ from the actual market prices at which the gas is acquired over that period. The longer the period, the greater the potential variance. This changes the timing of gas cost recovery from customers, but not, in principle, the amount.

Thus, a PGVA is a method of modulating the variations in gas cost. It changes the *timing* of cost recovery, but is not normally intended to change the *amount* of recovery. As such, the PGVA should produce an overall financial result similar to that of a market price flow through regime and does not, in and of itself, shift any additional risk to ratepayers.

- c) The following response was provided by Mr. Drazen:

Were Centra required to absorb the variances, it would be necessary to identify: (1) the target (or baseline) cost of gas from which variances would be measured; and (2) the portions of variances that are to be absorbed.

The costs to ratepayers of this type of regime include direct costs to the utility and potential external costs to gas users. The direct costs include additional return on equity to cover the higher income risk and possible additional regulatory costs in determining the baseline gas cost and risk compensation. Note that the higher return on equity would rightly apply only to those customers buying the gas covered by the PGVA; the rates to customers purchasing gas from marketers should not be affected by the higher required return related to the utility's risk related to gas cost variances.

Potential external costs include any distortions in the marketplace that result from the differences between pricing of gas from Centra and from marketers.

Given the assumptions and variables involved (e.g., weather fluctuations and unpredictability of TransCanada Pipeline non-firm tolls), quantifying the cost is not possible.

d) The following response was provided by Mr. Drazen:

We have not made an exhaustive search. To our knowledge, there is no utility in Canada or the U.S. that absorbs the full amount of variances. Utilities in the state of Oregon (Avista Utilities, Cascade Natural Gas and Northwest Natural Gas) do absorb a limited portion of purchased gas cost variances, subject to an annual earnings review. A utility can elect to absorb either 10% or 20% of variances. If 10%, the utility's earnings cap is raised by 100 basis points. If 20%, by 150 basis points. The Oregon utilities have equity ratios around 50% and allowed returns on equity around 9.5%.

The Oregon utilities have decoupling and weather normalization mechanisms, which ensure the companies' recovery of fixed costs regardless of variations in weather and changes in per-customer usage, thereby reducing risk.

e) The following response was provided by Mr. Drazen:

The Ontario Energy Board (OEB) allowed the utilities to recover the full cost, but modified the recovery period for Enbridge Gas. Ontario utilities use a Quarterly Rate Adjustment Mechanism (QRAM). The primary QRAM factors include: (1) the previous

quarter's variance spread over a 12-month period, and (2) a forecast of the anticipated commodity cost based on NYMEX future prices.

The OEB dealt with the increased 2013/14 gas costs in Proceedings EB-2014-0039 (Enbridge Gas Distribution) and EB-2014-0050 (Union Gas). Both utilities experienced much higher costs in the 2013/14 winter, similar to Centra's experience.

It is noteworthy that in its EB-2014-0039 QRAM Application, Enbridge's commodity related variance account balance associated with the 2013/14 winter period was \$453.6 million. The annual bill impact for the average residential customer associated with this variance account balance was approximately \$250 per year, based on the traditional 12-month disposition period. Combined with the bill impact from the change in the projected cost of gas going forward, the total bill impact for the average residential customer sought by Enbridge was approximately \$400 per year.

The OEB issued its Decision and Order (D&O) regarding Union Gas on March 21, 2014. A Decision and Interim Order for Enbridge was issued on March 27, 2014, with a final D&O on May 22, 2014.

For Union, the OEB applied the normal QRAM approach. For Enbridge, which had a higher unrecovered variance, the OEB decided to use a 27-month smoothing period. Although the longer period reduced the price signal effect, the OEB considered that it was necessary to avoid rate shock.

The Decisions for both utilities contained identical language:

*The Board's objectives with regards to the natural gas sector include the following:*

- *To facilitate competition in the sale of gas to users;*
- *To protect the interests of consumers with respect to prices and the reliability and quality of gas service.*

*The QRAM is designed to adjust the price for regulated gas supply every quarter to reflect natural gas market prices. Under the QRAM framework, Union makes no profit on the gas commodity. **The actual cost of the gas purchased by Union for its customers is passed onto Union's customers without any mark-up or added costs.** (Union Gas Decision and Order, page 3, emphasis added)*

Identical language (other than the utility's name) is in the Enbridge decision at pages 4-5.

Regarding Union Gas, the OEB noted:

*First, higher than forecast gas supply costs were incurred by Union over the past quarter. The higher costs were as a result of the impact that much colder than normal weather had on customer demand and on natural gas prices. **As a result of the weather, Union paid higher prices for its planned purchases of natural gas. In addition, due to high customer demand, Union was required to buy more gas than would normally be required.** The incremental natural gas purchased by Union was at prices that reflected the high market demand. (Decision and Order, pages 3-4, emphasis added)*

For Union, the OEB applied its normal QRAM approach. The retrospective cost increase was spread over a period of 12 months. In response to suggestions that the retrospective cost increase be spread over a longer period, the OEB commented:

*. . . The Board is satisfied that the standard 12 month disposition period effectively balances the Board's objective of protecting the interests of consumers with respect to price and the intent of the QRAM to have natural gas price signals which reflect the actual market price. (Decision and Order, pages 4-5)*

Regarding Enbridge, the OEB stated:

*. . . As a natural gas distributor, Enbridge purchases gas on behalf of customers in its service area that do not have their gas supplied by a natural gas marketer. This gas is generally known as the regulated gas supply or system gas or the default supply . . .*

\* \* \*

*Enbridge purchases this default supply through a combination of fixed contracts and spot market purchases in accordance with an approved gas supply plan. The plan is based on the amount of gas that would be expected to be needed to address the normal range of demand. **The extremely cold temperatures experienced this past winter had a dramatic impact on the North American demand for natural gas and the market price for gas rose accordingly. Enbridge purchased more of its gas at spot market prices than would be expected in more typical winter periods.** (Decision and Order, page 6, emphasis added)*

The OEB noted the unexpected extreme severity of the weather conditions:

*The planning criteria for the 2013-2014 winter assumed that the winter could be as severe as any winter in five years, while **the winter actually proved to have a severity of one in twenty-five years.** (Decision and Interim Order, page 8, emphasis added)*

In its final D&O, the OEB allowed full recovery of the extra costs but decided that the magnitude of the extra costs justified a change in the smoothing period:

*The QRAM process is designed to strike an appropriate balance between providing consumers with market pricing signals and protecting those same consumers from rate volatility by smoothing rate impacts over time. The standard 12-month smoothing period used in the QRAM already has the effect of dampening market price signals. **The QRAM inherently has an effect on competition and reduces the accuracy of pricing information by spreading the impacts of price changes over a 12-month period.** These are considered to be acceptable negative consequences in light of the equally important desire to provide a level of protection to system supply consumers by smoothing rate change impacts over time.*

*The balancing of these two competing QRAM features in this case requires a consideration of the effectiveness of the standard 12-month smoothing period. Given the magnitude of the current increase, the Board considers the standard 12-month smoothing period inadequate to provide the appropriate balance between the competing objectives that the QRAM is designed to achieve.*

***The Board will provide the appropriate level of consumer protection from the impacts of the sharp increase in price by lengthening the normal 12-month smoothing period by an additional 15 months.** The Board is of the view that the magnitude of the increase that will be incurred by customers over a 27-month smoothing period strikes the appropriate balance between transparency of market prices and the consumer protection from rate shock. (page 7, emphasis added)*

- f) The Decision and Order EB-2014-0039 dated May 22, 2014 can be found at the link below:  
[http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/438602/view/de c\\_order\\_Enbridge\\_QRAM\\_20140522.PDF](http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/438602/view/de c_order_Enbridge_QRAM_20140522.PDF)

The Decision and Interim Order EB-2014-0039 dated March 27, 2014 can be found

at the below:

[http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/431263/view/Dec\\_InterimOrder\\_Enbridge\\_%20April%202014%20ORAM\\_20140327.PDF](http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/431263/view/Dec_InterimOrder_Enbridge_%20April%202014%20ORAM_20140327.PDF)

The Application filed by Enbridge Gas Distribution Inc. in the EB-2014-0039 proceeding can be found at the link below:

[http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/430970/view/EGDI\\_APPL\\_ORAM\\_correction\\_20140312.PDF](http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/430970/view/EGDI_APPL_ORAM_correction_20140312.PDF)

All other evidence filed with respect to the OEB EB-2014-0039 proceeding can be found at the link below:

[http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/search/rec&sm\\_udf10=eb-2014-0039&sortd1=rs\\_dateregistered&rows=200](http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/search/rec&sm_udf10=eb-2014-0039&sortd1=rs_dateregistered&rows=200)

The link to Decision and Order EB-2014-0050 dated March 21, 2014 is found below:

[http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/430661/view/dec\\_order\\_Union%20ORAM\\_20140321.PDF](http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/430661/view/dec_order_Union%20ORAM_20140321.PDF)

The Application filed by Union Gas Limited in the EB-2014-0050 proceeding can be found at the link below:

[http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/428228/view/UNION\\_APPL\\_ORAM\\_%20corrected\\_v2\\_20140306.PDF](http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/428228/view/UNION_APPL_ORAM_%20corrected_v2_20140306.PDF)

All other evidence filed with respect to the OEB EB-2014-0050 proceeding can be found at the link below:

[http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/search/rec&sm\\_udf10=eb-2014-0050&sortd1=rs\\_dateregistered&rows=200](http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/search/rec&sm_udf10=eb-2014-0050&sortd1=rs_dateregistered&rows=200)



<b>Section:</b>	Appendix 2.2	<b>Page No.:</b>	7
<b>Topic:</b>	Evidence of Drazen Consulting Group		
<b>Subtopic:</b>	Recovery of Gas Costs		
<b>Issue:</b>	Disallowances of gas costs not prudently acquired		

**PREAMBLE TO IR (IF ANY):**

Mr. Drazen notes an example where the Board disallowed a portion of Centra's gas costs as the Board found that Centra's hedging strategy had not been prudently managed.

**QUESTION:**

- a) Please summarize the reasons for disallowance by the Ontario Energy Board of some of Union's 1995 gas costs as ordered in EBRO-486-04 dated April 12, 1996.
- b) Please provide a copy or link to the OEB Order EBRO-486-04 dated April 12, 1996.
- c) Please provide any examples from other Canadian or U.S. jurisdictions where the regulator disallowed gas costs because they were not prudently required.

**RATIONALE FOR QUESTION:**

To explore reasons for prudence disallowance by other Canadian regulators.

**RESPONSE:**

The following responses were provided by Mr. Drazen:

- a) The OEB considered that Union did not follow its own supply planning procedure; specifically, that it was tardy in responding to changed circumstances. The Decision With Reasons (April 12, 1996) stated first:

*3.1.18. Based on Union's evidence, the Board has some reservations about the effectiveness of Union's gas supply planning process. The Board has difficulty in understanding why it was only in late November that Union recognized its need to*

*enter the market to purchase spot gas supplies to meet the demands of its firm service customers. The Board appreciates that management must make its decisions based on the best information available at the time decisions are made; equally it is important that in making decisions, provision be made for contingencies that may arise if the assumptions underlying those decisions are wrong. **While the Board considers that Union's gas supply planning process was adequate, the Board believes that Union was slow in reacting to early signals that demand was higher than forecast and in making appropriate contingency arrangements.** (page 15, emphasis added)*

Further:

*3.2.14. The Board has previously found that Union's gas supply planning process was adequate. However, the Board considers that Union's implementation of the gas supply plan was deficient. (page 18)*

Regarding curtailments, the Board said:

*3.4.11. The Board understands Union's need to balance its use of curtailments with its need to retain some interruptible capability as a contingency for late winter season supply difficulties and considers it would not have been reasonable for Union to have utilized all its curtailment capability early on in the winter season. However, the Board believes that if Union had initiated curtailment earlier it might have reduced its need to purchase as much gas as it did in January when the premium on spot gas purchases appears to have been highest. **The Board is of the view that Union's delay in applying curtailment to interruptible customers is another instance of the Company's slow response in implementing its gas supply plans following the identification of the 12 Bcf shortfall. The Board has considered this slow response in its findings on the PGVA debit reduction above.** (page 23, emphasis added)*

b) The Order EBRO-486-04 dated April 12, 1996 can be found at the link below:

<http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/478761/view/EBRO%20486.PDF>

c) Here are several cases. We have not made an exhaustive search.

### **ATCO Gas South**

Alberta Energy and Utilities Board (now Alberta Utilities Commission) Decision 2001-110 (2001)

The AEUB determined that ATCO Gas South (AGS) had operated its Carbon storage facility in a rigid manner that differed from the flexible way utilized in previous years and in a fashion that was not in the best interest of its customers:

*AGS operated Carbon in a significantly different manner during the 2000/2001 winter period than in previous periods. Exhibit 54 shows that in all previous winters since 1995/1996, there was considerable variation in the quantity of gas being withdrawn on a daily basis. In contrast, the exhibit also shows the basically flat pattern of withdrawal used by AGS during the 2000/2001 winter period. (page 27)*

***The Board finds AGS's actions to be inconsistent with respect to the utilization of the deliverability under its control. The Board questions the prudence of designing and rigidly sticking to a withdrawal strategy with a maximum deliverability of 140 TJs per day, when AGS had the ability to use up to 300 TJs per day. The Board finds that AGS could have, and ought to have, maximized the value of the 'excess' deliverability by using it on days when prices were spiking or by selling the deliverability it did not intend to use (the difference between 300 TJs per day and the amount it planned to use each day). The Board finds that the utility was not acting in the best interests of customers by having AGS retain deliverability that it did not use for even a single day during the entire winter period. (page 28, emphasis added)***

And:

***In the circumstances described above, the Board considers that it would have been prudent for AGS to do one or more of the following:***

- *employ a decision making tool similar to that described by Mr. VanderSchee,*
- *continue to use its considerable experience to withdraw varying amounts of gas depending on market conditions, as it had done in the past, or*
- *sell in advance the firm deliverability that it had determined not to use.*

*Alternatively, AGS could have developed other strategies on its own to deal with the forecast high gas prices. **The Board finds that by not using any of these options, AGS failed to exercise good judgement and discretion. Based on forecast information available to AGS at the time it made its decisions regarding the use of storage for the 2000/2001 winter period, it was not reasonable for AGS to rigidly adhere to a strategy based on flat daily withdrawals. The Board finds that AGS acted imprudently by not responding to the obvious fact that gas prices were increasing dramatically by utilizing its knowledge and experience to mitigate the higher cost of purchased gas by using storage.*** (page 29, emphasis added)

<http://www.auc.ab.ca/applications/decisions/Decisions/2001/2001-110.pdf>

### **Fitchburg Gas and Electric (d/b/a Unitil)**

Massachusetts Department of Public Utilities 09-09 (2009)

The DPU disallowed portions of three gas purchases on the grounds that: (1) the utility had not sought pre-approval of its gas purchasing plans; and (2) that the spacing of each series of purchases was too close to mitigate price volatility and was, therefore, imprudent. On appeal, the Massachusetts Supreme Judicial Court reversed the DPU decision in part, but upheld one of the findings of imprudence.

Regarding the surviving part, the DPU's reasoning was:

*For purchases made for the 2007/2008 peak period, the Company did not have any predetermined purchasing plan or written guidelines and, instead, relied on the judgment of four energy traders in the Company's energy contracts department to determine the timing of the purchases as well as the amount of gas to be purchased every month [references omitted]. The Company secured 69.3 percent of its 2007/2008 peak period supply requirements, including price locks and storage, over only nine weeks in 2007 [references omitted] A nine-week purchasing period could not allow for a sufficient number of pricing points to smooth prices and, thus, mitigate price volatility [references omitted]. For the 2007/2008 peak period, **the Department finds that Unitil's decisions to make price-lock purchases (1) without a predetermined purchasing plan to be followed regardless of changes in market conditions, and (2) over a time period that was too short to effectively mitigate price volatility, were unreasonable and imprudent based on all the Company knew or***

*should have known at the time in light of the then-existing circumstances.* (page 42, emphasis added)

<http://www.mass.gov/eea/docs/11209gasdpuord.pdf>

[http://www.ma-appellatecourts.org/display\\_docket.php?src=party&dno=SJ-2009-0606](http://www.ma-appellatecourts.org/display_docket.php?src=party&dno=SJ-2009-0606)

### **Indiana Gas Inc.**

Indiana Utility Regulatory Commission, Cause No. 37394-GCA68 (2000)

The IURC disallowed recovery of part of the gas purchase costs of Indiana Gas on the basis that the utility had not instituted proper methods of supply planning:

*The record in this Cause shows that IGC's gas commodity planning and procurement process is deficient in several areas. First, the quartile system is really a single tool keyed to historic prices. IGC recognized that strict adherence to the quartile system provides no meaningful price volatility protection to customers during periods of sustained rising gas prices outside of the usual seasonal historical fluctuations. Thus, the tool upon which IGC predominately relied to mitigate exposure to gas price volatility is unable to adjust to the extreme volatility and price increases present in today's gas markets. The static, backward nature of the quartile tool requires that it be used in a broader planning and procurement process that better accounts for the dynamic nature of the natural gas market. Evidence in the record fails to show that an adequate planning and procurement process was in place.* (page 7, emphasis added)

The Order goes on to describe the actions that the utility took and found them inadequate:

*The Commission does not believe that merely monitoring basic industry trade literature, discussing gas supply and prices with peers, and following the weather amounts to an additional method of gas planning and procurement. Hence, while IGC recognized that its quartile system was inadequate and that another method was needed, it failed to devise an appropriate method.* (page 8, emphasis added)

Further:

*We are disturbed that IGC was not more concerned about the price risk mitigation for its customers, and that a more sophisticated process was not in place to ensure a thorough consideration and analysis of possible volatility mitigation measures. We therefore find that Indiana Gas has failed to demonstrate that it was prudent to deviate from past diversification practices that incorporate a level of fixed priced contracts or other hedged gas purchases previously found by this Commission to be reasonable and therefore recoverable. With regard to the quantity of gas IGC reasonably should have purchased on a fixed price or other hedged basis in accordance with the previously Commission-approved levels of diversification for the prior two heating seasons, we find that Indiana Gas has failed to sustain its burden of proof in demonstrating that it has made every reasonable effort to acquire long term gas supplies so as to provide gas to its retail customers at the lowest cost reasonably possible. For the remainder of gas, primarily swing supply, purchased by IGC we find that IGC has met its statutory obligation. (page 10, emphasis added)*

[https://myweb.in.gov/IURC/eds/Modules/Ecms/Cases/Docketed\\_Cases/ViewDocument.aspx?DocID=0900b631800ed616](https://myweb.in.gov/IURC/eds/Modules/Ecms/Cases/Docketed_Cases/ViewDocument.aspx?DocID=0900b631800ed616)

### **Michigan Consolidated Gas Company**

Michigan Public Service Commission, Case No. U-14401-R (2007)

The Commission disallowed \$7.6 million of purchased gas cost based on evidence that Michigan Consolidated improperly delayed the beginning of its dollar cost averaging (DCA) purchases. It stated:

*The Commission is persuaded that **Mich Con's DCA purchase pattern in the spring of 2005 was unreasonable and imprudent**, and adopts the adjustment proposed by the Staff.*

\* \* \*

*. . . As the Staff points out, **Mich Con should not have attempted a beat-the-market approach in its timing of DCA purchases, since this defeats the point of the DCA purchasing strategy**. The intent of the DCA purchasing strategy was known to Mich Con throughout the 90-day period in question. Under these circumstances, the Commission finds that Mich Con's market-driven decision to wait until the 90th day*

*to make the first purchase was not reasonable and prudent.* (Pages 9-10, emphasis added)

[http://www.dleg.state.mi.us/mpsc/orders/gas/2007/u-14401-r\\_12-18-2007.pdf](http://www.dleg.state.mi.us/mpsc/orders/gas/2007/u-14401-r_12-18-2007.pdf)

<b>Section:</b>	Appendix 2.2	<b>Page No.:</b>	11
<b>Topic:</b>	Evidence of Drazen Consulting Group		
<b>Subtopic:</b>	Centra's Financial Results		
<b>Issue:</b>	Whether retained earnings should be used to reduce bill impacts		

**PREAMBLE TO IR (IF ANY):**

Mr. Drazen highlights Centra's historical net incomes.

**QUESTION:**

- a) Please provide a schedule of retained earnings, net income, weather-normalized net income, and weather-normalized retained earnings in a similar format to that of PUB Exhibit 11 from the 2013/14 GRA, updated to include 2014/15 actual and weather-normalized results. Please add rows to the schedule showing actual EDDH, normal (forecasted) EDDH, and the difference for each year.
- b) Please provide an illustration and explain how the weather-normalized net income adjustment is calculated.
- c) Please file the Centra's letter to the Board dated February 12, 2015 showing the audited financial statements and results for 2012/13 and 2013/14.
- d) Please file the most recent audited financial statements for Centra Gas Manitoba Inc. for 2014/15.
- e) Please file a copy of the first quarterly reports for 2015/16.

**RATIONALE FOR QUESTION:**

To understand Centra's financial position after the record level of net income earned in 2013/14.



**RESPONSE:**

- a) Please see the attachment to this response.
- b) Weather normalization is the process of taking out the impact of weather on net income. Each customer class has a calculated average natural gas usage of natural gas volumes per Effective Heating Degree Day (HDD). HDDs are forecasted based on a 25 year rolling average, for each month of the year and are compared to actual HDDs for each month. The difference between the forecasted HDDs and the actual HDDs for the month are multiplied by the average usage per EHDD for each customer class. This calculates the volume variance related to weather. This is done each month.

Example:

Assumptions

- The actual EHDD for the month is 500
- The forecasted EHDD for the month is 600
- The average usage per volume is 0.0004
- The active customers for the month is 200,000
- The blended sales rate is \$300
- The blended WACOG rate is \$200
- Actual net income for the month is \$6,000,000

Weather volume variance = (actual EHDD-forecast EHDD) x average usage per EHDD per customer x active customers

$$(8000) = (500-600) \times 0.0004 \times 200,000$$

The volume variance related to weather is (8,000)

The volume variance relating to weather for each customer class for the month is then multiplied by the blended sales rate to determine the weather impact on revenue. The same volume variance for each customer class is then multiplied by the blended weighted average cost of gas (WACOG) rate to determine the weather impact on the WACOG.

Example:

Weather impact on revenue = weather volume variance x blended sales rate

$$(\$2,400,000) = (8,000) \times \$300$$

The weather impact on revenue is (\$2,400,000)

Weather impact on WACOG = weather volume variance x blended WACOG rate

$$(\$1,600,000) = (8,000) \times \$200$$

The weather impact on WACOG is (\$1,600,000).

The difference between the weather impact on revenue and the weather impact on the cost of gas is the weather impact on gross margin. The gross margin impacts calculated for each month of the fiscal year are added together to determine the total weather margin impact which is what is stated as “Weather Impact on Net Income” as noted in the response to PUB/Centra I-29(d).

Example:

Weather impact on revenue	(\$2,400,000)
Weather impact on WACOG	<u>(\$1,600,000)</u>
Weather impact on Net Income	(\$ 800,000)

The weather impact on Net Income is unfavourable.

The above process must be completed for each customer class and for each month as each month will have different EHDD’s and different sales and WACOG rates due to billing percentage changes and changes in the Primary Gas sales and WACOG rates.

If weather has an unfavourable impact on gross margin, meaning the actual EHDD’s were lower than the forecast EHDD’s, this is added to revenue to normalize for weather. If weather has a favourable impact on margin, then the impact is subtracted from revenue to normalize for weather.

Example:

Actual net income	\$6,000,000
Add: Weather impact on net income	<u>800,000</u>
Weather normal net income	\$6,800,000

Please see Attachment 1 for impact of weather on retained earnings.

- c) Centra's letter dated February 12, 2015 with the attached financial information is provided in Attachment 2 to this response.
- d) Centra's audited financial statements for the year ending March 31, 2015 are provided as Attachment 3 to this response.
- e) The Corporation's first quarter report for the 3 months ending June 30, 2015 is provided as Attachment 4 to this response.

Centra Gas Manitoba Inc.  
2015/16 Cost of Gas Application  
Impact of Weather on Retained Earnings

PUB/Centra 28a-e  
Attachment 1

(\$000's)

	2003/04 Actual	2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual
Opening Retained Earnings	34,966	27,054	25,428	20,053	21,127	27,382	34,393	33,443	40,052	34,301	42,111	61,904
Net Income (Loss)	(7,912)	(1,626)	(5,375)	1,074	5,899	8,596	(950)	6,609	(5,751)	7,810	19,793	10,207
Ending Retained Earnings	27,054	25,428	20,053	21,127	27,026	35,978	33,443	40,052	34,301	42,111	61,904	72,111
Retained Earnings Adjustments (1) (2)					356	(1,585)						
Adjusted Ending Retained Earnings	27,054	25,428	20,053	21,127	27,382	34,393	33,443	40,052	34,301	42,111	61,904	72,111
Actual Net Income	(7,912)	(1,626)	(5,375)	1,074	5,899	8,596	(950)	6,609	(5,751)	7,810	19,793	10,207
Weather Normalized Net Income	(6,828)	(4,214)	2,189	2,157	957	1,386	1,901	6,552	7,166	3,738	5,314	9,379
Difference	(1,084)	2,588	(7,564)	(1,083)	4,942	7,210	(2,851)	57	(12,917)	4,072	14,479	828
Actual EHDD	4,401	4,656	3,975	4,382	4,741	4,944	4,330	4,536	3,714	4,773	5,432	4,617
Normal EHDD (forecasted)	4,487	4,443	4,548	4,458	4,406	4,455	4,497	4,536	4,537	4,518	4,541	4,570
Difference	(86)	213	(573)	(76)	335	489	(167)	0	(823)	254	890	47

(1) Adjustment of \$356 for the implementation of the financial instrument standards.

(2) Adjustment of \$1,585 for the implementation of the goodwill and intangible standard.

Represents cumulative reduction earnings related to the write-off of general advertising and promotion costs related to Centra's Power Smart programs.



PO Box 815 • Winnipeg Manitoba Canada • R3C 2P4  
Street Location for DELIVERY: 22<sup>nd</sup> floor – 360 Portage Avenue  
Telephone / N<sup>o</sup> de téléphone: 204-360-3257 • Fax / N<sup>o</sup> de télécopieur: 204-360-6147 • [baczamecki@hydro.mb.ca](mailto:baczamecki@hydro.mb.ca)

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February 12, 2015

THE PUBLIC UTILITIES BOARD OF MANITOBA  
400-330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4

ATTENTION: Mr. D. Christle, Board Secretary and Executive Director

Dear Mr. Christle:

**RE: CENTRA GAS MANITOBA INC. (“CENTRA”)  
PUBLIC UTILITIES BOARD REQUEST FOR FINANCIAL INFORMATION**

---

Centra is in receipt of the Public Utilities Board of Manitoba’s (“PUB”) letter dated January 14, 2015, which requests certain financial information with respect to the fiscal years 2012/13 and 2013/14.

Attached to this letter please find the following:

- Attachment 1- Centra’s audited financial statements for the fiscal year ending March 31, 2013;
- Attachment 2- Centra’s audited financial statements for the fiscal year ending March 31, 2014; and,
- Attachment 3- Weather Normalized Net Income calculations for the 2012/13 and 2013/14 fiscal years.
- Attachment 4- Financial forecasts for gas operations CGM13 and CGM14 with interest coverage, capital coverage and debt to equity ratios calculated using the PUB-methodology. While Manitoba Hydro’s financial targets apply to consolidated operations only, financial ratios have been calculated for gas operations in Attachment 4 as requested.

Should you have any questions regarding the information being provided, please contact the writer at 204-360-3257 or Shannon Gregorashuk at 204-360-4270.

Yours truly,

**MANITOBA HYDRO LAW DIVISION**

Per:

A handwritten signature in blue ink, appearing to read 'Brent A. Czarnecki'.

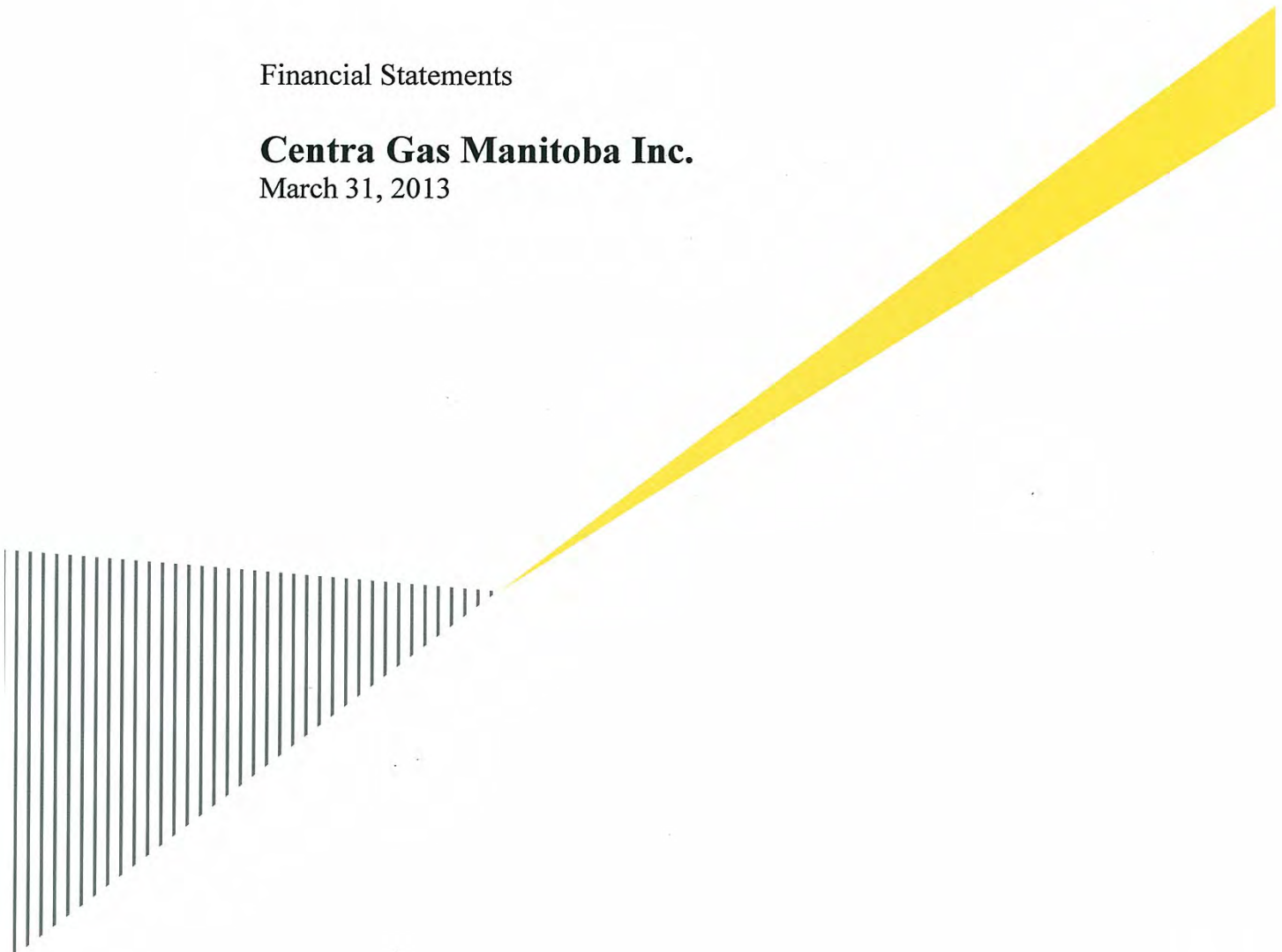
Brent A. Czarnecki  
Barrister and Solicitor

Att.

cc: Mr. B. Peters, Fillmore Riley  
Mr. R. Cathcart, Cathcart Advisors Inc.  
Mr. B. Ryall, Ryall Engineering

Financial Statements

**Centra Gas Manitoba Inc.**  
March 31, 2013



## INDEPENDENT AUDITORS' REPORT

To the Shareholder of  
**Centra Gas Manitoba Inc.**

We have audited the accompanying financial statements of **Centra Gas Manitoba Inc.**, which comprise the balance sheet as at March 31, 2013 and the statements of income (loss), retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

- 2 -

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Centra Gas Manitoba Inc.** as at March 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Canada,  
June 26, 2013.

*Ernst + Young LLP*

Chartered Accountants



**CENTRA GAS MANITOBA INC.**  
**STATEMENT OF INCOME (LOSS)**

For the year ended March 31

	Notes	2013	2012
<i>millions of dollars</i>			
<b>Revenues</b>			
Commodity		182	197
Distribution		146	131
		328	328
Cost of gas sold		182	197
		146	131
Other income		1	1
		147	132
<b>Expenses</b>			
Operating and administrative	3	64	62
Finance expense	3 & 4	18	19
Depreciation and amortization		27	26
Capital and other taxes		18	19
Corporate allocation	5	12	12
		139	138
<b>Net Income (Loss)</b>		<b>8</b>	<b>(6)</b>

The accompanying notes are an integral part of the financial statements.

**STATEMENT OF RETAINED EARNINGS**

For the year ended March 31

	2013	2012
<i>millions of dollars</i>		
Retained earnings, beginning of year	34	40
Net income (loss)	8	(6)
<b>Retained earnings, end of year</b>	<b>42</b>	<b>34</b>

The accompanying notes are an integral part of the financial statements.

**CENTRA GAS MANITOBA INC.****BALANCE SHEET**

As at March 31

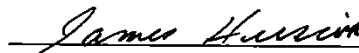
	Notes	2013	2012
<i>millions of dollars</i>			
<b>Assets</b>			
<b>Property, Plant and Equipment</b>			
In service	6	661	637
Less accumulated depreciation	6	232	224
		<b>429</b>	<b>413</b>
Construction in progress	6	2	2
		<b>431</b>	<b>415</b>
<b>Current Assets</b>			
Accounts receivable and accrued revenue		76	47
Gas in storage		21	41
		<b>97</b>	<b>88</b>
<b>Other Assets</b>			
Regulated assets	7	78	77
Intangible assets	8	8	8
		<b>86</b>	<b>85</b>
		<b>614</b>	<b>588</b>
<b>Liabilities and Shareholder's Equity</b>			
<b>Long-Term Debt</b>			
	9	295	235
<b>Current Liabilities</b>			
Due to parent	10	26	14
Accounts payable and accrued liabilities	11	76	70
Current portion of long-term debt	9	-	63
		<b>102</b>	<b>147</b>
<b>Other Liabilities</b>			
Refundable advances from customers		21	18
		<b>21</b>	<b>18</b>
<b>Contributions in Aid of Construction</b>			
		<b>33</b>	<b>33</b>
<b>Shareholder's Equity</b>			
Share capital	14	121	121
Retained earnings		42	34
		<b>163</b>	<b>155</b>
		<b>614</b>	<b>588</b>

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board:



William Fraser, FCA  
Chair of the Board



James Husiak, CA  
Chair of the Audit Committee

**CENTRA GAS MANITOBA INC.**  
**STATEMENT OF CASH FLOWS**

For the year ended March 31

	2013	2012
	<i>millions of dollars</i>	
<b>Operating Activities</b>		
Cash receipts from customers		
Cash paid to suppliers	294	389
Interest paid	(239)	(320)
<b>Cash provided by operating activities</b>	<b>(20)</b>	<b>(20)</b>
	<b>35</b>	<b>49</b>
<b>Financing Activities</b>		
Long-term repayments to parent		
Long-term advances from parent	(63)	-
Short-term advances from (repayments to) parent	60	-
<b>Cash provided by (used for) financing activities</b>	<b>12</b>	<b>(6)</b>
	<b>9</b>	<b>(6)</b>
<b>Investing Activities</b>		
Property, plant and equipment, net of contributions		
Other	(34)	(31)
<b>Cash used for investing activities</b>	<b>(10)</b>	<b>(12)</b>
	<b>(44)</b>	<b>(43)</b>
<b>Net change in cash and cash equivalents</b>		
Cash and cash equivalents, beginning of year	-	-
	-	-
<b>Cash and cash equivalents, end of year</b>	<b>-</b>	<b>-</b>

The accompanying notes are an integral part of the financial statements.

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2013

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**NOTE 1      SIGNIFICANT ACCOUNTING POLICIES**

**Nature of the Organization** – Centra Gas Manitoba Inc. (Centra) distributes natural gas to more than 269 000 residential, commercial and industrial customers throughout Manitoba. Centra delivers natural gas to its customers through a network of transmission pipelines and distribution mains totaling approximately 9 300 kilometers in length. Centra is a wholly-owned subsidiary of the Manitoba Hydro-Electric Board (Manitoba Hydro) and is regulated by the Public Utilities Board of Manitoba (PUB).

**Basis of Presentation** – The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) as set forth in Part V of the Canadian Institute of Chartered Accountants (CICA) Accounting Handbook, “Pre-Changeover Accounting Standards” and include the significant accounting policies described hereafter.

**Rate-Regulated Accounting** - The prices charged for the sale of natural gas within Manitoba are subject to review and approval by the PUB. The rate-setting process is designed such that rates charged to gas customers recover all costs incurred in providing gas service to customers. As permitted under GAAP, Centra applies standards issued by the Financial Accounting Standards Board (FASB) in the United States as another source of GAAP. FASB Accounting Standards Codification Section 980 – Regulated Operations, represents the standard Centra applies for rate-regulated accounting. These accounting policies differ from enterprises that do not operate in a rate-regulated environment. Such accounting policies allow for the deferral of certain costs or credits which will be recovered or refunded in future rates. These costs or credits would otherwise be included in the determination of net income in the year that the cost or credit is incurred. Centra refers to such deferred costs or credits as regulated assets (Note 7) or regulated liabilities (Note 11) which are generally comprised of the following:

- Power Smart programs - The costs of Centra’s energy conservation programs, referred to as Power Smart, are deferred and amortized on a straight-line basis over a period of 10 years.
- Deferred taxes - As a result of its acquisition by Manitoba Hydro in 1999, Centra became non-taxable and, in so doing, incurred a non-recurring tax expense. This non-recurring tax expense has been deferred and is being amortized over a period of 30 years.
- Site restoration costs - Site restoration costs incurred are deferred and amortized on a straight-line basis over a period of 15 years.
- Regulatory costs - Costs associated with regulatory hearings are deferred and amortized on a straight-line basis over periods up to 5 years.
- Purchased gas variance accounts - Accounts are maintained to recover/refund differences between the actual cost of gas and the cost of gas incorporated into rates

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended March 31, 2013

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charged to customers as approved by the PUB. The difference between the recorded cost of natural gas and the actual cost of natural gas is carried as an account receivable/payable and recovered or refunded in future rates.

Centra's other significant accounting policies are as follows:

a) **Property, Plant and Equipment**

Property, plant and equipment is stated at cost which includes direct labour, materials, contracted services, a proportionate share of overhead costs and interest applied at the average cost of debt. Interest is allocated to construction until a capital project becomes operational or a decision is made to abandon, cancel or indefinitely defer construction. Once the transfer to in-service property, plant and equipment is made, interest allocated to construction ceases and depreciation and interest charged to operations commences.

b) **Depreciation**

Depreciation is provided on a straight-line remaining-life basis. The range of estimated service lives of each major asset category is as follows:

Distribution	5 - 65 years
General plant	10 - 45 years

Provision for removal costs of major property, plant and equipment is charged to depreciation expense on a straight-line basis over the remaining service lives of the related assets. Retirements of these assets, including costs of removal, are charged to accumulated depreciation with no gains or losses reflected in operations. The estimated service lives and removal costs of the assets are based upon depreciation studies conducted periodically by Centra.

c) **Intangible Assets**

Intangible assets include computer application development costs and land easements. Intangible assets are recorded at cost. The cost of computer application development includes direct labour, materials, contracted services, a proportionate share of overhead costs and interest applied at the average cost of debt. Intangible assets with finite useful lives are amortized over their useful lives on a straight-line basis. The expected useful lives are as follows:

Computer application development	10 years
Land easements	75 years

The estimated service lives of intangible assets are based upon depreciation studies conducted periodically by Centra.

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended March 31, 2013

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- d) **Contributions in Aid of Construction**  
Contributions are required from customers whenever the costs of extending service exceed specified construction allowances. Contributions are amortized on a straight-line basis over the estimated service lives of the related assets.
- e) **Gas in Storage**  
Gas in storage is valued at average cost.
- f) **Revenues**  
Customers' meters are read and billed on a cyclical basis. Revenues are accrued in respect of energy delivered for those cycles not yet billed.
- g) **Cost of Gas Sold**  
Cost of natural gas sold is recorded at the same rates charged to customers.
- h) **Financial Instruments**  
All financial instruments are measured at fair value on initial recognition as of the trade date. Measurement in subsequent periods depends on the classification of the instrument. Financial instruments are classified into one of the following five categories: held-to-maturity investments, loans and receivables, held-for-trading, available-for-sale, or other financial liabilities. Financial instruments classified as loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method of amortization. Held-for-trading financial instruments are measured at fair value and all gains and losses are included in income in the period in which they arise.
- i) **Comprehensive Income**  
Comprehensive income consists of net income and other comprehensive income (OCI). As Centra has no items related to OCI, comprehensive income for the year is equivalent to net income.
- j) **Foreign Currency Translation**  
Current monetary assets and liabilities denominated in foreign currencies are translated into Canadian currency at the exchange rate prevailing at the balance sheet date. Gains or losses related to natural gas storage purchases which arise from the date of receipt to date of payment are included as inventoried cost. All other exchange gains and losses on the translation of current monetary assets and liabilities are credited or charged to finance expense in the current period.
- k) **Derivatives**  
Centra does not engage in derivative trading or speculative activities. Centra mitigates natural gas price volatility to customers through the use of natural gas price swaps. Fixed price swaps are carried at fair value on the balance sheet with gains and losses recorded in income.

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**For the year ended March 31, 2013

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- l) **Debt Discounts and Premiums**  
Debt discounts and premiums are amortized to finance expense using the effective interest method.
- m) **Use of Estimates**  
The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual amounts could differ from those estimates, but differences are not expected to be material.

**NOTE 2 ACCOUNTING CHANGES****Overhead Rate Estimate**

Centra's policy is to include a proportionate share of overhead costs in property, plant and equipment based on overhead rate studies that are performed annually. In 2012, Centra revised its overhead rate estimate to remove information technology infrastructure and related support costs and common building depreciation and operating costs. This change in estimate was applied prospectively effective April 1, 2012 and resulted in a \$2 million increase in operating and administrative expense in 2012-13.

**Future Accounting Changes****International Financial Reporting Standards (IFRS)**

In February 2008, the Canadian Accounting Standards Board (AcSB) announced that publicly accountable enterprises would be required to adopt IFRS in place of Canadian GAAP for fiscal years beginning on or after January 1, 2011. In October 2009, the Public Sector Accounting Board confirmed that government business enterprises such as Centra would be required to follow IFRS for periods beginning January 1, 2011.

Although IFRS and Canadian GAAP are premised on a similar conceptual framework, there are a number of differences with respect to recognition, measurement and disclosure. The areas with the highest potential to impact Centra include property, plant and equipment, regulatory assets and liabilities and the transitional requirements upon the adoption of IFRS under the provisions of IFRS 1, *First-Time Adoption of IFRS*.

In May 2010, the International Accounting Standards Board (IASB) issued the omnibus *Improvements to IFRS*, which includes an amendment to IFRS 1 for entities with rate-regulated activities. The amendment applies to first-time adopters by offering an optional exemption to use the carrying amount of property, plant and equipment and intangible assets as deemed cost of those assets on the transition date. This exemption eliminates the requirement to retrospectively adjust opening property, plant and equipment and/or intangible asset balances for costs that would otherwise not qualify for capitalization under IFRS. Centra intends to apply this exemption.

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended March 31, 2013

In September 2010, the AcSB implemented changes to Part I of the CICA Handbook – *Accounting*; allowing qualifying entities with rate-regulated activities to be permitted, but not required, to defer their adoption of Part I IFRS for one year. In March 2012, September 2012 and February 2013, the AcSB announced additional optional one-year deferrals of IFRS for qualifying entities with rate-regulated activities. Centra meets the AcSB criteria for deferral and intends to adopt Part I IFRS for its 2015-16 fiscal year with comparative information presented for the 2014-15 fiscal year.

On April 25, 2013, the IASB issued the Exposure Draft, “Regulatory Deferral Accounts”. The Exposure Draft proposes an interim standard intended to allow entities that are first-time adopters of IFRS and that currently recognize regulatory deferral accounts (i.e. regulatory assets and liabilities) in accordance with their existing GAAP, to continue to do so upon transition. Under the proposed interim standard, entities will be able to avoid making major changes in accounting for regulatory assets and liabilities on transition to IFRS until the IASB can provide more guidance through its Rate-regulated Activities project. Comments on the Exposure Draft are due in September of 2013 and the IASB is not expected to make a decision on the proposed interim standard until December of 2013.

At this time, it is uncertain as to the final position the IASB will take as part of its Rate-regulated Activities project. In addition, the IASB has a number of on-going projects on its agenda which may result in changes to existing IFRS prior to the commencement of Centra’s 2015-16 fiscal year. Centra continues to monitor and evaluate the impacts of current and prospective IFRS on its accounting policies, financial position and business activities.

**NOTE 3 RELATED PARTY TRANSACTIONS**

Centra has related party transactions with its parent which are recorded at the exchange amount. The following transactions are in addition to those disclosed elsewhere in the financial statements:

	2013	2012
	<i>millions of dollars</i>	
Expense		
Net operating and administrative costs	64	62
Interest on advances from parent	18	19



**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended March 31, 2013

**NOTE 4 FINANCE EXPENSE**

	2013	2012
	<i>millions of dollars</i>	
Interest on debt	21	22
Interest capitalized	(3)	(3)
	<b>18</b>	<b>19</b>

Included in interest on debt is \$3 million (2012 - \$3 million) in respect of the Provincial Debt Guarantee Fee. The fee during the year was 1.0% of the total outstanding debt guaranteed by the Province of Manitoba (2012 - 1.0%).

**NOTE 5 CORPORATE ALLOCATION**

Financing costs related to the acquisition of Centra are allocated between gas and electricity operations in accordance with the synergies and benefits derived by each segment of the business at the time of acquisition.

**NOTE 6 PROPERTY, PLANT AND EQUIPMENT**

	2013			2012		
	In service	Accumulated depreciation	Construction in progress	In service	Accumulated depreciation	Construction in progress
	<i>millions of dollars</i>			<i>millions of dollars</i>		
Distribution	648	223	2	623	215	2
General plant	13	9	-	14	9	-
	<b>661</b>	<b>232</b>	<b>2</b>	<b>637</b>	<b>224</b>	<b>2</b>

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended March 31, 2013

**NOTE 7 REGULATED ASSETS**

	2013	2012
	<i>millions of dollars</i>	
Power Smart programs	46	44
Deferred taxes	29	30
Site restoration costs	2	2
Regulatory costs	1	1
	<b>78</b>	<b>77</b>

If Centra was not subject to rate regulation, the costs associated with the regulated assets would be charged to operations in the period that they were incurred and the net income for 2013 would have decreased by \$1 million (2012 – net loss increased by \$2 million).

In total, regulated assets of \$11 million (2012 - \$10 million) were amortized to operations during the period.

**NOTE 8 INTANGIBLE ASSETS**

	2013			2012		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
	<i>millions of dollars</i>			<i>millions of dollars</i>		
Computer application development	8	4	4	7	3	4
Land easements	5	1	4	5	1	4
	<b>13</b>	<b>5</b>	<b>8</b>	<b>12</b>	<b>4</b>	<b>8</b>

The additions to intangible assets for the year were \$1 million (2012 - \$1 million). In total, intangible assets of \$1 million (2012 - \$2 million) were amortized to operations during the period.

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2013

**NOTE 9 LONG-TERM DEBT**

	2013	2012
	<i>millions of dollars</i>	
Long-term advances from parent	295	298
Less: Current portion of long-term debt	-	(63)
	<u>295</u>	<u>235</u>

Debt principal amounts and related yields are summarized by fiscal years in which advances are required to be repaid in the following table:

	2013		2012
	Total principal amount of repayment	Weighted average yield rate	Total principal amount of repayment
	<i>millions of dollars</i>		<i>millions of dollars</i>
2015	35	1.74%	35
2019-2023	20	3.18%	-
2024-2028	-	-	-
2029-2033	60	5.57%	30
2034-2038	130	4.40%	110
2039-2043	50	4.43%	60
	<u>295</u>	<u>4.56%</u>	<u>235</u>

**NOTE 10 DUE TO PARENT**

Centra's short-term funding is provided by Manitoba Hydro with interest calculated at the three-month T-Bill rate plus a 1% Provincial Guarantee Fee on the outstanding balance. The effective rate for fiscal year 2013 was 0.95% (2012 – 0.90%). There are no fixed repayment terms.

**NOTE 11 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2013	2012
	<i>millions of dollars</i>	
Accounts payable and accrued liabilities	52	40
Regulated liabilities		
Purchased gas variance accounts	24	30
	<u>76</u>	<u>70</u>

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended March 31, 2013

Centra passes costs related to the purchase and transportation of natural gas onto its customers without markup. If Centra was not subject to rate regulation, the purchased gas variance accounts would not be maintained and the actual cost of gas would be expensed in the period incurred. For fiscal year 2013, if actual gas costs were expensed and sales rates were not adjusted accordingly, net income would have decreased by \$6 million (2012 - net loss decreased by \$17 million).

**NOTE 12 FINANCIAL INSTRUMENTS**

The carrying amounts and fair values of Centra's non-derivative financial instruments at March 31 were as follows:

<b>Financial instruments</b>	<b>2013</b>		<b>2012</b>	
	Carrying value	Fair value	Carrying value	Fair value
	<i>millions of dollars</i>			
<b>Loans and Receivables</b>				
Accounts receivable and accrued revenue	<b>76</b>	<b>76</b>	47	47
<b>Other Financial Liabilities</b>				
Long-term debt	<b>295</b>	<b>337</b>	298	330
Accounts payable and accrued liabilities	<b>76</b>	<b>76</b>	70	70
Due to parent	<b>26</b>	<b>26</b>	14	14

The fair value measurement of financial instruments is classified in accordance with a hierarchy of three levels, based on the type of inputs used in making these measurements:

- Level 1 - Quoted prices in active markets for identical assets and liabilities;
- Level 2 - Inputs other than quoted prices that are observable in active markets for the asset or liability; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

Financial instrument measurements are Level 1 measurements with the exception of long-term debt which is a Level 2 measurement. Fair value measurement of Centra's long-term debt is based on market yields at close of business on the balance sheet date for similar instruments available in capital markets. The carrying values of all other financial assets and liabilities approximate fair value.

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended March 31, 2013

**Financial Risks**

During the normal course of business, Centra is exposed to a number of financial risks including credit and liquidity risks, and market risk resulting from fluctuations in interest rates and commodity prices. Risk management policies, processes and systems have been established to identify and analyze financial risks faced by Centra, to set risk tolerance limits, establish controls and to monitor risk and adherence to policies. An integrated risk management plan has been developed, and reviewed by the Audit Committee of the Centra Gas Board, to ensure the adequacy of the risk management framework in relation to the risks faced by Centra. The nature of the financial risks and Centra's strategy for managing these risks has not changed significantly from the prior year.

**a) Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Exposure to credit risk related to accounts receivable arising from natural gas sales is minimized due to a large and diversified customer base.

The value of Centra's aged accounts receivable for customers and related bad debt provisions are presented in the following table:

	2013	2012
	<i>millions of dollars</i>	
Under 30 days	71	42
30 to 60 days	4	3
Over 60 days	3	4
	<b>78</b>	<b>49</b>
Provision at end of period	<b>(2)</b>	<b>(2)</b>
Total accounts receivable	<b>76</b>	<b>47</b>

The provision for bad and doubtful accounts is reviewed annually, based on an estimate of aged receivables that are considered uncollectible. There was no significant change to the allowance for doubtful accounts from last year.

To mitigate credit risk related to the use of derivative instruments, Centra adheres to well established credit exposure limits with institutions that possess a minimum credit rating of 'A' from recognized bond rating agencies or provide a parental guarantee from an 'A' rated parent company. The maximum exposure to credit risk related to Centra's derivative counterparties is equal to the positive fair value of its financial derivatives.

**b) Liquidity Risk**

Liquidity risk refers to the risk that Centra will not be able to meet its financial obligations as they come due. To meet forecasted cash requirements, Centra uses cash generated from operations, as well as short-term funding and long-term advances from Manitoba Hydro.

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended March 31, 2013

The following is an analysis of the contractual undiscounted cash flows payable under financial liabilities and derivative liabilities as at the balance sheet date:

	Carrying	2014	2015	2016	2017	2018	2019 and thereafter
	Value						
<i>millions of dollars</i>							
<b>Non-derivative financial liabilities</b>							
Accounts payable and accrued liabilities	76	76	-	-	-	-	-
Due to parent	26	26	-	-	-	-	-
Long-term debt*	295	13	48	12	12	12	458
<b>Derivative financial liabilities</b>							
Fixed price swap contracts	-	-	-	-	-	-	-
		115	48	12	12	12	458

\*including current portion and interest payments

**c) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Centra is exposed to interest rate risk and commodity price risk associated with the price of natural gas.

i. Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Centra is exposed to interest rate risk associated with amounts due to the parent company, floating rate long-term debt, fixed rate long-term debt maturing within 12 months, and the purchased gas variance accounts, offset by the change in interest capitalization. At March 31, 2013, an increase or decrease of 1% in the interest rate would reduce or increase net income, respectively, by \$1 million (2012 - \$1 million).

ii. Commodity Price Risk

Centra is exposed to natural gas price risk through its purchase of gas for delivery to customers throughout Manitoba. Centra mitigates commodity price risk for its fixed rate service with the use of natural gas price swaps. Centra does not use derivative contracts for trading or speculative purposes.

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended March 31, 2013

Centra has entered into natural gas price swaps until July 2016 to purchase 231 510 gigajoules of natural gas at a weighted average fixed price of \$5.12/GJ. The weighted average forward price of the swaps per AECO at March 31, 2013 was \$3.67/GJ. These contracts are reported as derivatives and carried at fair value on the balance sheet.

The unrealized fair value losses of these natural gas derivative contracts as at March 31 are as follows:

	2013	2012
	<i>millions of dollars</i>	
Fixed price swap contracts	-	(1)

Fair value is calculated by using the monthly forward AECO price as reported by the Natural Gas Exchange as at March 31, 2013.

**NOTE 13 COMMITMENTS AND CONTINGENCIES**

Centra has energy purchase commitments of \$136 million (2012 – \$39 million) that relate to future purchases of natural gas (including transportation and storage contracts), which expire in 2020.

Centra has various legal and operational matters pending. It is not possible at this time to predict with any certainty the outcome of these matters. Management believes that any settlements related to these matters will not have a material effect on Centra's financial position or results of operations.

**NOTE 14 SHARE CAPITAL**

	2013	2012
	<i>millions of dollars</i>	
Share capital		
Authorized		
Unlimited number of common shares		
Issued		
1 505 common shares	121	121
	<b>121</b>	<b>121</b>

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2013

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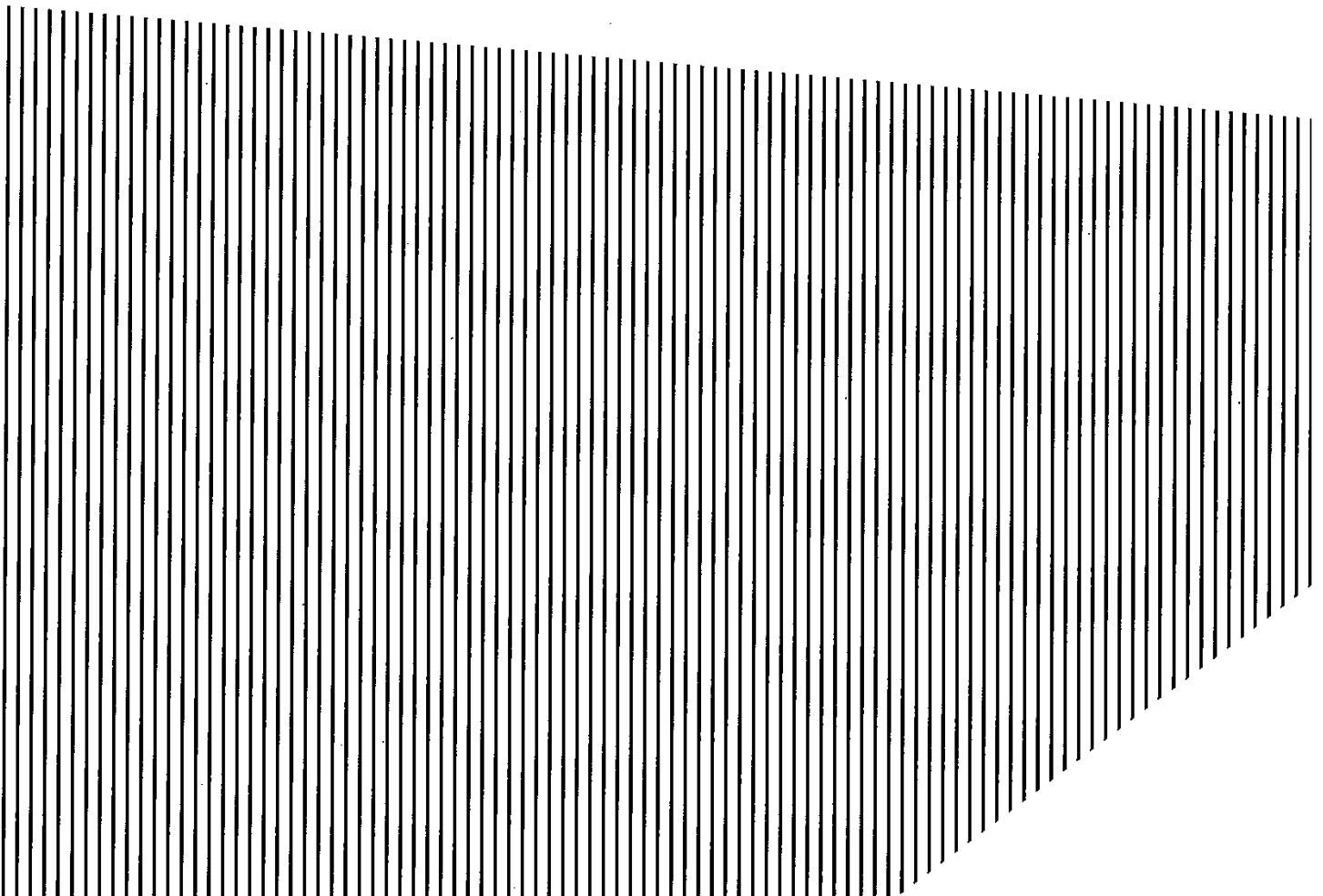
**NOTE 15 CAPITAL MANAGEMENT**

Centra manages its capital structure to ensure sufficient retained earnings to enable it to absorb the financial effects of adverse circumstances. Centra's capital requirements are met through cash generated from operations as well as short-term funding and long-term advances from its parent company, the Manitoba Hydro-Electric Board.

**NOTE 16 COMPARATIVE FIGURES**

Where appropriate, comparative figures for 2012 have been reclassified in order to conform to the presentation adopted in 2013.





Financial Statements

**Centra Gas Manitoba Inc.**

March 31, 2014



## INDEPENDENT AUDITORS' REPORT

To the Shareholder of  
**Centra Gas Manitoba Inc.**

We have audited the accompanying financial statements of **Centra Gas Manitoba Inc.**, which comprise the balance sheet as at March 31, 2014 and the statements of income (loss), retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



- 2 -

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Centra Gas Manitoba Inc.** as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Canada,  
June 25, 2014.

*Ernst & Young LLP*

Chartered Accountants



**CENTRA GAS MANITOBA INC.****STATEMENT OF INCOME**

For the year ended March 31

	Notes	2014	2013
<i>millions of dollars</i>			
<b>Revenues</b>			
Commodity		252	182
Distribution		161	146
		413	328
Cost of gas sold		252	182
		161	146
Other income		2	1
		163	147
<b>Expenses</b>			
Operating and administrative	4	67	64
Finance expense	4 & 5	16	18
Depreciation and amortization	6	28	27
Capital and other taxes		20	18
Corporate allocation	7	12	12
		143	139
<b>Net Income</b>		<b>20</b>	<b>8</b>

The accompanying notes are an integral part of the financial statements.

**STATEMENT OF RETAINED EARNINGS**

For the year ended March 31

	2014	2013
<i>millions of dollars</i>		
Retained earnings, beginning of year	42	34
Net income	20	8
<b>Retained earnings, end of year</b>	<b>62</b>	<b>42</b>

The accompanying notes are an integral part of the financial statements.

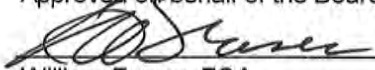
**CENTRA GAS MANITOBA INC.**  
**BALANCE SHEET**

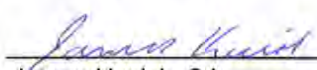
As at March 31

	Notes	2014	2013
<i>millions of dollars</i>			
<b>Assets</b>			
<b>Property, Plant and Equipment</b>			
In service	8	684	661
Less accumulated depreciation	8	240	232
		<u>444</u>	<u>429</u>
Construction in progress	8	4	2
		<u>448</u>	<u>431</u>
<b>Current Assets</b>			
Accounts receivable and accrued revenue		109	76
Gas in storage		-	21
		<u>109</u>	<u>97</u>
<b>Other Assets</b>			
Regulated assets	9	124	78
Intangible assets	10	8	8
		<u>132</u>	<u>86</u>
		<u>689</u>	<u>614</u>
<b>Liabilities and Shareholder's Equity</b>			
<b>Long-Term Debt</b>			
	11	270	295
<b>Current Liabilities</b>			
Due to parent	12	34	26
Accounts payable and accrued liabilities		107	52
Current portion of long-term debt	11	35	-
		<u>176</u>	<u>78</u>
<b>Other Liabilities</b>			
Regulated liabilities	9	6	24
Refundable advances from customers		12	21
		<u>18</u>	<u>45</u>
<b>Contributions in Aid of Construction</b>			
		42	33
<b>Shareholder's Equity</b>			
Share capital	15	121	121
Retained earnings		62	42
		<u>183</u>	<u>163</u>
		<u>689</u>	<u>614</u>

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board:

  
\_\_\_\_\_  
William Fraser, FCA  
Chair of the Board

  
\_\_\_\_\_  
James Husiak, CA  
Chair of the Audit Committee

**CENTRA GAS MANITOBA INC.**  
**STATEMENT OF CASH FLOWS**

For the year ended March 31

	2014	2013
	<i>millions of dollars</i>	
<b>Operating Activities</b>		
Cash receipts from customers	318	294
Cash paid to suppliers	(271)	(239)
Interest paid	(18)	(20)
<b>Cash provided by operating activities</b>	<b>29</b>	<b>35</b>
<b>Financing Activities</b>		
Long-term repayments to parent	-	(63)
Long-term advances from parent	10	60
Short-term advances from parent	8	12
<b>Cash provided by financing activities</b>	<b>18</b>	<b>9</b>
<b>Investing Activities</b>		
Property, plant and equipment, net of contributions	(35)	(34)
Other	(12)	(10)
<b>Cash used for investing activities</b>	<b>(47)</b>	<b>(44)</b>
<b>Net change in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents, beginning of year	-	-
<b>Cash and cash equivalents, end of year</b>	<b>-</b>	<b>-</b>

The accompanying notes are an integral part of the financial statements.

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2014

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**NOTE 1 NATURE OF THE ORGANIZATION**

Centra Gas Manitoba Inc. (Centra) distributes natural gas to more than 272 000 residential, commercial and industrial customers throughout Manitoba. Centra delivers natural gas to its customers through a network of transmission pipelines and distribution mains totaling approximately 9 800 kilometers in length. Centra is a wholly-owned subsidiary of the Manitoba Hydro-Electric Board (Manitoba Hydro) and is regulated by the Public Utilities Board of Manitoba (PUB).

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation** – The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) as set forth in Part V of the Chartered Professional Accountants (CPA) Canada Handbook - Accounting - Pre-Changeover Accounting Standards and include the significant accounting policies described hereafter.

**Rate-Regulated Accounting** - The prices charged for the sale of natural gas within Manitoba are subject to review and approval by the Public Utilities Board of Manitoba (PUB). The rate-setting process is designed such that rates charged to natural gas customers recover all costs incurred in providing gas service to customers. As permitted under Canadian GAAP, Centra applies standards issued by the Financial Accounting Standards Board (FASB) in the United States as another source of Canadian GAAP. FASB Accounting Standards Codification Section 980 – Regulated Operations, represents the standard Centra applies for rate-regulated accounting. These accounting policies differ from enterprises that do not operate in a rate-regulated environment. Such accounting policies allow for the deferral of certain costs or credits which will be recovered or refunded in future rates. These costs or credits would otherwise have been included in the determination of net income in the year that the cost or credit is incurred. Centra refers to such deferred costs or credits as regulated assets or regulated liabilities (Note 9) which are generally comprised of the following:

- Power Smart programs - The costs of Centra's energy conservation programs, referred to as Power Smart, are deferred and amortized on a straight-line basis over a period of 10 years.
- Deferred taxes - As a result of its acquisition by Manitoba Hydro in 1999, Centra became non-taxable and, in so doing, incurred a non-recurring tax expense. This non-recurring tax expense has been deferred and is being amortized over a period of 30 years.
- Site restoration costs - Site restoration costs incurred are deferred and amortized on a straight-line basis over a period of 15 years.
- Regulatory costs - Costs associated with regulatory hearings are deferred and amortized on a straight-line basis over periods up to 5 years.



## CENTRA GAS MANITOBA INC. NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2014

- Purchased gas variance accounts - Accounts are maintained to recover/refund differences between the actual cost of gas and the cost of gas incorporated into rates charged to customers as approved by the PUB. The difference between the recorded cost of natural gas and the actual cost of natural gas is recovered or refunded in future rates.
- Demand side management (DSM) deferral – In Board Order 85/13, the PUB directed that the differences between actual and planned spending on gas DSM for the 2013-14 fiscal year be recorded in a regulatory deferral account. The cumulative difference for 2013-2014 has been recorded as a regulated liability with an offsetting balance recorded as a regulated asset. The disposition of this regulatory deferral will be determined at a future PUB proceeding.

Centra's other significant accounting policies are as follows:

a) **Property, Plant and Equipment**

Property, plant and equipment is stated at cost which includes direct labour, materials, contracted services, a proportionate share of overhead costs and interest applied at the average cost of debt. Interest is allocated to construction until a capital project becomes operational or a decision is made to abandon, cancel or indefinitely defer construction. Once the transfer to in-service property, plant and equipment is made, interest allocated to construction ceases and depreciation and interest charged to operations commences.

b) **Depreciation**

Depreciation is provided on a straight-line remaining-life basis. The range of estimated service lives of each major asset category is as follows:

Distribution	5 - 65 years
General plant	10 - 45 years

Provision for removal costs of major property, plant and equipment is charged to depreciation expense on a straight-line basis over the remaining service lives of the related assets. Retirements of these assets, including costs of removal, are charged to accumulated depreciation with no gains or losses reflected in operations. The estimated service lives and removal costs of the assets are based upon depreciation studies conducted periodically by Centra.

c) **Intangible Assets**

Intangible assets include computer application development costs and land easements. Intangible assets are recorded at cost. The cost of computer application development includes direct labour, materials, contracted services, a proportionate share of overhead costs and interest applied at the average cost of debt. Intangible assets with finite useful lives are amortized over their useful lives on a straight-line basis. The expected useful lives are as follows:

Computer application development	10 years
Land easements	75 years

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2014

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The estimated service lives of intangible assets are based upon depreciation studies conducted periodically by Centra.

- d) **Contributions in Aid of Construction**  
Contributions are required from customers whenever the costs of extending service exceed specified construction allowances. Contributions are amortized on a straight-line basis over the estimated service lives of the related assets.
- e) **Gas in Storage**  
Gas in storage is valued at average cost.
- f) **Revenues**  
Gas sales are recognized upon delivery to the customer and include an estimate of gas deliveries not yet billed at period-end.
- g) **Cost of Gas Sold**  
Cost of natural gas sold is recorded at the same rates charged to customers.
- h) **Financial Instruments**  
All financial instruments are measured at fair value on initial recognition as of the trade date. Measurement in subsequent periods depends on the classification of the instrument. Financial instruments are classified into one of the following five categories: held-to-maturity investments, loans and receivables, held-for-trading, available-for-sale, or other financial liabilities. Financial instruments classified as loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method of amortization. Held-for-trading financial instruments are measured at fair value and all gains and losses are included in income in the period in which they arise.
- i) **Comprehensive Income**  
Comprehensive income consists of net income and other comprehensive income (OCI). As Centra has no items related to OCI, comprehensive income for the year is equivalent to net income.
- j) **Foreign Currency Translation**  
Current monetary assets and liabilities denominated in foreign currencies are translated into Canadian currency at the exchange rate prevailing as at the balance sheet date. Gains or losses related to natural gas storage purchases which arise from the date of receipt to date of payment are included as inventoried cost. All other exchange gains and losses on the translation of current monetary assets and liabilities are credited or charged to finance expense in the current period.
- k) **Derivatives**  
Centra does not engage in derivative trading or speculative activities. Centra mitigates natural gas price volatility to customers through the use of natural gas price swaps. Fixed price swaps are carried at fair value on the balance sheet with gains and losses recorded in income.

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**For the year ended March 31, 2014

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- l) **Debt Discounts and Premiums**  
Debt discounts and premiums are amortized to finance expense using the effective interest method.
- m) **Use of Estimates**  
The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual amounts could differ from those estimates, but differences are not expected to be material.

**NOTE 3 ACCOUNTING CHANGES****Future Accounting Changes****International Financial Reporting Standards (IFRS)**

In February 2008, the Canadian Accounting Standards Board (AcSB) announced that publicly accountable enterprises would be required to adopt IFRS in place of Canadian GAAP for fiscal years beginning on or after January 1, 2011. In October 2009, the Public Sector Accounting Board confirmed that government business enterprises such as Centra would be required to follow IFRS for periods beginning January 1, 2011.

Although IFRS and Canadian GAAP are premised on a similar conceptual framework, there are a number of differences with respect to recognition, measurement and disclosure. The areas with the highest potential to impact Centra include property, plant and equipment, regulatory assets and liabilities and the transitional requirements upon the adoption of IFRS under the provisions of IFRS 1, First-Time Adoption of IFRS.

In May 2010, the International Accounting Standards Board (IASB) issued the omnibus Improvements to IFRS, which includes an amendment to IFRS 1 for entities with rate-regulated activities. The amendment applies to first-time adopters by offering an optional exemption to use the carrying amount of property, plant and equipment and intangible assets as deemed cost of those assets on the transition date. This exemption eliminates the requirement to retrospectively adjust opening property, plant and equipment and/or intangible asset balances for costs that would otherwise not qualify for capitalization under IFRS. Centra intends to apply this exemption.

In September 2010, the AcSB implemented changes to Part I of the CPA Canada Handbook – International Financial Reporting Standards allowing qualifying entities with rate-regulated activities to be permitted, but not required, to defer their adoption of IFRS for one year. In March 2012, September 2012 and February 2013, the AcSB announced additional optional one-year deferrals of IFRS for qualifying entities with rate-regulated activities. Centra meets the AcSB criteria for the deferral and intends to adopt IFRS for its 2015-16 fiscal year with comparative information presented for the 2014-15 fiscal year.

On January 30, 2014, the IASB issued the interim standard IFRS 14 *Regulatory Deferral Accounts* for rate-regulated activities effective January 1, 2016 with earlier adoption permitted. Centra will early adopt the interim standard upon transition to IFRS effective

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended March 31, 2014

April 1, 2015 and will continue to recognize regulatory deferral accounts for its financial reporting.

At this time, it is uncertain as to the final position the IASB will take as part of its Rate-Regulated Activities project. In addition, the IASB has a number of on-going projects on its agenda which may result in modifications to existing IFRS prior to the commencement of Centra's 2015-16 fiscal year. Centra continues to monitor and evaluate the impacts of current and prospective IFRS on its accounting policies, financial position and business activities.

**NOTE 4 RELATED PARTY TRANSACTIONS**

Centra has related party transactions with its parent which are recorded at the exchange amount. The following transactions are in addition to those disclosed elsewhere in the financial statements:

	2014	2013
	<i>millions of dollars</i>	
Expense		
Net operating and administrative costs	67	64
Interest on advances from parent	16	18

**NOTE 5 FINANCE EXPENSE**

	2014	2013
	<i>millions of dollars</i>	
Interest on debt	19	21
Interest capitalized	(3)	(3)
	16	18

Included in interest on debt is \$3 million (2013 - \$3 million) in respect of the Provincial Debt Guarantee Fee. The fee during the year was 1.0% of the total outstanding debt guaranteed by the Province of Manitoba (2013 - 1.0%).

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2014

**NOTE 6 DEPRECIATION AND AMORTIZATION**

	2014	2013
	<i>millions of dollars</i>	
Depreciation of property, plant and equipment	17	18
Amortization of regulated assets	8	7
Amortization of intangible assets	3	2
	<b>28</b>	<b>27</b>

**NOTE 7 CORPORATE ALLOCATION**

Financing costs related to the acquisition of Centra are allocated between gas and electricity operations in accordance with the synergies and benefits derived by each segment of the business at the time of acquisition.

**NOTE 8 PROPERTY, PLANT AND EQUIPMENT**

	2014			2013		
	Accumulated In service depreciation	Construction in progress		Accumulated In service depreciation	Construction in progress	
	<i>millions of dollars</i>			<i>millions of dollars</i>		
Distribution	672	232	4	648	223	2
General plant	12	8	-	13	9	-
	<b>684</b>	<b>240</b>	<b>4</b>	<b>661</b>	<b>232</b>	<b>2</b>

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2014

**NOTE 9 REGULATED ASSETS AND LIABILITIES**

	2014	2013
	<i>millions of dollars</i>	
Regulated assets		
Power Smart programs	54	46
Purchased gas variance accounts	39	-
Deferred taxes	27	29
Site restoration costs	3	2
Regulatory costs	1	1
	<b>124</b>	<b>78</b>
Regulated liabilities		
DSM deferral	6	-
Purchased gas variance accounts	-	24
	<b>6</b>	<b>24</b>

If Centra was not subject to rate regulation, the costs associated with the regulated assets would be charged to operations in the period that they were incurred and the net income for 2014 would have decreased by \$1 million (2013 – net income decreased by \$1 million).

In total, regulated assets of \$12 million (2013 - \$11 million) were amortized to operations during the period.

Centra passes costs related to the purchase and transportation of natural gas onto its customers without markup. If Centra was not subject to rate regulation, the purchased gas variance accounts would not be maintained and the actual cost of gas would be expensed in the period incurred. For fiscal year 2014, if actual gas costs were expensed and sales rates were not adjusted accordingly, net income would have decreased by \$63 million (2013 – decreased by \$6 million).

**NOTE 10 INTANGIBLE ASSETS**

	2014			2013		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
	<i>millions of dollars</i>			<i>millions of dollars</i>		
Computer application development	8	4	4	8	4	4
Land easements	5	1	4	5	1	4
	<b>13</b>	<b>5</b>	<b>8</b>	<b>13</b>	<b>5</b>	<b>8</b>

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended March 31, 2014

The additions to intangible assets for the year were \$1 million (2013 - \$1 million). In total, intangible assets of \$1 million (2013 - \$1 million) were amortized to operations during the period.

**NOTE 11 LONG-TERM DEBT**

	2014	2013
	<i>millions of dollars</i>	
Long-term advances from parent	305	295
Less: Current portion of long-term debt	35	-
	<b>270</b>	<b>295</b>

Debt principal amounts and related yields are summarized by fiscal years in which advances are required to be repaid in the following table:

	2014		2013
	Total principal amount of repayment	Weighted average yield rate	Total principal amount of repayment
	<i>millions of dollars</i>		<i>millions of dollars</i>
2015	35	1.62%	35
2019-2023	20	3.18%	20
2024-2028	10	3.40%	-
2029-2033	60	5.57%	60
2034-2038	130	4.40%	130
2039-2043	50	4.43%	50
	<b>305</b>	<b>4.56%</b>	<b>295</b>

**NOTE 12 DUE TO PARENT**

Centra's short-term funding is provided by Manitoba Hydro with interest calculated at the three-month T-Bill rate plus 1% Provincial Guarantee Fee on the outstanding balance. The effective rate for fiscal year 2014 was 0.95% (2013 - 0.95%). There are no fixed repayment terms.

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended March 31, 2014

**NOTE 13 FINANCIAL INSTRUMENTS**

The carrying amounts and fair values of Centra's financial instruments at March 31 were as follows:

Financial instruments	2014		2013	
	Carrying value	Fair value	Carrying value	Fair value
	<i>millions of dollars</i>			
<b>Loans and Receivables</b>				
Accounts receivable and accrued revenue	109	109	76	76
<b>Other Financial Liabilities</b>				
Long-term debt	305	334	295	337
Accounts payable and accrued liabilities	107	107	52	52
Due to parent	34	34	26	26

The fair value measurement of financial instruments is classified in accordance with a hierarchy of three levels, based on the type of inputs used in making these measurements:

- Level 1 - Quoted prices in active markets for identical assets and liabilities;
- Level 2 - Inputs other than quoted prices that are observable in active markets for the asset or liability; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

Financial instrument measurements are Level 1 measurements with the exception of long-term debt which is a Level 2 measurement. Fair value measurement of Centra's long-term debt is based on market yields at close of business on the balance sheet date for similar instruments available in capital markets. The carrying values of all other financial assets and liabilities approximate fair value.

**Financial Risks**

During the normal course of business, Centra is exposed to a number of financial risks including credit and liquidity risks, and market risk resulting from fluctuations in interest rates and commodity prices. Risk management policies, processes and systems have been established to identify and analyze financial risks faced by Centra, to set risk tolerance limits, establish controls and to monitor risk and adherence to policies. An integrated risk management plan has been developed, and reviewed by the Audit Committee of the Centra Gas Board, to ensure the adequacy of the risk management framework in relation to the risks faced by Centra. The nature of the financial risks and Centra's strategy for managing these risks has not changed significantly from the prior year.

**a) Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Exposure to credit risk related to



**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended March 31, 2014

accounts receivable arising from natural gas sales is minimized due to a large and diversified customer base.

The value of Centra's aged accounts receivable for customers and related bad debt provisions are presented in the following table:

	2014	2013
	<i>millions of dollars</i>	
Under 30 days	103	71
31 to 60 days	4	4
Over 60 days	4	3
	111	78
Provision at end of year	(2)	(2)
Total accounts receivable	109	76

The provision for bad and doubtful accounts is reviewed annually, based on an estimate of aged receivables that are considered uncollectible. There was no significant change to the allowance for doubtful accounts from last year.

To mitigate credit risk related to the use of derivative instruments, Centra adheres to well established credit exposure limits with institutions that possess a minimum credit rating of 'A' from recognized bond rating agencies or provide a parental guarantee from an 'A' rated parent company. The maximum exposure to credit risk related to Centra's derivative counterparties is equal to the positive fair value of its financial derivatives.

**b) Liquidity Risk**

Liquidity risk refers to the risk that Centra will not be able to meet its financial obligations as they come due. To meet forecasted cash requirements, Centra uses cash generated from operations, as well as short-term funding and long-term advances from Manitoba Hydro.

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2014

The following is an analysis of the contractual undiscounted cash flows payable under financial liabilities and derivative liabilities as at the balance sheet date:

	Carrying Value	2015	2016	2017	2018	2019	2020 and thereafter
		<i>millions of dollars</i>					
<b>Non-derivative financial liabilities</b>							
Accounts payable and accrued liabilities	107	107	-	-	-	-	-
Due to parent	34	34	-	-	-	-	-
Long-term debt*	305	48	12	12	12	12	458
<b>Derivative financial liabilities</b>							
Fixed price swap contracts	-	-	-	-	-	-	-
		189	12	12	12	12	458

\*including current portion and interest payments

**c) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Centra is exposed to interest rate risk and commodity price risk associated with the price of natural gas.

i. Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Centra is exposed to interest rate risk associated with amounts due to the parent company, floating rate long-term debt, fixed rate long-term debt maturing within 12 months, and the purchased gas variance accounts, offset by the change in interest capitalization. At March 31, 2014, an increase or decrease of 1% in the interest rate would reduce or increase net income, respectively, by \$0.2 million (2013 - \$0.7 million).

ii. Commodity Price Risk

Centra is exposed to natural gas price risk through its purchase of gas for delivery to customers throughout Manitoba. Centra mitigates commodity price risk for its fixed rate service with the use of natural gas price swaps. Centra does not use derivative contracts for trading or speculative purposes.

Centra has entered into natural gas price swaps until July 2016 to purchase 87 450 gigajoules (GJ) of natural gas at a weighted average fixed price of \$5.15/GJ. The weighted average forward price of the swaps per AECO at March 31, 2014 was \$4.37/GJ. These contracts are reported as derivatives and carried at fair value on the balance sheet. The unrealized fair value losses of these natural gas derivative contracts at March 31 are nil (2013 - nil).

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended March 31, 2014

**NOTE 14      COMMITMENTS AND CONTINGENCIES**

Centra has energy purchase commitments of \$182 million (2013 – \$136 million) that relate to future purchases of natural gas (including transportation and storage contracts), which expire in 2020.

Centra has various legal and operational matters pending. It is not possible at this time to predict with any certainty the outcome of these matters. Management believes that any settlements related to these matters will not have a material effect on Centra's financial position or results of operations.

**NOTE 15      SHARE CAPITAL**

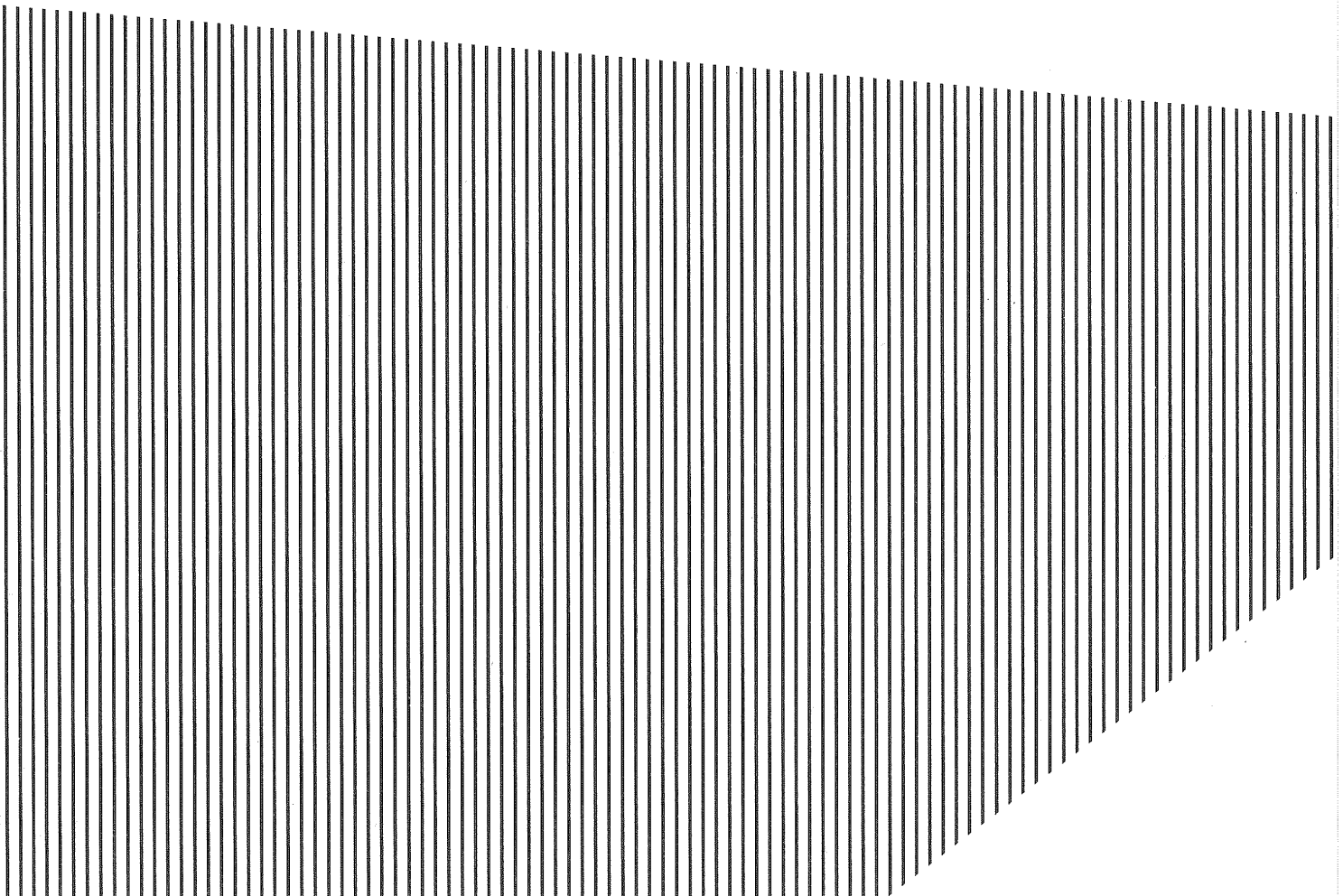
	<b>2014</b>	<b>2013</b>
	<i>millions of dollars</i>	
Share capital		
Authorized		
Unlimited number of common shares		
Issued		
1 505 common shares	<b>121</b>	<b>121</b>
	<b>121</b>	<b>121</b>

**NOTE 16      CAPITAL MANAGEMENT**

Centra manages its capital structure to ensure sufficient retained earnings to enable it to absorb the financial effects of adverse circumstances. Centra's capital requirements are met through cash generated from operations as well as short-term funding and long-term advances from its parent company, the Manitoba Hydro-Electric Board.

**NOTE 17      COMPARATIVE FIGURES**

Where appropriate, comparative figures for 2013 have been reclassified in order to conform to the presentation adopted in 2014.



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**Centra Gas Manitoba Inc.**  
**Actual Net Income and Retained Earnings**

**Attachment 3**  
**February 12, 2015**  
**(\$000's)**

	<b>Actual</b>	<b>Weather Normalized</b>	<b>Actual</b>	<b>Weather Normalized</b>
	<b><u>2012/13</u></b>		<b><u>2013/14</u></b>	
Revenue	\$ 327,724	\$ 327,724	\$ 412,674	\$ 412,674
Weather Impact on Net Income	\$ -	\$ (4,064)	\$ -	\$ (14,456)
	<u>\$ 327,724</u>	<u>\$ 323,660</u>	<u>\$ 412,674</u>	<u>\$ 398,218</u>
Cost of Sales	\$ 181,636	\$ 181,636	\$ 251,733	\$ 251,733
Gross Margin	\$ 146,088	\$ 142,024	\$ 160,941	\$ 146,485
Other Income	\$ 1,296	\$ 1,296	\$ 1,598	\$ 1,598
	<u>\$ 147,384</u>	<u>\$ 143,320</u>	<u>\$ 162,539</u>	<u>\$ 148,083</u>
Expenses	\$ 139,573	\$ 139,573	\$ 142,746	\$ 142,746
Net Income (Loss)	<u>\$ 7,811</u>	<u>\$ 3,747</u>	<u>\$ 19,793</u>	<u>\$ 5,337</u>
Retained Earnings	<u>\$ 42,111</u>		<u>\$ 61,904</u>	

**GAS OPERATIONS (CGM14)**  
**PROJECTED OPERATING STATEMENT**  
(In Millions of Dollars)

*For the year ended March 31*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>REVENUES</b>										
General Consumers										
at approved rates	419	423	393	394	398	399	401	402	402	402
additional revenue requirement*	0	0	0	7	8	8	8	8	8	14
	419	423	393	401	405	407	409	410	410	416
Cost of Gas Sold	270	277	247	247	246	247	247	248	247	247
Gross Margin	149	147	146	154	159	160	161	162	162	169
Other	1	2	2	2	2	2	2	2	2	2
	151	148	148	156	161	162	163	164	164	171
<b>EXPENSES</b>										
Operating and Administrative	68	67	68	69	69	70	71	71	73	74
Finance Expense	16	17	19	21	21	22	22	23	24	25
Depreciation and Amortization	29	29	29	31	31	32	32	33	33	34
Capital and Other Taxes	19	19	20	20	20	20	21	21	21	21
Corporate Allocation	12	12	12	12	12	12	12	12	12	12
	144	144	148	152	154	157	157	160	162	167
<b>Net Income</b>	<b>7</b>	<b>4</b>	<b>0</b>	<b>3</b>	<b>7</b>	<b>5</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>4</b>
* Additional Revenue Requirement										
Percent Increase	0.00%	0.00%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.75%
Cumulative Percent Increase	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	3.79%
<b>Financial Ratios</b>										
Equity Ratio (PUB Methodology)	35%	34%	34%	34%	34%	35%	35%	35%	34%	34%
Interest Coverage	1.41	1.22	1.01	1.16	1.33	1.24	1.25	1.18	1.07	1.15
Capital Coverage	0.52	0.94	0.74	0.96	0.98	0.87	0.82	0.76	0.66	0.76

**GAS OPERATIONS (CGM14)**  
**PROJECTED BALANCE SHEET**  
(In Millions of Dollars)

*For the year ended March 31*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>ASSETS</b>										
Plant in Service	716	765	800	823	846	872	899	929	960	990
Accumulated Depreciation	(248)	(256)	(267)	(279)	(292)	(306)	(320)	(335)	(351)	(368)
Net Plant in Service	468	509	533	544	554	566	579	594	609	623
Construction in Progress	4	4	4	4	4	4	4	4	4	4
Current and Other Assets	120	121	121	121	121	121	121	121	121	121
Goodwill and Intangible Assets	7	6	6	5	5	4	4	4	4	4
Regulated Assets	85	84	85	82	78	75	72	70	68	66
	684	723	748	756	762	770	780	792	806	817
<b>LIABILITIES AND EQUITY</b>										
Long-Term Debt	300	310	320	320	330	330	340	320	350	370
Current and Other Liabilities	130	137	137	126	97	84	64	76	43	15
Contributions in Aid of Construction	64	83	98	114	131	148	163	178	193	208
Share Capital	121	121	121	121	121	121	121	121	121	121
Retained Earnings	69	72	72	75	82	87	93	97	99	102
	684	723	748	756	762	770	780	792	806	817

**GAS OPERATIONS (CGM14)**  
**PROJECTED CASH FLOW STATEMENT**  
(In Millions of Dollars)

*For the year ended March 31*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>OPERATING ACTIVITIES</b>										
Cash Receipts from Customers	457	461	430	438	439	441	443	445	444	451
Cash Paid to Suppliers and Employees	(413)	(380)	(373)	(382)	(384)	(386)	(388)	(390)	(391)	(393)
Interest Paid	(19)	(19)	(20)	(21)	(22)	(22)	(23)	(23)	(24)	(25)
	25	61	37	35	34	33	33	32	29	33
<b>FINANCING ACTIVITIES</b>										
Proceeds from Long-Term Debt	30	10	10	-	10	-	10	-	40	20
Retirement of Long-Term Debt	(35)	-	-	-	-	-	-	-	(20)	(10)
Other	-	-	-	-	-	-	-	-	-	-
	(5)	10	10	-	10	-	10	-	20	10
<b>INVESTING ACTIVITIES</b>										
Property, Plant and Equipment, net of contributions	(50)	(66)	(52)	(37)	(35)	(39)	(40)	(42)	(45)	(44)
Other	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
	(50)	(66)	(52)	(37)	(36)	(39)	(41)	(43)	(46)	(44)
<b>Net Increase (Decrease) in Cash</b>	(30)	6	(4)	(2)	8	(6)	2	(11)	4	(1)
<b>Cash at Beginning of Year</b>	(34)	(64)	(59)	(63)	(65)	(57)	(63)	(61)	(72)	(68)
<b>Cash at End of Year</b>	(64)	(59)	(63)	(65)	(57)	(63)	(61)	(72)	(68)	(69)



**GAS OPERATIONS (CGM14)  
PUB METHODOLOGY DEBT TO EQUITY RATIO**

*For the year ended March 31*

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Average Gas Long-Term Debt	303	305	315	320	325	330	335	340	350	365
Average Gas Due to Parent	49	62	61	64	61	60	62	67	70	69
	<b>352</b>	<b>367</b>	<b>376</b>	<b>384</b>	<b>386</b>	<b>390</b>	<b>397</b>	<b>407</b>	<b>420</b>	<b>434</b>
Average CG Capital Stock	121	121	121	121	121	121	121	121	121	121
Average Retained Earnings	65	70	72	73	79	85	90	95	98	101
	<b>186</b>	<b>191</b>	<b>193</b>	<b>195</b>	<b>200</b>	<b>206</b>	<b>211</b>	<b>216</b>	<b>219</b>	<b>222</b>
Total Debt and Equity (PUB Methodology)	<b>538</b>	<b>558</b>	<b>569</b>	<b>579</b>	<b>586</b>	<b>596</b>	<b>608</b>	<b>623</b>	<b>639</b>	<b>655</b>
<b>Equity Ratio</b>	<b>35%</b>	<b>34%</b>	<b>34%</b>	<b>34%</b>	<b>34%</b>	<b>35%</b>	<b>35%</b>	<b>35%</b>	<b>34%</b>	<b>34%</b>

**GAS OPERATIONS (CG14)  
PROJECTED FINANCIAL RATIOS**

*For the year ended March 31*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>INTEREST COVERAGE</b>										
Net Income	7	4	0	3	7	5	6	4	2	4
Finance Expense	16	17	19	21	21	22	22	23	24	25
Capitalized Interest	0	0	0	(0)	(0)	0	0	0	0	0
	23	21	19	24	28	27	28	27	26	29
Finance Expense	16	17	19	21	21	22	22	23	24	25
Capitalized Interest	0	0	0	(0)	(0)	0	0	0	0	0
	16	17	19	21	21	22	22	23	24	25
<b>Interest Coverage</b>	<b>1.41</b>	<b>1.22</b>	<b>1.01</b>	<b>1.16</b>	<b>1.33</b>	<b>1.24</b>	<b>1.25</b>	<b>1.18</b>	<b>1.07</b>	<b>1.15</b>
<b>CAPITAL COVERAGE</b>										
Internally Generated Funds	25	61	37	35	34	33	33	32	29	33
Net Capital Construction Expenditures	48	65	51	36	35	38	40	42	45	43
<b>Capital Coverage</b>	<b>0.52</b>	<b>0.94</b>	<b>0.74</b>	<b>0.96</b>	<b>0.98</b>	<b>0.87</b>	<b>0.82</b>	<b>0.76</b>	<b>0.66</b>	<b>0.76</b>

**GAS OPERATIONS (CGM13)  
PROJECTED OPERATING STATEMENT  
(In Millions of Dollars)**

*For the year ended March 31*

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>REVENUES</b>										
General Consumers										
at approved rates	367	360	374	375	375	376	377	378	380	381
additional revenue requirement*	0	0	2	3	5	7	7	7	9	9
	367	360	376	378	380	383	384	386	389	390
Cost of Gas Sold	213	213	228	224	224	224	225	225	226	226
Gross Margin	153	147	149	154	156	159	159	160	163	164
Other	2	2	2	2	2	2	2	2	2	2
	155	149	150	156	158	160	161	162	164	165
<b>EXPENSES</b>										
Operating and Administrative	67	69	67	68	68	69	70	71	71	73
Finance Expense	16	17	19	21	23	23	24	24	24	25
Depreciation and Amortization	28	31	29	30	31	32	32	31	32	31
Capital and Other Taxes	19	19	20	20	20	20	21	21	21	21
Corporate Allocation	12	12	12	12	12	12	12	12	12	12
	143	148	147	152	155	157	158	159	161	163
<b>Net Income</b>	12	1	4	4	3	3	3	3	4	3
* Additional Revenue Requirement										
Percent Increase		0.00%	0.50%	0.50%	0.50%	0.50%	0.00%	0.00%	0.50%	0.00%
Cumulative Percent Increase		0.00%	0.50%	1.00%	1.51%	2.02%	2.02%	2.02%	2.53%	2.53%
<b>Financial Ratios</b>										
Equity Ratio (PUB Methodology)	34%	34%	32%	32%	31%	32%	32%	32%	32%	32%
Interest Coverage	1.72	1.06	1.19	1.19	1.13	1.15	1.13	1.13	1.15	1.10
Capital Coverage	0.81	0.41	0.57	0.64	0.93	1.01	0.92	0.86	0.85	0.75

**GAS OPERATIONS (CGM13)**  
**PROJECTED BALANCE SHEET**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>ASSETS</b>										
Plant in Service	690	722	764	795	813	830	849	870	893	918
Accumulated Depreciation	(238)	(246)	(248)	(255)	(261)	(269)	(277)	(285)	(294)	(303)
Net Plant in Service	452	476	516	540	552	561	572	585	599	615
Construction in Progress	2	2	2	2	2	3	4	5	5	6
Current and Other Assets	84	84	84	84	84	84	84	84	84	84
Goodwill and Intangible Assets	8	7	5	5	4	4	3	3	3	3
Regulated Assets	79	77	74	70	64	58	50	44	38	34
	625	646	682	702	707	710	715	722	731	743
<b>LIABILITIES AND EQUITY</b>										
Long-Term Debt	290	350	380	390	400	400	400	410	400	420
Current and Other Liabilities	117	77	79	86	77	74	75	70	86	76
Contributions in Aid of Construction	43	43	42	42	43	44	46	45	44	43
Share Capital	121	121	121	121	121	121	121	121	121	121
Retained Earnings	54	55	59	63	66	70	73	76	80	82
	625	646	682	702	707	710	715	722	731	743

**GAS OPERATIONS (CGM13)**  
**PROJECTED CASH FLOW STATEMENT**  
**(In Millions of Dollars)**

*For the year ended March 31*

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>OPERATING ACTIVITIES</b>										
Cash Receipts from Customers	403	396	412	410	412	415	417	418	421	423
Cash Paid to Suppliers and Employees	(345)	(358)	(357)	(358)	(359)	(360)	(362)	(364)	(366)	(369)
Interest Paid	(18)	(18)	(20)	(22)	(23)	(24)	(24)	(24)	(25)	(25)
	<u>40</u>	<u>20</u>	<u>35</u>	<u>30</u>	<u>30</u>	<u>31</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>29</u>
<b>FINANCING ACTIVITIES</b>										
Proceeds from Long-Term Debt	30	60	30	10	10	-	-	10	10	30
Retirement of Long-Term Debt	-	(35)	-	-	-	-	-	-	-	(20)
Other	-	-	-	-	-	-	-	-	-	-
	<u>30</u>	<u>25</u>	<u>30</u>	<u>10</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>	<u>10</u>
<b>INVESTING ACTIVITIES</b>										
Property, Plant and Equipment, net of contributions	(51)	(49)	(62)	(48)	(33)	(31)	(33)	(36)	(37)	(40)
Other	(1)	(0)	(0)	(0)	(0)	(1)	(1)	(0)	(0)	(0)
	<u>(51)</u>	<u>(49)</u>	<u>(62)</u>	<u>(48)</u>	<u>(33)</u>	<u>(32)</u>	<u>(34)</u>	<u>(36)</u>	<u>(37)</u>	<u>(40)</u>
<b>Net Increase (Decrease) in Cash</b>	19	(4)	3	(8)	7	(2)	(4)	4	4	(1)
<b>Cash at Beginning of Year</b>	(26)	(7)	(11)	(8)	(16)	(9)	(11)	(14)	(10)	(7)
<b>Cash at End of Year</b>	<u>(7)</u>	<u>(11)</u>	<u>(8)</u>	<u>(16)</u>	<u>(9)</u>	<u>(11)</u>	<u>(14)</u>	<u>(10)</u>	<u>(7)</u>	<u>(8)</u>

**GAS OPERATIONS (CGM13)  
PUB METHODOLOGY DEBT TO EQUITY RATIO**

*For the year ended March 31*

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Average Gas Long-Term Debt	310	338	365	385	395	400	400	405	415	425
Average Gas Due to Parent	16	9	10	12	13	10	12	12	8	7
	<b>326</b>	<b>347</b>	<b>375</b>	<b>397</b>	<b>408</b>	<b>410</b>	<b>412</b>	<b>417</b>	<b>423</b>	<b>432</b>
Average CG Capital Stock	121	121	121	121	121	121	121	121	121	121
Average Retained Earnings	48	55	57	61	65	68	71	74	78	81
	<b>169</b>	<b>176</b>	<b>178</b>	<b>183</b>	<b>186</b>	<b>189</b>	<b>193</b>	<b>196</b>	<b>199</b>	<b>202</b>
Total Debt and Equity (PUB Methodology)	496	522	553	580	594	599	605	613	623	634
<b>Equity Ratio</b>	<b>34%</b>	<b>34%</b>	<b>32%</b>	<b>32%</b>	<b>31%</b>	<b>32%</b>	<b>32%</b>	<b>32%</b>	<b>32%</b>	<b>32%</b>

**GAS OPERATIONS (CG13)  
PROJECTED FINANCIAL RATIOS**

*For the year ended March 31*

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>INTEREST COVERAGE</b>										
Net Income	12	1	4	4	3	3	3	3	4	3
Finance Expense	16	17	19	21	23	23	24	24	24	25
Capitalized Interest	0	0	0	0	0	0	0	0	0	0
	<u>28</u>	<u>18</u>	<u>23</u>	<u>26</u>	<u>26</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>28</u>	<u>28</u>
Finance Expense	16	17	19	21	23	23	24	24	24	25
Capitalized Interest	0	0	0	0	0	0	0	0	0	0
	<u>17</u>	<u>17</u>	<u>19</u>	<u>21</u>	<u>23</u>	<u>23</u>	<u>24</u>	<u>24</u>	<u>25</u>	<u>25</u>
<b>Interest Coverage</b>	<b><u>1.72</u></b>	<b><u>1.06</u></b>	<b><u>1.19</u></b>	<b><u>1.19</u></b>	<b><u>1.13</u></b>	<b><u>1.15</u></b>	<b><u>1.13</u></b>	<b><u>1.13</u></b>	<b><u>1.15</u></b>	<b><u>1.10</u></b>
<b>CAPITAL COVERAGE</b>										
Internally Generated Funds	40	20	35	30	30	31	30	30	30	29
Net Capital Construction Expenditures	49	48	61	47	32	31	33	35	36	39
<b>Capital Coverage</b>	<b><u>0.81</u></b>	<b><u>0.41</u></b>	<b><u>0.57</u></b>	<b><u>0.64</u></b>	<b><u>0.93</u></b>	<b><u>1.01</u></b>	<b><u>0.92</u></b>	<b><u>0.86</u></b>	<b><u>0.85</u></b>	<b><u>0.75</u></b>

Financial Statements

**Centra Gas Manitoba Inc.**  
March 31, 2015





## INDEPENDENT AUDITORS' REPORT

To the Shareholder of  
**Centra Gas Manitoba Inc.**

We have audited the accompanying financial statements of **Centra Gas Manitoba Inc.**, which comprise the balance sheet as at March 31, 2015, and the statements of income (loss), retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Centra Gas Manitoba Inc.** as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Canada  
June 24, 2015

*Ernst + Young LLP*  
Chartered Accountants



**CENTRA GAS MANITOBA INC.**  
**STATEMENT OF INCOME**

For the year ended March 31

	Notes	2015	2014
<i>millions of dollars</i>			
<b>Revenues</b>			
Commodity		274	252
Distribution		152	161
		426	413
Cost of gas sold		274	252
		152	161
Other income		2	2
		154	163
<b>Expenses</b>			
Operating and administrative	4	67	67
Finance expense	4 & 5	16	16
Depreciation and amortization	6	29	28
Capital and other taxes	7	20	20
Corporate allocation	8	12	12
		144	143
<b>Net Income</b>		<b>10</b>	<b>20</b>

The accompanying notes are an integral part of the financial statements.

**STATEMENT OF RETAINED EARNINGS**

For the year ended March 31

	2015	2014
<i>millions of dollars</i>		
Retained earnings, beginning of year	62	42
Net income	10	20
<b>Retained earnings, end of year</b>	<b>72</b>	<b>62</b>

The accompanying notes are an integral part of the financial statements.

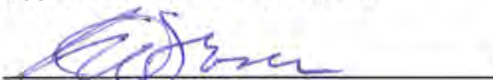
**CENTRA GAS MANITOBA INC.**  
**BALANCE SHEET**

As at March 31

	Notes	2015	2014
<i>millions of dollars</i>			
<b>Assets</b>			
<b>Property, Plant and Equipment</b>	9	466	448
<b>Current Assets</b>			
Accounts receivable and accrued revenue		83	109
Gas in storage		17	-
		<b>100</b>	<b>109</b>
<b>Other Assets</b>			
Regulated assets	10	116	124
Intangible assets	11	7	8
		<b>123</b>	<b>132</b>
		<b>689</b>	<b>689</b>
<b>Liabilities and Shareholder's Equity</b>			
<b>Long-Term Debt</b>	12	305	270
<b>Current Liabilities</b>			
Due to parent	13	79	34
Accounts payable and accrued liabilities		50	107
Current portion of long-term debt	12	-	35
		<b>129</b>	<b>176</b>
<b>Other Liabilities</b>			
Regulated liabilities	10	6	6
Refundable advances from customers		14	12
		<b>20</b>	<b>18</b>
<b>Contributions in Aid of Construction</b>		<b>42</b>	<b>42</b>
<b>Shareholder's Equity</b>			
Share capital	16	121	121
Retained earnings		72	62
		<b>193</b>	<b>183</b>
		<b>689</b>	<b>689</b>

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board:



William Fraser, FCA  
Chair of the Board and  
Acting Chair of the Audit Committee

**CENTRA GAS MANITOBA INC.**  
**STATEMENT OF CASH FLOWS**

For the year ended March 31

	2015	2014
	<i>millions of dollars</i>	
<b>Operating Activities</b>		
Cash receipts from customers	462	318
Cash paid to suppliers	(442)	(271)
Interest paid	(18)	(18)
<b>Cash provided by operating activities</b>	<b>2</b>	<b>29</b>
<b>Financing Activities</b>		
Long-term advances from parent	-	10
Short-term advances from parent	45	8
<b>Cash provided by financing activities</b>	<b>45</b>	<b>18</b>
<b>Investing Activities</b>		
Property, plant and equipment, net of contributions	(36)	(35)
Other	(11)	(12)
<b>Cash used for investing activities</b>	<b>(47)</b>	<b>(47)</b>
<b>Net change in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents, beginning of year	-	-
<b>Cash and cash equivalents, end of year</b>	<b>-</b>	<b>-</b>

The accompanying notes are an integral part of the financial statements.

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2015

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**NOTE 1 NATURE OF THE ORGANIZATION**

Centra Gas Manitoba Inc. (Centra) distributes natural gas to more than 274 000 residential, commercial and industrial customers throughout Manitoba. Centra delivers natural gas to its customers through a network of transmission pipelines and distribution mains totaling approximately 9 900 kilometres in length. Centra is a wholly owned subsidiary of the Manitoba Hydro-Electric Board (Manitoba Hydro) and is regulated by the Public Utilities Board of Manitoba (PUB).

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation** - The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) as set forth in Part V of the Chartered Professional Accountants (CPA) of Canada Handbook - Accounting - Pre-Changeover Accounting Standards and include the significant accounting policies described hereafter.

**Rate-Regulated Accounting** - The prices charged for the sale of natural gas within Manitoba are subject to review and approval by the PUB. The rate-setting process is designed such that rates charged to natural gas customers recover all costs incurred in providing gas service to customers. As permitted under Canadian GAAP, Centra applies standards issued by the Financial Accounting Standards Board (FASB) in the United States as another source of Canadian GAAP. FASB Accounting Standards Codification Section 980 - Regulated Operations, represents the standard Centra applies for rate-regulated accounting. These accounting policies differ from enterprises that do not operate in a rate-regulated environment. Such accounting policies allow for the deferral of certain costs or credits which will be recovered or refunded in future rates. These costs or credits would otherwise have been included in the determination of net income in the year that the cost or credit is incurred. Centra refers to such deferred costs or credits as regulated assets or regulated liabilities (Note 10) which are generally comprised of the following:

- Power Smart programs - The costs of Centra's energy conservation programs, referred to as Power Smart, are deferred and amortized on a straight-line basis over a period of 10 years.
- Deferred taxes - As a result of its acquisition by Manitoba Hydro in 1999, Centra became non-taxable and, in so doing, incurred a non-recurring tax expense. This non-recurring tax expense has been deferred and is being amortized over a period of 30 years.
- Site restoration costs - Site restoration costs incurred are deferred and amortized on a straight-line basis over a period of 15 years.
- Regulatory costs - Costs associated with regulatory hearings are deferred and amortized on a straight-line basis over periods up to 5 years.
- Purchased gas variance accounts - Accounts are maintained to recover/refund differences between the actual cost of gas and the cost of gas incorporated into rates charged to customers as approved by the PUB. The difference between the recorded

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended March 31, 2015

cost of natural gas and the actual cost of natural gas is recovered or refunded in future rates.

- Demand side management (DSM) deferral - In Board Order 85/13, the PUB directed that the differences between actual and planned spending on gas DSM for the 2013-14 fiscal year be recorded in a regulatory deferral account. The cumulative difference for 2013-14 has been recorded as a regulated liability with an offsetting balance recorded as a regulated asset. The disposition of this regulatory deferral will be determined at a future PUB proceeding.

Centra's other significant accounting policies are as follows:

a) **Property, Plant and Equipment**

Property, plant and equipment is stated at cost which includes direct labour, materials, contracted services, a proportionate share of overhead costs and interest applied at the average cost of debt. Interest is allocated to construction until a capital project becomes operational or a decision is made to abandon, cancel or indefinitely defer construction. Once the transfer to in-service property, plant and equipment is made, interest allocated to construction ceases and depreciation and interest charged to operations commences.

b) **Depreciation**

Depreciation is provided on a straight-line remaining-life basis. The range of estimated service lives of each major asset category is as follows:

Distribution	5 - 68 years
General plant	10 - 45 years

Provision for removal costs of major property, plant and equipment is charged to depreciation expense on a straight-line basis over the remaining service lives of the related assets. Retirements of these assets, including costs of removal, are charged to accumulated depreciation with no gains or losses reflected in operations. The estimated service lives and removal costs of the assets are based upon depreciation studies conducted periodically by Centra. A depreciation study was completed during 2014-15 which resulted in changes to the estimated service lives.

c) **Intangible Assets**

Intangible assets include computer application development costs and land easements. Intangible assets are recorded at cost. The cost of computer application development includes direct labour, materials, contracted services, a proportionate share of overhead costs and interest applied at the average cost of debt. Intangible assets with finite useful lives are amortized over their useful lives on a straight-line basis. The expected useful lives are as follows:

Computer application development	7 - 10 years
Land easements	75 years

The estimated service lives of intangible assets are based upon depreciation studies conducted periodically by Centra. A depreciation study was completed during 2014-15 which resulted in changes to the estimated service lives.

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2015

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- d) **Contributions in Aid of Construction**  
Contributions are required from customers whenever the costs of extending service exceed specified construction allowances. Contributions are amortized on a straight-line basis over the estimated service lives of the related assets.
- e) **Gas in Storage**  
Gas in storage is valued at average cost.
- f) **Revenues**  
Gas sales are recognized upon delivery to the customer and include an estimate of gas deliveries not yet billed at period-end.
- g) **Cost of Gas Sold**  
Cost of natural gas sold is recorded at the same rates charged to customers.
- h) **Financial Instruments**  
All financial instruments are measured at fair value on initial recognition as of the trade date. Measurement in subsequent periods depends on the classification of the instrument. Financial instruments are classified into one of the following five categories: held-to-maturity investments, loans and receivables, held-for-trading, available-for-sale, or other financial liabilities. Financial instruments classified as loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method of amortization. Held-for-trading financial instruments are measured at fair value and all gains and losses are included in income in the period in which they arise.
- i) **Comprehensive Income**  
Comprehensive income consists of net income and other comprehensive income (OCI). As Centra has no items related to OCI, comprehensive income for the year is equivalent to net income.
- j) **Foreign Currency Translation**  
Current monetary assets and liabilities denominated in foreign currencies are translated into Canadian currency at the exchange rate prevailing as at the balance sheet date. Gains or losses related to natural gas storage purchases which arise from the date of receipt to date of payment are included as inventoried cost. All other exchange gains and losses on the translation of current monetary assets and liabilities are credited or charged to finance expense in the current period.
- k) **Derivatives**  
Centra does not engage in derivative trading or speculative activities. Centra mitigates natural gas price volatility to customers through the use of natural gas price swaps. Fixed price swaps are carried at fair value on the balance sheet with gains and losses recorded in income.



**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2015

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- l) **Debt Discounts and Premiums**  
Debt discounts and premiums are amortized to finance expense using the effective interest method.
- m) **Use of Estimates**  
The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual amounts could differ from those estimates, but differences are not expected to be material.

**NOTE 3 ACCOUNTING CHANGES**

**Depreciation Rate Estimates**

Depreciation is recognized on a straight-line remaining-life basis with estimated service lives of assets being based upon depreciation studies conducted periodically by Centra. In accordance with a depreciation study completed in 2014-15, the estimated useful lives of a number of asset components were adjusted. This change in estimate was applied prospectively effective April 1, 2014 and resulted in a \$1 million decrease in depreciation and amortization expense in 2014-15.

**Future Accounting Changes**

**International Financial Reporting Standards (IFRS)**

The Canadian Accounting Standards Board (AcSB) and the Public Sector Accounting Board confirmed that government business enterprises such as Centra would be required to follow IFRS for fiscal years beginning on or after January 1, 2011. However, the AcSB has announced a number of optional deferrals on the adoption of IFRS for qualifying entities with rate-regulated activities. As Centra is a qualifying entity with rate-regulated activities, the Company was permitted to defer the adoption of IFRS until years beginning on or after January 1, 2015.

Although IFRS and Canadian GAAP are premised on a similar conceptual framework, there are a number of differences with respect to recognition, measurement and disclosure. Centra is in the process of finalizing the transition from Canadian GAAP to IFRS and intends to adopt IFRS for its 2015-16 fiscal year with comparative information presented for the 2014-15 fiscal year.

On January 30, 2014, the International Accounting Standards Board (IASB) issued the interim standard IFRS 14 *Regulatory Deferral Accounts* for rate regulated activities effective January 1, 2016 with earlier adoption permitted. Centra will adopt the interim standard upon transition to IFRS effective April 1, 2015 and will continue to recognize regulatory deferral accounts for its financial reporting. The new interim standard is only intended to provide temporary guidance until the IASB completes its comprehensive project on Rate-regulated activities.

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended March 31, 2015

**NOTE 4 RELATED PARTY TRANSACTIONS**

Centra has related party transactions with its parent which are recorded at the exchange amount. The following transactions are in addition to those disclosed elsewhere in the financial statements:

	2015	2014
	<i>millions of dollars</i>	
Expense		
Net operating and administrative costs	67	67
Interest on advances from parent	16	16

**NOTE 5 FINANCE EXPENSE**

	2015	2014
	<i>millions of dollars</i>	
Interest on debt	18	19
Interest capitalized	(2)	(3)
	16	16

Included in interest on debt is \$3 million (2014 - \$3 million) in respect of the Provincial Debt Guarantee Fee. The fee during the year was 1.0% of the total outstanding debt guaranteed by the Province of Manitoba (2014 - 1.0%).

**NOTE 6 DEPRECIATION AND AMORTIZATION**

	2015	2014
	<i>millions of dollars</i>	
Depreciation of property, plant and equipment	17	17
Amortization of regulated assets	9	8
Amortization of intangible assets	3	3
	29	28

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2015

**NOTE 7 CAPITAL AND OTHER TAXES**

	2015	2014
	<i>millions of dollars</i>	
Property taxes	12	11
Capital taxes	3	3
Payroll taxes	1	1
Other	4	5
	<b>20</b>	<b>20</b>

**NOTE 8 CORPORATE ALLOCATION**

Financing costs related to the acquisition of Centra are allocated between gas and electricity operations in accordance with the synergies and benefits derived by each segment of the business at the time of acquisition.

**NOTE 9 PROPERTY, PLANT AND EQUIPMENT**

	2015			Total
	In service	Accumulated depreciation	Construction in progress	
	<i>millions of dollars</i>			
Distribution	698	242	6	462
General plant	11	7	-	4
	<b>709</b>	<b>249</b>	<b>6</b>	<b>466</b>

	2014			Total
	In service	Accumulated depreciation	Construction in progress	
	<i>millions of dollars</i>			
Distribution	672	232	4	444
General plant	12	8	-	4
	<b>684</b>	<b>240</b>	<b>4</b>	<b>448</b>

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended March 31, 2015

**NOTE 10 REGULATED ASSETS AND REGULATED LIABILITIES**

	2015	2014
	<i>millions of dollars</i>	
Regulated assets		
Power Smart programs	55	54
Purchased gas variance accounts	32	39
Deferred taxes	25	27
Site restoration costs	3	3
Regulatory costs	1	1
	<b>116</b>	<b>124</b>
Regulated liabilities		
DSM deferral	6	6
	<b>6</b>	<b>6</b>

If Centra was not subject to rate regulation, the costs associated with the regulated assets would be charged to operations in the period that they were incurred and the net income for 2015 would have increased by \$1 million (2014 - net income decreased by \$1 million).

In total, regulated assets of \$13 million (2014 - \$12 million) were amortized to operations during the period.

Centra passes costs related to the purchase and transportation of natural gas onto its customers without markup. If Centra was not subject to rate regulation, the purchased gas variance accounts would not be maintained and the actual cost of gas would be expensed in the period incurred. For fiscal year 2015, if actual gas costs were expensed and sales rates were not adjusted accordingly, net income would have increased by \$7 million (2014 - decreased by \$63 million).

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended March 31, 2015

**NOTE 11 INTANGIBLE ASSETS**

	<b>2015</b>		
	Cost	Accumulated amortization	Net book value
<i>millions of dollars</i>			
Computer application development	8	6	2
Land easements	6	1	5
	<b>14</b>	<b>7</b>	<b>7</b>

	<b>2014</b>		
	Cost	Accumulated amortization	Net book value
<i>millions of dollars</i>			
Computer application development	8	4	4
Land easements	5	1	4
	<b>13</b>	<b>5</b>	<b>8</b>

The additions to intangible assets for the year were \$1 million (2014 - \$1 million). In total, intangible assets of \$1 million (2014 - \$1 million) were amortized to operations during the period.

**NOTE 12 LONG-TERM DEBT**

	<b>2015</b>	2014
	<i>millions of dollars</i>	
Long-term advances from parent	<b>305</b>	305
Less: Current portion of long-term debt	-	35
	<b>305</b>	<b>270</b>

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2015

Debt principal amounts and related yields are summarized by fiscal years in which advances are required to be repaid in the following table:

	2015		2014
	Total principal amount of repayment	Weighted average yield rate	Total principal amount of repayment
	<i>millions of dollars</i>		<i>millions of dollars</i>
2020-2024	30	3.26%	30
2025-2029	-	-	-
2030-2034	80	4.95%	80
2035-2039	110	4.57%	110
2040-2044	50	4.43%	50
2045-2049	35	2.90%	-
	<b>305</b>	<b>4.29%</b>	<b>270</b>

**NOTE 13 DUE TO PARENT**

Centra's short-term funding is provided by Manitoba Hydro with interest calculated at the three-month T-Bill rate plus 1% Provincial Guarantee Fee on the outstanding balance. The effective rate for fiscal year 2015 was 0.84% (2014 - 0.95%). There are no fixed repayment terms.

**NOTE 14 FINANCIAL INSTRUMENTS**

The carrying amounts and fair values of Centra's financial instruments at March 31 were as follows:

	2015		2014	
	Carrying value	Fair value	Carrying value	Fair value
	<i>millions of dollars</i>			
Financial instruments				
Loans and Receivables				
Accounts receivable and accrued revenue	83	83	109	109
Other Financial Liabilities				
Long-term debt	305	378	305	334
Accounts payable and accrued liabilities	50	50	107	107
Due to parent	79	79	34	34

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended March 31, 2015

The fair value measurement of financial instruments is classified in accordance with a hierarchy of three levels, based on the type of inputs used in making these measurements:

- Level 1 - Quoted prices in active markets for identical assets and liabilities;
- Level 2 - Inputs other than quoted prices that are observable in active markets for the asset or liability; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

Financial instrument measurements are Level 1 measurements with the exception of long-term debt which is a Level 2 measurement. Fair value measurement of Centra's long-term debt is based on market yields at close of business on the balance sheet date for similar instruments available in capital markets. The carrying values of all other financial assets and liabilities approximate fair values.

**Financial Risks**

During the normal course of business, Centra is exposed to a number of financial risks including credit and liquidity risks, and market risk resulting from fluctuations in interest rates and commodity prices. Risk management policies, processes and systems have been established to identify and analyze financial risks faced by Centra, to set risk tolerance limits, establish controls and to monitor risk and adherence to policies. An integrated risk management plan has been developed, and reviewed by the Audit Committee of the Centra Gas Board, to ensure the adequacy of the risk management framework in relation to the risks faced by Centra. The nature of the financial risks and Centra's strategy for managing these risks has not changed significantly from the prior year.

**a) Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Exposure to credit risk related to accounts receivable arising from natural gas sales is minimized due to a large and diversified customer base.

The values of Centra's aged accounts receivable for customers and related bad debt provisions are presented in the following table:

	2015	2014
	<i>millions of dollars</i>	
Under 30 days	77	103
31 to 60 days	4	4
Over 60 days	4	4
	<b>85</b>	111
Provision at end of year	<b>(2)</b>	<b>(2)</b>
<b>Total accounts receivable</b>	<b>83</b>	<b>109</b>

The provision for bad and doubtful accounts is reviewed annually, based on an estimate of aged receivables that are considered uncollectible. There was no significant change to the allowance for doubtful accounts from last year.

To mitigate credit risk related to the use of derivative instruments, Centra adheres to well established credit exposure limits with institutions that possess a minimum credit rating

**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended March 31, 2015

of 'A' from recognized bond rating agencies or provide a parental guarantee from an 'A' rated parent company. The maximum exposure to credit risk related to Centra's derivative counterparties is equal to the positive fair value of its financial derivatives.

**b) Liquidity Risk**

Liquidity risk refers to the risk that Centra will not be able to meet its financial obligations as they come due. To meet forecasted cash requirements, Centra uses cash generated from operations, as well as short-term funding and long-term advances from Manitoba Hydro.

The following is an analysis of the contractual undiscounted cash flows payable under financial liabilities and derivative liabilities as at the balance sheet date:

	Carrying Value	2016	2017	2018	2019	2020	2021 and thereafter
		<i>millions of dollars</i>					
<b>Non-derivative financial liabilities</b>							
Accounts payable and accrued liabilities	50	50	-	-	-	-	-
Due to parent	79	79	-	-	-	-	-
Long-term debt*	305	12	13	13	13	13	507
<b>Derivative financial liabilities</b>							
Fixed price swap contracts	-	-	-	-	-	-	-
		141	13	13	13	13	507

\*including current portion and interest payments

**c) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Centra is exposed to interest rate risk and commodity price risk associated with the price of natural gas.

**i. Interest Rate Risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Centra is exposed to interest rate risk associated with amounts due to the parent company, floating rate long-term debt, fixed rate long-term debt maturing within 12 months, and the purchased gas variance accounts, offset by the change in interest capitalization. At March 31, 2015, an increase or decrease of 1% in the interest rate would reduce or increase net income, respectively, by \$0.4 million (2014 - \$0.2 million).

**ii. Commodity Price Risk**

Centra is exposed to natural gas price risk through its purchase of gas for delivery to customers throughout Manitoba. Centra mitigates commodity price risk for its fixed rate service with the use of natural gas price swaps. Centra does not use derivative contracts for trading or speculative purposes.

Centra has entered into natural gas price swaps until July 2016 to purchase 27 400 gigajoules (GJ) of natural gas at a weighted average fixed price of \$4.82/GJ. The weighted average forward price of the swaps per AECO at March



**CENTRA GAS MANITOBA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended March 31, 2015

31, 2015 was \$2.81/GJ. These contracts are reported as derivatives and carried at fair value on the balance sheet. The unrealized fair value losses of these natural gas derivative contracts at March 31 are nil (2014 - nil).

**NOTE 15 COMMITMENTS AND CONTINGENCIES**

Centra has energy purchase commitments of \$199 million (2014 – \$182 million) that relate to future purchases of natural gas (including transportation and storage contracts), which expire in 2020.

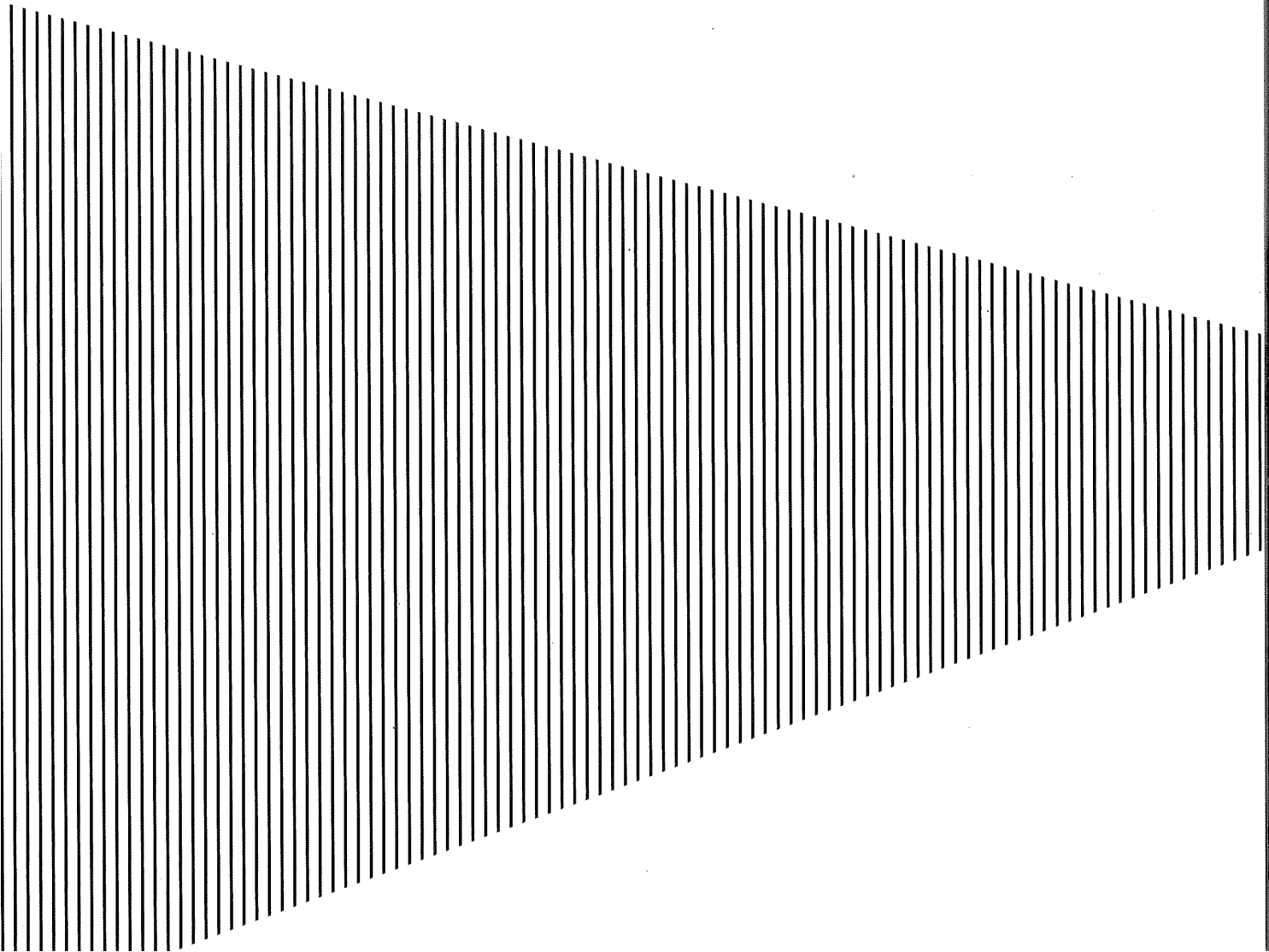
Centra has various legal and operational matters pending. It is not possible at this time to predict with any certainty the outcome of these matters. Management believes that any settlements related to these matters will not have a material effect on Centra's financial position or results of operations.

**NOTE 16 SHARE CAPITAL**

	2015	2014
	<i>millions of dollars</i>	
Share capital		
Authorized		
Unlimited number of common shares		
Issued		
1 505 common shares	121	121
	<b>121</b>	<b>121</b>

**NOTE 17 CAPITAL MANAGEMENT**

Centra manages its capital structure to ensure sufficient retained earnings to enable it to absorb the financial effects of adverse circumstances. Centra's capital requirements are met through cash generated from operations as well as short-term funding and long-term advances from its parent company, Manitoba Hydro.



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# The Manitoba Hydro-Electric Board

Q U A R T E R L Y   R E P O R T

for the three months ended June 30, 2015



## Financial Overview

Manitoba Hydro's consolidated net loss from electricity and natural gas operations was \$29 million for the first three months of the 2015-16 fiscal year compared to net income of \$10 million for the same period last year. The decrease in net income of \$39 million was largely attributable to higher expenses and decreased revenues from gas sales partially offset by higher extraprovincial sales.

The consolidated net loss was comprised of a \$21 million loss in the electricity sector and an \$8 million loss in the natural gas sector. The loss in the natural gas sector is the result of seasonal variations in the demand for natural gas and is expected to be recouped over the winter heating season.

Based on the continuation of current water flow and export market conditions, Manitoba Hydro is forecasting that financial results will improve over the balance of the fiscal year and net income should exceed \$80 million by March 31, 2016.

### **Transition to International Financial Reporting Standards**

Effective April 1, 2015 Manitoba Hydro adopted International Financial Reporting Standards (IFRS) including IFRS 1 *First Time Adoption of IFRS*. This is the first quarterly report prepared under IFRS.

The Consolidated Statement of Income was prepared using the new interim standard IFRS 14 *Regulatory Deferral Accounts* which allows Manitoba Hydro to continue to recognize regulated balances for financial reporting purposes. This results in the deferral of costs and recoveries that under IFRS would otherwise be recorded as expenses or income in the current accounting period. The net movement in regulatory deferral account balances on the Consolidated Statement of Income captures the timing differences between IFRS and those amounts approved by the Public Utilities Board (PUB) for rate-setting purposes. The deferred amounts are either recovered or refunded through future rate adjustments. The new interim standard is only intended to provide temporary guidance until

the International Accounting Standards Board completes its comprehensive project on rate regulated activities.

In addition, retrospective adjustments have been made to equity upon adoption of IFRS as a result of changes in accounting policies for employee benefits between IFRS and Canadian Generally Accepted Accounting Principles (GAAP). The most notable change is that the cumulative actuarial gains and losses related to pensions are recognized in the opening balance of other comprehensive income.

Manitoba Hydro will make significant accounting policy changes under IFRS. Manitoba Hydro has adopted the Equal Life Group method for calculating depreciation expense and asset retirement costs will no longer be included in depreciation rates. IFRS specifically excludes administrative and general overhead costs from capitalization and as a result these costs will now be expensed as incurred. IFRS requires immediate recognition of actuarial gains and losses associated with pension plans in Other Comprehensive Income in the period in which they occur. In addition, past service costs associated with plan improvements or amendments are expensed as incurred and actuarial obligations are recognized for all accumulating benefit plans.

### **Electricity Operations**

Revenues from electricity sales within Manitoba totaled \$310 million for the three-month period, which was \$4 million or 1% lower than same period last year. The decrease in domestic revenue was primarily attributable to warmer weather as compared to the prior year resulting in lower heating loads. Extraprovincial revenues of \$111 million were \$9 million or 9% higher than the same period last year reflecting higher contract prices on dependable sales and increased opportunity sales volumes, partially offset by lower dependable sales volumes and lower opportunity rates. Energy sold in the export market was 3.0 billion kilowatt-hours compared to 2.9 billion kilowatt-hours sold in the same period last year.

Expenses attributable to electricity operations, including the net movement in regulatory deferral balances, totaled \$466 million for the three-month period, an increase of \$43 million or 10% higher than the same period last year. The increase was primarily the result of a \$19 million increase in finance expense, a \$12 million increase in operating and administrative costs, an \$8 million increase in other expenses and an \$8 million increase in depreciation and amortization partially offset by a \$6 million net movement in regulatory deferral account balances. The increase in finance expense was

primarily due to higher volumes of long-term debt to finance capital expenditures and the impact of the weakening Canadian dollar partially offset by lower interest rates. The increase in operating and administrative costs is mainly due to higher benefit costs as a result of a lower market driven discount rate and higher costs of system maintenance. The increase in other expenses, which is mainly offset by the change in the net movement in regulatory deferral accounts is primarily the result of higher spending on demand-side management programs (DSM). The increase in depreciation and amortization is mainly attributable to new additions to plant and equipment coming into service including the Riel Station and the Pointe du Bois spillway replacement.

The net loss before net movement in regulatory deferral balances is \$25 million. After considering the net movement of \$1 million in the regulatory deferral account balances, there is a net loss of \$24 million of which \$21 million is attributable to the Manitoba Hydro and \$3 million is attributable to non-controlling interest. The non-controlling interest represents Taskinagahp Power Corporation's 33% share of the Wuskwatim Power Limited Partnership's operating results, for the first three months of the 2015-16 fiscal year.

Capital expenditures for the three-month period amounted to \$496 million compared to \$373 million for the same period last year. Expenditures during the current period included \$185 million for Bipole III project, \$163 million related to future Keyask generation, and \$17 million for the Pointe du Bois project. The remaining capital expenditures were incurred for ongoing system additions and modifications necessary to meet the electrical service requirements of customers throughout the province. The Corporation also incurred \$10 million for electric DSM programs.

### **Natural Gas Operations**

In the natural gas sector, a net loss of \$8 million was incurred for the three-month period compared to a \$6 million net loss for the same period last year. Revenue, net of cost of gas sold, was \$27 million which was \$10 million higher than the same period last year. The increase in net revenue was largely the result of lower gas costs compared to the prior year partially offset by warmer weather than the previous period. Delivered gas volumes were 347 million cubic metres compared to 379 million cubic metres in the same period last year.

Expenses attributable to natural gas operations excluding cost of gas sold amounted to \$34 million compared to \$35 million for the same period last year.

The net loss before net movement in regulatory deferral balances is \$7 million. The \$13 million change in the regulatory deferral account balance over the prior year is primarily attributable to the actual cost of gas being higher than PUB approved rates in the previous year. After considering the net movement of \$1 million in the regulatory deferral account balances, there is a net loss of \$8 million.

Capital expenditures in the natural gas sector were \$7 million for the current three-month period compared to \$6 million for the same period last year. Capital expenditures are related to system improvements and other expenditures necessary to meet the natural gas service requirements of customers throughout the province. The Corporation also incurred \$2 million for gas DSM programs.

### **Natural Gas Rate Decrease**

In accordance with Manitoba Hydro's methodology to change natural gas rates every quarter depending on the price of gas purchased from Alberta, rates for residential customers decreased on May 1, 2015 by 1.7% or approximately \$14 per year. Rate decreases for larger volume customers ranged from 1.9% to 3.2% depending on the customer class and consumption levels.



**William Fraser, FCA**  
Chair of the Board

A handwritten signature in black ink, appearing to read "W. Fraser".



**Scott Thomson, CA**  
President and  
Chief Executive Officer  
August 14, 2015

A handwritten signature in black ink, appearing to read "Scott Thomson".

## Consolidated Statement of Income

*In Millions of Dollars (Unaudited)*

Three Months Ended  
June 30

	2015	2014
<b>Revenues</b>		
Domestic – Electric	310	314
– Gas	60	69
Extraprovincial	111	102
Other	21	17
	<u>502</u>	<u>502</u>
<b>Expenses</b>		
Cost of gas sold	33	52
Operating and administrative	150	139
Finance expense	143	124
Depreciation and amortization	98	90
Water rentals and assessments	31	29
Fuel and power purchased	26	27
Capital and other taxes	30	29
Other expenses	23	15
	<u>534</u>	<u>505</u>
Net loss before net movement in regulatory deferral account balances	(32)	(3)
Net movement in regulatory deferral account balances	-	7
Net Income (Loss)	<u>(32)</u>	<u>4</u>
Net income (Loss) attributable to:		
Manitoba Hydro	(29)	10
Non-controlling interest	(3)	(6)
	<u>(32)</u>	<u>4</u>

## Consolidated Statement of Financial Position

*In Millions of Dollars (Unaudited)*

As at  
June 30  
2015

As at  
June 30  
2014

<b>Assets</b>		
Current assets	1 106	782
Capital assets	15 650	13 924
Non-current assets	823	695
Regulatory deferral account debit balances	350	378
	<u>17 929</u>	<u>15 779</u>
<b>Liabilities and Equity</b>		
Current liabilities	1 145	896
Long-term debt (net)	12 607	10 800
Other long-term liabilities	1 590	1 242
Deferred Revenue	451	391
Non-controlling interest	127	67
Retained earnings	2 697	2 653
Accumulated other comprehensive income	(688)	(270)
	<u>17 929</u>	<u>15 779</u>

## Consolidated Cash Flow Statement

*In Millions of Dollars (Unaudited)*

Three Months Ended  
June 30

	2015	2014
<b>Operating Activities</b>		
Cash receipts from customers	599	616
Cash paid to suppliers and employees	(282)	(483)
Net interest	(159)	(146)
	<u>158</u>	<u>(13)</u>
<b>Financing Activities</b>	392	372
<b>Investing Activities</b>	<u>(504)</u>	<u>(353)</u>
Net increase in cash	46	6
Cash at beginning of period	<u>494</u>	<u>142</u>
Cash at end of period	<u><u>540</u></u>	<u><u>148</u></u>

## Consolidated Statement of Comprehensive Income

*In Millions of Dollars (Unaudited)*

Three Months Ended  
June 30

	2015	2014
Net Income (Loss) attributable to Manitoba Hydro	<u>(29)</u>	<u>10</u>
<b>Other Comprehensive Income (Loss)</b>		
Unrealized foreign exchange gains (loss) on debt in cash flow hedges	31	62
Realized foreign exchange (gains) losses on debt in cash flow hedges	(4)	-
	<u>27</u>	<u>62</u>
Comprehensive Income (Loss)	<u><u>(2)</u></u>	<u><u>72</u></u>

## Segmented Information

In Millions of Dollars (Unaudited)

Three Months Ended June 30	Electricity		Gas		Total	
	2015	2014	2015	2014	2015	2014
Revenue	442	433	60	69	502	502
Expenses	467	418	67	87	534	505
Net income (Loss) before net movement in regulatory deferral account balances	(25)	15	(7)	(18)	(32)	(3)
Net movement in regulatory deferral account balances	1	(5)	(1)	12	-	7
Net Income (Loss)	(24)	10	(8)	(6)	(32)	4
Net income (Loss) attributable to:						
Manitoba Hydro	(21)	16	(8)	(6)	(29)	10
Non-controlling interest	(3)	(6)	-	-	(3)	(6)
	(24)	10	(8)	(6)	(32)	4
Total Assets	17 263	15 099	666	680	17 929	15 779

## Generation and Delivery Statistics

Three Months Ended  
June 30

	2015	2014
<b>Electricity in gigawatt-hours</b>		
Hydraulic generation	8 548	8 437
Thermal generation	-	5
Scheduled energy imports	9	30
Wind purchase (MB)	212	233
Total system supply	8 769	8 705
<b>Gas in millions of cubic metres</b>		
Gas sales	169	196
Gas transportation	178	183
	347	379



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*Cover: Cofferdam construction in the spring of 2015 at the site of the Keeyask Generating Station on the Nelson River in northern Manitoba. Keeyask is being developed by the Keeyask Hydropower Limited Partnership, a venture between four partner First Nations (Tataskweyak Cree Nation, War Lake First Nation, Fox Lake Cree Nation, and York Factory First Nation) and Manitoba Hydro.*



<b>Section:</b>	Appendix 2.2	<b>Page No.:</b>	11
<b>Topic:</b>	Evidence of Drazen Consulting Group		
<b>Subtopic:</b>	Centra's Financial Results		
<b>Issue:</b>	Whether retained earnings should be used to reduce bill impacts		

**PREAMBLE TO IR (IF ANY):**

Mr. Drazen highlights Centra's historical net incomes.

**QUESTION:**

- a) Please file the most current IFF CGMI14 for Centra operations including financial targets based on Board approved methodology for Debt to Equity.
- b) Please provide detailed supporting calculations (CGM14) for the debt to equity ratio based on the Board's approved methodology.
- c) Please file an IFF CGMI14 including Board-approved methodology for debt to equity for each of the following two scenario(s) reflecting:
  - i. 50% of the remaining 2013/14 Prior Period Supplementary Gas PGVA balance (i.e. approximately 25% of the original \$46 million balance) being recovered in rates.
  - ii. No further recovery of the 2013/14 Prior Period Supplementary Gas PGVA balance.

**RATIONALE FOR QUESTION:**

To understand Centra's current and forecasted financial position after the record level of net income earned in 2013/14.

**RESPONSE:**

The CGM14 projected financial statements and supporting calculations, including the projected financial ratios with the PUB approved methodology for Debt to Equity, in response to parts a and b are attached.

The scenario projected financial statements, including the projected financial ratios with the PUB approved methodology for Debt to Equity, in response to part c(i) and c(ii) are also attached. However, Centra submits that disallowing the recovery of any portion of the remaining \$23 million Prior Period Supplemental Gas PGVA balance, is detrimental to Centra's financial position and ultimately increases the risk of significant customer rate impacts in the future.

In scenario PUB/Centra I-29c(i), where 50% of the remaining Prior Period Supplemental Gas PGVA balance (\$12 million) is written-off, 2015/16 CGM14 net income of \$4 million becomes a net loss of \$8 million. By 2023/24, projected retained earnings are \$17 million lower compared to CGM14 due to the incremental borrowing and associated financing costs that must be borne by customers in the future. The debt/equity ratio (as calculated under the PUB methodology) weakens from about 35% in CGM14, which is already well below the approximate 40% industry average<sup>1</sup> for Canadian gas distributors, to about 31% under 29c(i).

In scenario PUB/Centra I-29c(ii), where all of the remaining Prior Period Supplemental Gas PGVA balance (\$23 million) is written-off, 2015/16 CGM14 net income of \$4 million becomes a net loss of \$20 million. By 2023/24, projected retained earnings are \$35 million lower compared to CGM14 due to the incremental borrowing and associated financing costs that must be borne by customers in the future. The debt/equity ratio (as calculated under the PUB methodology) weakens from about 35% in CGM14 to about 29% under 29c(ii).

Mr. Drazen's evidence (Appendix 2.2, p.5) outlines that all Canadian gas distributors, and virtually all U.S. distributors, have exact cost recovery mechanisms. If the risk of variation in gas supply costs now shifts to Centra, Centra would have to manage that risk is through higher financial reserves in the form of retained earnings. Based on the current level of retained earnings and the historical variability of gas prices, it is easy to see that Centra's

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<sup>1</sup> Concentric Energy Advisors Inc., Authorized Return on Equity for Canadian and U.S. Gas and Electric Utilities, Volume III, May 1, 2015, downloaded July 30, 2015 from the Canadian Gas Association website (<http://www.cga.ca/wp-content/uploads/2015/07/2015-Authorized-Return-on-Equity-Newsletter.pdf>).

retained earnings could be quickly wiped out and there would be sudden and significant impacts to customers' non-commodity general rates. In order to insulate customers from such potential variability, annual net income and retained earnings would have to be increased dramatically from the current approximate \$3 to \$5 million level of annual earnings as a Crown Corporation to something much in excess of the 9.2% industry average<sup>2</sup> allowed return on equity for Canadian gas distributors, which factors in utilities' exact cost recovery mechanisms.

Further, as Mr. Drazen's evidence states (Appendix 2.2, p.11), Centra's 2013-14 results should not be looked at in isolation. The actual financial results in Table 1 show that Centra can just as easily experience a net loss due mainly to warmer than normal weather. If Centra's retained earnings deteriorate further due to a write-off of the remaining Prior Period Supplemental Gas PGVA balance (or portion thereof), customers are further exposed to this weather-related risk. The remaining Prior Period Supplemental Gas PGVA balance represents a cash outlay that Centra has already made and has financed. If there is no expectation of recovery of this balance from customers, the result is an overall increase in borrowing requirements that Centra would have otherwise offset with the collection of the PGVA balance from customers. Customer non-commodity revenue requirements will be \$1 to \$2 million higher annually due to the incremental financing costs alone. When combined with the weather-related volatility, the incremental finance expense further increases pressure on customers' non-commodity general rate increases.

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<sup>2</sup> Concentric Energy Advisors Inc., Authorized Return on Equity for Canadian and U.S. Gas and Electric Utilities, Volume III, May 1, 2015, downloaded July 30, 2015 from the Canadian Gas Association website (<http://www.cga.ca/wp-content/uploads/2015/07/2015-Authorized-Return-on-Equity-Newsletter.pdf>).

**GAS OPERATIONS (CGM14 Restated for PUB/Centra-I-29a)**  
**PROJECTED OPERATING STATEMENT**  
(In Millions of Dollars)

*For the year ended March 31*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>REVENUES</b>										
General Consumers										
at approved rates	419	423	393	394	398	399	401	402	402	402
additional revenue requirement*	0	0	0	7	8	8	8	8	8	14
	419	423	393	401	405	407	409	410	410	416
Cost of Gas Sold	270	277	247	247	246	247	247	248	247	247
Gross Margin	149	147	146	154	159	160	161	162	162	169
Other	1	2	2	2	2	2	2	2	2	2
	151	148	148	156	161	162	163	164	164	171
<b>EXPENSES</b>										
Operating and Administrative	68	67	68	69	69	70	71	71	73	74
Finance Expense	16	17	19	21	21	22	22	23	24	25
Depreciation and Amortization	29	29	29	31	31	32	32	33	33	34
Capital and Other Taxes	19	19	20	20	20	20	21	21	21	21
Corporate Allocation	12	12	12	12	12	12	12	12	12	12
	144	144	148	152	154	157	157	160	162	167
<b>Net Income</b>	7	4	0	3	7	5	6	4	2	4
* Additional Revenue Requirement										
Percent Increase	0.00%	0.00%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.75%
Cumulative Percent Increase	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	3.79%
<b>Financial Ratios</b>										
Equity (PUB Methodology)	35%	34%	34%	34%	34%	35%	35%	35%	34%	34%
Interest Coverage	1.41	1.22	1.01	1.16	1.33	1.24	1.25	1.18	1.07	1.15
Capital Coverage	0.52	0.94	0.74	0.96	0.98	0.87	0.82	0.76	0.66	0.76

**GAS OPERATIONS (CGM14 Restated for PUB/Centra-I-29a)**  
**PROJECTED BALANCE SHEET**  
(In Millions of Dollars)

*For the year ended March 31*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>ASSETS</b>										
Plant in Service	716	765	800	823	846	872	899	929	960	990
Accumulated Depreciation	(248)	(256)	(267)	(279)	(292)	(306)	(320)	(335)	(351)	(368)
Net Plant in Service	468	509	533	544	554	566	579	594	609	623
Construction in Progress	4	4	4	4	4	4	4	4	4	4
Current and Other Assets	120	121	121	121	121	121	121	121	121	121
Goodwill and Intangible Assets	7	6	6	5	5	4	4	4	4	4
Regulated Assets	85	84	85	82	78	75	72	70	68	66
	684	723	748	756	762	770	780	792	806	817
<b>LIABILITIES AND EQUITY</b>										
Long-Term Debt	300	310	320	320	330	330	340	320	350	370
Current and Other Liabilities	130	137	137	126	97	84	64	76	43	15
Contributions in Aid of Construction	64	83	98	114	131	148	163	178	193	208
Share Capital	121	121	121	121	121	121	121	121	121	121
Retained Earnings	69	72	72	75	82	87	93	97	99	102
	684	723	748	756	762	770	780	792	806	817

**GAS OPERATIONS (CGM14 Restated for PUB/Centra-I-29a)**  
**PROJECTED CASH FLOW STATEMENT**  
(In Millions of Dollars)

*For the year ended March 31*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>OPERATING ACTIVITIES</b>										
Cash Receipts from Customers	457	461	430	438	439	441	443	445	444	451
Cash Paid to Suppliers and Employees	(413)	(380)	(373)	(382)	(384)	(386)	(388)	(390)	(391)	(393)
Interest Paid	(19)	(19)	(20)	(21)	(22)	(22)	(23)	(23)	(24)	(25)
	25	61	37	35	34	33	33	32	29	33
<b>FINANCING ACTIVITIES</b>										
Proceeds from Long-Term Debt	30	10	10	-	10	-	10	-	40	20
Retirement of Long-Term Debt	(35)	-	-	-	-	-	-	-	(20)	(10)
Other	-	-	-	-	-	-	-	-	-	-
	(5)	10	10	-	10	-	10	-	20	10
<b>INVESTING ACTIVITIES</b>										
Property, Plant and Equipment, net of contributions	(50)	(66)	(52)	(37)	(35)	(39)	(40)	(42)	(45)	(44)
Other	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
	(50)	(66)	(52)	(37)	(36)	(39)	(41)	(43)	(46)	(44)
<b>Net Increase (Decrease) in Cash</b>	(30)	6	(4)	(2)	8	(6)	2	(11)	4	(1)
<b>Cash at Beginning of Year</b>	(34)	(64)	(59)	(63)	(65)	(57)	(63)	(61)	(72)	(68)
<b>Cash at End of Year</b>	(64)	(59)	(63)	(65)	(57)	(63)	(61)	(72)	(68)	(69)

**b) Capital Structure Calculation**  
(\$000's)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Advances from Parent	34 092	64 304	58 754	63 245	65 312	57 059	63 108	61 245	71 861	67 913	69 200
Long-Term Debt	305 000	300 000	310 000	320 000	320 000	330 000	330 000	340 000	340 000	360 000	370 000
Total Debt	<u>339 092</u>	<u>364 304</u>	<u>368 754</u>	<u>383 245</u>	<u>385 312</u>	<u>387 059</u>	<u>393 108</u>	<u>401 245</u>	<u>411 861</u>	<u>427 913</u>	<u>439 200</u>
Share Capital	121 250	121 250	121 250	121 250	121 250	121 250	121 250	121 250	121 250	121 250	121 250
Retained Earnings	61 904	68 540	71 550	71 717	75 114	82 052	87 250	92 825	96 933	98 661	102 385
Total Equity	<u>183 154</u>	<u>189 790</u>	<u>192 800</u>	<u>192 967</u>	<u>196 364</u>	<u>203 302</u>	<u>208 500</u>	<u>214 075</u>	<u>218 183</u>	<u>219 911</u>	<u>223 635</u>
Average Total Debt		351 698	366 529	376 000	384 279	386 186	390 084	397 177	406 553	419 887	433 557
Average Total Equity		186 472	191 295	192 884	194 666	199 833	205 901	211 288	216 129	219 047	221 773
Total Capitalization		<u>538 170</u>	<u>557 824</u>	<u>568 883</u>	<u>578 944</u>	<u>586 019</u>	<u>595 985</u>	<u>608 464</u>	<u>622 682</u>	<u>638 934</u>	<u>655 330</u>
Debt Ratio		65.4%	65.7%	66.1%	66.4%	65.9%	65.5%	65.3%	65.3%	65.7%	66.2%
Equity Ratio		34.6%	34.3%	33.9%	33.6%	34.1%	34.5%	34.7%	34.7%	34.3%	33.8%



**GAS OPERATIONS (CGM14 Restated for PUB/Centra-I-29c-i)**  
**PROJECTED OPERATING STATEMENT**  
(In Millions of Dollars)

*For the year ended March 31*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>REVENUES</b>										
General Consumers										
at approved rates	419	415	390	394	398	399	401	402	402	402
additional revenue requirement*	0	0	0	7	8	8	8	8	8	14
	419	415	390	401	405	407	409	410	410	416
Cost of Gas Sold	270	280	244	247	246	247	247	248	247	247
Gross Margin	149	135	146	154	159	160	161	162	162	169
Other	1	2	2	2	2	2	2	2	2	2
	151	136	148	156	161	162	163	164	164	171
<b>EXPENSES</b>										
Operating and Administrative	68	67	68	69	69	70	71	71	73	74
Finance Expense	16	17	19	21	22	23	23	24	25	26
Depreciation and Amortization	29	29	29	31	31	32	32	33	33	34
Capital and Other Taxes	19	19	20	20	20	20	21	21	21	21
Corporate Allocation	12	12	12	12	12	12	12	12	12	12
	144	144	148	153	155	157	158	160	163	168
<b>Net Income</b>	7	(8)	(0)	3	6	5	5	4	1	3
* Additional Revenue Requirement										
Percent Increase	0.00%	0.00%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.75%
Cumulative Percent Increase	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	3.79%
<b>Financial Ratios</b>										
Equity (PUB Methodology)	35%	33%	32%	31%	32%	32%	32%	32%	32%	31%
Interest Coverage	1.41	0.54	0.98	1.13	1.28	1.20	1.21	1.15	1.03	1.11
Capital Coverage	0.52	0.81	0.67	0.95	0.95	0.85	0.80	0.75	0.64	0.74

**GAS OPERATIONS (CGM14 Restated for PUB/Centra-I-29c-i)**  
**PROJECTED BALANCE SHEET**  
(In Millions of Dollars)

*For the year ended March 31*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>ASSETS</b>										
Plant in Service	716	765	800	823	846	872	899	929	960	990
Accumulated Depreciation	(248)	(256)	(267)	(279)	(292)	(306)	(320)	(335)	(351)	(368)
Net Plant in Service	468	509	533	544	554	566	579	594	609	623
Construction in Progress	4	4	4	4	4	4	4	4	4	4
Current and Other Assets	120	121	121	121	121	121	121	121	121	121
Goodwill and Intangible Assets	7	6	6	5	5	4	4	4	4	4
Regulated Assets	85	84	85	82	78	75	72	70	68	66
	684	723	748	756	762	770	780	792	806	817
<b>LIABILITIES AND EQUITY</b>										
Long-Term Debt	300	320	330	340	340	340	340	340	360	390
Current and Other Liabilities	130	139	140	119	101	88	79	72	50	13
Contributions in Aid of Construction	64	83	98	114	131	148	163	178	193	208
Share Capital	121	121	121	121	121	121	121	121	121	121
Retained Earnings	69	60	59	62	68	73	78	81	82	85
	684	723	748	756	762	770	780	792	806	817

**GAS OPERATIONS (CGM14 Restated for PUB/Centra-I-29c-i)**  
**PROJECTED CASH FLOW STATEMENT**  
(In Millions of Dollars)

*For the year ended March 31*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>OPERATING ACTIVITIES</b>										
Cash Receipts from Customers	457	452	427	438	439	441	443	445	444	451
Cash Paid to Suppliers and Employees	(413)	(380)	(373)	(382)	(384)	(386)	(388)	(390)	(391)	(393)
Interest Paid	(19)	(19)	(21)	(22)	(23)	(23)	(23)	(24)	(25)	(26)
	25	53	34	34	33	32	32	31	29	32
<b>FINANCING ACTIVITIES</b>										
Proceeds from Long-Term Debt	30	20	10	10	-	-	-	20	30	30
Retirement of Long-Term Debt	(35)	-	-	-	-	-	-	-	(20)	(10)
Other	-	-	-	-	-	-	-	-	-	-
	(5)	20	10	10	-	-	-	20	10	20
<b>INVESTING ACTIVITIES</b>										
Property, Plant and Equipment, net of contributions	(50)	(66)	(52)	(37)	(35)	(39)	(40)	(42)	(45)	(44)
Other	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
	(50)	(66)	(52)	(37)	(36)	(39)	(41)	(43)	(46)	(44)
<b>Net Increase (Decrease) in Cash</b>	(30)	7	(8)	7	(3)	(7)	(9)	9	(7)	8
<b>Cash at Beginning of Year</b>	(34)	(64)	(57)	(66)	(58)	(61)	(68)	(76)	(68)	(75)
<b>Cash at End of Year</b>	(64)	(57)	(66)	(58)	(61)	(68)	(76)	(68)	(75)	(67)

**GAS OPERATIONS (CGM14 Restated for PUB/Centra-I-29c-ii)**  
**PROJECTED OPERATING STATEMENT**  
(In Millions of Dollars)

*For the year ended March 31*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>REVENUES</b>										
General Consumers at approved rates	419	406	387	394	398	399	401	402	402	402
additional revenue requirement*	0	0	0	7	8	8	8	8	8	14
	419	406	387	401	405	407	409	410	410	416
Cost of Gas Sold	270	283	241	247	246	247	247	248	247	247
Gross Margin	149	123	146	154	159	160	161	162	162	169
Other	1	2	2	2	2	2	2	2	2	2
	151	125	148	156	161	162	163	164	164	171
<b>EXPENSES</b>										
Operating and Administrative	68	67	68	69	69	70	71	71	73	74
Finance Expense	16	17	20	22	23	23	24	25	26	27
Depreciation and Amortization	29	29	29	31	31	32	32	33	33	34
Capital and Other Taxes	19	19	20	20	20	20	21	21	21	21
Corporate Allocation	12	12	12	12	12	12	12	12	12	12
	144	145	149	154	155	158	159	161	164	169
<b>Net Income</b>	7	(20)	(1)	2	6	4	4	3	(0)	2
* Additional Revenue Requirement										
Percent Increase	0.00%	0.00%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.75%
Cumulative Percent Increase	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	3.79%
<b>Financial Ratios</b>										
Equity (PUB Methodology)	35%	32%	30%	29%	30%	30%	30%	30%	29%	29%
Interest Coverage	1.41	(0.14)	0.96	1.10	1.25	1.17	1.17	1.10	1.00	1.07
Capital Coverage	0.52	0.68	0.60	0.93	0.94	0.84	0.78	0.72	0.62	0.72

**GAS OPERATIONS (CGM14 Restated for PUB/Centra-I-29c-ii)**  
**PROJECTED BALANCE SHEET**  
(In Millions of Dollars)

*For the year ended March 31*

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>ASSETS</b>										
Plant in Service	716	765	800	823	846	872	899	929	960	990
Accumulated Depreciation	(248)	(256)	(267)	(279)	(292)	(306)	(320)	(335)	(351)	(368)
Net Plant in Service	468	509	533	544	554	566	579	594	609	623
Construction in Progress	4	4	4	4	4	4	4	4	4	4
Current and Other Assets	120	121	121	121	121	121	121	121	121	121
Goodwill and Intangible Assets	7	6	6	5	5	4	4	4	4	4
Regulated Assets	85	84	85	82	78	75	72	70	68	66
	<b>684</b>	<b>723</b>	<b>748</b>	<b>756</b>	<b>762</b>	<b>770</b>	<b>780</b>	<b>792</b>	<b>806</b>	<b>817</b>
<b>LIABILITIES AND EQUITY</b>										
Long-Term Debt	300	320	340	340	340	350	360	350	370	390
Current and Other Liabilities	130	151	142	131	114	92	73	77	56	30
Contributions in Aid of Construction	64	83	98	114	131	148	163	178	193	208
Share Capital	121	121	121	121	121	121	121	121	121	121
Retained Earnings	69	48	47	49	55	59	63	66	65	67
	<b>684</b>	<b>723</b>	<b>748</b>	<b>756</b>	<b>762</b>	<b>770</b>	<b>780</b>	<b>792</b>	<b>806</b>	<b>817</b>

**GAS OPERATIONS (CGM14 Restated for PUB/Centra-I-29c-ii)**  
**PROJECTED CASH FLOW STATEMENT**  
(In Millions of Dollars)

*For the year ended March 31*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>OPERATING ACTIVITIES</b>										
Cash Receipts from Customers	457	443	424	438	439	441	443	445	444	451
Cash Paid to Suppliers and Employees	(413)	(380)	(373)	(382)	(384)	(386)	(388)	(390)	(391)	(393)
Interest Paid	(19)	(19)	(21)	(23)	(23)	(24)	(24)	(25)	(26)	(27)
	25	44	30	34	33	32	31	30	28	31
<b>FINANCING ACTIVITIES</b>										
Proceeds from Long-Term Debt	30	20	20	-	-	10	10	10	30	20
Retirement of Long-Term Debt	(35)	-	-	-	-	-	-	-	(20)	(10)
Other	-	-	-	-	-	-	-	-	-	-
	(5)	20	20	-	-	10	10	10	10	10
<b>INVESTING ACTIVITIES</b>										
Property, Plant and Equipment, net of contributions	(50)	(66)	(52)	(37)	(35)	(39)	(40)	(42)	(45)	(44)
Other	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
	(50)	(66)	(52)	(37)	(36)	(39)	(41)	(43)	(46)	(44)
<b>Net Increase (Decrease) in Cash</b>	(30)	(2)	(2)	(3)	(3)	3	0	(2)	(8)	(3)
<b>Cash at Beginning of Year</b>	(34)	(64)	(66)	(68)	(71)	(74)	(71)	(71)	(73)	(81)
<b>Cash at End of Year</b>	(64)	(66)	(68)	(71)	(74)	(71)	(71)	(73)	(81)	(84)

<b>Section:</b>	Appendix 2.2	<b>Page No.:</b>	11
<b>Topic:</b>	Evidence of Drazen Consulting Group		
<b>Subtopic:</b>	Centra's Financial Results		
<b>Issue:</b>	Whether retained earnings should be used to reduce bill impacts		

**PREAMBLE TO IR (IF ANY):**

Mr. Drazen highlights Centra's historical net incomes.

**QUESTION:**

- d) Please file a schedule in the same format as PUB/Centra I-13(a) from the 2013/14 GRA comparing the actual and weather normalized results for 2007/08 to 2013/14, the actual and weather normalized preliminary results for 2014/15, and the forecasted results for 2015/16.
- e) Please provide a schedule which compares the approved 2013/14, 2014/15, and 2015/16 forecasts of total cost of service at the 2013/14 GRA and compare with actual and updated forecast results for the years and explain all material variances in a similar format to PUB/Centra I-11 from the 2013/14 GRA.
- f) Please provide a schedule on a total cost of service basis, similar to PUB/Centra I-12 from the 2013/14 GRA for fiscal years 2007/08 to 2015/16.

**RATIONALE FOR QUESTION:**

To understand Centra's current and forecasted financial position after the record level of net income earned in 2013/14.

**RESPONSE:**

- d) Please see Attachment 1 to this response.
- e) Please see Attachment 2 to this response.

f) Please see Attachment 3 to this response.



d)

Actual and Forecast Net Income and Retained Earnings

(\$000's)

	Actual	Weather Normalized	Actual	Weather Normalized	Actual	Weather Normalized	Actual	Weather Normalized	Actual	Weather Normalized	Actual	Weather Normalized	Actual	Weather Normalized	Actual	Weather Normalized	Forecast
	2007/08		2008/09		2009/10		2010/11		2011/12		2012/13		2013/14		2014/15		2015/16
Revenue	526 717	526 717	577 728	577 728	451 885	451 885	402 663	402 663	327 713	327 713	327 724	327 724	412 674	412 674	426 702	426 702	423 438
Weather Impact on Net Income	-	(4 942)	-	(7 210)	-	2 851	-	(57)	-	12 917	-	(4 072)	-	(14 479)	-	(828)	-
Additional Annualized Revenue Requirement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	526 717	521 775	577 728	570 518	451 885	454 736	402 663	402 606	327 713	340 630	327 724	323 652	412 674	398 195	426 702	425 874	423 438
Cost of Sales	386 490	386 490	430 759	430 759	315 840	315 840	260 835	260 835	197 099	197 099	181 636	181 636	251 733	251 733	273 905	273 905	276 845
Gross Margin	140 227	135 285	146 969	139 759	136 045	138 896	141 828	141 771	130 614	143 531	146 088	142 016	160 941	146 462	152 797	151 969	146 593
Other Income	1 967	1 967	1 901	1 901	1 924	1 924	1 394	1 394	991	991	1 296	1 296	1 598	1 598	1 543	1 543	1 554
	142 194	137 252	148 870	141 660	137 969	140 820	143 222	143 165	131 605	144 522	147 384	143 312	162 539	148 060	154 340	153 512	148 146
Expenses	136 295	136 295	140 274	140 274	138 919	138 919	136 613	136 613	137 356	137 356	139 574	139 574	142 746	142 746	144 133	144 133	144 333
Net Income (Loss)	5 899	957	8 596	1 386	(950)	1 901	6 609	6 552	(5 751)	7 166	7 810	3 738	19 793	5 314	10 207	9 379	3 813
Retained Earnings	27 382		34 393		33 443		40 052		34 301		42 111		61 904		72 111		71 550

e)

**Comparison of Approved Total Cost of Service with Actual Results** (\$000's)

	2013/14 Approved	2013/14 Actual	Variance	Explanation
	[1]	[2]	[3] = [2] - [1]	[4]
Cost of Gas	183 202	251 733	68 531	Colder weather resulting in higher consumption as well as increased natural gas prices.
Other Income	(1 866)	(1 598)	268	
Operating & Administrative	68 800	66 810	(1 990)	Reduction of costs in most programs primarily as a result of cost saving measures partially offset by increased benefit costs due to changes in the discount rate and unexpected activities resulting from the Otterburne explosion.
Depreciation & Amortization	30 091	28 060	(2 031)	Primarily due to assets becoming fully depreciated, lower allocation of depreciation on common assets due to costing changes and timing of amortization of cost of gas hearing.
Capital & Other Taxes	18 750	19 755	1 005	Primarily due to increased corporate capital taxes.
Finance Expense	16 945	16 120	(825)	Interest on assets decreased due to lower interest rates and the impact of cost allocation changes.
Furnace Replacement Program	3 800	-	(3 800)	FRP funding was treated as a revenue reduction item in 2013/14 actuals.
Corporate Allocation	12 000	12 000	-	
Net Income (Loss)	2 506	19 793	17 287	Increased natural gas sales due to colder weather resulting in higher consumption as well as lower operating costs.
Total Cost of Service	<u>334 227</u>	<u>412 673</u>	<u>78 445</u>	

**Comparison of Forecast (CGM14) Total Cost of Service with Actual Results**

(\$000's)

	CGM14 2014/15 Forecast [1]	2014/15 Actual [2]	Variance [3] = [2] - [1]	Explanation [4]
Cost of Gas	269 683	273 905	4 222	Increased usage partially offset by decreased natural gas prices.
Other Income	(1 482)	(1 543)	(61)	
Operating & Administrative	67 829	67 458	(371)	
Depreciation & Amortization	29 174	29 027	(147)	
Capital & Other Taxes	19 122	19 461	339	
Finance Expense	16 218	16 188	(30)	
Furnace Replacement Program	3 800	-	(3 800)	FRP funding is treated as a revenue reduction item in actuals.
Corporate Allocation	12 000	12 000	-	
Net Income (Loss)	6 636	10 206	3 570	Increased natural gas sales due to higher customer usage partially offset by warmer weather.
<b>Total Cost of Service</b>	<u>422 980</u>	<u>426 702</u>	<u>3 722</u>	

Comparison of Forecast (CGM12) Total Cost of Service with Updated Forecast (CGM14) Results (\$000's)

	CGM12 2014/15 Forecast [1]	CGM14 2014/15 Forecast [2]	Variance [3] = [2] - [1]	Explanation [4]
Cost of Gas	212 056	269 683	57 627	Higher due to increased natural gas prices.
Other Income	(1 863)	(1 482)	381	
Operating & Administrative	76 885	67 829	(9 056)	CGM12 assumes regulated assets were expensed through OM&A, however CGM14 assumes Centra Gas continues to recognize rate-regulated accounts upon its transition to IFRS as a result of the issuance by IASB of an interim standard for rate-regulated activities. In addition, the average annual increase was limited to 1% in CGM14 compared to 2% in CGM12.
Depreciation & Amortization	19 696	29 174	9 478	CGM12 assumes the write-off of regulated assets in 2015, however CGM14 assumes Centra Gas continues to recognize rate-regulated accounts upon its transition to IFRS.
Capital & Other Taxes	14 699	19 122	4 423	CGM12 assumes the write-off of the deferred tax balance in 2015, however CGM14 assumes Centra Gas continues to recognize rate-regulated accounts upon its transition to IFRS and therefore includes the amortization of deferred taxes.
Finance Expense	20 677	16 218	(4 459)	CGM12 assumes the write-off of the deferred tax balance in 2015, however CGM14 assumes Centra Gas continues to recognize rate-regulated accounts upon its transition to IFRS and therefore includes the carrying costs on deferred taxes. In addition, CGM14 reflects a reduction in interest on assets due to lower interest rates and higher PGVA receivable balances.
Furnace Replacement Program	3 800	3 800	-	
Corporate Allocation	12 000	12 000	-	
Net Income (Loss)	8 899	6 636	(2 263)	Primarily due to lower gross margin.
Total Cost of Service	<u>366 849</u>	<u>422 980</u>	<u>56 131</u>	

Comparison of Forecast (CGM12) Total Cost of Service with Updated Forecast (CGM14) Results

(\$000's)

	CGM12 2015/16 Forecast	CGM14 2015/16 Forecast	Variance	Explanation
	[1]	[2]	[3] = [2] - [1]	[4]
Cost of Gas	203 006	276 845	73 839	Higher due to increased gas prices. In addition, CGM14 forecasted prior period gas deferrals which is included in the cost of gas. In CGM12 prior period gas deferrals were not forecasted.
Other Income	(1 855)	(1 554)	301	
Operating & Administrative	77 268	66 691	(10 577)	CGM12 assumes regulated assets were expensed through OM&A, however CGM14 assumes Centra Gas continues to recognize rate-regulated accounts upon its transition to IFRS as a result of the issuance by IASB of an interim standard for rate-regulated activities. In addition, the average annual increase was limited to 1% in CGM14 compared to 2% in CGM12.
Depreciation & Amortization	20 669	29 373	8 704	CGM12 assumes the write-off of regulated assets in 2015, however CGM14 assumes Centra Gas continues to recognize rate-regulated accounts upon its transition to IFRS.
Capital & Other Taxes	15 182	19 383	4 201	CGM12 assumes the write-off of the deferred tax balance in 2015, however CGM14 assumes Centra Gas continues to recognize rate-regulated accounts upon its transition to IFRS and therefore includes the amortization of deferred taxes.
Finance Expense	22 019	16 887	(5 132)	CGM12 assumes the write-off of the deferred tax balance in 2015, however CGM14 assumes Centra Gas continues to recognize rate-regulated accounts upon its transition to IFRS and therefore includes the carrying costs on deferred taxes. In addition, CGM14 reflects a reduction in interest on assets due to lower interest rates and higher PGVA receivable balances.
Furnace Replacement Program	3 800	3 800	-	
Corporate Allocation	12 000	12 000	-	
Net Income (Loss)	9 243	3 813	(5 430)	Primarily due to lower gross margin partially offset by lower operating expenses.
Total Cost of Service	<u>361 332</u>	<u>427 238</u>	<u>65 906</u>	

f)

**Total Cost of Service Basis**

(\$000's)

	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Forecast
Cost of Gas	386 490	430 759	315 840	260 835	197 099	181 636	251 733	273 905	276 845
Other Income	(1 967)	(1 901)	(1 924)	(1 394)	(991)	(1 296)	(1 598)	(1 543)	(1 554)
Operating & Administrative	56 270	59 803	60 951	60 644	62 117	63 735	66 810	67 458	66 691
Depreciation & Amortization	23 293	24 901	23 697	25 591	25 501	27 624	28 060	29 027	29 373
Capital & Other Taxes	23 021	23 412	23 351	20 490	19 274	18 263	19 755	19 461	19 383
Finance Expense	21 711	20 158	18 921	17 888	18 464	17 952	16 120	16 188	16 887
Corporate Allocation	12 000	12 000	12 000	12 000	12 000	12 000	12 000	12 000	12 000
Net Income (Loss)	5 899	8 596	(950)	6 609	(5 751)	7 810	19 793	10 206	3 813
Total Cost of Service	526 717	577 728	451 885	402 663	327 713	327 724	412 673	426 702	423 438
Less: Cost of Gas	386 490	430 759	315 840	260 835	197 099	181 636	251 733	273 905	276 845
Non-Gas Cost of Service	140 227	146 969	136 045	141 828	130 615	146 088	160 940	152 797	146 593

<b>Section:</b>	Tab 3	<b>Page No.:</b>	5
<b>Topic:</b>	Gas Supply & Costs		
<b>Subtopic:</b>			
<b>Issue:</b>	Historical gas costs and PGVA balances		

**PREAMBLE TO IR (IF ANY):****QUESTION:**

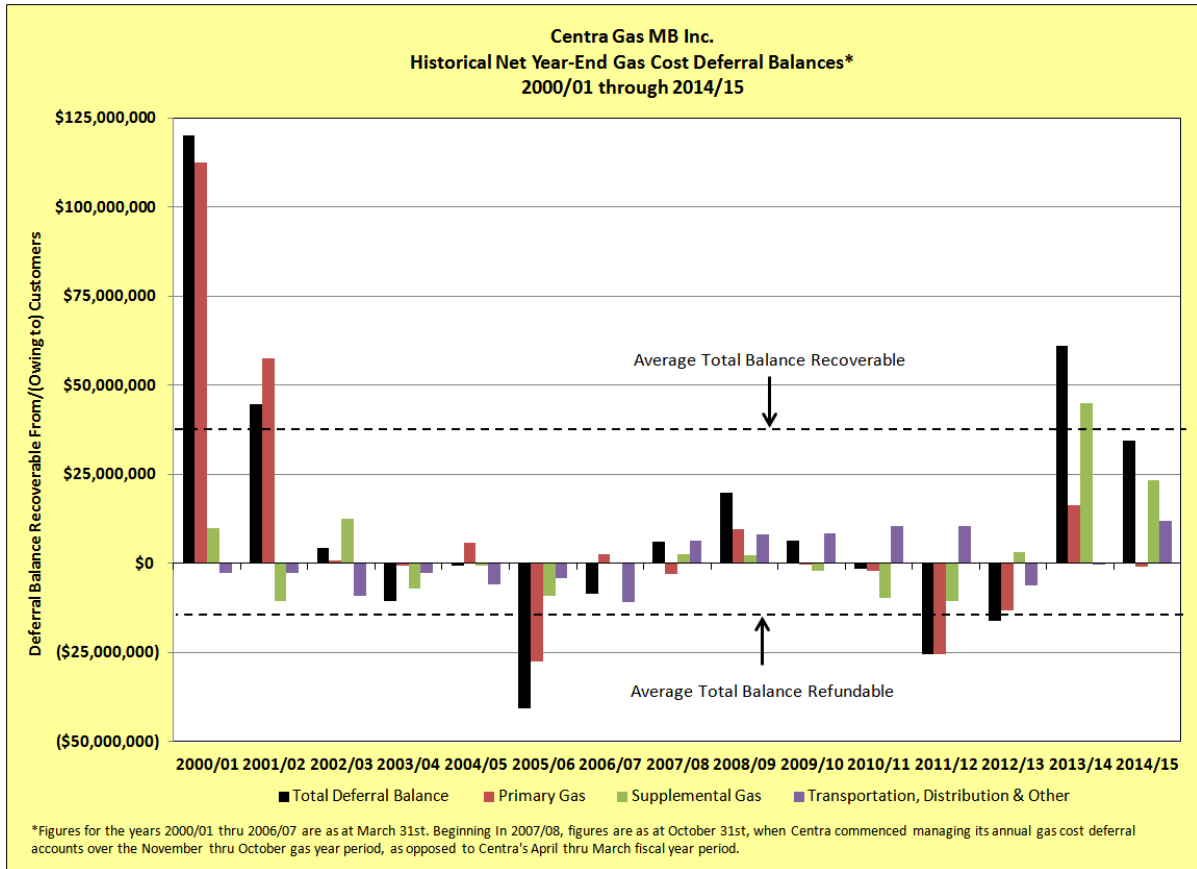
Please re-file Figure 3.4 breaking out Primary Gas and Supplemental Gas PGVA balances separately.

**RATIONALE FOR QUESTION:**

Highlights the historical non-Primary Gas deferral balances without the overwhelming influence of Primary Gas costs.

**RESPONSE:**

Please see the figure below.





<b>Section:</b>	Tab 3	<b>Page No.:</b>	10
<b>Topic:</b>	Gas Supply & Costs		
<b>Subtopic:</b>	Primary Gas Supply Contract		
<b>Issue:</b>	Evaluation of Gas Supply Proposals		

**PREAMBLE TO IR (IF ANY):****QUESTION:**

d) Please identify the successful proponent.

**RATIONALE FOR QUESTION:**

To understand Centra's decision making in selecting the Primary Gas supply proponent and whether Centra selected the best proposal.

**RESPONSE:**Response to part d)

The successful proponent was ConocoPhillips Canada Marketing & Trading ULC.

<b>Section:</b>	Tab 3	<b>Page No.:</b>	28-32
<b>Topic:</b>	Gas Supply & Costs		
<b>Subtopic:</b>	TCPL Transportation Tolls		
<b>Issue:</b>	Impact of NEB Mainline Settlement Decision RH-001-2014 on Centra		

**PREAMBLE TO IR (IF ANY):**

NEB proceeding RH-001-2014 resulted in increased Mainline tolls and continued TCPL's unlimited pricing discretion of short term firm and interruptible transportation toll bid floors.

**QUESTION:**

- a) Please provide Centra's evidence, closing submissions, and the NEB Decision in RH-001-2014 (or links to these documents).
- b) Please confirm whether any of the costs of Centra's intervention in the NEB proceedings are included for recovery with the gas costs that are subject to this Application. If confirmed, please provide the costs of Centra's interventions in the RH-003-2011, RH-001-2013, and RH-001-2014 proceedings.

**RATIONALE FOR QUESTION:**

To understand the implications of the NEB decision on Centra's gas costs.

**RESPONSE:**Response to part a)

A link to the evidence filed by Centra with the National Energy Board ("NEB") in the RH-001-2014 proceeding is provided below. This link was also provided in response to CAC/Centra INT-002(g).

<https://docs.neb-one.gc.ca/ll-eng/llisapi.dll?func=ll&objId=2456580&objAction=browse&viewType=1>

The NEB's Reasons for Decision in RH-001-2014 is found at the link below:

[https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2585806/2585804/Reasons\\_for\\_Decision\\_RH-001-2014\\_-\\_A4G2G5.pdf?nodeid=2585408&vernum=1](https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2585806/2585804/Reasons_for_Decision_RH-001-2014_-_A4G2G5.pdf?nodeid=2585408&vernum=1)

Response to part b)

The costs related to Centra's intervention in the NEB proceedings are not included for recovery in this Cost of Gas Application. These costs will be deferred as regulatory deferral account balances and amortized through depreciation and amortization expense.

<b>Section:</b>	Tab 3	<b>Page No.:</b>	31
<b>Topic:</b>	Gas Supply & Costs		
<b>Subtopic:</b>	TransCanada Mainline Pricing Discretion		
<b>Issue:</b>	Treatment of non-public shipper information following NEB RH-001-2014 Decision		

**PREAMBLE TO IR (IF ANY):****QUESTION:**

- a) Please provide a link to TransCanada's response (which was due by March 31, 2015) to the NEB's directive to provide remedies to prevent the use of non-public shipper information by TransCanada's pricing desk.
- b) Please provide a link to any stakeholder comments in response to TransCanada's response, as well as to the NEB's decision or further direction on this matter, if available.
- c) Please summarize TransCanada's, Centra's, other stakeholders', and the NEB's responses.

**RATIONALE FOR QUESTION:**

NEB decision may affect treatment of CSI in this and future Centra proceedings.

**RESPONSE:**Response to part a)

The link below provides TCPL's filing of March 31, 2015 in response to the NEB's directive for TCPL to provide remedies to prevent access to and use of non-public shipper-specific information in the setting of bid floors for discretionary services, including a cover letter and Tolls Task Force (TTF) Resolution 2015.01, which includes the following:

- Attachment A: Bid Floor Personnel ("BFP") Information Policy;

- Attachment B: Implementation details including: an outline and examples of information to be redacted, removed or aggregated to ensure that BFP no longer have access to non-public shipper-specific information; and the commitment to maintain that any changes made as a result of future information system changes are consistent with the resolution; and
- Attachment C: Examples of proposed amendments to the IT- and STFT-related reporting in the Mainline's Quarterly Surveillance Report ("QSR").

[https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2676080/2749017/2015\\_03\\_31\\_RH-001-2014\\_Compliance\\_Filing\\_Discretionary\\_Services\\_-\\_A4K1I6.pdf?nodeid=2748796&vernum=-2](https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2676080/2749017/2015_03_31_RH-001-2014_Compliance_Filing_Discretionary_Services_-_A4K1I6.pdf?nodeid=2748796&vernum=-2)

Response to parts b) and c)

The links below provide stakeholders' and the NEB's comments in response to TCPL's March 31, 2015 filing. Centra has summarized the positions of the parties, as requested.

- BP Canada Energy Group ("BP") filed a letter of support for TCPL's RH-001-2014 Compliance Filing and the Bid Floor Personnel Information Policy.

[https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2676080/2774097/Letter\\_of\\_Comment\\_from\\_BP\\_Canada\\_Energy\\_Group\\_ULC\\_-\\_A4K9H0.pdf?nodeid=2774425&vernum=-2](https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2676080/2774097/Letter_of_Comment_from_BP_Canada_Energy_Group_ULC_-_A4K9H0.pdf?nodeid=2774425&vernum=-2)

- Canadian Association of Petroleum Producers ("CAPP") filed a letter of support for TCPL's RH-001-2014 Compliance Filing.

[https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2676080/2774418/CAPP\\_Letter\\_of\\_Comment\\_-\\_TCPL\\_Mainline\\_Compliance\\_Filing\\_Discretionary\\_Services\\_-\\_A4K9E8.pdf?nodeid=2770579&vernum=-2](https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2676080/2774418/CAPP_Letter_of_Comment_-_TCPL_Mainline_Compliance_Filing_Discretionary_Services_-_A4K9E8.pdf?nodeid=2770579&vernum=-2)

- Centra filed a letter in support for TCPL's RH-001-2014 Compliance Filing and the Bid Floor Personnel Information Policy. Centra noted, however, that while this policy

was designed to achieve the objective of limiting the access to and use of non-public shipper-specific information in the setting of bid floors, it would not prevent Mainline pricing discretion from having an impact on natural gas markets, the appropriateness of which should be evaluated by the NEB and stakeholders for the post-2017 timeframe on the Mainline, both from a market and public interest perspective.

[https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2676080/2776864/Yo ung Ltr - May 12 15 - Centra s response to 2015-2020 compliance filing - \\_A4L2C5.pdf?nodeid=2776369&vernum=-2](https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2676080/2776864/Yo ung Ltr - May 12 15 - Centra s response to 2015-2020 compliance filing - _A4L2C5.pdf?nodeid=2776369&vernum=-2)

- The NEB did not receive letters of comment in opposition to TCPL's March 31, 2015 filing. The NEB found TCPL's TTF Resolution to be responsive to the direction given and accepted it as filed.

[https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2676080/2776510/Letter - Tolls Task Force Resolution 2015.01 - \\_A4L3D0.pdf?nodeid=2777100&vernum=-2](https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90465/92833/92843/955803/2397890/2676080/2776510/Letter - Tolls Task Force Resolution 2015.01 - _A4L3D0.pdf?nodeid=2777100&vernum=-2)

<b>Section:</b>	Tab 3	<b>Page No.:</b>	36-37
<b>Topic:</b>	Gas Supply & Costs		
<b>Subtopic:</b>	2012/13 Supplemental Gas PGVA		
<b>Issue:</b>	Reasons for SG PGVA balance		

**PREAMBLE TO IR (IF ANY):**

Centra provides reasons for the Supplemental Gas PGVA balance.

**QUESTION:**

Please explain why Supplemental Gas rates needed to be increased (the delay of which contributed to \$3.2 million owing to Centra in the PGVA) if the Supplemental Gas purchase costs were lower than expected (accounting for \$3 million owing to customers).

**RATIONALE FOR QUESTION:**

Clarify the reasons for the 2012/13 Supplemental Gas PGVA balance.

**RESPONSE:**

Centra's 2012/13 Supplemental Gas costs were forecast to average \$4.03/GJ (as included in the pre-hearing update dated May 10, 2013 based on a market strip taken April 2, 2013) and were embedded in the forecast of non-Primary Gas costs approved by the PUB in Order 85/13 on July 26, 2013. After the close of the 2012/13 Gas Year on October 31, 2013, it was determined that actual Supplemental Gas costs averaged \$3.685/GJ for the preceding 12 month period.

As shown in Figure 3.11 of this Application (page 37 of Tab 3), there is an amount of \$3.0 million owing to customers as a result of the actual average unit cost of purchases (\$3.685/GJ) being lower than forecast (\$4.03/GJ). However, there is \$2.6 million owing to Centra as a result of greater than forecast purchase volumes due to colder weather, and \$3.2 million owing to Centra as the result of the implementation of Supplemental Gas base rates

on August 1, 2013, rather than at the beginning of the 2012/13 Gas Year on November 1, 2012.



<b>Section:</b>	Tab 3	<b>Page No.:</b>	37, 39, 49-52
<b>Topic:</b>	Gas Supply & Costs		
<b>Subtopic:</b>	Primary Gas, Supplemental Gas, and Distribution PGVAs		
<b>Issue:</b>	Unaccounted For Gas (UFG)		

**PREAMBLE TO IR (IF ANY):**

Centra removes UFG costs from the Primary Gas and Supplemental Gas PGVAs and transfers these costs to the Distribution PGVA.

**QUESTION:**

- a) Please explain how Centra calculates its UFG true-ups.
- b) Please provide the actual (trued-up) UFG percentages for the past five years.

**RATIONALE FOR QUESTION:**

To understand the treatment of UFG costs

**RESPONSE:**

- a) Please refer to the attached copy of Centra’s response to PUB-Centra I-99(a) from the 2013/14 General Rate Application for an explanation how the UFG true-up is calculated.
- b) Actual UFG percentages for the past five years are as follows:

Period	Actual UFG %
June 2010 to May 2011	1.01%
June 2011 to May 2012	0.52%
June 2012 to May 2013	1.27%
June 2013 to May 2014	0.32%
June 2014 to May 2015	0.67%

**PUB/CENTRA I-99****Subject: Tab 10 – Gas Costs****Reference: Tab 10 Pages 29 and 46 of 63****a) Please explain how Centra calculates its UFG true-ups.****ANSWER:**

The UFG True-up is conducted annually in the month of June and results in the actual UFG experienced during the prior twelve months being recorded in the Distribution PGVA. Actual UFG losses experienced are calculated as a percentage of total system receipts, where the UFG True-up is allocated to the prior twelve months based upon system receipts of Primary Gas and Supplemental Gas. The respective monthly Primary Gas and Supplemental Gas average unit costs of deliveries to the Manitoba marketplace are applied to the UFG True-up volumes to determine the financial impact.

The UFG calculation is defined as the difference between the Forced Unbilled and the Theoretical Unbilled for any given month:

$$\text{UFG} = \text{Forced Unbilled} - \text{Theoretical Unbilled}.$$

The Forced Unbilled is defined as the difference between Net Resale and Monthly Cycle Billing Sales for any given month:

$$\text{Forced Unbilled} = \text{Net Resale} - \text{Monthly Cycle Billing Sales}.$$

Net Resale is defined as Total Receipts less the amount booked for UFG. The amount booked for UFG is based on the assumed UFG%:

$$\text{Net Resale} = \text{Total Receipts} - \text{UFG Booked.}$$

The Total Receipts is equal to the sum of Purchases and Transport Volumes. Purchases represent the gas purchased for System Supply and WTS customers. Transport Volumes represent the gas required for Transport Service customers:

$$\text{Total Receipts} = \text{Purchases} + \text{Transport Volumes.}$$

The UFG Booked is based on the assumed UFG percentage:

$$\text{UFG Booked} = \text{Total Receipts} * \text{UFG\%}.$$

Monthly Cycle Billing Sales represent the amount of sales that is booked in any given month. It is estimated based on the Cycle Billing Sales from the Banner billing system and the Theoretical Unbilled calculation. The Theoretical Unbilled calculation is based on regression coefficients that relate Residential SGS, Commercial SGS and LGS average use ( $\text{m}^3/\text{customer}$ ) versus effective degree days heating (EDDH). These coefficients are calculated from historical monthly sales data. In theory, the amount of unbilled sales is a function of the number of effective degree-days heating in any given month. The HVF, MLF and INT classes are not adjusted because these customers are billed on a calendar month basis. Since the Theoretical Unbilled portion of sales is added in one month, an equivalent amount must be subtracted out the following month:

$$\text{Monthly Cycle Billing Sales} = \text{Cycle Billing Sales (Banner)} + \text{current Theoretical Unbilled} - \text{previous Theoretical Unbilled.}$$

By combining all the above definitions, the UFG calculation can be collapsed into the following equation:

UFG True Up = ((Purchases + Transport Volumes) \* (1-UFG%)) – (Cycle Billing Sales + current Theoretical Unbilled – previous Theoretical Unbilled).

**PUB/CENTRA I-99**

**Subject: Tab 10 – Gas Costs**

**Reference: Tab 10 Pages 29 and 46 of 63**

**b) Please provide the actual (trued-up) UFG percentages for the past five years.**

**ANSWER:**

Actual UFG percentages for the past five years are as follows:

<u>Period</u>	<u>Actual UFG %</u>
June 2007 to May 2008	0.68%
June 2008 to May 2009	1.35%
June 2009 to May 2010	0.73%
June 2010 to May 2011	1.01%
June 2011 to May 2012	0.52%

<b>Section:</b>	Tab 3	<b>Page No.:</b>	45
<b>Topic:</b>	Gas Supply & Costs		
<b>Subtopic:</b>	2013/14 Gas Costs - Transportation PGVA		
<b>Issue:</b>	GLGT tariff utilization rate		

**PREAMBLE TO IR (IF ANY):****QUESTION:**

- a) Please explain why the change to the GLGT tariff, specifically the implementation of utilization rates on backhaul contracts, was not brought forward to the Board in the 2012 Transportation and Storage Portfolio proceeding.
- b) Please provide a link to the revised GLGT tariff and identify the page or section in the tariff that identifies the toll chargeable to Centra for backhaul service.

**RATIONALE FOR QUESTION:**

To understand the forecast of gas transportation costs.

**RESPONSE:**Response to part a)

The focus of the Transportation and Storage Portfolio (T&SP) Application was on the fixed costs of Centra's U.S. transportation and storage portfolio, which account for greater than 90% of the annual costs associated with the portfolio. Centra also notes that it was not seeking approval of future variable costs that may be incurred under the portfolio in the T&SP Application.

That said, the variable costs of all eight contracts (including the utilization rate for the GLGT backhaul contract) were embedded in the portfolio modeling that was conducted by Centra and which produced modeled total annual supply, transportation and storage costs, based on

both fixed and variable costs. These modeled outcomes were extensively reviewed during the T&SP proceeding, including through information requests for additional modeling from the PUB and intervenors. Additionally, the Term Sheet between Centra, GLGT, and ANR was included as Attachment 1 of Tab 8 of Centra's 2012 T&SP Application. Note 10 to Exhibit A of the Term Sheet states:

*“All services will be subject to commodity and utilization charges, as well as appropriate fuel and ACA.”*

Response to part b)

Please see the following link to Part 4.1 of the GLGT tariff regarding Firm Transportation Service (pdf page 15 of 286).

[http://www.glt.com/quick\\_frame\\_firm.HTM](http://www.glt.com/quick_frame_firm.HTM)

The applicable Utilization Fee can be found in the table's first column and last row in regard to “Receipts in Eastern Zone” and “Western Zone 1/ 2/ 3/ Deliveries”.

<b>Section:</b>	Tab 3	<b>Page No.:</b>	61
<b>Topic:</b>	Gas Supply & Costs		
<b>Subtopic:</b>	2015/16 Gas Cost Forecast		
<b>Issue:</b>	Underlying volume forecast		

**PREAMBLE TO IR (IF ANY):**

Centra intends to provide an update to its 2015/16 gas cost forecast later in this proceeding, in accordance with Order 65/11 Directive 10

**QUESTION:**

- a) Please confirm whether the update to the 2015/16 gas cost forecast to be provided later in this proceeding will be based on the 2015 Natural Gas Volume Forecast.
- b) If confirmed, please file the 2015 Natural Gas Volume Forecast.
- c) If not confirmed, please explain why the most current volume forecast is not being used to calculate the gas cost forecast.

**RATIONALE FOR QUESTION:**

To clarify the basis for the 2015/16 gas cost forecast.

**RESPONSE:**Response to a, b, and c:

Not confirmed. Centra's pre-hearing update to its 2015/16 gas cost forecast will be based on the same natural gas volume forecast that was used as the basis of its initial Application as the 2015 Natural Gas Volume Forecast will not be completed and approved by Manitoba Hydro's Executive Committee in time for the preparation of the pre-hearing update. However, the 2015/16 natural gas volume forecast used in Centra's Application, which was prepared in 2014, was updated to reflect known migrations of Interruptible customers to Firm



rate classes in the year following the 2013/14 winter, as well as migrations of major customers between system sales and Transportation Service.

<b>Section:</b>	Tab 3	<b>Page No.:</b>	Schedule 3.12.1
<b>Topic:</b>	Gas Supply & Costs		
<b>Subtopic:</b>	Supply Prices for 2015/16 Year		
<b>Issue:</b>	Exchange Rate Forecast		

**PREAMBLE TO IR (IF ANY):****QUESTION:**

Please provide the Economic Outlook and forecast which supports the CAD/USD exchange rate forecast used in Schedule 3.12.1.

**RATIONALE FOR QUESTION:**

To assess the reasonableness of Centra's forecast gas supply costs.

**RESPONSE:**

Attachment 1 to this response is Appendix A from the 2014 Economic Outlook updated for the end of January 2015 source forecasts for the following financial indicators:

- Canadian 90 Day T-Bill rate
- Canadian Long-term Bond 10 Yr+ rate
- CAD/USD exchange rate

Table 1 on the following page depicts the sources used to derive the forecast of CAD/USD exchange rates for each quarter of the 2014/15 – 2034/35 period.

Table 1 – CAD/USD Exchange Rate

	Fest Date	End of Period or Average	2014				2015				2016				2017				2018				2019				2020				2021				2022				2023				2024
			Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1					
BMO Nesbitt Burns	23-Jan-15	Average	1.09	1.09	1.14	1.23	1.27	1.27	1.26	1.24	1.23	1.22	1.20																														
CIBC	29-Jan-15	End of Period	1.09	1.09	1.14	1.21	1.28	1.30	1.29	1.27	1.24	1.23	1.23																														
National Bank	28-Jan-15	End of Period	1.09	1.09	1.14	1.21	1.26	1.27	1.28	1.27	1.26	1.25	1.24																														
Royal Bank	4-Feb-15	End of Period	1.09	1.09	1.14	1.22	1.31	1.34	1.34	1.33	1.32	1.31	1.30																														
Scotiabank	3-Feb-15	End of Period	1.09	1.09	1.14	1.22	1.30	1.32	1.33	1.33	1.33	1.32	1.31																														
TD Bank	26-Jan-15	End of Period	1.09	1.09	1.14	1.20	1.25	1.26	1.29	1.32	1.30	1.25	1.20																														
IHS Global Insight	10-Feb-15	Average	1.09	1.09	1.14	1.27	1.34	1.29	1.27	1.25	1.24	1.21	1.18	1.16	1.15	1.14	1.13	1.12	1.12	1.11	1.11	1.11	1.11	1.11	1.10	1.09	1.09	1.09	1.09	1.09	1.09	1.09	1.09	1.09	1.09	1.09	1.09	1.10	1.10	1.10	1.10		
<b>EO2014 (January 2015 Update) - Fiscal</b>			<b>2014/15 = 1.13</b>				<b>2015/16 = 1.29</b>				<b>2016/17 = 1.25</b>				<b>2017/18 = 1.13</b>				<b>2018/19 = 1.11</b>				<b>2019/20 = 1.10</b>				<b>2020/21 = 1.09</b>				<b>2021/22 = 1.09</b>				<b>2022/23 = 1.09</b>				<b>2023/24 &amp; on = 1.10</b>				

For copies of the end of January 2015 source forecasts please see Attachment 2 to this response.

**Economic Outlook Appendix A - January 2015 Update****MANITOBA / CANADA ECONOMIC STATISTICS - FISCAL YEAR BASIS**

Year	Man. Real GDP % chge	Man. CPI % chge	Man. Popu- lation '000s	Man. Residential Customers '000s	Cdn. Real GDP % chge	Cdn. CPI % chge	Cdn 90 Day T-Bill Rate %	Cdn LT Bond 10 Yr+ Rate %	C\$/ US\$
1989/90	2.7	4.7	1,104	385	2.0	5.2	12.37	9.77	1.18
1990/91	1.2	5.0	1,106	387	-1.1	5.0	12.07	10.59	1.16
1991/92	-2.4	3.8	1,110	389	-1.1	4.4	8.03	9.29	1.15
1992/93	0.7	1.9	1,114	391	1.1	1.6	6.25	8.18	1.23
1993/94	1.2	2.4	1,119	394	3.1	1.5	4.46	7.39	1.31
1994/95	2.8	1.6	1,125	396	4.8	0.4	6.46	8.95	1.38
1995/96	0.9	2.5	1,130	398	1.7	2.1	6.17	7.93	1.36
1996/97	3.2	2.5	1,135	400	2.5	1.7	3.67	7.28	1.36
1997/98	4.2	1.5	1,136	404	4.6	1.4	3.63	6.06	1.40
1998/99	3.6	1.5	1,139	405	3.9	0.9	4.81	5.35	1.50
1999/00	2.1	2.2	1,144	408	5.3	2.2	4.82	5.69	1.47
2000/01	3.4	2.5	1,148	411	4.5	2.7	5.42	5.66	1.50
2001/02	1.2	2.1	1,153	413	1.5	2.2	3.09	5.91	1.57
2002/03	1.5	2.3	1,158	415	2.9	3.0	2.79	5.41	1.55
2003/04	1.5	0.9	1,166	419	1.7	1.9	2.67	4.97	1.35
2004/05	2.4	2.7	1,174	422	3.5	2.2	2.31	4.81	1.28
2005/06	3.0	2.4	1,180	426	3.3	2.3	3.02	4.17	1.19
2006/07	3.5	2.0	1,185	430	2.0	1.9	4.16	4.23	1.14
2007/08	3.1	1.9	1,191	434	2.1	2.1	3.83	4.24	1.03
2008/09	2.8	2.2	1,200	440	0.2	2.2	1.84	3.66	1.13
2009/10	0.5	0.6	1,212	444	-1.6	0.4	0.22	3.89	1.09
2010/11	2.4	1.0	1,224	448	3.5	2.0	0.78	3.48	1.02
2011/12	1.9	2.8	1,238	453	2.3	2.8	0.91	2.83	0.99
2012/13	2.5	1.6	1,254	459	1.6	1.2	0.97	2.18	1.00
2013/14	2.2	2.4	1,269	465	2.2	1.1	0.94	2.70	1.05
<b>Forecast</b>									
2014/15	2.2	1.8	1,283	471	2.3	1.6	0.85	2.30	1.13
2015/16	2.5	1.9	1,300	477	2.5	1.9	0.50	2.15	1.29
2016/17	2.7	2.0	1,317	483	2.6	2.0	0.95	2.80	1.25
2017/18	2.6	2.0	1,335	490	2.5	2.1	2.30	3.90	1.13
2018/19	2.1	2.0	1,352	496	2.4	2.0	2.95	3.95	1.11
2019/20	1.8	2.0	1,368	502	2.3	2.0	3.50	3.95	1.10
2020/21	1.6	2.1	1,385	508	1.9	2.0	3.50	4.00	1.09
2021/22	1.6	2.1	1,400	513	1.9	2.0	3.50	4.00	1.09
2022/23	1.6	2.1	1,414	519	1.9	2.0	3.50	4.00	1.09
2023/24	1.6	2.1	1,428	524	1.9	2.0	3.50	4.00	1.10
2024/25	1.6	2.1	1,441	529	1.9	2.0	3.50	4.00	1.10
2025/26	1.6	2.1	1,454	533	1.9	2.0	3.50	4.00	1.10
2026/27	1.6	2.1	1,466	538	1.9	2.0	3.50	4.00	1.10
2027/28	1.6	2.1	1,477	542	1.9	2.0	3.50	4.00	1.10
2028/29	1.6	2.1	1,488	546	1.9	2.0	3.50	4.00	1.10
2029/30	1.6	2.1	1,499	550	1.9	2.0	3.50	4.00	1.10
2030/31	1.6	2.1	1,510	554	1.9	2.0	3.50	4.00	1.10
2031/32	1.6	2.1	1,521	558	1.9	2.0	3.50	4.00	1.10
2032/33	1.6	2.1	1,531	562	1.9	2.0	3.50	4.00	1.10
2033/34	1.6	2.1	1,542	566	1.9	2.0	3.50	4.00	1.10
2034/35	1.6	2.1	1,553	569	1.9	2.0	3.50	4.00	1.10

2015/16 Cost of Gas Application

# Canadian Economic Outlook

## BMO Capital Markets Economics

January 23, 2015

	2014				2015				2016				2013	2014	2015	2016
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
<b>PRODUCTION</b> (quarter/quarter % change : a.r.)																
Real GDP (chain-weighted)	1.0	3.6	2.8	2.0	1.5	1.8	2.0	2.2	2.3	2.3	2.0	2.1	2.0	2.4	2.1	2.2
Final Sales	2.0	5.8	3.6	0.7	1.3	1.7	2.2	2.3	2.3	2.4	2.0	2.1	1.8	2.8	2.0	2.2
Final Domestic Demand	0.1	3.3	2.8	2.0	-0.2	0.3	1.3	1.6	1.9	2.1	2.0	2.1	1.5	1.6	1.2	1.7
Consumer Spending	1.5	4.4	2.8	2.7	2.7	2.5	2.3	2.3	2.2	2.1	1.9	2.0	2.5	2.8	2.7	2.2
Durables	1.6	14.9	12.6	3.0	2.0	1.0	1.5	2.0	2.0	1.5	1.7	1.5	3.8	5.7	4.0	1.7
Non-Durables	4.0	-0.5	-0.7	2.5	2.8	2.7	2.5	2.3	2.3	2.2	1.9	2.0	2.3	2.7	2.0	2.3
Services	1.3	3.5	2.1	2.6	2.7	2.7	2.3	2.4	2.2	2.1	2.0	2.1	2.3	2.1	2.6	2.2
Government Spending	-0.7	1.4	0.3	1.0	0.0	0.2	0.7	1.1	1.1	1.5	1.3	1.5	0.1	-0.1	0.5	1.1
Business Investment	-1.9	0.8	0.5	1.7	-14.3	-10.7	-1.3	0.4	3.2	5.3	5.7	6.2	2.6	-0.4	-5.5	2.0
Non-Residential Construction	-0.3	0.5	-1.9	1.0	-15.0	-11.0	-1.8	0.0	3.0	5.5	6.0	6.5	5.0	-0.1	-6.3	1.9
Machinery and Equipment	-5.0	1.4	5.2	3.0	-13.0	-10.0	-0.5	1.0	3.5	5.0	5.0	5.5	-1.7	-1.1	-4.1	2.2
Residential Construction	-4.2	11.4	12.5	0.0	1.0	1.0	0.5	0.0	0.0	-0.5	-1.0	-1.0	-0.4	2.5	2.7	-0.2
Exports	0.9	19.0	6.9	-4.0	4.8	5.4	5.0	5.3	5.1	4.6	4.4	4.1	2.0	5.1	4.3	4.9
Imports	-4.8	9.8	4.0	0.0	0.1	0.9	1.9	3.1	3.5	3.6	4.1	3.9	1.3	1.5	1.7	3.2
(billions of chained 2007 dollars : a.r.)																
Inventory Change	13.3	4.8	0.6	6.4	7.5	8.2	7.3	7.0	6.7	6.4	6.4	6.5	12.4	6.3	7.5	6.5
Contribution to GDP Growth	-0.9	-2.0	-1.0	1.3	0.2	0.1	-0.2	-0.1	-0.1	-0.1	0.0	0.0	0.2	-0.4	0.1	-0.1
Net Exports	-29.6	-19.3	-15.6	-21.4	-15.0	-8.9	-4.6	-1.6	0.6	2.0	2.5	2.8	-39.6	-21.5	-7.5	2.0
Contribution to GDP Growth	1.8	2.8	0.9	-1.3	1.5	1.3	0.9	0.6	0.4	0.2	0.0	0.0	0.2	1.1	0.8	0.5
(billions of dollars : a.r.)																
Nominal GDP	1,950	1,969	1,992	1,991	1,974	1,982	2,004	2,026	2,050	2,075	2,101	2,129	1,894	1,976	1,997	2,089
(% chng : a.r.)	6.7	3.9	4.7	-0.1	-3.3	1.5	4.4	4.6	4.8	5.0	5.1	5.3	3.4	4.3	1.1	4.6
<b>INFLATION</b> (quarter/quarter % change : a.r.)																
GDP Price Index	5.5	0.4	1.8	-2.0	-4.8	-0.3	2.4	2.4	2.5	2.6	3.0	3.1	1.4	1.9	-1.0	2.4
CPI All Items	2.8	3.7	1.3	0.1	-1.5	1.8	2.2	2.3	2.1	1.9	2.2	2.4	0.9	1.9	0.8	2.1
Excl. Food & Energy	2.4	2.3	2.1	1.2	1.5	1.8	2.1	2.0	2.0	1.6	2.0	2.4	0.9	1.6	1.8	1.9
Food Prices	2.2	5.5	1.5	3.9	2.8	1.6	2.2	2.6	1.7	2.1	1.9	2.1	1.2	2.3	2.7	2.1
Energy Prices	11.2	11.2	-5.8	-17.5	-32.1	1.9	3.0	4.4	4.4	5.0	5.2	3.4	1.5	3.5	-11.7	4.2
Services	1.6	3.6	3.3	0.2	0.9	2.1	2.0	2.1	2.1	2.3	2.0	2.2	1.4	2.1	1.7	2.1
(year/year % change)																
CPI All Items	1.4	2.2	2.1	1.9	0.9	0.4	0.6	1.2	2.1	2.1	2.1	2.2	1.2	1.8	2.0	2.0
BoC Core	1.3	1.7	2.0	2.2	2.1	1.9	1.9	2.1	2.1	2.0	2.0	2.0	1.2	1.8	2.0	2.0
<b>FINANCIAL</b> (average for the quarter : %)																
Overnight Rate	1.00	1.00	1.00	1.00	0.67	0.50	0.50	0.50	0.75	1.00	1.25	1.50	1.00	1.00	0.55	1.15
3-Month T-Bill	0.87	0.93	0.94	0.90	0.60	0.41	0.41	0.41	0.67	0.92	1.18	1.44	0.97	0.91	0.46	1.05
90-Day BAs	1.26	1.27	1.28	1.28	0.97	0.77	0.77	0.77	1.02	1.26	1.51	1.76	1.20	1.27	0.82	1.39
10 Year Bond Yield	2.47	2.35	2.14	1.95	1.53	1.66	1.84	2.03	2.18	2.29	2.40	2.51	2.26	2.23	1.76	2.34
<b>Canada/US spread: (bps)</b>																
90 day	82	90	91	87	57	30	7	-17	-14	-12	-9	-30	91	88	19	-16
10 year	-30	-27	-36	-33	-36	-38	-40	-41	-41	-42	-43	-45	-9	-31	-39	-43
<b>FOREIGN TRADE</b> (billions of dollars : a.r.)																
Current Account Balance	-45.0	-39.6	-33.6	-52.7	-74.6	-76.4	-67.3	-61.7	-57.1	-53.2	-48.9	-44.9	-56.3	-42.7	-70.0	-51.0
(% of GDP)	-2.3	-2.0	-1.7	-2.6	-3.8	-3.9	-3.4	-3.0	-2.8	-2.6	-2.3	-2.1	-3.0	-2.2	-3.5	-2.4
Merchandise Balance	6.3	9.3	11.6	-10.2	-35.0	-39.1	-31.0	-26.7	-23.2	-20.3	-16.8	-13.7	-7.2	4.2	-33.0	-18.5
Non-Merchandise Balance	-51.4	-48.9	-45.2	-42.4	-39.6	-37.3	-36.3	-35.0	-33.8	-32.9	-32.1	-31.2	-49.0	-47.0	-37.1	-32.5
(average for the quarter)																
Exchange Rate (US\$/C\$)	90.6	91.7	91.8	88.1	81.6	78.9	78.7	79.5	80.5	81.4	82.2	83.0	97.1	90.6	79.7	81.8
Exchange Rate (C\$/US\$)	1.103	1.090	1.089	1.135	1.226	1.267	1.271	1.257	1.242	1.229	1.217	1.204	1.030	1.105	1.255	1.223
Exchange Rate (¥/C\$)	93.1	93.6	95.5	100.8	98.1	96.0	96.8	99.1	101.3	103.4	105.5	107.6	94.7	95.8	97.5	104.5
Exchange Rate (C\$/Euro)	1.51	1.50	1.44	1.42	1.39	1.45	1.45	1.42	1.40	1.37	1.35	1.33	1.37	1.47	1.43	1.36
<b>INCOMES</b> (year/year % change)																
Corporate Profits Before Tax	11.0	19.4	10.4	0.3	-19.9	-23.6	-23.5	-16.0	1.6	7.7	9.4	11.1	0.7	10.0	-20.8	7.4
Corporate Profits After Tax	3.0	9.5	7.8	-0.1	-11.3	-15.5	-16.9	-10.6	1.1	4.2	5.2	6.2	7.3	5.0	-13.6	4.2
Personal Income	3.3	3.6	3.8	3.1	1.8	1.6	2.2	3.0	4.5	5.1	4.7	4.8	3.7	3.4	2.2	4.8
Real Disposable Income	1.8	1.5	2.0	1.3	0.3	0.7	1.1	1.5	2.5	3.0	2.4	2.3	2.5	1.6	0.9	2.6
(average for the quarter : %)																
Savings Rate	5.0	3.9	3.9	3.5	2.4	2.0	2.5	2.5	2.6	2.7	2.8	2.8	5.2	4.1	2.4	2.7
<b>OTHER INDICATORS</b> (quarter average)																
Unemployment Rate (%)	7.0	7.0	6.9	6.6	6.7	6.7	6.6	6.6	6.5	6.4	6.3	6.3	7.1	6.9	6.6	6.4
Housing Starts (000s, a.r.)	176	196	199	185	184	177	178	183	178	179	181	183	188	189	180	180
Existing Home Sales (y/y % ch)	1.9	6.3	6.0	6.2	0.5	-5.3	-4.6	-4.2	2.8	1.5	-2.6	-1.5	0.7	5.1	-3.5	0.0
MLS Home Price Index (y/y % ch)	5.0	5.1	5.3	5.4	3.4	1.9	2.1	0.7	0.9	0.4	-0.6	-0.6	2.7	5.2	2.0	0.0
Motor Vehicle Sales (mlns, a.r.)	1.74	1.85	1.99	1.96	1.93	1.89	1.88	1.87	1.85	1.86	1.85	1.84	1.77	1.89	1.89	1.85
(quarter/quarter % change : a.r.)																
Employment Growth	0.4	0.3	1.4	1.8	0.1	0.6	0.9	1.0	1.4	1.0	1.0	0.9	1.3	0.8	0.8	1.1
Industrial Production	4.7	4.0	1.2	4.1	-2.9	-0.6	1.3	1.3	3.2	3.8	3.3	3.0	1.8	3.6	0.5	2.5
Federal Budget Balance (% of FY GDP)					-0.3	-0.1	0.3	0.4								

Note: Outlined areas represent forecast periods

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CIBC WORLD MARKETS INC.

January 29, 2015

## INTEREST & FOREIGN EXCHANGE RATES

END OF PERIOD:	2015					2016			
	27-Jan	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
<b>CDA</b> Overnight target rate	0.75	0.50	0.50	0.50	0.50	0.50	0.75	1.00	1.00
98-Day Treasury Bills	0.58	0.45	0.45	0.45	0.50	0.60	0.80	0.95	1.00
2-Year Gov't Bond	0.44	0.40	0.45	0.50	0.60	0.70	0.85	1.10	1.20
10-Year Gov't Bond	1.35	1.40	1.70	2.00	2.00	2.10	2.40	2.60	2.65
30-Year Gov't Bond	1.93	2.00	2.35	2.55	2.70	2.90	2.95	3.00	3.05
<b>U.S.</b> Federal Funds Rate	0.10	0.10	0.25	0.75	1.25	1.25	1.25	1.25	1.50
91-Day Treasury Bills	0.02	0.05	0.30	0.85	1.10	1.35	1.25	1.20	1.40
2-Year Gov't Note	0.50	0.75	1.20	1.50	1.70	1.65	1.65	1.70	1.90
10-Year Gov't Note	1.77	2.10	2.65	3.00	2.90	2.80	3.05	3.25	3.35
30-Year Gov't Bond	2.34	2.50	2.90	3.20	3.30	3.30	3.55	3.65	3.70
Canada - US T-Bill Spread	0.57	0.40	0.15	-0.40	-0.60	-0.75	-0.45	-0.25	-0.40
Canada - US 10-Year Bond Spread	-0.41	-0.70	-0.95	-1.00	-0.90	-0.70	-0.65	-0.65	-0.70
Canada Yield Curve (30-Year — 2-Year)	1.49	1.60	1.90	2.05	2.10	2.20	2.10	1.90	1.85
US Yield Curve (30-Year — 2-Year)	1.85	1.75	1.70	1.70	1.60	1.65	1.90	1.95	1.80
<b>EXCHANGE RATES</b>									
CADUSD	0.81	0.79	0.77	0.77	0.78	0.80	0.81	0.82	0.81
USDCAD	1.24	1.26	1.30	1.30	1.28	1.25	1.23	1.22	1.24
USDJPY	118	119	122	125	122	117	116	115	114
EURUSD	1.14	1.12	1.09	1.07	1.10	1.13	1.16	1.20	1.23
GBPUSD	1.52	1.50	1.45	1.45	1.49	1.51	1.53	1.56	1.58
AUDUSD	0.79	0.77	0.76	0.74	0.76	0.79	0.81	0.83	0.85
USDCHF	0.90	0.88	0.89	0.90	0.89	0.88	0.86	0.83	0.83
USDBRL	2.57	2.75	2.80	2.83	2.97	3.02	3.05	3.05	3.04
USDMXN	14.57	14.15	13.85	13.58	13.55	13.62	13.63	13.90	13.86

**Table 4**  
**United States: fixed income market**

End of period in %	2014				2015				2016			
	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
<b>Key rate</b>												
Federal funds	0.25	0.25	0.25	0.25	0.25	0.25	0.50	1.00	1.00	1.00	1.25	1.75
<b>Treasury bills</b>												
3-month	0.05	0.04	0.02	0.04	0.05	0.10	0.55	0.85	0.90	1.00	1.30	1.60
<b>Federal bonds</b>												
2-year	0.39	0.42	0.56	0.63	0.65	0.80	1.10	1.30	1.40	1.55	1.70	1.80
5-year	1.71	1.60	1.77	1.64	1.50	1.65	1.90	2.00	2.05	2.15	2.30	2.40
10-year	2.73	2.52	2.51	2.17	2.00	2.15	2.35	2.50	2.55	2.65	2.80	3.00
30-year	3.56	3.34	3.21	2.75	2.60	2.75	2.90	3.00	3.05	3.10	3.20	3.35
<b>Yield curve</b>												
5-year - 3-month	1.66	1.56	1.75	1.60	1.45	1.55	1.35	1.15	1.15	1.15	1.00	0.80
10-year - 2-year	2.34	2.09	1.95	1.54	1.35	1.35	1.25	1.20	1.15	1.10	1.10	1.20
30-year - 3-month	3.51	3.30	3.19	2.71	2.55	2.65	2.35	2.15	2.15	2.10	1.90	1.75

f: forecasts

Sources: Datastream and Desjardins, Economic Studies

**Table 5**  
**Canada: fixed income market**

End of period in %	2014				2015				2016			
	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
<b>Key rate</b>												
Federal funds	1.00	1.00	1.00	1.00	0.50	0.50	0.50	0.50	0.50	1.00	1.00	1.25
<b>Treasury bills</b>												
3-month	0.89	0.94	0.92	0.92	0.40	0.40	0.40	0.40	0.60	1.00	1.10	1.40
<b>Federal bonds</b>												
2-year	1.07	1.10	1.12	1.01	0.45	0.60	0.70	0.80	0.90	1.25	1.40	1.55
5-year	1.71	1.53	1.63	1.34	0.75	0.95	1.25	1.40	1.55	1.70	1.80	1.90
10-year	2.46	2.24	2.15	1.79	1.30	1.45	1.70	1.90	2.00	2.20	2.30	2.40
30-year	2.96	2.78	2.67	2.34	2.00	2.15	2.30	2.40	2.50	2.60	2.65	2.80
<b>Yield curve</b>												
5-year - 3-month	0.82	0.59	0.71	0.42	0.35	0.55	0.85	1.00	0.95	0.70	0.70	0.50
10-year - 2-year	1.39	1.14	1.03	0.78	0.85	0.85	1.00	1.10	1.10	0.95	0.90	0.85
30-year - 3-month	2.07	1.84	1.75	1.42	1.60	1.75	1.90	2.00	1.90	1.60	1.55	1.40
<b>Spreads (Canada - U.S.)</b>												
3-month	0.84	0.90	0.90	0.88	0.35	0.30	-0.15	-0.45	-0.30	0.00	-0.20	-0.20
2-year	0.68	0.68	0.56	0.38	-0.20	-0.20	-0.40	-0.50	-0.50	-0.30	-0.30	-0.25
5-year	-0.00	-0.07	-0.14	-0.30	-0.75	-0.70	-0.65	-0.60	-0.50	-0.45	-0.50	-0.50
10-year	-0.27	-0.28	-0.36	-0.38	-0.70	-0.70	-0.65	-0.60	-0.55	-0.45	-0.50	-0.60
30-year	-0.60	-0.56	-0.54	-0.41	-0.60	-0.60	-0.60	-0.60	-0.55	-0.50	-0.55	-0.55

f: forecasts

Sources: Datastream and Desjardins, Economic Studies







**NATIONAL  
BANK****FINANCIAL MARKETS**

A division of National Bank of Canada

# MONTHLY FIXED INCOME MONITOR

Economics and Strategy Group

February 2015

## Highlights

With central banks competing to weaken their respective currencies in support of exports, we think the Fed will have to revise its normalization strategy. We now see the upper bound of the target fed funds range ending the year at 0.75%. We also expect that euro-zone QE will have some spillover effect on prices of non-euro-zone financial assets, limiting any upward movement in the 10-year Treasury yield. We see it trading at 2.28% in December 2015.

In light of Statistics Canada revisions showing a material loss of momentum in the labor market in late 2014 and the impact of euro-zone QE on foreign exchange markets, we believe the Bank has to be more aggressive in its support to non-energy exports, higher investment and a stronger labor market. Accordingly we expect a 25 bps rate cut to be announced on March 4, 2015. Given the global outlook, 10-year Canadas are likely to be trading near 1.85% at year end.

Paul-André Pinsonnault

## Forecast dated January 28, 2015

### United States

Quarters	Fed Fund	3 Mth Bill	2YR	5YR	10YR	30YR
01/28/15	0.25	0.02	0.46	1.24	1.72	2.29
Q1/15	0.25	0.03	0.66	1.38	1.94	2.51
Q2	0.25	0.10	0.84	1.48	2.09	2.62
Q3	0.50	0.52	1.22	1.74	2.16	2.66
Q4	0.75	0.69	1.41	1.90	2.28	2.75
Q1/16	1.00	0.88	1.56	1.99	2.32	2.77
Q2	1.25	1.22	1.70	2.18	2.47	2.90
Q3	1.50	1.44	1.92	2.36	2.57	2.98
Q4	1.50	1.49	2.15	2.48	2.65	3.05

### Canada

Quarters	Overnight	3 Mth Bill	2YR	5YR	10YR	30YR
01/28/15	0.75	0.60	0.44	0.69	1.35	1.93
Q1/15	0.50	0.46	0.55	0.79	1.42	1.96
Q2	0.50	0.46	0.63	0.86	1.47	1.97
Q3	0.50	0.46	0.68	0.90	1.53	2.02
Q4	0.50	0.46	0.78	1.27	1.84	2.30
Q1/16	0.50	0.46	0.88	1.36	1.91	2.34
Q2	0.50	0.53	0.89	1.42	1.96	2.37
Q3	0.75	0.79	1.16	1.69	2.09	2.48
Q4	1.00	0.96	1.26	1.76	2.12	2.51

# MONTHLY ECONOMIC MONITOR

## Canada Economic Forecast

(Annual % change)*							Q4/Q4	
	2012	2013	2014	2015	2016	2014	2015	2016
Gross domestic product (2007 \$)	1.9	2.0	2.4	2.0	2.0	2.3	1.8	1.9
Consumption	1.9	2.5	2.8	2.2	2.0	2.7	1.9	1.9
Residential construction	5.7	(0.4)	2.5	1.0	(0.2)	4.7	(1.3)	0.0
Business investment	9.0	2.6	0.1	(1.2)	(0.1)	2.1	(3.1)	0.5
Government expenditures	0.2	0.1	(0.0)	(0.0)	(0.1)	0.6	(0.6)	0.2
Exports	2.6	2.0	5.2	6.5	6.6	5.9	7.9	5.2
Imports	3.7	1.3	1.4	4.1	3.6	1.4	5.0	3.0
Change in inventories (millions \$)	7,437	12,368	3,922	5,000	5,249	(3,050)	4,886	4,566
Domestic demand	2.5	1.5	1.7	1.3	1.1	2.1	0.7	1.2
Real disposable income	2.8	2.5	1.7	1.9	1.9	1.7	1.9	1.9
Employment	1.2	1.3	0.8	1.0	1.1	1.0	0.9	1.0
Unemployment rate	7.3	7.1	6.9	6.7	6.5	6.6	6.6	6.4
Inflation	1.5	0.9	1.9	0.5	2.3	1.9	1.2	2.2
Before-tax profits	(4.2)	(0.6)	9.7	(0.9)	4.2	8.5	(0.7)	5.0
Current account (bil. \$)	(59.9)	(56.3)	(43.6)	(52.6)	(44.5)	....	....	....

\* or as noted

## Financial Forecast\*\*

	Current					2015	2016
	1/23/15	Q1 2015	Q2 2015	Q3 2015	Q4 2015		
Overnight rate	0.75	0.75	0.50	0.50	0.50	0.50	1.00
Prime rate	2.75	2.75	2.50	2.50	2.50	2.50	3.00
3 month T-Bills	0.60	0.62	0.46	0.46	0.46	0.46	0.96
Treasury yield curve							
2-Year	0.54	0.63	0.63	0.68	0.78	0.78	1.26
5-Year	0.78	0.83	0.86	0.90	1.27	1.27	1.76
10-Year	1.33	1.42	1.47	1.53	1.84	1.84	2.12
30-Year	2.02	1.96	1.97	2.02	2.30	2.30	2.51
CAD per USD	1.24	1.26	1.26	1.27	1.28	1.28	1.23
Oil price (WTI), U.S.\$	45	50	54	58	60	60	70

National Bank Financial

\*\* end of period



## FINANCIAL MARKET FORECASTS

February 4, 2015

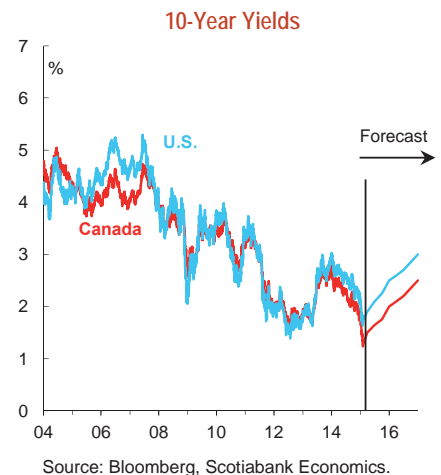
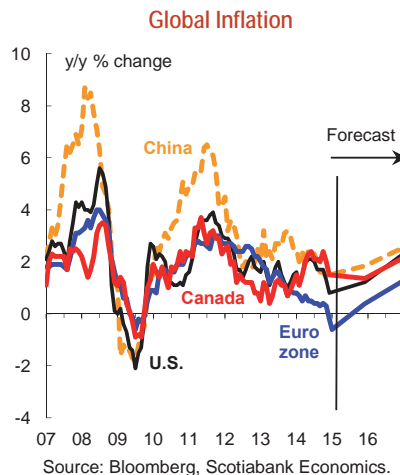
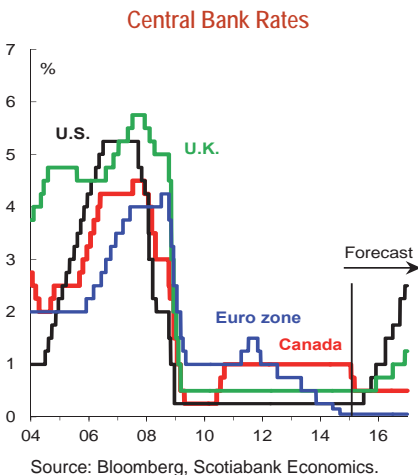
Interest rates (% , end of quarter)																
	Actual				Forecast								Actual		Forecast	
	14Q1	14Q2	14Q3	14Q4	15Q1	15Q2	15Q3	15Q4	16Q1	16Q2	16Q3	16Q4	2013	2014	2015	2016
<b>Canada</b>																
Overnight	1.00	1.00	1.00	1.00	0.50	0.50	0.50	0.50	0.75	1.00	1.50	2.00	1.00	1.00	0.50	2.00
Three-month	0.90	0.94	0.92	0.91	0.50	0.50	0.65	0.85	1.15	1.40	1.65	2.15	0.91	0.91	0.85	2.15
Two-year	1.07	1.10	1.13	1.01	0.55	0.70	0.85	1.05	1.50	1.75	2.00	2.30	1.13	1.01	1.05	2.30
Five-year	1.71	1.53	1.63	1.34	1.00	1.35	1.60	1.80	2.15	2.35	2.60	2.80	1.95	1.34	1.80	2.80
10-year	2.46	2.24	2.15	1.79	1.65	2.10	2.35	2.55	2.90	3.10	3.30	3.45	2.77	1.79	2.55	3.45
30-year	2.96	2.78	2.67	2.34	2.25	2.65	2.90	3.05	3.30	3.45	3.60	3.75	3.24	2.34	3.05	3.75
Yield curve (10s-2s)	139	114	102	78	110	140	150	150	140	135	130	115	164	78	150	115
<b>United States</b>																
Fed funds	0.25	0.25	0.25	0.25	0.25	0.50	0.75	1.00	1.50	2.00	2.50	3.00	0.25	0.25	1.00	3.00
Three-month	0.05	0.04	0.02	0.04	0.10	0.40	0.65	0.90	1.40	1.90	2.40	2.80	0.07	0.04	0.90	2.80
Two-year	0.45	0.47	0.58	0.67	0.75	1.10	1.60	2.00	2.25	2.50	2.80	3.20	0.38	0.67	2.00	3.20
Five-year	1.74	1.62	1.78	1.65	1.65	1.95	2.20	2.50	3.00	3.15	3.30	3.50	1.75	1.65	2.50	3.50
10-year	2.73	2.53	2.52	2.17	2.25	2.65	2.90	3.10	3.55	3.70	3.85	4.00	3.04	2.17	3.10	4.00
30-year	3.55	3.34	3.21	2.75	2.85	3.25	3.50	3.75	4.10	4.25	4.35	4.50	3.96	2.75	3.75	4.50
Yield curve (10s-2s)	228	206	194	150	150	155	130	110	130	120	105	80	266	150	110	80
<b>Yield spreads</b>																
Three-month T-bills	0.85	0.90	0.90	0.87	0.40	0.10	0.00	-0.05	-0.25	-0.50	-0.75	-0.65	0.84	0.87	-0.05	-0.65
Two-year	0.62	0.63	0.55	0.34	-0.20	-0.40	-0.75	-0.95	-0.75	-0.75	-0.80	-0.90	0.75	0.34	-0.95	-0.90
Five-year	-0.03	-0.09	-0.15	-0.31	-0.65	-0.60	-0.60	-0.70	-0.85	-0.80	-0.70	-0.70	0.20	-0.31	-0.70	-0.70
10-year	-0.27	-0.29	-0.37	-0.38	-0.60	-0.55	-0.55	-0.55	-0.65	-0.60	-0.55	-0.55	-0.27	-0.38	-0.55	-0.55
30-year	-0.59	-0.56	-0.54	-0.41	-0.60	-0.60	-0.60	-0.70	-0.80	-0.80	-0.75	-0.75	-0.72	-0.41	-0.70	-0.75

Exchange rates (end of quarter)																
	Actual				Forecast								Actual		Forecast	
	14Q1	14Q2	14Q3	14Q4	15Q1	15Q2	15Q3	15Q4	16Q1	16Q2	16Q3	16Q4	2013	2014	2015	2016
AUD/USD	0.93	0.94	0.87	0.82	0.75	0.74	0.73	0.72	0.71	0.71	0.70	0.70	0.89	0.82	0.72	0.70
USD/CAD	1.11	1.07	1.12	1.16	1.28	1.33	1.34	1.33	1.32	1.31	1.30	1.29	1.06	1.16	1.33	1.29
EUR/USD	1.38	1.37	1.26	1.21	1.07	1.05	1.07	1.11	1.15	1.16	1.16	1.17	1.38	1.21	1.11	1.17
USD/JPY	103.2	101.3	109.7	119.7	120.0	124.0	128.0	132.0	129.0	126.0	123.0	120.0	105.3	119.7	132.0	120.0
NZD/USD	0.87	0.88	0.78	0.78	0.69	0.67	0.65	0.64	0.63	0.63	0.62	0.62	0.82	0.78	0.64	0.62
USD/CHF	0.89	0.89	0.96	0.99	1.12	1.15	1.13	1.10	1.06	1.06	1.06	1.05	0.89	0.99	1.10	1.05
GBP/USD	1.67	1.71	1.62	1.56	1.47	1.40	1.41	1.44	1.47	1.49	1.49	1.50	1.66	1.56	1.44	1.50

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Quarterly Forecasts	2014		2015				2016			
	Q3	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
<b>Canada</b>										
Real GDP (q/q, ann. % change)	2.8	2.4	1.2	1.5	1.7	1.9	2.0	2.0	2.2	2.3
Real GDP (y/y, % change)	2.6	2.5	2.5	2.0	1.7	1.6	1.8	1.9	2.0	2.1
Consumer Prices (y/y, % change)	2.1	1.9	0.9	0.4	0.6	1.4	1.9	2.1	2.1	2.1
Core CPI (y/y % change)	2.0	2.2	2.1	1.9	1.8	1.7	1.8	1.9	2.0	2.0
<b>United States</b>										
Real GDP (q/q, ann. % change)	5.0	2.6	2.4	2.6	3.0	3.1	3.0	2.9	2.8	2.8
Real GDP (y/y, % change)	2.7	2.5	3.6	3.2	2.7	2.8	2.9	3.0	2.9	2.9
Consumer Prices (y/y, % change)	1.8	1.2	0.4	0.2	0.4	1.2	2.0	2.1	2.2	2.2
Core CPI (y/y % change)	1.8	1.7	1.6	1.5	1.6	1.7	1.9	2.0	2.1	2.2
<b>Financial Markets</b>										
<b>Central Bank Rates</b>										
<b>Americas</b>										
	(% , end of period)									
Bank of Canada	1.00	1.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
U.S. Federal Reserve	0.25	0.25	0.25	0.50	0.75	1.00	1.50	1.75	2.25	2.50
Bank of Mexico	3.00	3.00	3.00	3.25	3.75	4.00	4.50	4.75	5.25	5.75
Central Bank of Brazil	11.00	11.75	12.25	12.50	12.75	12.75	12.75	12.50	12.25	12.00
Bank of the Republic of Colombia	4.50	4.50	4.50	4.50	4.50	4.50	4.75	5.25	5.25	5.50
Central Reserve Bank of Peru	3.50	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Central Bank of Chile	3.25	3.00	3.00	3.00	3.00	3.00	3.25	3.50	3.75	4.00
<b>Europe</b>										
European Central Bank	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Bank of England	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25
Swiss National Bank	0.00	-0.25	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
<b>Asia/Oceania</b>										
Reserve Bank of Australia	2.50	2.50	2.25	2.25	2.25	2.25	2.50	2.75	3.00	3.25
People's Bank of China	6.00	5.60	5.35	5.35	5.35	5.35	5.35	5.35	5.35	5.35
Reserve Bank of India	8.00	8.00	7.50	7.25	7.00	7.00	7.00	7.00	7.00	7.00
Bank of Korea	2.25	2.00	2.00	1.75	1.75	1.75	1.75	2.00	2.25	2.50
Bank Indonesia	7.50	7.75	7.75	7.75	7.75	7.75	7.75	8.00	8.00	8.00
Bank of Thailand	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.25	2.50	2.75
<b>Canada</b>										
3-month T-bill	0.92	0.92	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.60
2-year Canada	1.12	1.01	0.50	0.60	0.70	0.85	1.00	1.20	1.45	1.75
5-year Canada	1.63	1.34	0.80	0.95	1.10	1.25	1.45	1.75	2.10	2.30
10-year Canada	2.15	1.79	1.50	1.65	1.75	2.00	2.10	2.20	2.35	2.50
30-year Canada	2.67	2.34	1.95	2.15	2.25	2.50	2.60	2.70	2.85	3.00
<b>United States</b>										
3-month T-bill	0.02	0.04	0.10	0.60	1.10	1.60	1.85	2.10	2.40	2.60
2-year Treasury	0.57	0.66	0.70	1.10	1.50	1.90	2.15	2.30	2.55	2.75
5-year Treasury	1.76	1.65	1.30	1.60	1.90	2.15	2.30	2.45	2.60	2.80
10-year Treasury	2.49	2.17	1.90	2.10	2.25	2.50	2.60	2.70	2.85	3.00
30-year Treasury	3.20	2.75	2.35	2.60	2.75	3.00	3.10	3.20	3.35	3.50
<b>Canada-U.S. Spreads</b>										
3-month T-bill	0.90	0.88	0.40	-0.10	-0.60	-1.10	-1.35	-1.60	-1.90	-2.00
2-year	0.56	0.35	-0.20	-0.50	-0.80	-1.05	-1.15	-1.10	-1.10	-1.00
5-year	-0.13	-0.31	-0.50	-0.65	-0.80	-0.90	-0.85	-0.70	-0.50	-0.50
10-year	-0.34	-0.38	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
30-year	-0.53	-0.41	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

Financial Markets	2014		2015				2016			
	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
<b>Exchange Rates</b>										
<b>Americas</b>	(end of period)									
Canadian Dollar (USDCAD)	1.12	1.16	1.28	1.31	1.32	1.33	1.33	1.32	1.31	1.30
Canadian Dollar (CADUSD)	0.89	0.86	0.78	0.76	0.76	0.75	0.75	0.76	0.76	0.77
Mexican Peso (USDMXN)	13.43	14.75	14.59	14.65	14.78	15.02	14.97	14.70	14.63	14.71
Brazilian Real (USDBRL)	2.45	2.66	2.70	2.75	2.80	2.85	2.85	2.90	2.95	3.00
Colombian Peso (USDCOP)	2025	2377	2380	2400	2450	2475	2500	2500	2475	2450
Peruvian Nuevo Sol (USDPEN)	2.89	2.98	3.05	3.10	3.15	3.10	3.08	3.06	3.04	3.02
Chilean Peso (USDCLP)	598	606	621	619	617	616	615	614	614	613
<b>Canadian Dollar Cross Rates</b>										
Euro (EURCAD)	1.41	1.41	1.45	1.44	1.43	1.40	1.40	1.37	1.34	1.30
U.K. Pound (GBPCAD)	1.82	1.81	1.89	1.94	1.98	2.00	2.01	1.99	1.98	1.96
Japanese Yen (CADJPY)	98	103	91	92	93	94	96	98	99	101
Australian Dollar (AUDCAD)	0.98	0.95	0.97	0.98	0.96	0.97	0.97	0.98	0.98	0.98
Mexican Peso (CADMXN)	11.99	12.69	11.40	11.19	11.20	11.29	11.26	11.14	11.17	11.32
<b>Europe</b>										
Euro (EURUSD)	1.26	1.21	1.13	1.10	1.08	1.05	1.05	1.04	1.02	1.00
U.K. Pound (GBPUSD)	1.62	1.56	1.48	1.48	1.50	1.50	1.51	1.51	1.51	1.51
Swiss Franc (USDCHF)	0.96	0.99	0.94	0.98	1.01	1.05	1.05	1.06	1.08	1.10
Swedish Krona (USDSEK)	7.21	7.81	8.30	8.40	8.45	8.58	8.58	8.50	8.50	8.50
Norwegian Krone (USDNOK)	6.43	7.45	7.70	7.87	7.90	7.90	7.90	7.85	7.75	7.70
Russian Ruble (USD RUB)	39.6	60.7	64.0	65.0	65.0	64.5	63.0	62.0	61.0	60.0
Turkish Lira (USDTRY)	2.28	2.34	2.35	2.40	2.45	2.47	2.45	2.43	2.40	2.37
<b>Asia/Oceania</b>										
Japanese Yen (USDJPY)	110	120	116	120	123	125	128	129	130	131
Australian Dollar (AUDUSD)	0.87	0.82	0.76	0.75	0.73	0.73	0.73	0.74	0.75	0.75
Chinese Yuan (USDCNY)	6.14	6.21	6.23	6.20	6.15	6.10	6.08	6.05	6.03	6.00
Indian Rupee (USDINR)	61.8	63.0	62.1	62.6	63.2	63.8	63.8	63.9	63.9	64.0
South Korean Won (USDKRW)	1055	1091	1110	1130	1150	1170	1165	1160	1155	1150
Indonesian Rupiah (USDIDR)	12188	12388	12760	12910	13055	13200	13150	13100	13050	13000
Thai Baht (USDTHB)	32.4	32.9	32.9	33.3	33.6	34.0	33.9	33.8	33.6	33.5





INTEREST RATE OUTLOOK												
	2014				2015				2016			
	Q1	Q2	Q3	Q4	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
<b>CANADA</b>												
Overnight Target Rate	1.00	1.00	1.00	1.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50	1.00
3-mth T-Bill Rate	0.90	0.94	0.92	0.91	0.45	0.45	0.45	0.45	0.45	0.45	0.75	0.95
2-yr Govt. Bond Yield	1.07	1.10	1.13	1.01	0.50	0.55	0.60	0.85	1.05	1.20	1.35	1.65
5-yr Govt. Bond Yield	1.71	1.53	1.63	1.34	0.80	0.95	1.10	1.35	1.55	1.75	1.90	2.10
10-yr Govt. Bond Yield	2.46	2.24	2.15	1.79	1.35	1.65	1.70	1.90	2.05	2.20	2.30	2.40
30-yr Govt. Bond Yield	2.96	2.78	2.67	2.33	2.00	2.25	2.30	2.45	2.55	2.65	2.70	2.80
10-yr-2-yr Govt Spread	1.39	1.14	1.02	0.78	0.85	1.10	1.10	1.05	1.00	1.00	0.95	0.75
<b>U.S.</b>												
Fed Funds Target Rate	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.75	1.00	1.00	1.00	1.25
3-mth T-Bill Rate	0.05	0.04	0.02	0.04	0.10	0.20	0.40	0.65	0.70	0.85	0.95	1.15
2-yr Govt. Bond Yield	0.44	0.47	0.58	0.67	0.50	0.80	1.00	1.25	1.40	1.65	1.90	2.00
5-yr Govt. Bond Yield	1.73	1.62	1.78	1.65	1.30	1.65	1.80	2.05	2.10	2.20	2.45	2.50
10-yr Govt. Bond Yield	2.73	2.53	2.52	2.17	1.80	2.10	2.10	2.30	2.40	2.50	2.70	2.75
30-yr Govt. Bond Yield	3.56	3.34	3.21	2.75	2.35	2.50	2.50	2.60	2.70	2.75	2.80	2.85
10-yr-2-yr Govt Spread	2.29	2.06	1.94	1.50	1.30	1.30	1.10	1.05	1.00	0.85	0.80	0.75
<b>CANADA - U.S SPREADS</b>												
Can - U.S. T-Bill Spread	0.85	0.90	0.90	0.87	0.35	0.25	0.05	-0.20	-0.25	-0.40	-0.20	-0.20
Can - U.S. 10-Year Bond Spread	-0.27	-0.29	-0.37	-0.38	-0.45	-0.45	-0.40	-0.40	-0.35	-0.30	-0.40	-0.35

E | F: Estimate | Forecast by TD Bank Group as at January 2015. All forecasts are end-of-period. Source: Bloomberg, Bank of Canada, Federal Reserve.

FOREIGN EXCHANGE OUTLOOK													
Currency	Exchange rate	2014				2015				2016			
		Q1	Q2	Q3	Q4	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
<b>Exchange rate to U.S. dollar</b>													
Japanese yen	JPY per USD	103	101	110	120	120	121	123	125	125	125	127	127
Euro	USD per EUR	1.38	1.37	1.26	1.21	1.10	1.05	1.00	0.96	1.00	1.00	1.05	1.05
U.K. pound	USD per GBP	1.67	1.71	1.62	1.56	1.47	1.42	1.37	1.39	1.45	1.47	1.48	1.48
<b>Exchange rate to Canadian dollar</b>													
U.S. dollar	USD per CAD	0.91	0.94	0.89	0.86	0.81	0.80	0.79	0.77	0.75	0.79	0.82	0.85
Japanese yen	JPY per CAD	93.2	94.9	97.9	103.3	97.2	96.8	97.2	96.3	93.8	98.8	104.1	108.0
Euro	CAD per EUR	1.52	1.46	1.42	1.40	1.36	1.31	1.27	1.25	1.33	1.27	1.28	1.24
U.K. pound	CAD per GBP	0.54	0.55	0.55	0.55	0.55	0.56	0.58	0.55	0.52	0.54	0.55	0.58

E | F: Estimate | Forecast by TD Bank Group as at January 2015. All forecasts are end-of-period. Source: Federal Reserve, Bloomberg, TDBG.

COMMODITY PRICE FORECASTS															
	2014				2015				2016				Annual Average		
	Q1	Q2	Q3	Q4	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	2014	2015F	2016F
Crude Oil (WTI, \$US/bbl)	99	103	98	73	40	42	50	55	60	65	65	70	93	47	65
Natural Gas (\$US/MMBtu)	5.17	4.59	3.94	3.83	3.20	3.10	3.30	3.60	3.80	3.40	3.50	3.70	4.38	3.30	3.60
Gold (\$US/troy oz.)	1294	1289	1282	1201	1250	1290	1290	1300	1300	1300	1325	1325	1266	1283	1313
Silver (US\$/troy oz.)	20.5	19.7	19.7	16.5	17.5	17.8	18.8	19.5	19.5	19.5	19.8	19.8	19.1	18.4	19.6
Copper (cents/lb)	319	308	317	301	250	270	285	285	280	280	285	285	311	273	283
Nickel (US\$/lb)	6.64	8.38	8.42	7.19	6.90	8.00	9.00	9.50	11.00	12.00	12.50	12.50	7.66	8.35	12.00
Aluminum (Cents/lb)	77	82	90	89	79	85	90	90	90	90	100	100	85	86	95
Wheat (\$US/bu)	9.32	8.90	8.43	8.05	7.90	7.80	8.00	8.15	8.25	8.40	8.55	8.75	8.68	7.96	8.49

E | F: Estimate | Forecast by TD Bank Group as at January 2015. All forecasts are period averages. Source: Bloomberg, USDA (Haver).



### INTEREST RATE OUTLOOK

	2014				2015				2016			
	Q1	Q2	Q3	Q4	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Fed Funds Target Rate (%)	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.75	1.00	1.00	1.00	1.25
3-mth T-Bill Rate (%)	0.05	0.04	0.02	0.04	0.10	0.20	0.40	0.65	0.70	0.85	0.95	1.15
2-yr Govt. Bond Yield (%)	0.44	0.47	0.58	0.67	0.50	0.80	1.00	1.25	1.40	1.65	1.90	2.00
5-yr Govt. Bond Yield (%)	1.73	1.62	1.78	1.65	1.30	1.65	1.80	2.05	2.10	2.20	2.45	2.50
10-yr Govt. Bond Yield (%)	2.73	2.53	2.52	2.17	1.80	2.10	2.10	2.30	2.40	2.50	2.70	2.75
30-yr Govt. Bond Yield (%)	3.56	3.34	3.21	2.75	2.35	2.50	2.50	2.60	2.70	2.75	2.80	2.85
10-yr-2-yr Govt. Spread (%)	2.29	2.06	1.94	1.50	1.30	1.30	1.10	1.05	1.00	0.85	0.80	0.75

F: Forecast by TD Economics, January 2015; All forecasts are for end of period; Source: Bloomberg, TD Economics

### FOREIGN EXCHANGE OUTLOOK

Currency	Exchange Rate	2014				2015				2016			
		Q1	Q2	Q3	Q4	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Canadian dollar	CAD per USD	1.11	1.07	1.12	1.16	1.24	1.25	1.27	1.30	1.33	1.27	1.22	1.18
Japanese yen	JPY per USD	103	101	110	120	120	121	123	125	125	125	127	127
Euro	USD per EUR	1.38	1.37	1.26	1.21	1.10	1.05	1.00	0.96	1.00	1.00	1.05	1.05
U.K. pound	USD per GBP	1.67	1.71	1.62	1.56	1.47	1.42	1.37	1.39	1.45	1.47	1.48	1.48
Swiss franc	CHF per USD	0.88	0.89	0.96	0.99	0.91	0.95	1.00	1.04	1.00	1.00	0.95	0.95
Australian dollar	USD per AUD	0.93	0.94	0.87	0.82	0.82	0.81	0.79	0.78	0.78	0.78	0.76	0.75
NZ dollar	USD per NZD	0.87	0.88	0.78	0.78	0.77	0.75	0.71	0.69	0.69	0.68	0.66	0.65

F: Forecast by TD Economics, January 2015; All forecasts are for end of period; Source: Federal Reserve, Bloomberg, TD Economics





INTEREST RATE OUTLOOK												
	Annual Average						End of Period					
	13	14	15F	16F	17F	18F	13	14	15F	16F	17F	18F
<b>U.S. FIXED INCOME</b>												
Fed Funds Target Rate (%)	0.25	0.25	0.45	1.05	1.80	2.40	0.25	0.25	0.75	1.25	2.00	2.50
3-mth T-Bill Rate (%)	0.05	0.04	0.35	0.90	1.75	2.40	0.07	0.04	0.65	1.15	1.95	2.50
2-yr Govt. Bond Yield (%)	0.33	0.54	0.90	1.75	2.45	2.80	0.38	0.67	1.25	2.00	2.60	2.90
5-yr Govt. Bond Yield (%)	1.33	1.70	1.70	2.30	2.85	3.15	1.75	1.65	2.05	2.50	3.00	3.20
10-yr Govt. Bond Yield (%)	2.52	2.49	2.10	2.60	3.05	3.30	3.04	2.17	2.30	2.75	3.20	3.30
10-yr-2-yr Govt. Spread (%)	2.19	1.95	1.20	0.85	0.60	0.50	2.66	1.50	1.05	0.75	0.60	0.40
<b>CANADIAN FIXED INCOME</b>												
Overnight Target Rate (%)	1.00	1.00	0.50	0.65	1.40	2.25	1.00	1.00	0.50	1.00	1.50	2.50
3-mth T-Bill Rate (%)	0.97	0.92	0.45	0.65	1.35	2.25	0.91	0.91	0.45	0.95	1.45	2.50
2-yr Govt. Bond Yield (%)	1.14	1.08	0.65	1.30	1.95	2.60	1.13	1.01	0.85	1.65	2.15	2.85
5-yr Govt. Bond Yield (%)	1.73	1.55	1.05	1.85	2.35	2.95	1.95	1.34	1.35	2.10	2.55	3.15
10-yr Govt. Bond Yield (%)	2.38	2.16	1.65	2.25	2.65	3.10	2.77	1.79	1.90	2.40	2.80	3.25
10-yr-2-yr Govt. Spread (%)	1.24	1.08	1.00	0.95	0.70	0.50	1.64	0.78	1.05	0.75	0.65	0.40
F: Forecast by TD Economics, January 2015												
Source: Statistics Canada, Bank of Canada, Bloomberg												

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<b>Section:</b>	Tab 4	<b>Page No.:</b>	3
<b>Topic:</b>	Natural Gas Volume Forecast		
<b>Subtopic:</b>	Economic Outlook		
<b>Issue:</b>	Effects of Changes in the Economic Outlook on the Volume Forecast		

**PREAMBLE TO IR (IF ANY):****QUESTION:**

- a) Please file the Economic Outlook used in the preparation of the 2014 Natural Gas Volume Forecast.
- b) Please explain how the economic outlook factors into load growth assumptions.
- c) Please file the most current 2015 Economic Outlook.
- d) Please identify the differences between the Economic Outlook used in the preparation of the 2014 Natural Gas Volume Forecast and the most current 2015 Economic Outlook with respect to any inputs into the Natural Gas Volume Forecast.
- e) Please comment how the changes in the Economic Outlook affected or will affect the 2015 Natural Gas Volume Forecast.

**RATIONALE FOR QUESTION:**

To understand the inputs into the Natural Gas Volume Forecast.

**RESPONSE:**

- a) A copy of the 2014 Economic Outlook report is provided in Attachment 1.

- b) The forecast of Manitoba residential customers and the Manitoba Real Gross Domestic Product (GDP) forecast from the Economic Outlook are inputs to the natural gas volume forecast.

The forecast of Manitoba residential customers is split into existing dwellings and new dwellings. Existing residential dwellings are split into gas dwellings and non-gas dwellings. New residential dwellings are split into gas and non-gas based upon an econometric equation using the ratio of natural gas to electric price forecasts.

The Manitoba residential customer forecast and the Manitoba Real Gross Domestic Product (GDP) forecast are used to develop the forecast of General Service Mass Market customers under Manitoba Hydro's Electric Load Forecast. The SGS Commercial and LGS customer forecast for natural gas is developed based upon the General Service Mass Market customer forecast for electricity.

- c) Beginning in 2015, the Economic Outlook report will now be prepared in the fall, to align better with the interest rate and exchange rate assumptions used in the relevant Integrated Financial Forecast (IFF).

Interim projections of economic and financial indicators will continue to be prepared annually in the spring for corporate use. A copy of the spring 2015 projections is provided in Attachment 2 to this response.

- d) Economic indicators from the Economic Outlook used as inputs in the preparation of the Natural Gas Volume Forecast include:
- Manitoba residential customer forecast
  - Manitoba real GDP forecast

Table 1 on the following page summarizes the forecast of Manitoba residential customers for the 2015/16 – 2023/24 period based on the spring 2014 Economic Outlook, and provides a comparison to those indicators in the most current spring 2015 projection.

**Table 1: Manitoba Residential Customers Forecast – 000s**

	<b>2014 Spring Economic Outlook</b>	<b>2015 Spring Projections</b>	<b>Δ from 2014 Spring EO</b>
2015/16	477	477	-
2016/17	483	483	-
2017/18	490	490	-
2018/19	496	496	-
2019/20	502	502	-
2020/21	508	507	-1
2021/22	513	513	-
2022/23	519	520	+1
2023/24	524	526	+2

Table 2 summarizes the forecast of Manitoba real GDP for the 2015/16 – 2023/24 period based on the spring 2014 Economic Outlook, and provides a comparison to those rates in the most current spring 2015 projection.

**Table 2: Manitoba Real GDP – % change**

	<b>2014 Spring Economic Outlook</b>	<b>2015 Spring Projections</b>	<b>Δ from 2014 Spring EO</b>
2015/16	2.5	2.5	-
2016/17	2.7	2.5	-0.2
2017/18	2.6	2.2	-0.4
2018/19	2.1	1.8	-0.3
2019/20	1.8	1.8	-
2020/21	1.6	1.8	0.2
2021/22	1.6	1.8	0.2
2022/23	1.6	1.8	0.2
2023/24	1.6	1.8	0.2

- e) Every 1% change in the Manitoba residential customer forecast will result in a 1% change in the SGS Residential forecast and a 0.3% change in the SGS Commercial and LGS forecast.

The residential customer forecast is unchanged for 2015/16 and 2016/17 between the 2014 and 2015 Outlooks so it will not affect the forecast in those years. For 2023/24, the forecast is up 2,000 residential customers or 0.4%. This will raise the Residential SGS forecast in 2023/24 by 0.4% or approximately 2,000 103m<sup>3</sup> and will raise the Commercial SGS and LGS forecast in 2023/24 by 0.12% or approximately 700 103m<sup>3</sup>.

Every 1% change in the Real GDP forecast will result in a 0.03% change in the Commercial SGS and LGS forecasts.

The GDP forecast is unchanged for 2015/16 and is down 0.2% in 2016/17 between the 2014 and 2015 Outlooks. It is down by 0.9% by 2018/19 but ends up only down by 0.1% in 2023/24. This will result in reducing the forecast by 0.006% or 35 103m<sup>3</sup> in 2015/16, by 0.027% or 160 103m<sup>3</sup> in 2018/19 and by 0.003% or 20 103m<sup>3</sup> by 2023/24.

# ECONOMIC OUTLOOK

2014-2035

**ECONOMIC ANALYSIS DEPARTMENT**

**SPRING, 2014**

**EO14-1**



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Appendix A

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## PREFACE

This information in the Economic Outlook is used in several areas of the corporation; for example, in load forecasting, project evaluation, and financial planning.

The document is derived from the following sources: IHS Global Insight, the Conference Board of Canada, Spatial Economics, BMO Nesbitt Burns, CIBC, Desjardins, Laurentian, Royal Bank of Canada, Scotiabank, National Bank, and TD Bank. As a final step prior to publication, the forecast is refined to reflect information available in early spring.

This forecast is based on what was known and could reasonably be foreseen at the time of its preparation. Users should be cognizant that conditions can and do change and should apply sensitivity analysis accordingly.

The variables are presented in both calendar year and fiscal year format. Fiscal year data have been derived from calendar year data. Fiscal year data are presented in Appendix A; the balance of the text relates to calendar year information.



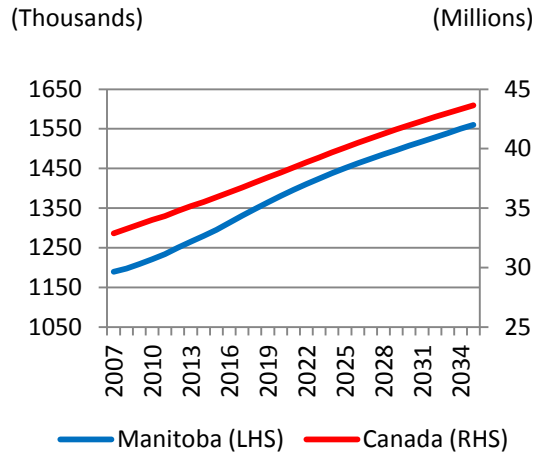
## EXECUTIVE SUMMARY

## RECENT ECONOMIC PERFORMANCE

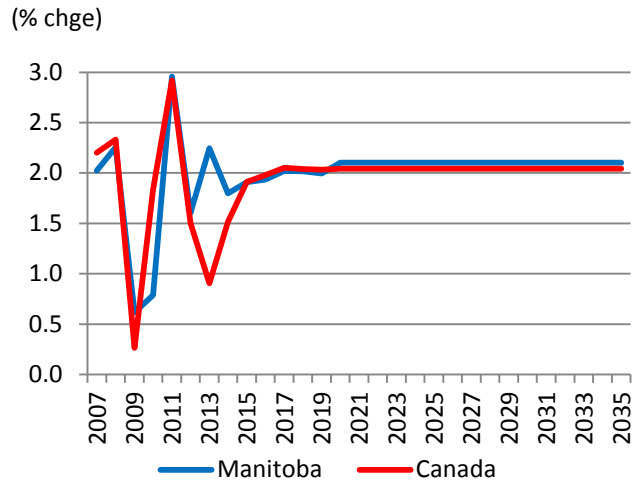
	2009	2010	2011	2012	2013
<b>Manitoba</b>					
Real GDP – % chge	-0.2	2.6	1.7	2.6	2.4
CPI – % chge	0.6	0.8	3.0	1.6	2.2
Population – % chge	0.9	1.0	1.0	1.3	1.2
Employment – % chge	0.0	1.9	0.8	0.9	0.5
Unemployment rate – %	5.2	5.4	5.4	5.3	5.4
Residential customers – '000s	443	447	452	458	464
Housing starts – Units	4,174	5,888	6,083	7,242	7,465
<b>Canada</b>					
Real GDP – % chge	-2.7	3.4	2.5	1.7	2.0
CPI – % chge	0.3	1.8	2.9	1.5	0.9
Population – % chge	1.2	1.1	1.0	1.2	1.2
Employment – % chge	-1.6	1.4	1.6	1.2	1.3
Unemployment rate – %	8.3	8.0	7.5	7.2	7.1
Housing starts – '000s	149	190	194	215	188
90 Day T-Bill rate – %	0.35	0.56	0.93	0.96	0.96
LT Bond 10 Yr+ rate – %	3.77	3.55	3.09	2.25	2.58
C\$/US\$	1.14	1.03	0.99	1.00	1.03
<b>United States</b>					
Real GDP – % chge	-2.8	2.5	1.8	2.8	1.9
CPI – % chge	-0.4	1.6	3.1	2.1	1.5
GDP Price Deflator – % chge	0.8	1.2	2.0	1.7	1.5
90 Day T-Bill rate – %	0.15	0.13	0.05	0.09	0.05
LT Bond 10 Yr rate – %	3.26	3.22	2.86	1.89	2.41
Unemployment rate – %	9.3	9.6	8.9	8.1	7.4

FORECAST AT A GLANCE

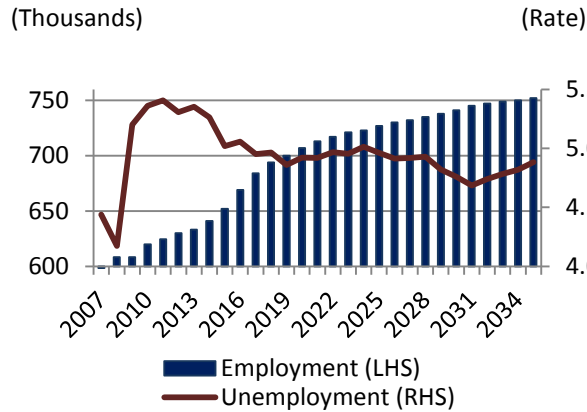
Population



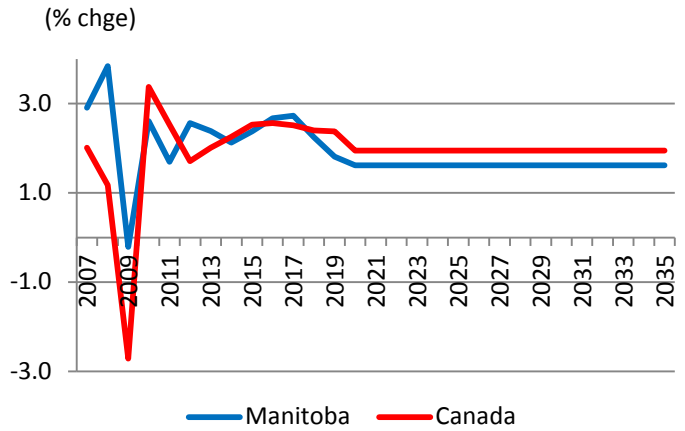
Consumer Price Index



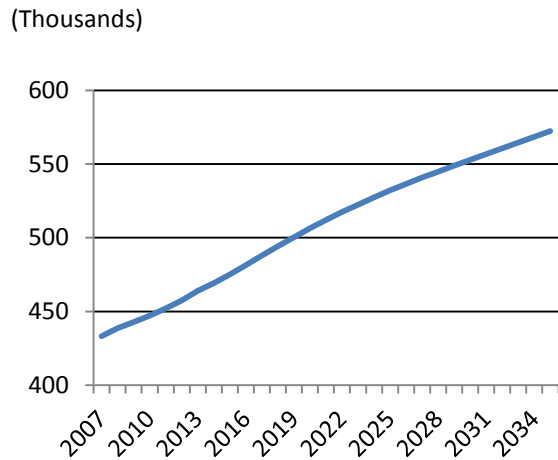
Manitoba Employment



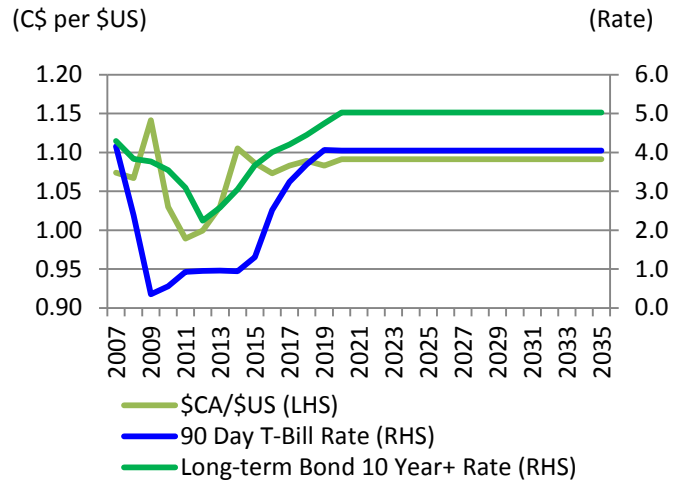
Real GDP Growth Rate



Manitoba Hydro Residential Customers



Canadian Financial Rates



## FORECASTS OF KEY ECONOMIC AND FINANCIAL INDICATORS

The forecasts reported in the Economic Outlook are based on a consensus view of several independent sources including Canada's primary financial institutions in addition to several other independent sources, all of which are well known and respected. For the purpose of the 2014 Economic Outlook, the forecasting sources included IHS Global Insight, the Conference Board of Canada, Spatial Economics, BMO Nesbitt Burns, CIBC, Desjardins, Laurentian, Royal Bank of Canada, Scotiabank, National Bank of Canada, and TD Bank.

The following sections of the report provide tables, graphs, and written summaries of the data behind the forecasts for the following key economic indicators:

- Real Gross Domestic Product Growth Rate,
- Pricing – CPI and GDP Implicit Price Deflator,
- Population,
- Employment,
- Housing,
- Short-term and Long-term Interest Rates,
- C\$/US\$ Exchange Rate, and
- Manitoba Disposable Income.

Appendix A and B of this report provide the history and forecasts for key economic indicators for Manitoba and Canada on a fiscal year basis and a calendar year basis, respectively.

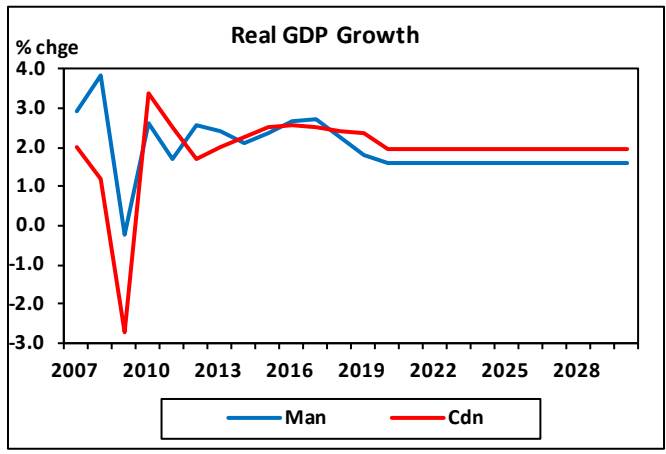
## REAL GROSS DOMESTIC PRODUCT

### RECENT PERFORMANCE:

Over the past five years (2008-2013) Manitoba has had the third best average annual real GDP growth of the Canadian provinces at 1.8%. In 2013, Manitoba’s real GDP increased by 2.4% down from the 2.6% growth it experienced in 2012. Canada’s economy grew at a modest 2.0% while the US economy real GDP growth shrank to 1.9% in 2013.

### OUTLOOK:

The consensus survey suggests that Government policies are expected to remain tight in the near term causing a fiscal drag on the Manitoba and Canadian economy. EO2014 forecasts that economic growth in Manitoba is expected to continue to slow in 2014, with the economy expanding by 2.1%. The strengthening growth south of the border, however, should boost Manitoba’s economy as roughly 70% of the province’s exports are to the United States. This should help Manitoba’s economy advance to 2.7% by 2016. The drop in long-term growth at 1.6% is based on the assumption that the rest of the world growth will slow down after the medium term recovery.



**PRICING: CONSUMER PRICE INDEX AND GDP PRICE DEFLATOR**

**RECENT PERFORMANCE:**

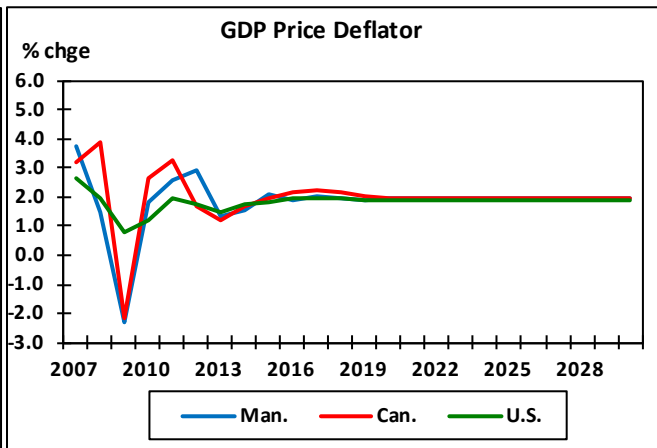
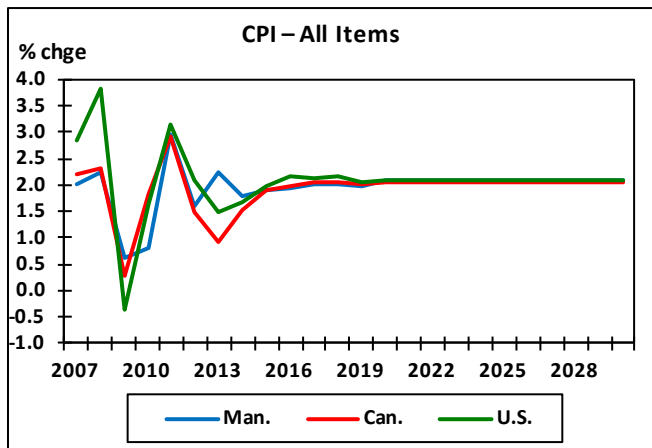
The Consumer Price Index (CPI) is based on a basket of household goods while the GDP price deflator is based on all goods produced domestically. Although inflation is now recovering, within the last year it accelerated faster than anticipated. In Manitoba, tobacco and alcohol, energy, shelter, food, transportation, and household operations boosted overall consumer prices while health and personal care, clothing and footwear, and recreation put downward pressure on prices. In Canada, tobacco and alcohol and energy boosted overall consumer prices while health and personal care, clothing and footwear and recreation put downward pressure on prices. In 2013, Manitoba and Canada CPI increased by 2.2% and 0.9%, respectively, while the U.S. CPI increased by 1.5%. Manitoba and Canadian GDP price deflators increased by 1.3% and 1.2%, respectively, while the U.S. GDP price deflator increased by 1.5% in 2013.

**2013 Consumer Price Index  
% chge**

	Manitoba	Canada
<b>All Items – CPI</b>	2.2	0.9
<b>Food</b>	2.5	1.2
<b>Shelter</b>	3.1	1.3
<b>Household</b>	2.3	1.2
<b>Clothing</b>	1.0	0.1
<b>Transportation</b>	2.2	0.7
<b>Health</b>	-1.6	-0.3
<b>Recreation</b>	0.3	0.3
<b>Other Deflators:</b>		
<b>Energy</b>	3.0	1.5
<b>GDP Deflator</b>	1.3	1.2

**OUTLOOK:**

The depreciating Canadian dollar is expected to put upward pressure on producer’s prices. This, coupled with increasing Manitoba wage rate growth is expected to push Manitoba CPI inflation averaging 2.1% throughout the long-term forecast period. The 2014 Economic Outlook forecasts that Canada and U.S. long-term CPI will be 2.0% and 2.1%, respectively. The 2014 Economic Outlook forecasts that in the long term the Manitoba GDP price deflator will be 1.9%, while Canada and the U.S. GDP price deflator will be 2.0% and 1.9% respectively.





**POPULATION**

**RECENT PERFORMANCE:**

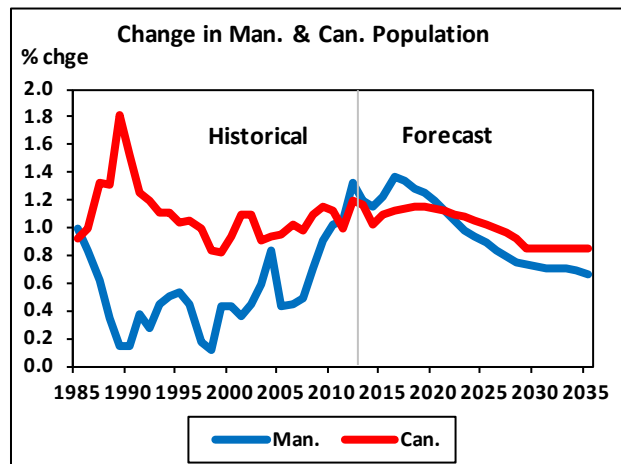
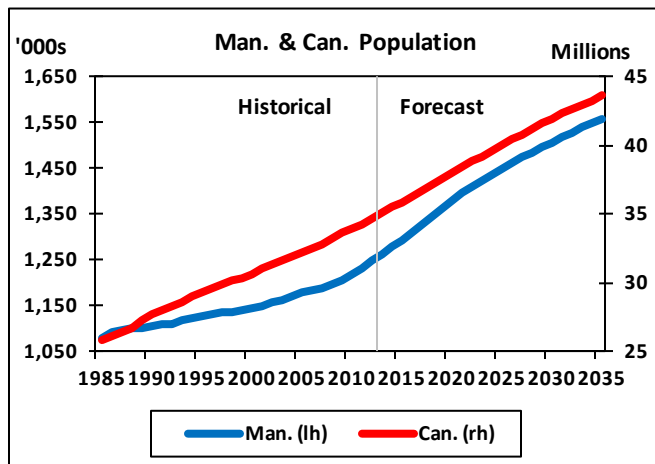
Year	Mb Pop'n. Changes
1995	5,920
1996	5,046
1997	1,932
1998	1,361
1999	4,959
2000	4,865
2001	4,137
2002	5,186
2003	6,892
2004	9,695
2005	5,074
2006	5,228
2007	5,842
2008	8,406
2009	10,815
2010	12,341
2011	12,798
2012	16,304
2013	14,983

Manitoba’s total population increased by 14,983 persons in 2013 or 1.2% relative to 2012. Total net migration to Manitoba was 9,522 people and total natural increase was 5,461 in 2013.

**OUTLOOK:**

Manitoba’s population is expected to grow on average at 0.9% or 13,400 people annually over the forecast period, 1,500 people lower than the growth rate forecast in EO2013. The drop in this year’s forecast is due to the international immigration front, with the announcement of the government putting a cap on the number of new applications at 5,000 annually for the Provincial Nominee Program. Despite the above announcement, this year’s forecast has two main assumptions: one being the Provincial Nominee Program which will continue to sustain moderate annual growth in immigrants, and two, an “optimal immigration approach” whereby government adjusts future immigration requirements to meet labour market needs. According to Spatial Economics, “the optimal level of immigration is one that facilitates economic growth and minimizes the costs of excess demand for and supply of workers.”

Canada’s population is expected to grow on average at 1.0% or 386,000 annually over the forecast period. The United States population is expected to grow on average at 0.7% or 2,400,000 people annually.



**EMPLOYMENT**

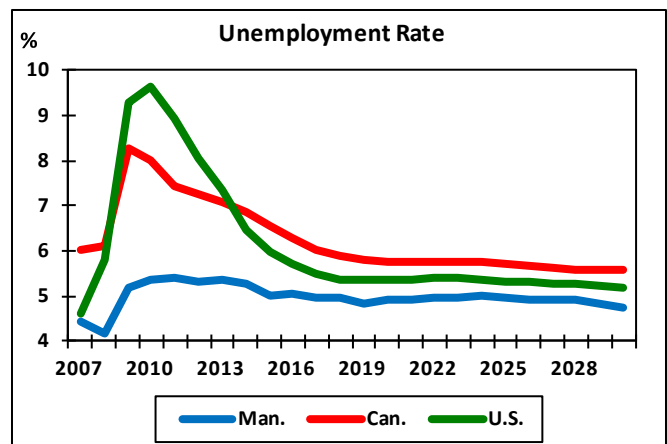
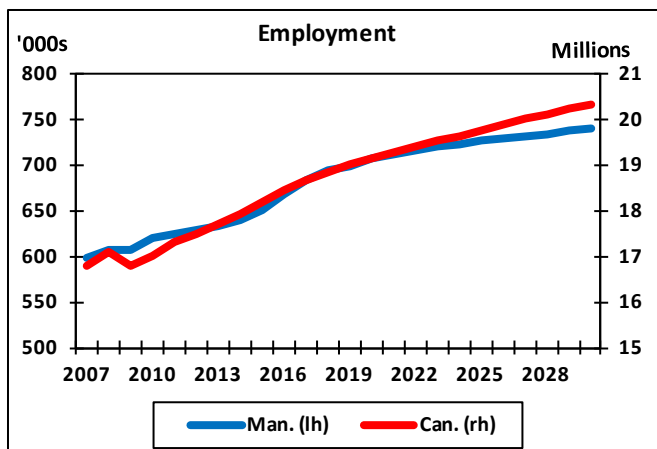
**RECENT PERFORMANCE:**

Manitoba’s total employment expanded by 3,100 persons in 2013 or 0.5% relative to 2012. The primary goods producing sectors have rebounded this past year with agriculture posting gains of 3,100 persons, construction at 1,200 persons, and the forestry, utilities, and the manufacturing sectors gaining each 400 persons of employment. The services producing sector struggled this past year as employment dropped by 2,200 in the trade sector, and the finance, insurance, real estate, and public administration sectors each dropping by 1,400 persons of employment. In 2013 Manitoba’s unemployment rate increased from 5.3% to 5.4% but remains the third lowest of the Canadian provinces after Alberta and Saskatchewan and below the 7.1% national average.

	Manitoba			Canada			United States		
	2003	2013	% chge 13/12	2003	2013	% chge 13/12	2003	2013	% chge 13/12
Population 15+ – '000s	875	974	1.1	25,099	28,673	1.3	221,168	245,679	1.0
Participation Rate - %	68.7	68.7		67.5	66.5		66.2	63.2	
Labour Force – '000s	601	669	0.5	16,948	19,079	1.1	146,500	155,389	0.3
Employment – '000s	571	633	0.5	15,663	17,731	1.3	137,729	143,929	1.0
Unemployment Rate – %	5.0	5.4		7.6	7.1		6.0	7.4	
Employment Rate – %	65.2	65.0		62.4	61.8		62.3	58.6	

**OUTLOOK:**

Manitoba’s employment is forecast to grow by 1.2% in 2014 – up from 0.5% in 2013. Employment growth is expected to increase over most of the medium term to average 2.0% per year over the period. This is in line with overall economic growth averaging 2.5% annually and productivity gains averaging 1.0% per year over the medium outlook. Over the 2014-2035 period, Manitoba’s and Canada’s employment levels are forecast to grow annually at 0.8% and 0.7% respectively, while the United States’ is anticipated to grow at 1% annually. Manitoba’s unemployment rate is expected to trend downwards from 5.3% in 2014 to 5.0% in 2019 and remain around 4.9% until 2035. Canada’s unemployment rate is expected to trend from 6.9% in 2014 to 5.7% in 2035. The United States’ unemployment rate is expected to trend from 6.5% in 2014 to 5.1% in 2035.



## HOUSING

### RECENT PERFORMANCE:

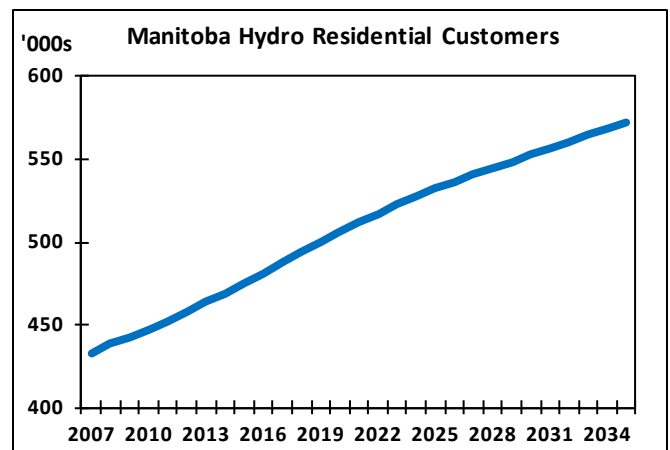
Total Manitoba's housing starts were 7,465 in 2013, up from 7,242 units in 2012. Population growth, increase in employment numbers, rising wages, and low mortgage rates were the driving force behind the demand for housing in 2013. With respect to Manitoba Hydro metered residential customers, there was an increase of 6,387 units in 2013 relative to 2012.

### OUTLOOK:

Due to reduced in-migration in the short term, EO2014 forecasts that Manitoba housing starts are expected to remain stable over the next two years before it picks up in 2016. In the medium to long run, housing starts are expected to fall as population growth stabilizes due to reduced migration. EO2014 forecasts that Manitoba housing starts will increase at approximately 6,940 units annually in the longer term. The forecasted annual population growth rate in Manitoba of 13,400 people in EO2014 is 1,500 people lower than the growth rate forecast in EO2013 and is the main driver in the increased housing starts.

EO2014 forecasts that Manitoba residential customers will increase by 4,920 units or 0.9% annually over the 2014-2035 period, down about 430 units annually from EO2013. Refer to Appendices A and B for the forecasts of Manitoba residential customers expressed in calendar and fiscal years.

	Man. Housing Starts	Man. Res. Cust. '000s	Can. Housing Starts '000s
1995	1,963	398	111
1996	2,318	400	125
1997	2,612	403	147
1998	2,895	405	137
1999	3,133	408	150
2000	2,560	410	152
2001	2,963	412	163
2002	3,617	415	205
2003	4,206	418	218
2004	4,440	421	233
2005	4,731	425	225
2006	5,028	429	227
2007	5,738	433	228
2008	5,537	439	211
2009	4,174	443	149
2010	5,888	447	190
2011	6,083	452	194
2012	7,242	458	215
2013	7,465	464	188



## INTEREST RATES

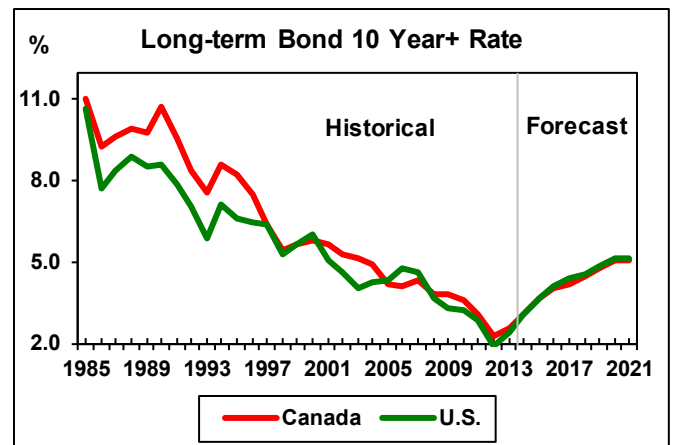
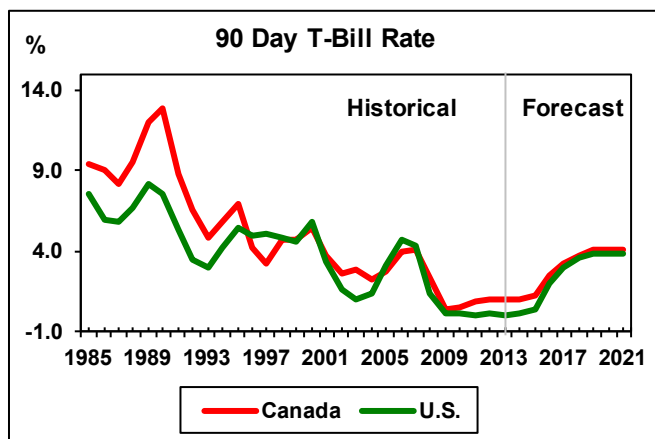
### RECENT PERFORMANCE:

For the purposes of representing the long-term interest rates that impact Manitoba Hydro, for Canadian long-term debt the average of a 10 year and a 30 year Canadian long bond rate is used and is referred to as a 10 Yr+ rate. For U.S. long-term debt, a 10 year U.S. long bond rate is used.

In 2013, the Bank of Canada kept the overnight policy rate unchanged at 1.00% throughout 2013. The 90 Day T-bill rate remained unchanged at 0.96% in 2013 similar to 0.96% in 2012, while the 10 Yr+ bond rate increased from 2.25% in 2012 to 2.58% over the same period.

### OUTLOOK:

The consensus survey expects the Bank of Canada’s next move is to start to increase interest rates in the short term. The Federal Reserve is expected to move with the Bank of Canada, narrowing the gap between Canada/U.S. interest rate spreads and is expected to decline over the forecast period. Economic Outlook 2014 forecast short and long-term rates will gradually rise over the last half of the forecast period, reflecting the Bank of Canada’s concern on inflation impact. Economic Outlook 2014 forecasts Canadian 90 Day T-Bill rates are expected to trend from 0.95% in 2014 to 4.05% in the long term. Canada and U.S. long bond rates are forecast to trend up to 5.00% and 5.10%, respectively.



**EXCHANGE RATE**

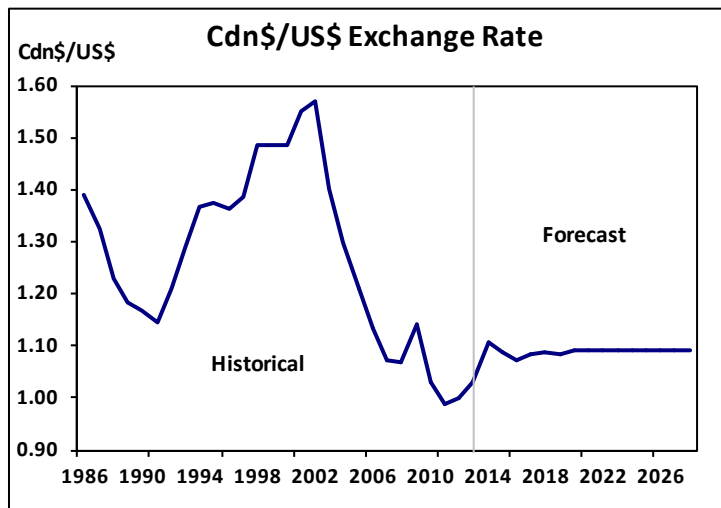
**RECENT PERFORMANCE:**

In 2013 the Canadian dollar depreciated relative to the U.S. dollar by 3.1% relative to 2012. The recent decline of the Canada-U.S. dollar has been associated with softening commodity prices and the worsening current account balance. Renewed confidence in the U.S. currency and an underperforming Canadian economy relative to the U.S. are also responsible for the loonie’s depreciation.

**OUTLOOK:**

Economic Outlook 2014 forecasts that the Canadian dollar is expected to remain low for the rest of the year and into the near term with a slight appreciation of a few cents. As the Bank of Canada will likely increase interest rates in 2015 this will pressure the Canadian dollar to increase, however, this change won’t be very significant as the survey suggests the Federal Reserve to also move rates at similar times. Accordingly, narrowing Canada/U.S. interest rates will keep the dollar low and well below parity.

Year	US\$/Cdn.\$	Cdn.\$/US\$
1970	0.96	1.04
1975	0.98	1.02
1980	0.86	1.17
1985	0.73	1.37
1990	0.86	1.17
1995	0.73	1.37
1996	0.73	1.36
1997	0.72	1.38
1998	0.67	1.48
1999	0.67	1.49
2000	0.65	1.49
2001	0.64	1.55
2002	0.71	1.57
2003	0.77	1.40
2004	0.83	1.30
2005	0.88	1.21
2006	0.93	1.13
2007	0.94	1.07
2008	0.94	1.07
2009	0.88	1.14
2010	0.97	1.03
2011	1.01	0.99
2012	1.00	1.00
2013	0.97	1.03
2025	0.92	1.09
2035	0.92	1.09



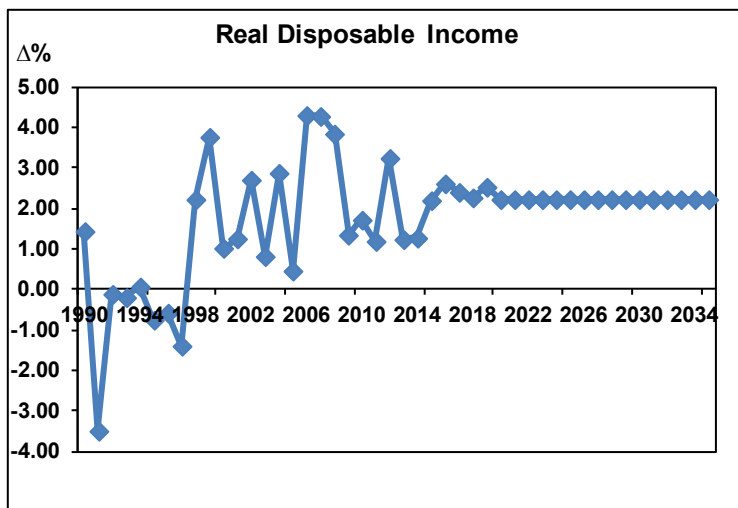
## MANITOBA DISPOSABLE INCOME

### RECENT PERFORMANCE:

Slowdowns in wage growth were largely attributed to austerity measures within the government and associated programs.

### OUTLOOK:

Manitoba’s labour market is expected to tighten in the medium term, due to anticipated expansions in the construction and mining industry, putting upward pressure on wage rates. This robust growth in the goods-producing sector will help lift employment and household disposable income over the next two years and on.



Real Disposable Income	
Year	Δ%
1990	1.43
1991	-3.50
1992	-0.12
1993	-0.20
1994	0.06
1995	-0.76
1996	-0.58
1997	-1.40
1998	2.22
1999	3.76
2000	1.02
2001	1.25
2002	2.70
2003	0.81
2004	2.87
2005	0.45
2006	4.29
2007	4.27
2008	3.84
2009	1.34
2010	1.71
2011	1.18
2012	3.24
2013	1.23
2025	2.20
2035	2.20



APPENDIX A





## MANITOBA/CANADA ECONOMIC STATISTICS – FISCAL YEAR BASIS

Year	Man. Real GDP % chge	Man. CPI % chge	Man. Population '000s	Man. Residential Customers '000s	Cdn. Real GDP % chge	Cdn. CPI % chge	Cdn 90 Day T-Bill Rate %	Cdn LT Bond 10 Yr+ Rate %	C\$/US\$
1989/90	2.7	4.7	1,104	385	2.0	5.2	12.37	9.77	1.18
1990/91	1.2	5.0	1,106	387	-1.1	5.0	12.07	10.59	1.16
1991/92	-2.4	3.8	1,110	389	-1.1	4.4	8.03	9.29	1.15
1992/93	0.7	1.9	1,114	391	1.1	1.6	6.25	8.18	1.23
1993/94	1.2	2.4	1,119	394	3.1	1.5	4.46	7.39	1.31
1994/95	2.8	1.6	1,125	396	4.8	0.4	6.46	8.95	1.38
1995/96	0.9	2.5	1,130	398	1.7	2.1	6.17	7.93	1.36
1996/97	3.2	2.5	1,135	400	2.5	1.7	3.67	7.28	1.36
1997/98	4.2	1.5	1,136	404	4.6	1.4	3.63	6.06	1.40
1998/99	3.6	1.5	1,139	405	3.9	0.9	4.81	5.35	1.50
1999/00	2.1	2.2	1,144	408	5.3	2.2	4.82	5.69	1.47
2000/01	3.4	2.5	1,148	411	4.5	2.7	5.42	5.66	1.50
2001/02	1.2	2.1	1,153	413	1.5	2.2	3.09	5.91	1.57
2002/03	1.5	2.3	1,158	415	2.9	3.0	2.79	5.41	1.55
2003/04	1.5	0.9	1,166	419	1.7	1.9	2.67	4.97	1.35
2004/05	2.4	2.7	1,174	422	3.5	2.2	2.31	4.81	1.28
2005/06	3.0	2.4	1,180	426	3.3	2.3	3.02	4.17	1.19
2006/07	3.5	2.0	1,185	430	2.0	1.9	4.16	4.23	1.14
2007/08	3.1	1.9	1,191	434	2.1	2.1	3.83	4.24	1.03
2008/09	2.8	2.2	1,200	440	0.2	2.2	1.84	3.66	1.13
2009/10	0.5	0.6	1,212	444	-1.6	0.4	0.22	3.89	1.09
2010/11	2.4	1.0	1,224	448	3.5	2.0	0.78	3.48	1.02
2011/12	1.9	2.8	1,238	453	2.3	2.8	0.91	2.83	0.99
2012/13	2.5	1.6	1,254	459	1.6	1.2	0.97	2.18	1.00
2013/14	2.3	2.4	1,269	465	2.1	1.1	0.94	2.70	1.05
<b>Forecast</b>									
2014/15	2.2	1.8	1,283	471	2.3	1.6	1.00	3.25	1.10
2015/16	2.5	1.9	1,300	477	2.5	1.9	1.55	3.75	1.08
2016/17	2.7	2.0	1,317	483	2.6	2.0	2.70	4.05	1.07
2017/18	2.6	2.0	1,335	490	2.5	2.1	3.40	4.25	1.08
2018/19	2.1	2.0	1,352	496	2.4	2.0	3.80	4.50	1.09
2019/20	1.8	2.0	1,368	502	2.3	2.0	4.05	4.80	1.08
2020/21	1.6	2.1	1,385	508	1.9	2.0	4.05	5.00	1.09
2021/22	1.6	2.1	1,400	513	1.9	2.0	4.05	5.00	1.09
2022/23	1.6	2.1	1,414	519	1.9	2.0	4.05	5.00	1.09
2023/24	1.6	2.1	1,428	524	1.9	2.0	4.05	5.00	1.09
2024/25	1.6	2.1	1,441	529	1.9	2.0	4.05	5.00	1.09
2025/26	1.6	2.1	1,454	533	1.9	2.0	4.05	5.00	1.09
2026/27	1.6	2.1	1,466	538	1.9	2.0	4.05	5.00	1.09
2027/28	1.6	2.1	1,477	542	1.9	2.0	4.05	5.00	1.09
2028/29	1.6	2.1	1,488	546	1.9	2.0	4.05	5.00	1.09
2029/30	1.6	2.1	1,499	550	1.9	2.0	4.05	5.00	1.09
2030/31	1.6	2.1	1,510	554	1.9	2.0	4.05	5.00	1.09
2031/32	1.6	2.1	1,521	558	1.9	2.0	4.05	5.00	1.09
2032/33	1.6	2.1	1,531	562	1.9	2.0	4.05	5.00	1.09
2033/34	1.6	2.1	1,542	566	1.9	2.0	4.05	5.00	1.09
2034/35	1.6	2.1	1,553	569	1.9	2.0	4.05	5.00	1.09



**APPENDIX B**



## MANITOBA/CANADA ECONOMIC STATISTICS – CALENDAR YEAR BASIS

Year	Man. Real GDP % chge	Man. CPI % chge	Man. Population '000s	Man. Residential Customers '000s	Cdn. Real GDP % chge	Cdn. CPI % chge	Cdn 90 Day T-Bill Rate %	Cdn LT Bond 10 Yr+ Rate %	C\$/US\$
1989	2.7	4.7	1,104	385	2.4	5.1	12.05	9.73	1.18
1990	2.7	4.5	1,105	387	0.1	4.8	12.81	10.73	1.17
1991	-3.4	5.1	1,110	389	-2.1	5.6	8.73	9.57	1.15
1992	0.8	1.4	1,113	391	0.9	1.4	6.58	8.37	1.21
1993	0.4	2.7	1,118	394	2.6	1.9	4.84	7.54	1.29
1994	3.6	1.4	1,123	396	4.6	0.1	5.78	8.56	1.37
1995	0.3	2.7	1,129	398	2.7	2.2	6.89	8.24	1.37
1996	3.0	2.2	1,134	400	1.7	1.5	4.21	7.48	1.36
1997	4.1	2.0	1,136	403	4.3	1.7	3.26	6.39	1.38
1998	4.4	1.3	1,137	405	4.1	1.0	4.73	5.44	1.48
1999	1.4	2.0	1,142	408	5.0	1.8	4.72	5.64	1.49
2000	4.3	2.5	1,147	410	5.1	2.7	5.49	5.80	1.49
2001	1.0	2.7	1,151	412	1.7	2.5	3.77	5.63	1.55
2002	1.6	1.5	1,157	415	2.8	2.2	2.59	5.25	1.57
2003	1.3	1.8	1,164	418	1.9	2.8	2.87	5.09	1.40
2004	2.3	2.0	1,173	421	3.1	1.8	2.22	4.87	1.30
2005	2.7	2.7	1,178	425	3.2	2.2	2.73	4.16	1.21
2006	3.7	2.0	1,184	429	2.6	2.0	4.03	4.13	1.13
2007	2.9	2.0	1,189	433	2.0	2.2	4.15	4.29	1.07
2008	3.8	2.3	1,198	439	1.2	2.3	2.39	3.84	1.07
2009	-0.2	0.6	1,209	443	-2.7	0.3	0.35	3.77	1.14
2010	2.6	0.8	1,221	447	3.4	1.8	0.56	3.55	1.03
2011	1.7	3.0	1,234	452	2.5	2.9	0.93	3.09	0.99
2012	2.6	1.6	1,250	458	1.7	1.5	0.96	2.25	1.00
2013	2.4	2.2	1,265	464	2.0	0.9	0.96	2.58	1.03
<b>Forecast</b>									
2014	2.1	1.8	1,279	469	2.3	1.5	0.95	3.05	1.11
2015	2.4	1.9	1,295	475	2.5	1.9	1.30	3.65	1.09
2016	2.7	1.9	1,313	481	2.6	2.0	2.50	4.00	1.07
2017	2.7	2.0	1,330	488	2.5	2.1	3.25	4.20	1.08
2018	2.2	2.0	1,347	494	2.4	2.0	3.70	4.45	1.09
2019	1.8	2.0	1,364	500	2.4	2.0	4.05	4.75	1.08
2020	1.6	2.1	1,381	506	1.9	2.0	4.05	5.00	1.09
2021	1.6	2.1	1,396	512	1.9	2.0	4.05	5.00	1.09
2022	1.6	2.1	1,411	517	1.9	2.0	4.05	5.00	1.09
2023	1.6	2.1	1,425	523	1.9	2.0	4.05	5.00	1.09
2024	1.6	2.1	1,438	527	1.9	2.0	4.05	5.00	1.09
2025	1.6	2.1	1,451	532	1.9	2.0	4.05	5.00	1.09
2026	1.6	2.1	1,463	537	1.9	2.0	4.05	5.00	1.09
2027	1.6	2.1	1,475	541	1.9	2.0	4.05	5.00	1.09
2028	1.6	2.1	1,486	545	1.9	2.0	4.05	5.00	1.09
2029	1.6	2.1	1,497	549	1.9	2.0	4.05	5.00	1.09
2030	1.6	2.1	1,507	553	1.9	2.0	4.05	5.00	1.09
2031	1.6	2.1	1,518	557	1.9	2.0	4.05	5.00	1.09
2032	1.6	2.1	1,529	561	1.9	2.0	4.05	5.00	1.09
2033	1.6	2.1	1,539	565	1.9	2.0	4.05	5.00	1.09
2034	1.6	2.1	1,550	568	1.9	2.0	4.05	5.00	1.09
2035	1.6	2.1	1,560	572	1.9	2.0	4.05	5.00	1.09







## Spring 2015 Projections

### MANITOBA / CANADA ECONOMIC STATISTICS

Year	Man. Real GDP % chge	Man. CPI % chge	Man. Real Disposable Income % chge	Man. Population '000s	Man. Residential Customers '000s	Cdn. Real GDP % chge	Cdn. CPI % chge	Cdn 90 Day T-Bill Rate %	Cdn LT Bond 10 Yr+ Rate %	C\$/US\$
1990/91	1.2	5.0	-0.1	1,106	387	-1.1	5.0	12.07	10.59	1.16
1991/92	-2.4	3.8	-2.3	1,110	389	-1.1	4.4	8.03	9.29	1.15
1992/93	0.7	1.9	-0.3	1,114	391	1.1	1.6	6.25	8.18	1.23
1993/94	1.2	2.4	-0.1	1,119	394	3.1	1.5	4.46	7.39	1.31
1994/95	2.8	1.6	0.0	1,125	396	4.8	0.4	6.46	8.95	1.38
1995/96	0.9	2.5	-0.6	1,130	398	1.7	2.1	6.17	7.93	1.36
1996/97	3.2	2.5	-1.2	1,135	400	2.5	1.7	3.67	7.28	1.36
1997/98	4.2	1.5	-0.2	1,136	404	4.6	1.4	3.63	6.06	1.40
1998/99	3.6	1.5	2.6	1,139	405	3.9	0.9	4.81	5.35	1.50
1999/00	2.1	2.2	2.9	1,144	408	5.3	2.2	4.82	5.69	1.47
2000/01	3.4	2.5	1.1	1,148	411	4.5	2.7	5.42	5.66	1.50
2001/02	1.2	2.1	1.9	1,153	413	1.5	2.2	3.09	5.91	1.57
2002/03	1.5	2.3	1.5	1,158	415	2.9	3.0	2.79	5.41	1.55
2003/04	1.5	0.9	2.2	1,166	419	1.7	1.9	2.67	4.97	1.35
2004/05	2.4	2.7	1.8	1,174	422	3.5	2.2	2.31	4.81	1.28
2005/06	3.0	2.4	1.5	1,180	426	3.3	2.3	3.02	4.17	1.19
2006/07	3.5	2.0	4.3	1,185	430	2.0	1.9	4.16	4.23	1.14
2007/08	3.1	1.9	4.3	1,191	434	2.1	2.1	3.83	4.24	1.03
2008/09	2.8	2.2	2.8	1,200	440	0.2	2.2	1.84	3.66	1.13
2009/10	0.5	0.6	1.5	1,212	444	-1.6	0.4	0.22	3.89	1.09
2010/11	2.4	1.0	1.9	1,224	448	3.6	2.0	0.78	3.48	1.02
2011/12	1.9	2.8	1.8	1,238	453	2.8	2.8	0.91	2.83	0.99
2012/13	2.5	1.6	3.6	1,254	459	1.7	1.2	0.97	2.18	1.00
2013/14	2.3	2.4	1.2	1,269	465	2.1	1.1	0.94	2.70	1.05
2014/15	2.1	1.5	1.8	1,286	471	2.4	1.8	0.85	2.27	1.14
<b>Forecast</b>										
2015/16	2.5	1.2	2.7	1,302	477	2.1	1.3	0.70	2.15	1.27
2016/17	2.5	2.2	2.1	1,318	483	2.2	2.2	1.25	2.90	1.23
2017/18	2.2	2.0	2.1	1,335	490	2.3	2.0	2.75	4.00	1.16
2018/19	1.8	2.0	1.6	1,352	496	2.2	2.0	3.25	4.20	1.15
2019/20	1.8	2.0	1.6	1,368	502	2.2	2.0	3.50	4.35	1.14
2020/21	1.8	2.0	1.9	1,384	507	2.0	2.0	3.55	4.45	1.13
2021/22	1.8	2.1	2.0	1,401	513	1.9	2.0	3.60	4.60	1.13
2022/23	1.8	2.1	2.0	1,417	520	1.9	2.0	3.60	4.60	1.13
2023/24	1.8	2.1	2.0	1,434	526	1.9	2.0	3.60	4.60	1.13
2024/25	1.8	2.1	2.0	1,450	532	1.9	2.0	3.60	4.60	1.13
2025/26	1.8	2.1	2.0	1,467	538	1.9	2.0	3.60	4.60	1.13
2026/27	1.8	2.1	2.0	1,483	544	1.9	2.0	3.60	4.60	1.13
2027/28	1.8	2.1	2.0	1,499	550	1.9	2.0	3.60	4.60	1.13
2028/29	1.8	2.1	2.0	1,515	556	1.9	2.0	3.60	4.60	1.13
2029/30	1.8	2.1	2.0	1,531	561	1.9	2.0	3.60	4.60	1.13
2030/31	1.8	2.1	2.0	1,547	567	1.9	2.0	3.60	4.60	1.13
2031/32	1.8	2.1	2.0	1,562	573	1.9	2.0	3.60	4.60	1.13
2032/33	1.8	2.1	2.0	1,577	578	1.9	2.0	3.60	4.60	1.13
2033/34	1.8	2.1	2.0	1,593	584	1.9	2.0	3.60	4.60	1.13
2034/35	1.8	2.1	2.0	1,608	589	1.9	2.0	3.60	4.60	1.13
2035/36	1.8	2.1	2.0	1,622	595	1.9	2.0	3.60	4.60	1.13

<b>Section:</b>	Tab 4	<b>Page No.:</b>	Appendix 4.1
<b>Topic:</b>	Natural Gas Volume Forecast		
<b>Subtopic:</b>			
<b>Issue:</b>	2015 Natural Gas Volume Forecast update		

**PREAMBLE TO IR (IF ANY):**

The Natural Gas Volume Forecast is updated each June. It is requested in a separate IR.

**QUESTION:**

Please identify and explain any changes in the forecasting methodologies between the 2014 and 2015 Natural Gas Volume Forecasts.

**RATIONALE FOR QUESTION:**

The Natural Gas Volume Forecast is updated each June. The 2015 Forecast should be available for consideration in this proceeding.

**RESPONSE:**

The forecast methodology did not change between the 2014 and 2015 Natural Gas Volume Forecasts.

<b>Section:</b>	Tab 4	<b>Page No.:</b>	4
<b>Topic:</b>	Natural Gas Volume Forecast		
<b>Subtopic:</b>			
<b>Issue:</b>	Power Stations volume forecast		

**PREAMBLE TO IR (IF ANY):**

Power Stations and Special Contract volumes are forecasted using the historical three year average volume. The Power Stations are not expected to use significant volumes, except for predictable maintenance requirements, except in years when Manitoba Hydro must generate electricity from its thermal plants in low water years.

**QUESTION:**

Please explain whether consideration of Manitoba Hydro's expected water flows in the first year of the Volume Forecast could provide a more accurate forecast of Power Station consumption.

**RATIONALE FOR QUESTION:**

A more accurate volume forecast for Power Station customers may be possible when considering Manitoba Hydro's expected water flows. For example, when high water flows are expected, the Power Station customers are not expected to increase their consumption above their base maintenance requirements. When drought conditions are expected, significant usage by the Power Station customers is expected.

**RESPONSE:**

Under a scenario of extremely low inflows and below normal storage conditions, the expected water flows in the first year of the Natural Gas Volume Forecast may result in higher natural gas consumption than the 3-year average. However, the combination of these system conditions is not a common occurrence; therefore Centra uses the average consumption from previous three years for forecasting short term energy requirements.

<b>Section:</b>	Tab 4	<b>Page No.:</b>	Appendix 4.1 Table 25,26
<b>Topic:</b>	Natural Gas Volume Forecast		
<b>Subtopic:</b>	FRPGS Customer Forecast		
<b>Issue:</b>	Change in FRPGS customer forecast from 2013 GRA		

**PREAMBLE TO IR (IF ANY):**

In the 2013 GRA, Centra forecasted 1,351 FRPGS customers by 2016/17 and 1,813 by 2021/22. In the 2014 Forecast, Centra is now forecasting 286 customers by 2016/17 and 187 by 2021/22.

**QUESTION:**

- a) Please explain the reasons for the downward revisions in customer numbers and volumes compared to the 2012 Natural Gas Volume Forecast presented at the 2013 GRA.
- b) Please provide a schedule comparing the forecasts from the 2013/14 GRA with the current forecast for both customer numbers and volumes.

**RATIONALE FOR QUESTION:**

To understand the reasons for a significant change in the Volume Forecast.

**RESPONSE:**

- a) FRPGS provides customers with the opportunity to contract with Centra for a fixed Primary Gas rate for a contract period of either one, three or five years. Centra does not attempt to influence a customer's decision and is indifferent to which product a customer chooses, including the default product.

Centra reviews and revises its methodology and assumptions on an annual basis regarding the forecast of FRPGS customers. The downward revision in the 2014 forecast is initially based on the knowledge gained from the historical participation in FRPGS, the expected number of customers renewing a new term once their contract expires and also

reflects current market conditions as referenced in Centra’s response to JEMLP-Centra I-3.

- b) The following table compares customer and volume forecasts under the 2012 Natural Gas Volume Forecast with the current 2014 Natural Gas Volume Forecast.

**FRPGS Customer Forecast**

Fiscal Year	2012 Forecast		2014 Forecast	
	Customers	Volume (m3)	Customers	Volume (m3)
2014/15	842	11,327,911	266	1,799,833
2015/16	1,129	14,757,716	295	2,042,147
2016/17	1,351	17,096,202	286	2,189,112
2017/18	1,488	18,506,165	277	2,423,838
2018/19	1,608	20,119,633	241	1,982,799
2019/20	1,704	21,359,224	175	1,362,722
2020/21	1,772	22,005,149	181	1,302,501
2021/22	1,814	22,339,107	187	1,258,502
2022/23			191	1,255,719
2023/24			192	1,204,333

<b>Section:</b>	Tab 4	<b>Page No.:</b>	Appendix 4.1
<b>Topic:</b>	Natural Gas Volume Forecast		
<b>Subtopic:</b>	Customer Forecasting Methodology		
<b>Issue:</b>	Response to Order 85/13 Directive 18		

**PREAMBLE TO IR (IF ANY):**

Centra made changes to the customer numbers forecasting methodology in the 2012 Natural Gas Volume Forecast. These changes were reviewed at the 2013/14 GRA and were the subject of Directive 18 from Order 85/13.

**QUESTION:**

- a) Please file Centra’s April 1, 2014 response to Order 85/13 Directive 18.
- b) Please update the testing results provided in the April 1, 2014 response to include the actual results from 2013/14 and 2014/15 by completing the following table:

Residential Customer Number Forecasts Versus Actuals

Year of Forecast	Forecasted Year	Actual Customer Numbers	2010 Methodology		2012 Methodology	
			Forecasted Customer Numbers	Percent Difference	Forecasted Customer Numbers	Percent Difference
2011	2011/12	242,812	243,205	0.16%	243,072	0.11%
2011	2012/13	244,767	245,547	0.32%	245,290	0.21%
2012	2012/13	244,767	245,269	0.21%	244,927	0.07%
2012	2013/14					
2013	2013/14					
2013	2014/15					

**RATIONALE FOR QUESTION:**

To review the Directive response to ensure that it complies with the Board’s direction. To update the Directive response for a more fulsome review of the change.

**RESPONSE:**

Response to a)

Centra’s response to Directive 18 of Order 85/13, filed with the PUB on April 1, 2014, is attached.

Response to b)

The following table presents the actual number of residential customers in 2013/14 and 2014/15, along with the comparison between the forecasts produced in 2012 and 2013 versus what these customer forecasts would have been, under the 2010 methodology.

Please note the figures for 2012/13 were reversed in the question between the 2010 methodology and the 2012 methodology. These figures have been corrected in the following table.

Year of Forecast	Forecasted Year	Actual Customer Numbers	2010 Methodology		2012 Methodology	
			Forecasted Customer Numbers	Percent Difference	Forecasted Customer Numbers	Percent Difference
2011	2011/12	242,812	243,205	0.16%	243,072	0.11%
2011	2012/13	244,767	245,290	0.21%	245,547	0.32%
2012	2012/13	244,767	244,927	0.07%	245,269	0.21%
2012	2013/14	247,010	247,040	0.01%	248,070	0.43%
2013	2013/14	247,010	246,567	-0.18%	247,025	0.01%
2013	2014/15	249,313	248,366	-0.38%	249,314	0.00%



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April 1, 2014

THE PUBLIC UTILITIES BOARD OF MANITOBA  
400-330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4

ATTENTION: Mr. H. M. Singh, Board Secretary and Executive Director

Dear Mr. Singh:

**RE: Directive 18 of Order 85/13- Retrospective evaluation of revised customer number forecasting methodology**

On July 26, 2013, the Public Utilities Board of Manitoba (“PUB”) issued Order 85/13, with respect to Centra Gas Manitoba Inc.’s (“Centra”) 2013/14 General Rate Application. Directive 18 of Order 85/13 directs Centra as follows:

*That Centra file with the Board, at or before the next Cost of Gas or General Rate Application, a retrospective evaluation of its revised customer number forecasting methodology to determine whether the revised customer number forecasting methodology is an improvement over the existing one.*

The attached submission constitutes Centra’s response to this directive. Centra is requesting the PUB’s confirmation that Directive 18 of Order 85/13 has now been satisfied. Should you have any questions regarding this submission, please contact the writer at 204-360-3257 or Shannon Gregorashuk at 204-360-4270.

Yours truly,

**MANITOBA HYDRO LAW DIVISION**

Per:

A handwritten signature in blue ink, appearing to read 'Brent A. Czarnecki'.

Brent A. Czarnecki  
Barrister & Solicitor



## Centra Gas Manitoba Inc.

### Response to Directive 18 of Public Utilities Board Order 85/13 Retrospective Evaluation of Revised Customer Number Forecasting Methodology

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On July 26, 2013, the Public Utilities Board of Manitoba (PUB) issued Order 85/13, with respect to Centra Gas Manitoba Inc.'s (Centra) 2013/14 General Rate Application. Directive 18 of Order 85/13 directs Centra to file with the PUB a retrospective evaluation of Centra's revised customer number forecasting methodology to determine whether the revised methodology is an improvement over the existing one.

The analysis below constitutes Centra's response to Directive 18.

#### **Introduction**

In 2011, Centra made changes to its methodology for estimating the numbers of residential and commercial customers in the Small General Service (SGS) and Large General Service (LGS) classes. With respect to SGS Residential, Centra now links the number of residential customers to the number of new customers estimated by the Manitoba Hydro electric load forecast to better align the natural gas and electric forecasts. With respect to SGS Commercial and LGS, the methodology has been simplified so that the numbers of customers are now estimated by a simple straight line trend.

#### **Results of Analysis for SGS Residential**

A determination of whether the revised customer number forecasting methodology is an improvement over the previous methodology can be made from a functional perspective. Functionally, an improvement might be whether a forecasting technique allows different inputs to influence the result. If the input effects can be modeled, then the effect of the changes to the inputs can be evaluated.

Centra made functional improvements to the SGS Residential customer forecast in 2011. The 2010 forecast was based on an econometric model that had only two inputs :

1. The change in the Number of Standard Residential Electric Customers.
2. The ratio of the Price of Electricity to the Price of Natural Gas.

The change was made to allow Centra's SGS Residential customers to be forecast along with Manitoba Hydro's Residential customers, and was done as part of the integration of the Electric Residential End Use Model with the Natural Gas Residential End Use Model. The new inputs as a result of the change include:

1. The Number of existing Manitoba Hydro Residential Customers, broken down by dwelling type (Single Detached, Multi-family Attached, Individually-Metered Apartments), with Single Detached further broken down by area (Winnipeg, Gas Available Areas Outside of Winnipeg, and Gas Unavailable Areas). Each of these classifications were then broken down by heat fuel (Gas Heat Billed, Electric Heat Billed, and Other Heat).

2. The percentage of newly constructed single detached dwellings installing electric heat in Winnipeg, and the percentage in Gas Available areas outside Winnipeg.
3. The change of the ratio of the Price of Gas to the Price of Electricity.

The inputs were determined from the 2009 Residential Survey. The integration between the electric and gas customer forecasts allows the effects of fuel switching to be estimated to the required level of detail (dwelling type and area).

Below is a comparison of fiscal year end customers for the forecasting methodologies.

The actual number of SGS Residential customers for the fiscal year ending March 2012 was 242,812. The 2011 Forecast for the fiscal year ending March 2012 was 243,072 customers, compared to 243,205 had Centra used the previous method.

The actual number of SGS Residential customers for the fiscal year ending March 2013 was 244,767. The 2011 Forecast for the fiscal year ending March 2013 was 245,547 customers, compared to 245,290 had Centra used the previous method. The 2012 Forecast for the fiscal year ending March 2013 was 245,269 customers, compared to 244,927 had Centra used the previous method.

The differences for the three forecast years, when comparing to the forecast that would have been obtained using the previous methodology, are relatively insignificant. These differences amount to -0.05%, 0.10% and 0.14%, respectively. This amount of difference would have the same respective percentage effect on the short term total volume of gas forecast in the SGS Residential sector.

As noted, Centra has made functional improvements to the methodology. It now considers the growth of new single detached homes in Winnipeg which are primarily natural gas, and conversions to natural gas from other heat (oil, wood) as well as conversions between electric heat and natural gas. The previous method did not consider these effects and was a less functional model in this respect.

### **Results of Analysis for SGS Commercial and LGS**

Centra also made changes to the combined SGS Commercial and LGS customer forecast methodology in 2011. Formerly, an econometric equation was used to forecast the combined number of SGS Commercial and LGS customers.

In 2011, Centra observed that the estimated value of the Annual Percentage Change in Price of Electricity/Price of Natural Gas (CPENG) coefficient had the opposite sign to what is expected for this variable. The value in 2011 was -288.8, meaning that if the ratio of the price of electricity to the price of natural gas went up 10%, then there would be 29 fewer natural gas customers. This was not the logical effect expected and the variable was removed starting with the 2011 Forecast. The R2 for the fit of the model was 16.7% and the t-statistic for CPENG was -1.19 indicating that the estimated value is not significantly different from zero. In light of the parameters having been found to be only marginally significant, the model was simplified to be a simple linear trend line.

Inclusion of the CPENG variable in the 2011 and 2012 Forecasts would have had very little effect. With respect to the 2011 Forecast, the effect would have been 5 additional customers for fiscal year ending March 2012 and 9 additional customers for fiscal year ending March 2013 had Centra used the previous method. With respect to the 2012 Forecast, the effect would have been 4 fewer customers for fiscal year ending March 2013 had Centra used the previous method.

### **Conclusion**

As indicated above, Centra has modified the methodology for estimating the number of SGS Residential customers to align with the methodology used by Manitoba Hydro, and has simplified the methodology for estimating the number of SGS Commercial and LGS customers to be a simple linear trend line.

Centra made functional improvements to the SGS Residential customer forecast, and considers the current methodology more robust and better in explaining the growth of Residential natural gas customers. As well, Centra simplified its methodology for estimating the number of SGS Commercial and LGS customers by removing a parameter that has been found to be only marginally significant. The methodology is now based on a simple linear trend.

<b>Section:</b>	Tab 4	<b>Page No.:</b>	Appendix 4.1
<b>Topic:</b>	Natural Gas Volume Forecast		
<b>Subtopic:</b>	Customer Forecasting Methodology		
<b>Issue:</b>	Changes to Methodology		

**PREAMBLE TO IR (IF ANY):**

Centra made changes to the customer numbers forecasting methodology in the 2014 Natural Gas Volume Forecast compared to the 2012 Forecast.

**QUESTION:**

Please conduct similar retrospective testing of the change in customer number forecasts as was required for Order 85/13 Directive 18, but considering the change in Residential forecasting methodology between the 2012 and 2014 Natural Gas Volume Forecasts. Please complete the following table:

Residential Customer Number Forecasts Versus Actuals

Year of Forecast	Forecasted Year	Actual Customer Numbers	2012 Methodology		2014 Methodology	
			Forecasted Customer Numbers	Percent Difference	Forecasted Customer Numbers	Percent Difference
2012	2012/13	244,767				
2012	2013/14					
2013	2013/14					
2013	2014/15					
2014	2014/15					

**RATIONALE FOR QUESTION:**

To review further changes made by Centra to its forecasting methodology by applying the same retrospective testing as previously directed in Order 85/13.

**RESPONSE:**

The methodology employed for the number of customers in SGS Residential class remained the same between the 2012 Natural Gas Volume Forecast and the 2014 Natural Gas Volume Forecast. The differences between the forecasts is attributable to changes in the model inputs, such as additional years of historical data and updated economic forecast assumptions.

<b>Section:</b>	Tab 4	<b>Page No.:</b>	Appendix 4.1
<b>Topic:</b>	Natural Gas Volume Forecast		
<b>Subtopic:</b>	Forecasting Methodology		
<b>Issue:</b>	Methodology and inputs		

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

- a) Please identify and explain any changes in the 2014 Natural Gas Volume Forecast forecasting methodologies since the 2012 Natural Gas Volume Forecast.
- b) Please give Centra's view regarding the reliability of a 2009 customer survey, the data from which Centra has adjusted to agree with its customer billing system, as a significant input into the residential customer forecast.
- c) Please provide tables of appliance saturations and average use for 2013/14 and 2014/15 in a similar format to PUB/Centra I-61 from the 2013 GRA.
- d) Please explain why Centra changed the customer number forecasting methodology for SGS Commercial and LGS customers after changing it for the 2012 volume forecast.
- e) Please explain or provide a schedule showing how the percentage of SGS residential customers choosing gas heat was determined for Winnipeg and gas-available areas outside of Winnipeg.
- f) Centra forecasts SGS Commercial customers to increase from 67.8% of the combined SGS Commercial-LGS customer group to 72.3% by 2023/24 due to ongoing efficiency improvements that result in LGS customers migrating to the SGS Commercial class. Please explain how the percentages are forecasted.

- g) Please explain why Centra does not forecast any growth to either customer numbers or volumes for the Top Consumers after the 3rd year of the forecast.

**RATIONALE FOR QUESTION:**

To understand changes in the natural gas volume forecast and to assess the inputs into the forecast.

**RESPONSE:**

- a) The 2014 Natural Gas Volume Forecast of SGS Commercial and LGS customers is modeled using the forecast of General Service Mass Market customers from the 2014 Electric Load Forecast. This incorporates the econometrically determined forecast growth of customers from the Electric Load Forecast and replaces the trend method used in 2012 Natural Gas Volume Forecast, which resulted in a neutral effect to the forecast.

The other methodologies used in the 2014 Natural Gas Volume Forecast are the same as those used in the preparation of the 2012 forecast.

- b) The 2009 Residential Energy Use Survey provides reasonable inputs from which to base the 2014 Natural Gas Volume Forecast. The residential survey data, collected approximately every 5 years, provides existing saturations, age information, failure rates and saturations of new appliances by appliance type by dwelling type within gas available areas of the province. Applying this information to determine annual failures, conversions and new appliances by appliance type produces reasonable estimates for the years after the survey. The 2009 survey saturations brought forward in this way provides very good estimates of the numbers of total appliances in Manitoba. This has been confirmed with preliminary findings of the 2014 Residential Energy Use Survey, that have been found to be consistent with the equipment saturations assumed under the 2014 Natural Gas Volume Forecast. The 2014 Residential Energy Use Survey report is expected to be released in the fall of 2015.

- c) The following tables present the 2014 Forecast appliance saturations and average use for 2013/14 and 2014/15.

		2013/14			
Efficiency	End Use	Saturation (%)	Number of Appliances	Average Use (m <sup>3</sup> )	Volume (10 <sup>3</sup> m <sup>3</sup> )
Low (60%)	Existing Furnace (Single)	13.1%	32,162	2,587	83,203
Mid (82%)	Existing Furnace (Single)	24.1%	59,189	1,940	114,827
Hi (92%)	Existing Furnace (Single)	44.6%	109,745	1,687	185,140
Low (60%)	Existing Furnace (Multi)	1.9%	4,640	1,824	8,464
Mid (82%)	Existing Furnace (Multi)	2.8%	6,891	1,368	9,427
Hi (92%)	Existing Furnace (Multi)	4.4%	10,932	1,190	13,009
Hi (92%)	New Furnace (Single)	0.9%	2,167	1,849	4,007
	Boiler	3.7%	9,043	3,608	32,628
	Water Heater	68.6%	168,575	494	83,204
	Miscellaneous			158	38,790
	<b>Total Gas Residential</b>		<b>245,865</b>	<b>2,329</b>	<b>572,699</b>

		2014/15			
Efficiency	End Use	Saturation (%)	Number of Appliances	Average Use (m <sup>3</sup> )	Volume (10 <sup>3</sup> m <sup>3</sup> )
Low (60%)	Existing Furnace (Single)	11.4%	28,340	2,587	73,315
Mid (82%)	Existing Furnace (Single)	22.6%	55,994	1,940	108,629
Hi (92%)	Existing Furnace (Single)	47.0%	116,560	1,687	196,637
Low (60%)	Existing Furnace (Multi)	1.6%	4,071	1,824	7,425
Mid (82%)	Existing Furnace (Multi)	2.7%	6,583	1,368	9,005
Hi (92%)	Existing Furnace (Multi)	4.8%	11,787	1,190	14,027
Hi (92%)	New Furnace (Single)	0.9%	2,337	1,849	4,320
	Boiler	3.6%	9,034	3,608	32,595
	Water Heater	66.7%	165,426	494	81,648
	Miscellaneous			145	36,026
	<b>Total Gas Residential</b>		<b>248,133</b>	<b>2,271</b>	<b>563,628</b>

- d) Centra changed the methodology to add a relation between the forecast of customers for the SGS Commercial and LGS Commercial natural gas sector and the Manitoba Hydro electric load forecast of General Service Mass Market electric customers. Without this relationship, the gas customer forecast would not properly relate growth in the electric Commercial sector.

- e) The percentage of SGS residential customers choosing gas heat was determined for Winnipeg and gas-available areas outside of Winnipeg using econometric models. These were developed for Manitoba Hydro's Electric Load Forecast to forecast the number of



electric space heating systems in new single detached and multi attached dwellings in Winnipeg and South Gas regions. The remaining (non-electric heated) new dwellings were forecast to be heated with natural gas.

- f) The SGS Commercial and LGS groups are forecast together as a combined group for both customers and volumes. The SGS Commercial and LGS groups are limited to certain volume limits, with SGS Commercial being less than 15,000 m<sup>3</sup> and LGS being between 15,000 m<sup>3</sup> and 680,000 m<sup>3</sup>. When a customer decreases its load below a boundary, it moves out of one group and into another. Customers larger than 680,000 leave LGS and become Top Consumers. As a result, the average use of the groups remains fairly constant. The SGS Commercial customer percentage out of the SGS Commercial – LGS group is determined as the percentage necessary to ensure that the combined group has the correct average use.
  
- g) Centra's Natural Gas Volume forecast is intended primarily for short term purposes. The amount of gas required for purchase is accurately needed for the next couple of years, and the forecast document concentrates on those details. Since the forecast is used for determining rates, the Top Consumers allocation into the High Volume Firm, Mainline Firm and Curtailable groups are very important. It is not known in advance which customers may switch from one group to another. Short term volume changes are incorporated, but longer term volume forecasts are not produced in order not to influence the allocation of costs between the groups.

<b>Section:</b>	Tab 5	<b>Page No.:</b>	Schedule 5.5.1
<b>Topic:</b>	Cost Allocation and Rate Design		
<b>Subtopic:</b>	Proposed Rate Riders		
<b>Issue:</b>	Calculation of Rate Riders		

**PREAMBLE TO IR (IF ANY):**

Migrations of customers between customer classes and service types affect the volumes and billing determinants used to calculate the Supplemental Gas rate riders.

**QUESTION:**

Please show calculations of the billing determinants for Supplement Gas on lines 20 and 34 reflecting the migration of customers from Interruptible service to firm service and from Sales service to T-Service.

**RATIONALE FOR QUESTION:**

To show the migration of customers and how this affects the rate rider calculations.

**RESPONSE:**

The table below provides the derivation of the billing determinant used in the calculation of the Supplemental Rate Rider (Schedule 5.5.1, line 34) to recover the remaining 50% Supplemental PGVA balance accumulated during the 2013/14 winter and deferred in Order 123/14. The 2015/16 Load Forecast (Schedule 4.4.4) reflects the migration of customers that occurred in 2014. To align the anticipated recovery of that rate rider with its determination, Centra reversed the migration as shown in the table.

No adjustments to the 2015/16 load forecast were necessary for the determination of the 2014/15 Supplemental Rate Rider (Schedule 5.5.1, line 20) as Centra has proposed that the rate treatment be applied only to the material Supplemental PGVA that accumulated during the 2013/14 winter.

$10^3 M^3$	2015/16 Load Forecast <u>Sch 4.4.4</u>	Migration <u>May 1/14</u>	Migration <u>Nov1/14</u>	2015/16 Load Forecast Adjusted <u>Sch 5.5.1, line 34</u>
SGS	659,089			659,089
LGS	511,015			511,015
HVF	166,698	(10,373)	(22,786)	133,539
Mainline	4,083		10,976	15,059
Interruptible	44,670	10,373	23,424	78,467
	1,385,555	-	11,614	1,397,169
HVF-T	45,257		(7,762)	37,495
MLF-T	124,981		(10,976)	114,005
INT-T	11,058		7,124	18,182
PS	14,212			14,212
SC	438,207			438,207
Total (T-service)	633,715	-	(11,614)	622,101
Total	2,019,270	-	-	2,019,270

Schedule 5.5.1

Billing Determinants	Suppl. Rider 2014/15		Suppl. Rider 2013/14	
Firm	1,340,885	line 20	1,318,702	line 34
Int	44,670	line 20	78,467	line 34

<b>Section:</b>	Tab 5, Appendix 7.5	<b>Page No.:</b>	1, PUB/Centra INT-6(c)
<b>Topic:</b>	Cost Allocation and Rate Design		
<b>Subtopic:</b>			
<b>Issue:</b>	Cost Allocation and Rate Design methodologies		

**PREAMBLE TO IR (IF ANY):****QUESTION:**

- a) Please identify and summarize any changes made to the Cost Allocation and Rate Design Methodologies since the 2013/14 GRA.

**RATIONALE FOR QUESTION:**

To explore the cost allocation methodology and understand the allocation of costs between customer classes.

**RESPONSE:**

- a) The methodology for Cost Allocation and Rate Design is largely unchanged since the last GRA. As discussed in Tab 5 (Page 15) of the Application, Centra is proposing to continue the current Rate Design treatment to exempt Interruptible customers who elected firm service after the run-up in the firm Supplemental PGVA during the 2013/14 winter. Similarly, customers who elect T-Service will be obligated to contribute to the recovery of the 2013/14 Supplemental PGVA and those who may be T-Service and elect system supply or WTS will continue to be exempt.

<b>Section:</b>	Tab 5	<b>Page No.:</b>	Schedule 5.2.0
<b>Topic:</b>	Cost Allocation and Rate Design		
<b>Subtopic:</b>	UFG		
<b>Issue:</b>	Amount of UFG cost allocated to customer classes		

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please explain the calculation of the functionalization and allocation of UFG costs according to the UFG allocator on Schedule 5.2.0 and reconcile with the forecast of UFG volumes of 0.9% as stated on page 61 of Tab 3.

**RATIONALE FOR QUESTION:**

To clarify the allocation of UFG costs to Centra’s customer classes.

**RESPONSE:**

Centra allocates forecast UFG costs according to the allocation weightings by customer class approved in Order 131/04 and shown in the following table:

	Total	SGS	LGS	HVF	Co-op	Mainline	Interruptible	Special	Power Stations
UFG %	100.00%	38.40%	27.50%	8.80%	0.00%	7.30%	9.70%	2.80%	5.50%

The \$2.18 million forecast of UFG costs on line 29 of Schedule 5.2.0, as a percentage of overall forecast annual purchased gas costs, cannot be compared to the 0.9% of overall annual gas purchases on a volumetric basis. The majority of UFG volumes are purchased during the winter months, when prices are forecast to be higher relative to the summer months, total forecast UFG costs, as a percentage of overall forecast purchased gas costs, will be higher than the 0.9% of overall purchases on a volumetric basis.

<b>Section:</b>	Tab 5	<b>Page No.:</b>	Schedule 5.4.6
<b>Topic:</b>	Cost Allocation and Rate Design		
<b>Subtopic:</b>	Rate Design		
<b>Issue:</b>	Allocation of Minell, TransGas, Many Islands Pipeline, and CTHI Costs		

**PREAMBLE TO IR (IF ANY):**

Centra allocates Minell Pipeline transportation costs to all customer classes and recovers these costs through the Distribution rate. Centra allocates TransGas, Many Islands Pipeline, and Centra Transmission Holdings Inc. transportation costs to Sales service customers and recovers these costs through the Transportation (to Customers) rate. Accordingly, T-service customers contribute to recovery of Minell costs but not TransGas, Many Islands Pipeline, or CTHI costs.

**QUESTION:**

Please explain the rationale for the different functionalization, classification, and allocation treatment where Minell Pipeline costs are recovered from all customers including T-service customers through the Distribution rate, while TransGas, Many Islands Pipeline, and CTHI costs are recovered through the Transportation rate.

**RATIONALE FOR QUESTION:**

To clarify the allocation of transportation costs to Centra's customer classes.

**RESPONSE:**

Minell Pipeline, acquired by Manitoba Hydro in 1999 in conjunction with the purchase of Centra, is a transmission line extending from Moosimin, Saskatchewan to Russell, Manitoba. Prior to 1999, both Minell and Centra were subsidiaries of Westcoast Energy Inc.

This transmission line is under National Energy Board regulation, due to its path crossing provincial boundaries between Saskatchewan and Manitoba. However, functionally, this line

is considered to be a downstream transmission line that connects to the Centra-owned transmission line to provide service to Roblin, Grandview, Gilbert Plains and Dauphin.

Centra is the only shipper on the Minell transmission line and operationally, Centra manages it as part of its transmission system. The cost allocation treatment is consistent with this view and was approved in Order 8/97.

The agreements in place with TransGas and Many Islands Pipeline (through SaskEnergy), and CTHI, are natural gas transportation contracts with third party pipelines for service upstream of the Centra system. These contracts and the related costs are similar in nature with other upstream agreements with TransCanada, Great Lakes Gas Transmission, and the ANR Pipeline. As such, the costs associated with those agreements are treated as gas supply costs, and are treated consistently for purposes of cost allocation.

<b>Section:</b>	Tab 5, Tab 6	<b>Page No.:</b>	Schedules 5.5.0, 5.5.1, 6.2.0
<b>Topic:</b>	Cost Allocation and Rate Design, Proposed Rates & Customer Impacts		
<b>Subtopic:</b>	Bill Impacts		
<b>Issue:</b>	Supplemental Gas PGVA Recovery Scenarios		

**PREAMBLE TO IR (IF ANY):**

Centra proposes rate riders and corresponding bill impacts to recover the remaining \$22 million of the Prior Period Supplemental Gas deferral account balance after October 31, 2015.

**QUESTION:**

Please re-file schedules 5.5.0, 5.5.1, and 6.2.0 for the following two scenarios:

- iii. recovery of 50% of the remaining Supplemental PGVA balance (i.e. approximately 25% of the original \$46 million balance), and
- iv. no further recovery of the remaining

**RATIONALE FOR QUESTION:**

To understand the impacts of a recovery of less than the amount requested by Centra.

**RESPONSE:**

The attached schedules provide the cost and bill impacts only related to the short term treatment of gas cost recoveries. These schedules do not reflect any impacts to customers of future general rate increases that may be required as a result of any associated reduction in Centra's financial reserves.

Schedule 5.5.0 is not impacted by the requested scenarios as the remaining 2013/14 Supplemental PGVA balance, given Centra's proposed rate treatment and its materiality, has not been included as a prior period deferral.









**Centra Gas Manitoba Inc.**  
**2015/16 Cost of Gas Application**  
**Annual Bill Impacts reflecting no recovery of the remaining Supplemental PGVA balance**

**PUB/Centra 69 (iv)**  
**Attachment**  
**August 21, 2015**

May 1, 2015 Billed Rates vs. November 1, 2015 Billed Rates												
1	2	3	4	5	6	7	8	9	10	11	12	13
14	15	16	17	18	19	20	21	22	23	24	25	26
27	28	29	30	31	32	33	34	35	36	37	38	39
40	41	42	43	44	45	46	47	48	49	50	51	52
53	54	55	56	57	58	59	60	61	62	63	64	65
66	67	68	69	70	71	72	73	74	75	76	77	78
79	80	81	82	83	84	85	86	87	88	89	90	91
92	93	94	95	96	97	98	99	100	101	102	103	104
105	106	107	108	109	110	111	112	113	114	115	116	117
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469	470	471	472	473	474	475	476	477	478	479	480	481
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495	496	497	498	499	500	501	502	503	504	505	506	507
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625	6											

<b>Section:</b>	Tab 6	<b>Page No.:</b>	1
<b>Topic:</b>	Proposed Rates and Customer Impacts		
<b>Subtopic:</b>	Fixed Rate Primary Gas Service		
<b>Issue:</b>	Rates, Enrolment, and Risk Thresholds		

**PREAMBLE TO IR (IF ANY):**

In Order 156/08, the Board stated: “Retrospectively, the Board will review Centra’s actions and pricing to ensure that the policies and procedures were followed – not just for hedging, but also for its entire fixed price offering program.”

**QUESTION:**

- a) Please provide a table showing FRPGS enrolment results for fiscal years 2012/13, 2013/14, 2014/15, and 2015/16 to date in a similar format to Appendix 13.3 from the 2013/14 GRA.
- b) Please provide a table showing the FRPGS enrolment period, flow date, fixed rates offered, and the corresponding quarterly rate in effect at the time of the offering for all offerings since the 2013/14 GRA.
- c) For each offering since the 2013/14 GRA, please provide schedules showing the detailed calculations of the FRPGS weighted average cost of gas including compressor fuel costs as well as the FRPGS billed rates including Self-insurance Risk Premiums. Please provide in a similar format to that of CAC/Centra I-29(e) from the 2013/14 GRA.
- d) Please provide an update of Centra’s position with respect to the FRPGS program review thresholds.

**RATIONALE FOR QUESTION:**

To demonstrate the calculations of rates in order to complete the required post facto review of the FRPGS offerings.

**RESPONSE:**

- a) The following table shows the FRPGS enrolment results for fiscal year 2012/13, 2013/14, 2014/15 and the 2015/16 to date.

**Centra Gas Manitoba Inc.  
2015/16 Cost of Gas Application  
FRPGS Enrolment Results for Fiscal 2012/13, 2013/14, 2014/15 & 2015/16 to date**

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**FISCAL 2012/13**

**Enrolment Period 12 - May 8 - June 12, 2012 (August 1, 2012 Flow)**

Contracts RECEIVED					Contracts for ACTIVATION						
Product	Res	SGS	Com	SGS LGS	Total	Product	Res	SGS	Com	SGS LGS	Total
1 year	1	0	0	0	1	1 year	1	0	0	0	1
3 year	2	1	0	0	3	3 year	1	1	0	0	2
5 year	8	0	0	0	8	5 year	4	0	0	0	4
<b>Total</b>	<b>11</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>Total</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>7</b>

**Enrolment Period 13 - August 8 - September 11, 2012 (November 1, 2012 Flow)**

Contracts RECEIVED					Contracts for ACTIVATION						
Product	Res	SGS	Com	SGS LGS	Total	Product	Res	SGS	Com	SGS LGS	Total
1 year	1	0	0	0	1	1 year	1	0	0	0	1
3 year	6	0	0	0	6	3 year	3	0	0	0	3
5 year	4	0	0	0	4	5 year	2	0	0	0	2
<b>Total</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>Total</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>

**Enrolment Period 14 - November 13 - December 14, 2012 (February 1, 2013 Flow)**

Contracts RECEIVED					Contracts for ACTIVATION						
Product	Res	SGS	Com	SGS LGS	Total	Product	Res	SGS	Com	SGS LGS	Total
1 year	0	0	0	0	0	1 year	0	0	0	0	0
3 year	2	0	0	0	2	3 year	1	0	0	0	1
5 year	5	0	0	0	5	5 year	3	0	0	0	3
<b>Total</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>Total</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>

**Enrolment Period 15 - February 8 - March 11, 2013 (May 1, 2013 Flow)**

Contracts RECEIVED					Contracts for ACTIVATION						
Product	Res	SGS	Com	SGS LGS	Total	Product	Res	SGS	Com	SGS LGS	Total
1 year	8	0	0	0	8	1 year	6	0	0	0	6
3 year	1	0	0	0	1	3 year	0	0	0	0	0
5 year	1	0	0	0	1	5 year	1	0	0	0	1
<b>Total</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>Total</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>

**FISCAL 2013/14**

**Enrolment Period 16 - May 7 - June 11, 2013 (August 1, 2013 Flow)**

Contracts RECEIVED					Contracts for ACTIVATION						
Product	Res	SGS	Com	SGS LGS	Total	Product	Res	SGS	Com	SGS LGS	Total
1 year	2	0	0	0	2	1 year	0	0	0	0	0
3 year	2	0	0	0	2	3 year	2	0	0	0	2
5 year	4	0	0	0	4	5 year	4	0	0	0	4
<b>Total</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>Total</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>

**Enrolment Period 17 - August 9 - September 10, 2013 (November 1, 2013 Flow)**

Contracts RECEIVED					Contracts for ACTIVATION						
Product	Res	SGS	Com	SGS LGS	Total	Product	Res	SGS	Com	SGS LGS	Total
1 year	3	0	0	0	3	1 year	0	0	0	0	0
3 year	1	0	0	0	1	3 year	0	0	0	0	0
5 year	3	0	0	0	3	5 year	2	0	0	0	2
<b>Total</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>Total</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>

**Enrolment Period 18 - November 12 - December 13, 2013 (February 1, 2014 Flow)**

Contracts RECEIVED					Contracts for ACTIVATION								
Product	Res	SGS	Com	SGS	LGS	Total	Product	Res	SGS	Com	SGS	LGS	Total
1 year	0	0	0	0	0	0	1 year	0	0	0	0	0	0
3 year	1	0	0	0	1		3 year	1	0	0	0	1	
5 year	0	0	0	0	0		5 year	0	0	0	0	0	
Total	1	0	0	0	1		Total	1	0	0	0	1	

**Enrolment Period 19 - February 10 - March 13, 2014 (May 1, 2014 Flow)**

Contracts RECEIVED					Contracts for ACTIVATION								
Product	Res	SGS	Com	SGS	LGS	Total	Product	Res	SGS	Com	SGS	LGS	Total
1 year	3	0	0	0	3		1 year	2	0	0	0	2	
3 year	10	0	0	0	10		3 year	7	0	0	0	7	
5 year	8	0	0	0	8		5 year	7	0	0	0	7	
Total	21	0	0	0	21		Total	16	0	0	0	16	

**FISCAL 2014/15**

**Enrolment Period 20 - May 9 - June 12, 2014 (August 1, 2014 Flow)**

Contracts RECEIVED					Contracts for ACTIVATION								
Product	Res	SGS	Com	SGS	LGS	Total	Product	Res	SGS	Com	SGS	LGS	Total
1 year	2	0	0	0	2		1 year	1	0	0	0	1	
3 year	10	0	0	0	10		3 year	8	0	0	0	8	
5 year	1	0	0	0	1		5 year	1	0	0	0	1	
Total	13	0	0	0	13		Total	10	0	0	0	10	

**Enrolment Period 21 - August 13 - September 12, 2014 (November 1, 2014 Flow)**

Contracts RECEIVED					Contracts for ACTIVATION								
Product	Res	SGS	Com	SGS	LGS	Total	Product	Res	SGS	Com	SGS	LGS	Total
1 year	1	0	0	0	1		1 year	1	0	0	0	1	
3 year	10	0	0	0	10		3 year	8	0	0	0	8	
5 year	6	0	1	1	7		5 year	4	0	1	1	5	
Total	17	0	1	1	18		Total	13	0	1	1	14	

**Enrolment Period 22 - November 13 - December 15, 2014 (February 1, 2015 Flow)**

Contracts RECEIVED					Contracts for ACTIVATION								
Product	Res	SGS	Com	SGS	LGS	Total	Product	Res	SGS	Com	SGS	LGS	Total
1 year	2	0	0	0	2		1 year	2	0	0	0	2	
3 year	2	0	0	0	2		3 year	2	0	0	0	2	
5 year	12	0	6	6	18		5 year	11	0	4	4	15	
Total	16	0	6	6	22		Total	15	0	4	4	19	

**Enrolment Period 23 - February 10 - March 12, 2015 (May 1, 2015 Flow)**

Contracts RECEIVED					Contracts for ACTIVATION								
Product	Res	SGS	Com	SGS	LGS	Total	Product	Res	SGS	Com	SGS	LGS	Total
1 year	1	0	0	0	1		1 year	1	0	0	0	1	
3 year	3	0	0	0	3		3 year	2	0	0	0	2	
5 year	3	0	0	0	3		5 year	3	0	0	0	3	
Total	7	0	0	0	7		Total	6	0	0	0	6	

**FISCAL 2015/16**

**Enrolment Period 24 - May 11 - June 12, 2015 (August 1, 2015 Flow)**

Contracts RECEIVED					Contracts for ACTIVATION								
Product	Res	SGS	Com	SGS	LGS	Total	Product	Res	SGS	Com	SGS	LGS	Total
1 year	1	0	0	0	1		1 year	1	0	0	0	1	
3 year	4	0	0	0	4		3 year	2	0	0	0	2	
5 year	1	0	0	0	1		5 year	1	0	0	0	1	
Total	6	0	0	0	6		Total	4	0	0	0	4	

- b) The following table shows the FRPGS enrolment period, flow date, fixed rates offered, and the corresponding quarterly rate in effect at the time of the offering for all offerings since the 2013/14 GRA.

FRPGS Enrolment Period & Flow Date	Centra Fixed Rate (\$/m <sup>3</sup> )	Centra Quarterly Rate (\$/m <sup>3</sup> )
May 7 - June 11, 2013 (August 1, 2013 flow)	1-Year \$0.1820 3-Year \$0.1838 5-Year \$0.1882	\$0.1157 (May 1 - July 31)
Aug. 9 - Sept. 10, 2013 (November 1, 2013 flow)	1-Year \$0.1669 3-Year \$0.1763 5-Year \$0.1837	\$0.1092 (Aug 1 - Oct 31)
Nov. 12 - Dec. 13, 2013 (February 1, 2014 flow)	1-Year \$0.1690 3-Year \$0.1743 5-Year \$0.1821	\$0.1142 (Nov 1 - Jan 31)
Feb. 10 - Mar. 13, 2014 (May 1, 2014 flow)	1-Year \$0.2020 3-Year \$0.1902 5-Year \$0.1910	\$0.1382 (Feb 1 - Apr 30)
May 9 - June 12, 2014 (August 1, 2014 flow)	1-Year \$0.2225 3-Year \$0.2094 5-Year \$0.2123	\$0.1567 (May 1 - July 31)
Aug. 13 - Sept. 12, 2014 (November 1, 2014 flow)	1-Year \$0.1862 3-Year \$0.1857 5-Year \$0.1898	\$0.1551 (Aug 1 - Oct 31)
Nov. 13 - Dec. 15, 2014 (February 1, 2015 flow)	1-Year \$0.1808 3-Year \$0.1841 5-Year \$0.1894	\$0.1665 (Nov 1 - Jan 31)
Feb. 10 - Mar 12, 2015 (May 1, 2015 flow)	1-Year \$0.1571 3-Year \$0.1690 5-Year \$0.1768	\$0.1252 (Feb 1 - Apr 30)
May 11 - June 12, 2015 (August 1, 2015 flow)	1-Year \$0.1481 3-Year \$0.1571 5-Year \$0.1641	\$0.1183 (May 1 - July 31)

- c) Please see the attachment to this response detailing the FRPGS billed rate calculations for offerings with initial contract flow dates from November 1, 2013 forward.
- d) Centra notes that the risk profile of existing FRPGS contracts is well within the program review thresholds. Up to and including FRPGS contracts with an initial flow



date August 1, 2015, the annualized forecast of FRPGS subscribed volumes equates to 0.10% of total annual forecast sales volumes, relative to a program review threshold of 2.5% and the program limit of 5.0%.

As at July 28, 2015, the cumulative settled risk margin position on self-insured FRPGS offerings is a \$73,000 gain and the unsettled forward mark-to-market risk margin position is a \$64,000 gain, relative to \$1 million risk margin loss program review thresholds for each.

**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**5-Year Fixed Rate**

**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**  
**For Gas Flow Effective November 1, 2013**

1 (based on forward market strip as at July 24, 2013 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Empress (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)
3	Nov-13	\$3.2550	\$3.2317	3,030,104	\$9,792,471	\$3.0137	1,618,519	\$4,877,752	3,030,104	17,006	\$54,959
4	Dec-13	\$3.3925	\$3.3645	4,991,992	\$16,795,745	\$3.0137	1,960,877	\$5,909,521	4,991,992	28,049	\$94,372
5	Jan-14	\$3.4375	\$3.4082	4,991,992	\$17,013,875	\$3.0137	2,729,992	\$8,227,413	4,991,992	28,058	\$95,627
6	Feb-14	\$3.4425	\$3.4155	4,508,896	\$15,399,957	\$3.0137	2,417,510	\$7,285,682	4,508,896	25,341	\$86,551
7	Mar-14	\$3.4100	\$3.3870	3,129,169	\$10,598,509	\$3.0137	72,647	\$218,936	3,129,169	17,568	\$59,504
8	Apr-14	\$3.3450	\$3.3466	3,361,142	\$11,248,372				3,361,142	18,878	\$63,177
9	May-14	\$3.3575	\$3.3575	1,856,801	\$6,234,275				1,856,801	10,423	\$34,995
10	Jun-14	\$3.3750	\$3.3707	1,062,611	\$3,581,765				1,062,611	5,960	\$20,089
11	Jul-14	\$3.3975	\$3.3900	917,760	\$3,111,171				917,760	5,150	\$17,457
12	Aug-14	\$3.4175	\$3.4104	994,216	\$3,390,711				994,216	5,579	\$19,029
13	Sep-14	\$3.4275	\$3.4242	1,378,780	\$4,721,266				1,378,780	7,742	\$26,509
14	Oct-14	\$3.4875	\$3.4906	3,174,920	\$11,082,463				3,174,920	17,825	\$62,220
15	Nov-14	\$3.6125	\$3.6592	3,030,104	\$11,087,840	\$3.3689	1,618,519	\$5,452,618	3,030,104	17,006	\$62,229
16	Dec-14	\$3.7175	\$3.7595	4,991,992	\$18,767,582	\$3.3689	1,960,877	\$6,605,987	4,991,992	28,049	\$105,452
17	Jan-15	\$3.7475	\$3.7882	4,991,992	\$18,910,832	\$3.3689	2,729,992	\$9,197,053	4,991,992	28,058	\$106,289
18	Feb-15	\$3.7275	\$3.7705	4,508,896	\$17,000,615	\$3.3689	2,417,510	\$8,144,335	4,508,896	25,341	\$95,547
19	Mar-15	\$3.6600	\$3.7070	3,129,169	\$11,599,842	\$3.3689	72,647	\$244,739	3,129,169	17,568	\$65,126
20	Apr-15	\$3.4200	\$3.4766	3,361,142	\$11,685,321				3,361,142	18,878	\$65,631
21	May-15	\$3.3900	\$3.4450	1,856,801	\$6,396,745				1,856,801	10,423	\$35,907
22	Jun-15	\$3.3775	\$3.4282	1,062,611	\$3,642,865				1,062,611	5,960	\$20,432
23	Jul-15	\$3.3850	\$3.4325	917,760	\$3,150,176				917,760	5,150	\$17,676
24	Aug-15	\$3.4225	\$3.4704	994,216	\$3,450,364				994,216	5,579	\$19,363
25	Sep-15	\$3.4325	\$3.4842	1,378,780	\$4,803,993				1,378,780	7,742	\$26,974
26	Oct-15	\$3.4550	\$3.5131	3,174,920	\$11,153,898				3,174,920	17,825	\$62,621
27	Nov-15	\$3.6600	\$3.7367	3,030,104	\$11,322,673	\$3.4743	1,618,519	\$5,623,284	3,030,104	17,006	\$63,547
28	Dec-15	\$3.7975	\$3.8695	4,991,992	\$18,316,701	\$3.4743	1,960,877	\$6,812,753	4,991,992	28,049	\$108,537
29	Jan-16	\$3.8775	\$3.9482	4,991,992	\$19,709,550	\$3.4743	2,729,992	\$9,484,919	4,991,992	28,058	\$110,779
30	Feb-16	\$3.8625	\$3.9355	4,508,896	\$17,744,582	\$3.4743	2,417,510	\$8,399,251	4,508,896	25,341	\$99,728
31	Mar-16	\$3.8050	\$3.8820	3,129,169	\$12,147,447	\$3.4743	72,647	\$252,399	3,129,169	17,568	\$68,200
32	Apr-16	\$3.4925	\$3.5691	3,361,142	\$11,996,226				3,361,142	18,878	\$67,377
33	May-16	\$3.4625	\$3.5375	1,856,801	\$6,568,500				1,856,801	10,423	\$36,871
34	Jun-16	\$3.4575	\$3.5282	1,062,611	\$3,749,126				1,062,611	5,960	\$21,028
35	Jul-16	\$3.4775	\$3.5450	917,760	\$3,253,424				917,760	5,150	\$18,255
36	Aug-16	\$3.4800	\$3.5479	994,216	\$3,527,416				994,216	5,579	\$19,796
37	Sep-16	\$3.5150	\$3.5867	1,378,780	\$4,945,318				1,378,780	7,742	\$27,767
38	Oct-16	\$3.5550	\$3.6331	3,174,920	\$11,534,889				3,174,920	17,825	\$64,760
39	Nov-16	\$3.7425	\$3.8192	3,030,104	\$11,572,657	\$3.5755	1,618,519	\$5,787,050	3,030,104	17,006	\$64,950
40	Dec-16	\$3.9225	\$3.9945	4,991,992	\$19,940,700	\$3.5755	1,960,877	\$7,011,159	4,991,992	28,049	\$112,043
41	Jan-17	\$4.0150	\$4.0857	4,991,992	\$20,395,949	\$3.5755	2,729,992	\$9,761,146	4,991,992	28,058	\$114,637
42	Feb-17	\$3.9975	\$4.0705	4,508,896	\$18,353,283	\$3.5755	2,417,510	\$8,643,860	4,508,896	25,341	\$103,149
43	Mar-17	\$3.9250	\$4.0020	3,129,169	\$12,522,947	\$3.5755	72,647	\$259,750	3,129,169	17,568	\$70,308
44	Apr-17	\$3.6625	\$3.7391	3,361,142	\$12,567,620				3,361,142	18,878	\$70,587
45	May-17	\$3.6175	\$3.6925	1,856,801	\$6,856,304				1,856,801	10,423	\$38,487
46	Jun-17	\$3.6375	\$3.7082	1,062,611	\$3,940,396				1,062,611	5,960	\$22,100
47	Jul-17	\$3.6325	\$3.7000	917,760	\$3,395,676				917,760	5,150	\$19,053
48	Aug-17	\$3.6475	\$3.7154	994,216	\$3,693,947				994,216	5,579	\$20,730
49	Sep-17	\$3.6775	\$3.7492	1,378,780	\$5,169,369				1,378,780	7,742	\$29,025
50	Oct-17	\$3.7200	\$3.7981	3,174,920	\$12,058,751				3,174,920	17,825	\$67,701
51	Nov-17	\$3.9550	\$4.0317	3,030,104	\$12,216,554	\$3.7324	1,618,519	\$6,040,983	3,030,104	17,006	\$68,564
52	Dec-17	\$4.1600	\$4.2320	4,991,992	\$21,126,298	\$3.7324	1,960,877	\$7,318,806	4,991,992	28,049	\$118,705
53	Jan-18	\$4.2800	\$4.3507	4,991,992	\$21,718,827	\$3.7324	2,729,992	\$10,189,461	4,991,992	28,058	\$122,072
54	Feb-18	\$4.2750	\$4.3480	4,508,896	\$19,604,502	\$3.7324	2,417,510	\$9,023,149	4,508,896	25,341	\$110,181
55	Mar-18	\$4.2250	\$4.3020	3,129,169	\$13,461,698	\$3.7324	72,647	\$271,148	3,129,169	17,568	\$75,579
56	Apr-18	\$3.9675	\$4.0441	3,361,142	\$13,592,769				3,361,142	18,878	\$76,344
57	May-18	\$3.9375	\$4.0125	1,856,801	\$7,450,480				1,856,801	10,423	\$41,822
58	Jun-18	\$3.9375	\$4.0082	1,062,611	\$4,259,179				1,062,611	5,960	\$23,888
59	Jul-18	\$3.9575	\$4.0250	917,760	\$3,693,948				917,760	5,150	\$20,727
60	Aug-18	\$3.9510	\$4.0189	994,216	\$3,995,691				994,216	5,579	\$22,424
61	Sep-18	\$3.9860	\$4.0577	1,378,780	\$5,594,723				1,378,780	7,742	\$31,414
62	Oct-18	\$4.5725	\$4.6506	3,174,920	\$14,765,370				3,174,920	17,825	\$82,897
63											
64	Sub-Total			166,991,921	\$632,384,141		43,997,723	\$151,043,157	166,991,921		\$3,551,769
65				60-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)	\$3.79		60-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)	\$3.43		60-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)	\$0.02
66											
67				60-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)				\$3.73			

**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**3-Year Fixed Rate**  
**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**  
**For Gas Flow Effective November 1, 2013**

**PUB/Centra- 70 (c)**  
**Attachment - Page 2 of 32**  
**August 21, 2015**

1 (based on forward market strip as at July 24, 2013 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Empress (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)
3	Nov-13	\$3.2550	\$3.2317	3,030,104	\$9,792,471	\$3.0137	1,618,519	\$4,877,752	3,030,104	17,006	\$54,959
4	Dec-13	\$3.3925	\$3.3645	4,991,992	\$16,795,745	\$3.0137	1,960,877	\$5,909,521	4,991,992	28,049	\$94,372
5	Jan-14	\$3.4375	\$3.4082	4,991,992	\$17,013,875	\$3.0137	2,729,992	\$8,227,413	4,991,992	28,058	\$95,627
6	Feb-14	\$3.4425	\$3.4155	4,508,896	\$15,399,957	\$3.0137	2,417,510	\$7,285,682	4,508,896	25,341	\$86,551
7	Mar-14	\$3.4100	\$3.3870	3,129,169	\$10,598,509	\$3.0137	72,647	\$218,936	3,129,169	17,568	\$59,504
8	Apr-14	\$3.3450	\$3.3466	3,361,142	\$11,248,372				3,361,142	18,878	\$63,177
9	May-14	\$3.3575	\$3.3575	1,856,801	\$6,234,275				1,856,801	10,423	\$34,995
10	Jun-14	\$3.3750	\$3.3707	1,062,611	\$3,581,765				1,062,611	5,960	\$20,089
11	Jul-14	\$3.3975	\$3.3900	917,760	\$3,111,171				917,760	5,150	\$17,457
12	Aug-14	\$3.4175	\$3.4104	994,216	\$3,390,711				994,216	5,579	\$19,029
13	Sep-14	\$3.4275	\$3.4242	1,378,780	\$4,721,266				1,378,780	7,742	\$26,509
14	Oct-14	\$3.4875	\$3.4906	3,174,920	\$11,082,463				3,174,920	17,825	\$62,220
15	Nov-14	\$3.6125	\$3.6592	3,030,104	\$11,087,840	\$3.3689	1,618,519	\$5,452,618	3,030,104	17,006	\$62,229
16	Dec-14	\$3.7175	\$3.7595	4,991,992	\$18,767,582	\$3.3689	1,960,877	\$6,605,987	4,991,992	28,049	\$105,452
17	Jan-15	\$3.7475	\$3.7882	4,991,992	\$18,910,832	\$3.3689	2,729,992	\$9,197,053	4,991,992	28,058	\$106,289
18	Feb-15	\$3.7275	\$3.7705	4,508,896	\$17,000,615	\$3.3689	2,417,510	\$8,144,335	4,508,896	25,341	\$95,547
19	Mar-15	\$3.6600	\$3.7070	3,129,169	\$11,599,842	\$3.3689	72,647	\$244,739	3,129,169	17,568	\$65,126
20	Apr-15	\$3.4200	\$3.4766	3,361,142	\$11,685,321				3,361,142	18,878	\$65,631
21	May-15	\$3.3900	\$3.4450	1,856,801	\$6,396,745				1,856,801	10,423	\$35,907
22	Jun-15	\$3.3775	\$3.4282	1,062,611	\$3,642,865				1,062,611	5,960	\$20,432
23	Jul-15	\$3.3850	\$3.4325	917,760	\$3,150,176				917,760	5,150	\$17,676
24	Aug-15	\$3.4225	\$3.4704	994,216	\$3,450,364				994,216	5,579	\$19,363
25	Sep-15	\$3.4325	\$3.4842	1,378,780	\$4,803,993				1,378,780	7,742	\$26,974
26	Oct-15	\$3.4550	\$3.5131	3,174,920	\$11,153,898				3,174,920	17,825	\$62,621
27	Nov-15	\$3.6600	\$3.7367	3,030,104	\$11,322,673	\$3.4743	1,618,519	\$5,623,284	3,030,104	17,006	\$63,547
28	Dec-15	\$3.7975	\$3.8695	4,991,992	\$19,316,701	\$3.4743	1,960,877	\$6,812,753	4,991,992	28,049	\$108,537
29	Jan-16	\$3.8775	\$3.9482	4,991,992	\$19,709,550	\$3.4743	2,729,992	\$9,484,919	4,991,992	28,058	\$110,779
30	Feb-16	\$3.8625	\$3.9355	4,508,896	\$17,744,582	\$3.4743	2,417,510	\$8,399,251	4,508,896	25,341	\$99,728
31	Mar-16	\$3.8050	\$3.8820	3,129,169	\$12,147,447	\$3.4743	72,647	\$252,399	3,129,169	17,568	\$68,200
32	Apr-16	\$3.4925	\$3.5691	3,361,142	\$11,996,226				3,361,142	18,878	\$67,377
33	May-16	\$3.4625	\$3.5375	1,856,801	\$6,568,500				1,856,801	10,423	\$36,871
34	Jun-16	\$3.4575	\$3.5282	1,062,611	\$3,749,126				1,062,611	5,960	\$21,028
35	Jul-16	\$3.4775	\$3.5450	917,760	\$3,253,424				917,760	5,150	\$18,255
36	Aug-16	\$3.4800	\$3.5479	994,216	\$3,527,416				994,216	5,579	\$19,796
37	Sep-16	\$3.5150	\$3.5867	1,378,780	\$4,945,318				1,378,780	7,742	\$27,767
38	Oct-16	\$3.5550	\$3.6331	3,174,920	\$11,534,889				3,174,920	17,825	\$64,760
39											
40	Sub-Total			100,195,152	\$360,436,501		26,398,634	\$86,736,645	100,195,152		\$2,024,381
				36-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)	\$3.60		36-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)	\$3.29		36-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)	\$0.02
41											
42											
43	36-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)				\$3.55						

**CENTRA GAS MANITOBA INC.**

**Fixed Rate Primary Gas Service**

**1-Year Fixed Rate**

**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**

**For Gas Flow Effective November 1, 2013**

**PUB/Centra- 70 (c)**

**Attachment - Page 3 of 32**

**August 21, 2015**

1 (based on forward market strip as at July 24, 2013 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Empress (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)
3	Nov-13	\$3.2550	\$3.2317	3,030,104	\$9,792,471	\$3.0137	1,618,519	\$4,877,752	3,030,104	17,006	\$54,959
4	Dec-13	\$3.3925	\$3.3645	4,991,992	\$16,795,745	\$3.0137	1,960,877	\$5,909,521	4,991,992	28,049	\$94,372
5	Jan-14	\$3.4375	\$3.4082	4,991,992	\$17,013,875	\$3.0137	2,729,992	\$8,227,413	4,991,992	28,058	\$95,627
6	Feb-14	\$3.4425	\$3.4155	4,508,896	\$15,399,957	\$3.0137	2,417,510	\$7,285,682	4,508,896	25,341	\$86,551
7	Mar-14	\$3.4100	\$3.3870	3,129,169	\$10,598,509	\$3.0137	72,647	\$218,936	3,129,169	17,568	\$59,504
8	Apr-14	\$3.3450	\$3.3466	3,361,142	\$11,248,372				3,361,142	18,878	\$63,177
9	May-14	\$3.3575	\$3.3575	1,856,801	\$6,234,275				1,856,801	10,423	\$34,995
10	Jun-14	\$3.3750	\$3.3707	1,062,611	\$3,581,765				1,062,611	5,960	\$20,089
11	Jul-14	\$3.3975	\$3.3900	917,760	\$3,111,171				917,760	5,150	\$17,457
12	Aug-14	\$3.4175	\$3.4104	994,216	\$3,390,711				994,216	5,579	\$19,029
13	Sep-14	\$3.4275	\$3.4242	1,378,780	\$4,721,266				1,378,780	7,742	\$26,509
14	Oct-14	\$3.4875	\$3.4906	3,174,920	\$11,082,463				3,174,920	17,825	\$62,220
15											
16	Sub-Total			33,398,384	\$112,970,578		8,799,545	\$26,519,305	33,398,384		\$634,489
17				12-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)	\$3.38		12-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)	\$3.01		12-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)	\$0.02
18											
19	12-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)			\$3.32							

**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**Billed Rates for Offer to Commence Marketing on August 9, 2013**  
**For Gas Flow Effective November 1, 2013**

**PUB/Centra- 70 (c)**  
**Attachment - Page 4 of 32**  
**August 21, 2015**

		<u>1-Year Fixed</u>	<u>3-Year Fixed</u>	<u>5-Year Fixed</u>	
1					
2					
3	FRPGS Weighted Average Cost of Gas Including Fuel	\$/GJ	\$3.32	\$3.55	\$3.73
4	FRPGS Weighted Average Cost of Gas Including Fuel	\$/m <sup>3</sup>	\$0.1255	\$0.1342	\$0.1410
5					
6	Self-Insurance Risk Premium - 8%	\$/m <sup>3</sup>	\$0.0100	\$0.0107	\$0.0113
7					
8	Program Cost Rate ( as per PUB Order dated August 2 , 2013)	\$/m <sup>3</sup>	<u>\$0.0314</u>	<u>\$0.0314</u>	<u>\$0.0314</u>
9					
10	<b>Fixed Rate Primary Gas Service Billed Rate</b>	<b>\$/m<sup>3</sup></b>	<b><u><u>\$0.1669</u></u></b>	<b><u><u>\$0.1763</u></u></b>	<b><u><u>\$0.1837</u></u></b>

**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**5-Year Fixed Rate**  
**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**  
**For Gas Flow Effective February 1, 2014**

**PUB/Centra- 70 (c)**  
**Attachment - Page 5 of 32**  
**August 21, 2015**

1 (based on forward market strip as at October 30, 2013 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Can. Supply Price at Emprss (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas In Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)
3	Feb-14	\$3.3300	\$3.3030	4,508,896	\$14,892,706	\$2.8768	2,417,510	\$6,954,786	4,508,896	25,341	\$83,700
4	Mar-14	\$3.3200	\$3.2970	3,129,169	\$10,316,883	\$2.8768	72,647	\$208,993	3,129,169	17,568	\$57,923
5	Apr-14	\$3.2675	\$3.2691	3,361,142	\$10,987,883				3,361,142	18,878	\$61,714
6	May-14	\$3.2725	\$3.2725	1,856,801	\$6,076,447				1,856,801	10,423	\$34,109
7	Jun-14	\$3.2775	\$3.2732	1,062,611	\$3,478,160				1,062,611	5,960	\$19,508
8	Jul-14	\$3.2800	\$3.2725	917,760	\$3,003,334				917,760	5,150	\$16,852
9	Aug-14	\$3.2900	\$3.2829	994,216	\$3,263,948				994,216	5,579	\$18,317
10	Sep-14	\$3.2800	\$3.2767	1,378,780	\$4,517,896				1,378,780	7,742	\$25,367
11	Oct-14	\$3.3525	\$3.3556	3,174,920	\$10,653,848				3,174,920	17,825	\$59,814
12	Nov-14	\$3.4600	\$3.4717	3,030,104	\$10,519,696	\$3.2506	1,618,519	\$5,261,170	3,030,104	17,006	\$59,041
13	Dec-14	\$3.5850	\$3.5920	4,991,992	\$17,931,423	\$3.2506	1,960,877	\$6,374,043	4,991,992	28,049	\$100,754
14	Jan-15	\$3.6025	\$3.6082	4,991,992	\$18,012,273	\$3.2506	2,729,992	\$8,874,134	4,991,992	28,058	\$101,239
15	Feb-15	\$3.6025	\$3.6105	4,508,896	\$16,279,191	\$3.2506	2,417,510	\$7,858,378	4,508,896	25,341	\$91,492
16	Mar-15	\$3.5425	\$3.5545	3,129,169	\$11,122,644	\$3.2506	72,647	\$236,146	3,129,169	17,568	\$62,446
17	Apr-15	\$3.3150	\$3.3466	3,361,142	\$11,248,372				3,361,142	18,878	\$63,177
18	May-15	\$3.2975	\$3.3275	1,856,801	\$6,178,571				1,856,801	10,423	\$34,682
19	Jun-15	\$3.2875	\$3.3132	1,062,611	\$3,520,665				1,062,611	5,960	\$19,746
20	Jul-15	\$3.2975	\$3.3200	917,760	\$3,046,928				917,760	5,150	\$17,096
21	Aug-15	\$3.3250	\$3.3479	994,216	\$3,328,572				994,216	5,579	\$18,680
22	Sep-15	\$3.3400	\$3.3667	1,378,780	\$4,641,986				1,378,780	7,742	\$26,064
23	Oct-15	\$3.3700	\$3.4031	3,174,920	\$10,804,657				3,174,920	17,825	\$60,660
24	Nov-15	\$3.4825	\$3.5592	3,030,104	\$10,784,830	\$3.3558	1,618,519	\$5,431,437	3,030,104	17,006	\$60,529
25	Dec-15	\$3.6200	\$3.6920	4,991,992	\$18,430,622	\$3.3558	1,960,877	\$6,580,324	4,991,992	28,049	\$103,558
26	Jan-16	\$3.6650	\$3.7357	4,991,992	\$18,648,752	\$3.3558	2,729,992	\$9,161,326	4,991,992	28,058	\$104,816
27	Feb-16	\$3.6575	\$3.7305	4,508,896	\$16,820,259	\$3.3558	2,417,510	\$8,112,696	4,508,896	25,341	\$94,533
28	Mar-16	\$3.6050	\$3.6820	3,129,169	\$11,521,613	\$3.3558	72,647	\$243,788	3,129,169	17,568	\$64,686
29	Apr-16	\$3.3150	\$3.3916	3,361,142	\$11,399,623				3,361,142	18,878	\$64,026
30	May-16	\$3.3225	\$3.3975	1,856,801	\$6,308,547				1,856,801	10,423	\$35,412
31	Jun-16	\$3.3250	\$3.3957	1,062,611	\$3,608,330				1,062,611	5,960	\$20,238
32	Jul-16	\$3.3500	\$3.4175	917,760	\$3,136,409				917,760	5,150	\$17,598
33	Aug-16	\$3.3650	\$3.4329	994,216	\$3,413,081				994,216	5,579	\$19,154
34	Sep-16	\$3.3675	\$3.4392	1,378,780	\$4,741,948				1,378,780	7,742	\$26,625
35	Oct-16	\$3.4125	\$3.4906	3,174,920	\$11,082,463				3,174,920	17,825	\$62,220
36	Nov-16	\$3.5975	\$3.6742	3,030,104	\$11,133,292	\$3.4385	1,618,519	\$5,565,239	3,030,104	17,006	\$62,484
37	Dec-16	\$3.7725	\$3.8445	4,991,992	\$19,191,901	\$3.4385	1,960,877	\$6,742,429	4,991,992	28,049	\$107,836
38	Jan-17	\$3.8275	\$3.8982	4,991,992	\$19,459,951	\$3.4385	2,729,992	\$9,387,013	4,991,992	28,058	\$109,376
39	Feb-17	\$3.8175	\$3.8905	4,508,896	\$17,541,682	\$3.4385	2,417,510	\$8,312,551	4,508,896	25,341	\$98,588
40	Mar-17	\$3.7625	\$3.8395	3,129,169	\$12,014,457	\$3.4385	72,647	\$249,794	3,129,169	17,568	\$67,453
41	Apr-17	\$3.4425	\$3.5191	3,361,142	\$11,828,169				3,361,142	18,878	\$66,433
42	May-17	\$3.4450	\$3.5200	1,856,801	\$6,536,006				1,856,801	10,423	\$36,689
43	Jun-17	\$3.4600	\$3.5307	1,062,611	\$3,751,782				1,062,611	5,960	\$21,042
44	Jul-17	\$3.4750	\$3.5425	917,760	\$3,251,129				917,760	5,150	\$18,242
45	Aug-17	\$3.4850	\$3.5529	994,216	\$3,532,387				994,216	5,579	\$19,824
46	Sep-17	\$3.5050	\$3.5767	1,378,780	\$4,931,530				1,378,780	7,742	\$27,690
47	Oct-17	\$3.5450	\$3.6231	3,174,920	\$11,503,140				3,174,920	17,825	\$64,582
48	Nov-17	\$3.8000	\$3.8767	3,030,104	\$11,746,888	\$3.5614	1,618,519	\$5,764,238	3,030,104	17,006	\$65,928
49	Dec-17	\$3.9725	\$4.0445	4,991,992	\$20,190,300	\$3.5614	1,960,877	\$6,983,521	4,991,992	28,049	\$113,446
50	Jan-18	\$3.9975	\$4.0682	4,991,992	\$20,308,589	\$3.5614	2,729,992	\$9,722,668	4,991,992	28,058	\$114,146
51	Feb-18	\$3.9800	\$4.0530	4,508,896	\$18,274,378	\$3.5614	2,417,510	\$8,609,787	4,508,896	25,341	\$102,706
52	Mar-18	\$3.9100	\$3.9870	3,129,169	\$12,476,010	\$3.5614	72,647	\$258,726	3,129,169	17,568	\$70,045
53	Apr-18	\$3.6725	\$3.7491	3,361,142	\$12,601,232				3,361,142	18,878	\$70,775
54	May-18	\$3.6400	\$3.7150	1,856,801	\$6,898,082				1,856,801	10,423	\$38,721
55	Jun-18	\$3.6400	\$3.7107	1,062,611	\$3,943,052				1,062,611	5,960	\$22,115
56	Jul-18	\$3.6550	\$3.7225	917,760	\$3,416,326				917,760	5,150	\$19,169
57	Aug-18	\$3.6650	\$3.7329	994,216	\$3,711,345				994,216	5,579	\$20,828
58	Sep-18	\$3.7075	\$3.7792	1,378,780	\$5,210,733				1,378,780	7,742	\$29,258
59	Oct-18	\$3.7325	\$3.8106	3,174,920	\$12,098,437				3,174,920	17,825	\$67,924
60	Nov-18	\$4.6950	\$4.7717	3,030,104	\$14,458,831	\$3.7454	1,618,519	\$6,062,014	3,030,104	17,006	\$81,149
61	Dec-18	\$4.9125	\$4.9845	4,991,992	\$24,882,772	\$3.7454	1,960,877	\$7,344,286	4,991,992	28,049	\$139,812
62	Jan-19	\$5.0325	\$5.1032	4,991,992	\$25,475,301	\$3.7454	2,729,992	\$10,224,935	4,991,992	28,058	\$143,185
63											
64	Sub-Total			166,991,921	\$624,090,263		43,997,723	\$150,524,423	166,991,921		\$3,605,224
65				60-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)	\$3.74		60-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)	\$3.42		60-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)	\$0.02
66											
67				60-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)			\$3.69				

**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**3-Year Fixed Rate**  
**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**  
**For Gas Flow Effective February 1, 2014**

**PUB/Centra- 70 (c)**  
**Attachment - Page 6 of 32**  
**August 21, 2015**

1 (based on forward market strip as at October 30, 2013 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Empress (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)
3	Feb-14	\$3.3300	\$3.3030	4,508,896	\$14,892,706	\$2.8768	2,417,510	\$6,954,786	4,508,896	25,341	\$83,700
4	Mar-14	\$3.3200	\$3.2970	3,129,169	\$10,316,883	\$2.8768	72,647	\$208,993	3,129,169	17,568	\$57,923
5	Apr-14	\$3.2675	\$3.2691	3,361,142	\$10,987,883				3,361,142	18,878	\$61,714
6	May-14	\$3.2725	\$3.2725	1,856,801	\$6,076,447				1,856,801	10,423	\$34,109
7	Jun-14	\$3.2775	\$3.2732	1,062,611	\$3,478,160				1,062,611	5,960	\$19,508
8	Jul-14	\$3.2800	\$3.2725	917,760	\$3,003,334				917,760	5,150	\$16,852
9	Aug-14	\$3.2900	\$3.2829	994,216	\$3,263,948				994,216	5,579	\$18,317
10	Sep-14	\$3.2800	\$3.2767	1,378,780	\$4,517,896				1,378,780	7,742	\$25,367
11	Oct-14	\$3.3525	\$3.3556	3,174,920	\$10,653,848				3,174,920	17,825	\$59,814
12	Nov-14	\$3.4600	\$3.4717	3,030,104	\$10,519,696	\$3.2506	1,618,519	\$5,261,170	3,030,104	17,006	\$59,041
13	Dec-14	\$3.5850	\$3.5920	4,991,992	\$17,931,423	\$3.2506	1,960,877	\$6,374,043	4,991,992	28,049	\$100,754
14	Jan-15	\$3.6025	\$3.6082	4,991,992	\$18,012,273	\$3.2506	2,729,992	\$8,874,134	4,991,992	28,058	\$101,239
15	Feb-15	\$3.6025	\$3.6105	4,508,896	\$16,279,191	\$3.2506	2,417,510	\$7,858,378	4,508,896	25,341	\$91,492
16	Mar-15	\$3.5425	\$3.5545	3,129,169	\$11,122,644	\$3.2506	72,647	\$236,146	3,129,169	17,568	\$62,446
17	Apr-15	\$3.3150	\$3.3466	3,361,142	\$11,248,372				3,361,142	18,878	\$63,177
18	May-15	\$3.2975	\$3.3275	1,856,801	\$6,178,571				1,856,801	10,423	\$34,682
19	Jun-15	\$3.2875	\$3.3132	1,062,611	\$3,520,665				1,062,611	5,960	\$19,746
20	Jul-15	\$3.2975	\$3.3200	917,760	\$3,046,928				917,760	5,150	\$17,096
21	Aug-15	\$3.3250	\$3.3479	994,216	\$3,328,572				994,216	5,579	\$18,680
22	Sep-15	\$3.3400	\$3.3667	1,378,780	\$4,641,986				1,378,780	7,742	\$26,064
23	Oct-15	\$3.3700	\$3.4031	3,174,920	\$10,804,657				3,174,920	17,825	\$60,660
24	Nov-15	\$3.4825	\$3.5592	3,030,104	\$10,784,830	\$3.3558	1,618,519	\$5,431,437	3,030,104	17,006	\$60,529
25	Dec-15	\$3.6200	\$3.6920	4,991,992	\$18,430,622	\$3.3558	1,960,877	\$6,580,324	4,991,992	28,049	\$103,558
26	Jan-16	\$3.6650	\$3.7357	4,991,992	\$18,648,752	\$3.3558	2,729,992	\$9,161,326	4,991,992	28,058	\$104,816
27	Feb-16	\$3.6575	\$3.7305	4,508,896	\$16,820,259	\$3.3558	2,417,510	\$8,112,696	4,508,896	25,341	\$94,533
28	Mar-16	\$3.6050	\$3.6820	3,129,169	\$11,521,613	\$3.3558	72,647	\$243,788	3,129,169	17,568	\$64,686
29	Apr-16	\$3.3150	\$3.3916	3,361,142	\$11,399,623				3,361,142	18,878	\$64,026
30	May-16	\$3.3225	\$3.3975	1,856,801	\$6,308,547				1,856,801	10,423	\$35,412
31	Jun-16	\$3.3250	\$3.3957	1,062,611	\$3,608,330				1,062,611	5,960	\$20,238
32	Jul-16	\$3.3500	\$3.4175	917,760	\$3,136,409				917,760	5,150	\$17,598
33	Aug-16	\$3.3650	\$3.4329	994,216	\$3,413,081				994,216	5,579	\$19,154
34	Sep-16	\$3.3675	\$3.4392	1,378,780	\$4,741,948				1,378,780	7,742	\$26,625
35	Oct-16	\$3.4125	\$3.4906	3,174,920	\$11,082,463				3,174,920	17,825	\$62,220
36	Nov-16	\$3.5975	\$3.6742	3,030,104	\$11,133,292	\$3.4385	1,618,519	\$5,565,239	3,030,104	17,006	\$62,484
37	Dec-16	\$3.7725	\$3.8445	4,991,992	\$19,191,901	\$3.4385	1,960,877	\$6,742,429	4,991,992	28,049	\$107,836
38	Jan-17	\$3.8275	\$3.8982	4,991,992	\$19,459,951	\$3.4385	2,729,992	\$9,387,013	4,991,992	28,058	\$109,376
39											
40	Sub-Total			100,195,152	\$353,507,706		26,398,634	\$86,991,902	100,195,152		\$1,985,475
				36-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)	\$3.53		36-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)	\$3.30		36-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)	\$0.02
41											
42											
43				36-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)				\$3.50			

**CENTRA GAS MANITOBA INC.**

**Fixed Rate Primary Gas Service**

**1-Year Fixed Rate**

**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**

**For Gas Flow Effective February 1, 2014**

1 (based on forward market strip as at October 30, 2013 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Empress (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)
3	Feb-14	\$3.3300	\$3.3030	4,508,896	\$14,892,706	\$2.8768	2,417,510	\$6,954,786	4,508,896	25,341	\$83,700
4	Mar-14	\$3.3200	\$3.2970	3,129,169	\$10,316,883	\$2.8768	72,647	\$208,993	3,129,169	17,568	\$57,923
5	Apr-14	\$3.2675	\$3.2691	3,361,142	\$10,987,883				3,361,142	18,878	\$61,714
6	May-14	\$3.2725	\$3.2725	1,856,801	\$6,076,447				1,856,801	10,423	\$34,109
7	Jun-14	\$3.2775	\$3.2732	1,062,611	\$3,478,160				1,062,611	5,960	\$19,508
8	Jul-14	\$3.2800	\$3.2725	917,760	\$3,003,334				917,760	5,150	\$16,852
9	Aug-14	\$3.2900	\$3.2829	994,216	\$3,263,948				994,216	5,579	\$18,317
10	Sep-14	\$3.2800	\$3.2767	1,378,780	\$4,517,896				1,378,780	7,742	\$25,367
11	Oct-14	\$3.3525	\$3.3556	3,174,920	\$10,653,848				3,174,920	17,825	\$59,814
12	Nov-14	\$3.4600	\$3.4717	3,030,104	\$10,519,696	\$3.2506	1,618,519	\$5,261,170	3,030,104	17,006	\$59,041
13	Dec-14	\$3.5850	\$3.5920	4,991,992	\$17,931,423	\$3.2506	1,960,877	\$6,374,043	4,991,992	28,049	\$100,754
14	Jan-15	\$3.6025	\$3.6082	4,991,992	\$18,012,273	\$3.2506	2,729,992	\$8,874,134	4,991,992	28,058	\$101,239
15											
16	Sub-Total			<b>33,398,384</b>	<b>\$113,654,498</b>		<b>8,799,545</b>	<b>\$27,673,126</b>	<b>33,398,384</b>		<b>\$638,337</b>
17				<b>12-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)</b>	<b>\$3.40</b>		<b>12-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)</b>	<b>\$3.14</b>		<b>12-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)</b>	<b>\$0.02</b>
18											
19		<b>12-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)</b>			<b>\$3.37</b>						



**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**Billed Rates for Offer to Commence Marketing on November 12, 2013**  
**For Gas Flow Effective February 1, 2014**

**PUB/Centra- 70 (c)**  
**Attachment - Page 8 of 32**  
**August 21, 2015**

		<u>1-Year Fixed</u>	<u>3-Year Fixed</u>	<u>5-Year Fixed</u>	
1					
2					
3	Weighted Average Cost of Gas Including Fuel	\$/GJ	\$3.37	\$3.50	\$3.69
4					
5	Weighted Average Cost of Gas Including Fuel (units converted at 37.8 GJ/10 <sup>3</sup> m <sup>3</sup> )	\$/m <sup>3</sup>	\$0.1274	\$0.1323	\$0.1395
6					
7	Self-Insurance Risk Premium - (8% as Approved In Order 85/13)	\$/m <sup>3</sup>	\$0.0102	\$0.0106	\$0.0112
8					
9	Program Cost Rate (as per PUB Order dated August 2, 2013)	\$/m <sup>3</sup>	\$0.0314	\$0.0314	\$0.0314
10					
11	<b>Fixed Rate Primary Gas Service Billed Rate</b>	<b>\$/m<sup>3</sup></b>	<b>\$0.1690</b>	<b>\$0.1743</b>	<b>\$0.1821</b>



**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**3-Year Fixed Rate**  
**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**  
**For Gas Flow Effective May 1, 2014**

**PUB/Centra- 70 (c)**  
**Attachment - Page 10 of 32**  
**August 21, 2015**

1 (based on forward market strip as at January 28, 2014 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Empress (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)
3	May-14	\$4.0575	\$4.1691	1,917,446	\$7,994,055				1,917,446	15,225	\$63,474
4	Jun-14	\$4.0575	\$4.1658	1,133,223	\$4,720,793				1,133,223	9,000	\$37,493
5	Jul-14	\$4.0750	\$4.1797	934,423	\$3,905,631				934,423	7,425	\$31,034
6	Aug-14	\$4.0700	\$4.1754	1,049,026	\$4,380,150				1,049,026	8,337	\$34,809
7	Sep-14	\$4.0600	\$4.1689	1,370,023	\$5,711,533				1,370,023	10,888	\$45,389
8	Oct-14	\$4.0925	\$4.2081	3,031,753	\$12,758,001				3,031,753	24,081	\$101,337
9	Nov-14	\$4.1200	\$4.1516	3,295,355	\$13,680,972	\$4.1078	1,558,161	\$6,400,576	3,295,355	26,173	\$108,662
10	Dec-14	\$4.2000	\$4.2263	4,344,771	\$18,362,396	\$4.1078	2,820,701	\$11,586,806	4,344,771	34,533	\$145,946
11	Jan-15	\$4.2650	\$4.2895	4,344,771	\$18,636,907	\$4.1078	3,541,020	\$14,545,715	4,344,771	34,541	\$148,163
12	Feb-15	\$4.2300	\$4.2577	3,924,309	\$16,708,497	\$4.1078	831,948	\$3,417,456	3,924,309	31,199	\$132,836
13	Mar-15	\$4.1600	\$4.1909	3,411,943	\$14,299,035	\$4.1078	0	\$0	3,411,943	27,106	\$113,596
14	Apr-15	\$3.6050	\$3.6520	3,200,049	\$11,686,622				3,200,049	25,423	\$92,843
15	May-15	\$3.5475	\$3.5916	1,917,446	\$6,886,730				1,917,446	15,225	\$54,681
16	Jun-15	\$3.5325	\$3.5733	1,133,223	\$4,049,359				1,133,223	9,000	\$32,160
17	Jul-15	\$3.5300	\$3.5672	934,423	\$3,333,297				934,423	7,425	\$26,486
18	Aug-15	\$3.5575	\$3.5954	1,049,026	\$3,771,715				1,049,026	8,337	\$29,974
19	Sep-15	\$3.5550	\$3.5964	1,370,023	\$4,927,195				1,370,023	10,888	\$39,156
20	Oct-15	\$3.6100	\$3.6581	3,031,753	\$11,090,537				3,031,753	24,081	\$88,092
21	Nov-15	\$3.7125	\$3.7891	3,295,355	\$12,486,405	\$3.6793	1,558,161	\$5,732,939	3,295,355	26,173	\$99,174
22	Dec-15	\$3.8050	\$3.8763	4,344,771	\$16,841,726	\$3.6793	2,820,701	\$10,378,199	4,344,771	34,533	\$133,860
23	Jan-16	\$3.8600	\$3.9295	4,344,771	\$17,072,790	\$3.6793	3,541,020	\$13,028,466	4,344,771	34,541	\$135,728
24	Feb-16	\$3.8450	\$3.9177	3,924,309	\$15,374,232	\$3.6793	831,948	\$3,060,985	3,924,309	31,199	\$122,228
25	Mar-16	\$3.7900	\$3.8659	3,411,943	\$13,190,154	\$3.6793	0	\$0	3,411,943	27,106	\$104,787
26	Apr-16	\$3.3100	\$3.3870	3,200,049	\$10,838,609				3,200,049	25,423	\$86,106
27	May-16	\$3.3100	\$3.3841	1,917,446	\$6,488,860				1,917,446	15,225	\$51,522
28	Jun-16	\$3.3225	\$3.3933	1,133,223	\$3,845,379				1,133,223	9,000	\$30,540
29	Jul-16	\$3.3450	\$3.4122	934,423	\$3,188,461				934,423	7,425	\$25,335
30	Aug-16	\$3.3600	\$3.4279	1,049,026	\$3,596,003				1,049,026	8,337	\$28,578
31	Sep-16	\$3.3275	\$3.3989	1,370,023	\$4,656,615				1,370,023	10,888	\$37,006
32	Oct-16	\$3.4150	\$3.4931	3,031,753	\$10,590,298				3,031,753	24,081	\$84,119
33	Nov-16	\$3.7100	\$3.7866	3,295,355	\$12,478,167	\$3.4698	1,558,161	\$5,406,435	3,295,355	26,173	\$99,108
34	Dec-16	\$3.8450	\$3.9163	4,344,771	\$17,015,517	\$3.4698	2,820,701	\$9,787,137	4,344,771	34,533	\$135,241
35	Jan-17	\$3.9325	\$4.0020	4,344,771	\$17,387,786	\$3.4698	3,541,020	\$12,286,466	4,344,771	34,541	\$138,232
36	Feb-17	\$3.9075	\$3.9802	3,924,309	\$15,619,501	\$3.4698	831,948	\$2,886,655	3,924,309	31,199	\$124,178
37	Mar-17	\$3.8625	\$3.9384	3,411,943	\$13,437,520	\$3.4698	0	\$0	3,411,943	27,106	\$106,752
38	Apr-17	\$3.4375	\$3.5145	3,200,049	\$11,246,616				3,200,049	25,423	\$89,348
39											
40	Sub-Total			<b>95,871,270</b>	<b>\$372,258,065</b>		<b>26,255,491</b>	<b>\$98,517,835</b>	<b>95,871,270</b>		<b>\$2,957,975</b>
41				<b>36-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)</b>	<b>\$3.88</b>		<b>36-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)</b>	<b>\$3.75</b>		<b>36-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)</b>	<b>\$0.03</b>
42											
43				<b>36-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)</b>			<b>\$3.89</b>				

**CENTRA GAS MANITOBA INC.**

**Fixed Rate Primary Gas Service**

**1-Year Fixed Rate**

**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**

**For Gas Flow Effective May 1, 2014**

1 (based on forward market strip as at January 28, 2014 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Empress (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)	
3	May-14	\$4.0575	\$4.1691	1,917,446	\$7,994,055				1,917,446	15,225	\$63,474	
4	Jun-14	\$4.0575	\$4.1658	1,133,223	\$4,720,793				1,133,223	9,000	\$37,493	
5	Jul-14	\$4.0750	\$4.1797	934,423	\$3,905,631				934,423	7,425	\$31,034	
6	Aug-14	\$4.0700	\$4.1754	1,049,026	\$4,380,150				1,049,026	8,337	\$34,809	
7	Sep-14	\$4.0600	\$4.1689	1,370,023	\$5,711,533				1,370,023	10,888	\$45,389	
8	Oct-14	\$4.0925	\$4.2081	3,031,753	\$12,758,001				3,031,753	24,081	\$101,337	
9	Nov-14	\$4.1200	\$4.1516	3,295,355	\$13,680,972	\$4.1078	1,558,161	\$6,400,576	3,295,355	26,173	\$108,662	
10	Dec-14	\$4.2000	\$4.2263	4,344,771	\$18,362,396	\$4.1078	2,820,701	\$11,586,806	4,344,771	34,533	\$145,946	
11	Jan-15	\$4.2650	\$4.2895	4,344,771	\$18,636,907	\$4.1078	3,541,020	\$14,545,715	4,344,771	34,541	\$148,163	
12	Feb-15	\$4.2300	\$4.2577	3,924,309	\$16,708,497	\$4.1078	831,948	\$3,417,456	3,924,309	31,199	\$132,836	
13	Mar-15	\$4.1600	\$4.1909	3,411,943	\$14,299,035	\$4.1078	0	\$0	3,411,943	27,106	\$113,596	
14	Apr-15	\$3.6050	\$3.6520	3,200,049	\$11,686,622				3,200,049	25,423	\$92,843	
15												
16	Sub-Total			<b>31,957,090</b>	<b>\$132,844,593</b>		<b>8,751,830</b>	<b>\$35,950,554</b>	<b>31,957,090</b>		<b>\$1,055,582</b>	
17				<b>12-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)</b>	<b>\$4.16</b>		<b>12-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)</b>	<b>\$4.11</b>		<b>12-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)</b>	<b>\$0.03</b>	
18												
19	<b>12-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)</b>				<b>\$4.18</b>							

**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**Billed Rates for Offer to Commence Marketing on February 10, 2014**  
**For Gas Flow Effective May 1, 2014**

**PUB/Centra- 70 (c)**  
**Attachment - Page 12 of 32**  
**August 21, 2015**

		<u>1-Year Fixed</u>	<u>3-Year Fixed</u>	<u>5-Year Fixed</u>	
1					
2					
3	Weighted Average Cost of Gas Including Fuel	\$/GJ	\$4.18	\$3.89	\$3.91
4					
5	Weighted Average Cost of Gas Including Fuel (units converted at 37.8 GJ/10 <sup>3</sup> m <sup>3</sup> )	\$/m <sup>3</sup>	\$0.1580	\$0.1470	\$0.1478
6					
7	Self-Insurance Risk Premium - 8% (As approved In Order 85/13)	\$/m <sup>3</sup>	\$0.0126	\$0.0118	\$0.0118
8					
9	Program Cost Rate (As approved in Order 89/13)	\$/m <sup>3</sup>	\$0.0314	\$0.0314	\$0.0314
10					
11	<b>Fixed Rate Primary Gas Service Billed Rate</b>	<b>\$/m<sup>3</sup></b>	<b>\$0.2020</b>	<b>\$0.1902</b>	<b>\$0.1910</b>

**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**5-Year Fixed Rate**  
**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**  
**For Gas Flow Effective August 1, 2014**

**PUB/Centra- 70 (c)**  
**Attachment - Page 13 of 32**  
**August 21, 2015**

1 (based on forward market strip as at April 29, 2014 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Emprss (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)
3	Aug-14	\$4.6075	\$4.7004	1,049,026	\$4,930,888				1,049,026	8,337	\$39,186
4	Sep-14	\$4.6050	\$4.7014	1,370,023	\$6,441,070				1,370,023	10,888	\$51,187
5	Oct-14	\$4.6700	\$4.7731	3,031,753	\$14,470,942				3,031,753	24,081	\$114,943
6	Nov-14	\$4.8325	\$4.8916	3,295,355	\$16,119,535	\$4.4385	1,558,161	\$6,915,866	3,295,355	26,173	\$128,030
7	Dec-14	\$4.8950	\$4.9488	4,344,771	\$21,501,493	\$4.4385	2,820,701	\$12,519,622	4,344,771	34,533	\$170,896
8	Jan-15	\$4.9175	\$4.9695	4,344,771	\$21,591,351	\$4.4385	3,541,020	\$15,716,743	4,344,771	34,541	\$171,651
9	Feb-15	\$4.9150	\$4.9702	3,924,309	\$19,504,567	\$4.4385	831,948	\$3,692,584	3,924,309	31,199	\$155,065
10	Mar-15	\$4.8575	\$4.9159	3,411,943	\$16,772,694		0	\$0	3,411,943	27,106	\$133,248
11	Apr-15	\$3.9800	\$4.0370	3,200,049	\$12,918,641				3,200,049	25,423	\$102,631
12	May-15	\$3.8900	\$3.9441	1,917,446	\$7,562,630				1,917,446	15,225	\$60,048
13	Jun-15	\$3.8900	\$3.9408	1,133,223	\$4,465,818				1,133,223	9,000	\$35,468
14	Jul-15	\$3.9000	\$3.9472	934,423	\$3,688,377				934,423	7,425	\$29,307
15	Aug-15	\$3.8975	\$3.9454	1,049,026	\$4,138,874				1,049,026	8,337	\$32,892
16	Sep-15	\$3.8825	\$3.9339	1,370,023	\$5,389,577				1,370,023	10,888	\$42,831
17	Oct-15	\$3.9900	\$4.0481	3,031,753	\$12,272,921				3,031,753	24,081	\$97,484
18	Nov-15	\$4.1925	\$4.2491	3,295,355	\$14,002,269	\$4.0607	1,558,161	\$6,327,182	3,295,355	26,173	\$111,214
19	Dec-15	\$4.2575	\$4.3088	4,344,771	\$18,720,840	\$4.0607	2,820,701	\$11,453,942	4,344,771	34,533	\$148,795
20	Jan-16	\$4.3850	\$4.4445	4,344,771	\$19,310,347	\$4.0607	3,541,020	\$14,378,921	4,344,771	34,541	\$153,517
21	Feb-16	\$4.3850	\$4.4377	3,924,309	\$17,414,872	\$4.0607	831,948	\$3,378,269	3,924,309	31,199	\$138,452
22	Mar-16	\$4.3225	\$4.3784	3,411,943	\$14,938,775	\$4.0607	0	\$0	3,411,943	27,106	\$118,678
23	Apr-16	\$3.7800	\$3.8620	3,200,049	\$12,358,632				3,200,049	25,423	\$98,182
24	May-16	\$3.7850	\$3.8641	1,917,446	\$7,409,234				1,917,446	15,225	\$58,830
25	Jun-16	\$3.8000	\$3.8758	1,133,223	\$4,392,159				1,133,223	9,000	\$34,883
26	Jul-16	\$3.8600	\$3.9322	934,423	\$3,674,361				934,423	7,425	\$29,196
27	Aug-16	\$3.8725	\$3.9454	1,049,026	\$4,138,874				1,049,026	8,337	\$32,892
28	Sep-16	\$3.8375	\$3.9139	1,370,023	\$5,362,177				1,370,023	10,888	\$42,613
29	Oct-16	\$3.9200	\$4.0031	3,031,753	\$12,136,492				3,031,753	24,081	\$96,400
30	Nov-16	\$4.1075	\$4.1841	3,295,355	\$13,788,071	\$3.9702	1,558,161	\$6,186,161	3,295,355	26,173	\$109,512
31	Dec-16	\$4.2500	\$4.3213	4,344,771	\$18,775,149	\$3.9702	2,820,701	\$11,198,655	4,344,771	34,533	\$149,227
32	Jan-17	\$4.4075	\$4.4770	4,344,771	\$19,451,552	\$3.9702	3,541,020	\$14,058,442	4,344,771	34,541	\$154,639
33	Feb-17	\$4.3825	\$4.4552	3,924,309	\$17,483,548	\$3.9702	831,948	\$3,302,973	3,924,309	31,199	\$138,998
34	Mar-17	\$4.3425	\$4.4184	3,411,943	\$15,075,252	\$3.9702	0	\$0	3,411,943	27,106	\$119,763
35	Apr-17	\$3.8950	\$3.9720	3,200,049	\$12,710,638				3,200,049	25,423	\$100,979
36	May-17	\$3.8950	\$3.9691	1,917,446	\$7,610,566				1,917,446	15,225	\$60,429
37	Jun-17	\$3.9100	\$3.9808	1,133,223	\$4,511,147				1,133,223	9,000	\$35,828
38	Jul-17	\$3.9175	\$3.9847	934,423	\$3,723,418				934,423	7,425	\$29,586
39	Aug-17	\$3.9300	\$3.9979	1,049,026	\$4,193,948				1,049,026	8,337	\$33,330
40	Sep-17	\$3.9400	\$4.0114	1,370,023	\$5,495,754				1,370,023	10,888	\$43,675
41	Oct-17	\$3.9800	\$4.0581	3,031,753	\$12,303,238				3,031,753	24,081	\$97,724
42	Nov-17	\$4.4000	\$4.4766	3,295,355	\$14,751,962	\$4.0304	1,558,161	\$6,280,054	3,295,355	26,173	\$117,168
43	Dec-17	\$4.5750	\$4.6463	4,344,771	\$20,187,200	\$4.0304	2,820,701	\$11,368,627	4,344,771	34,533	\$160,450
44	Jan-18	\$4.6400	\$4.7095	4,344,771	\$20,461,711	\$4.0304	3,541,020	\$14,271,820	4,344,771	34,541	\$162,670
45	Feb-18	\$4.6175	\$4.6902	3,924,309	\$18,405,760	\$4.0304	831,948	\$3,353,106	3,924,309	31,199	\$146,329
46	Mar-18	\$4.5500	\$4.6259	3,411,943	\$15,783,231	\$4.0304	0	\$0	3,411,943	27,106	\$125,387
47	Apr-18	\$4.2875	\$4.3645	3,200,049	\$13,966,657				3,200,049	25,423	\$110,957
48	May-18	\$4.2525	\$4.3266	1,917,446	\$8,296,053				1,917,446	15,225	\$65,871
49	Jun-18	\$4.2475	\$4.3183	1,133,223	\$4,893,610				1,133,223	9,000	\$38,865
50	Jul-18	\$4.2575	\$4.3247	934,423	\$4,041,122				934,423	7,425	\$32,110
51	Aug-18	\$4.2650	\$4.3329	1,049,026	\$4,545,371				1,049,026	8,337	\$36,123
52	Sep-18	\$4.3100	\$4.3814	1,370,023	\$6,002,663				1,370,023	10,888	\$47,703
53	Oct-18	\$4.3300	\$4.4081	3,031,753	\$13,364,352				3,031,753	24,081	\$106,153
54	Nov-18	\$4.6375	\$4.7141	3,295,355	\$15,534,609	\$4.3488	1,558,161	\$6,776,207	3,295,355	26,173	\$123,384
55	Dec-18	\$4.8000	\$4.8713	4,344,771	\$21,164,773	\$4.3488	2,820,701	\$12,266,801	4,344,771	34,533	\$168,220
56	Jan-19	\$4.8650	\$4.9345	4,344,771	\$21,439,284	\$4.3488	3,541,020	\$15,399,359	4,344,771	34,541	\$170,442
57	Feb-19	\$4.8425	\$4.9152	3,924,309	\$19,288,730	\$4.3488	831,948	\$3,618,017	3,924,309	31,199	\$153,349
58	Mar-19	\$4.7800	\$4.8559	3,411,943	\$16,567,977	\$4.3488	0	\$0	3,411,943	27,106	\$131,621
59	Apr-19	\$4.5450	\$4.6220	3,200,049	\$14,790,669				3,200,049	25,423	\$117,503
60	May-19	\$4.5079	\$4.5820	1,917,446	\$8,785,765				1,917,446	15,225	\$69,760
61	Jun-19	\$4.5026	\$4.5734	1,133,223	\$5,182,692				1,133,223	9,000	\$41,161
62	Jul-19	\$4.5132	\$4.5804	934,423	\$4,280,053				934,423	7,425	\$34,009
63											
64	Sub-Total			159,785,450	\$712,484,936		43,759,152	\$182,463,350	159,785,450		\$5,661,444
65				60-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)	\$4.46		60-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)	\$4.17		60-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)	\$0.04
66											
67	60-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)						\$4.43				

**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**3-Year Fixed Rate**  
**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**  
**For Gas Flow Effective August 1, 2014**

**PUB/Centra- 70 (c)**  
**Attachment - Page 14 of 32**  
**August 21, 2015**

1 (based on forward market strip as at April 29, 2014 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Emprss (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)
3	Aug-14	\$4.6075	\$4.7004	1,049,026	\$4,930,888				1,049,026	8,337	\$39,186
4	Sep-14	\$4.6050	\$4.7014	1,370,023	\$6,441,070				1,370,023	10,888	\$51,187
5	Oct-14	\$4.6700	\$4.7731	3,031,753	\$14,470,942				3,031,753	24,081	\$114,943
6	Nov-14	\$4.8325	\$4.8916	3,295,355	\$16,119,535	\$4.4385	1,558,161	\$6,915,866	3,295,355	26,173	\$128,030
7	Dec-14	\$4.8950	\$4.9488	4,344,771	\$21,501,493	\$4.4385	2,820,701	\$12,519,622	4,344,771	34,533	\$170,896
8	Jan-15	\$4.9175	\$4.9695	4,344,771	\$21,591,351	\$4.4385	3,541,020	\$15,716,743	4,344,771	34,541	\$171,651
9	Feb-15	\$4.9150	\$4.9702	3,924,309	\$19,504,567	\$4.4385	831,948	\$3,692,584	3,924,309	31,199	\$155,065
10	Mar-15	\$4.8575	\$4.9159	3,411,943	\$16,772,694	\$4.4385	0	\$0	3,411,943	27,106	\$133,248
11	Apr-15	\$3.9800	\$4.0370	3,200,049	\$12,918,641				3,200,049	25,423	\$102,631
12	May-15	\$3.8900	\$3.9441	1,917,446	\$7,562,630				1,917,446	15,225	\$60,048
13	Jun-15	\$3.8900	\$3.9408	1,133,223	\$4,465,818				1,133,223	9,000	\$35,468
14	Jul-15	\$3.9000	\$3.9472	934,423	\$3,688,377				934,423	7,425	\$29,307
15	Aug-15	\$3.8975	\$3.9454	1,049,026	\$4,138,874				1,049,026	8,337	\$32,892
16	Sep-15	\$3.8825	\$3.9339	1,370,023	\$5,389,577				1,370,023	10,888	\$42,831
17	Oct-15	\$3.9900	\$4.0481	3,031,753	\$12,272,921				3,031,753	24,081	\$97,484
18	Nov-15	\$4.1925	\$4.2491	3,295,355	\$14,002,269	\$4.0607	1,558,161	\$6,327,182	3,295,355	26,173	\$111,214
19	Dec-15	\$4.2575	\$4.3088	4,344,771	\$18,720,840	\$4.0607	2,820,701	\$11,453,942	4,344,771	34,533	\$148,795
20	Jan-16	\$4.3950	\$4.4445	4,344,771	\$19,310,347	\$4.0607	3,541,020	\$14,378,921	4,344,771	34,541	\$153,517
21	Feb-16	\$4.3850	\$4.4377	3,924,309	\$17,414,872	\$4.0607	831,948	\$3,378,269	3,924,309	31,199	\$138,452
22	Mar-16	\$4.3225	\$4.3784	3,411,943	\$14,938,775	\$4.0607	0	\$0	3,411,943	27,106	\$118,678
23	Apr-16	\$3.7800	\$3.8620	3,200,049	\$12,358,632				3,200,049	25,423	\$98,182
24	May-16	\$3.7850	\$3.8641	1,917,446	\$7,409,234				1,917,446	15,225	\$58,830
25	Jun-16	\$3.8000	\$3.8758	1,133,223	\$4,392,159				1,133,223	9,000	\$34,883
26	Jul-16	\$3.8600	\$3.9322	934,423	\$3,674,361				934,423	7,425	\$29,196
27	Aug-16	\$3.8725	\$3.9454	1,049,026	\$4,138,874				1,049,026	8,337	\$32,892
28	Sep-16	\$3.8375	\$3.9139	1,370,023	\$5,362,177				1,370,023	10,888	\$42,613
29	Oct-16	\$3.9200	\$4.0031	3,031,753	\$12,136,492				3,031,753	24,081	\$96,400
30	Nov-16	\$4.1075	\$4.1841	3,295,355	\$13,788,071	\$3.9702	1,558,161	\$6,186,161	3,295,355	26,173	\$109,512
31	Dec-16	\$4.2500	\$4.3213	4,344,771	\$18,775,149	\$3.9702	2,820,701	\$11,198,655	4,344,771	34,533	\$149,227
32	Jan-17	\$4.4075	\$4.4770	4,344,771	\$19,451,552	\$3.9702	3,541,020	\$14,058,442	4,344,771	34,541	\$154,639
33	Feb-17	\$4.3825	\$4.4552	3,924,309	\$17,483,548	\$3.9702	831,948	\$3,302,973	3,924,309	31,199	\$138,998
34	Mar-17	\$4.3425	\$4.4184	3,411,943	\$15,075,252	\$3.9702	0	\$0	3,411,943	27,106	\$119,763
35	Apr-17	\$3.8950	\$3.9720	3,200,049	\$12,710,638				3,200,049	25,423	\$100,979
36	May-17	\$3.8950	\$3.9691	1,917,446	\$7,610,566				1,917,446	15,225	\$60,429
37	Jun-17	\$3.9100	\$3.9808	1,133,223	\$4,511,147				1,133,223	9,000	\$35,828
38	Jul-17	\$3.9175	\$3.9847	934,423	\$3,723,418				934,423	7,425	\$29,586
39											
40	Sub-Total			95,871,270	\$418,757,751		26,255,491	\$109,129,359	95,871,270		\$3,327,478
41				36-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)	\$4.37		36-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)	\$4.16		36-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)	\$0.03
42											
43	36-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)					\$4.36					

**CENTRA GAS MANITOBA INC.**

**Fixed Rate Primary Gas Service**

**1-Year Fixed Rate**

**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**

**For Gas Flow Effective August 1, 2014**

1 (based on forward market strip as at April 29, 2014 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Empress (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)
3	Aug-14	\$4.6075	\$4.7004	1,049,026	\$4,930,888				1,049,026	8,337	\$39,186
4	Sep-14	\$4.6050	\$4.7014	1,370,023	\$6,441,070				1,370,023	10,888	\$51,187
5	Oct-14	\$4.6700	\$4.7731	3,031,753	\$14,470,942				3,031,753	24,081	\$114,943
6	Nov-14	\$4.8325	\$4.8916	3,295,355	\$16,119,535	\$4.4385	1,558,161	\$6,915,866	3,295,355	26,173	\$128,030
7	Dec-14	\$4.8950	\$4.9488	4,344,771	\$21,501,493	\$4.4385	2,820,701	\$12,519,622	4,344,771	34,533	\$170,896
8	Jan-15	\$4.9175	\$4.9695	4,344,771	\$21,591,351	\$4.4385	3,541,020	\$15,716,743	4,344,771	34,541	\$171,651
9	Feb-15	\$4.9150	\$4.9702	3,924,309	\$19,504,567	\$4.4385	831,948	\$3,692,584	3,924,309	31,199	\$155,065
10	Mar-15	\$4.8575	\$4.9159	3,411,943	\$16,772,694	\$4.4385	0	\$0	3,411,943	27,106	\$133,248
11	Apr-15	\$3.9800	\$4.0370	3,200,049	\$12,918,641				3,200,049	25,423	\$102,631
12	May-15	\$3.8900	\$3.9441	1,917,446	\$7,562,630				1,917,446	15,225	\$60,048
13	Jun-15	\$3.8900	\$3.9408	1,133,223	\$4,465,818				1,133,223	9,000	\$35,468
14	Jul-15	\$3.9000	\$3.9472	934,423	\$3,688,377				934,423	7,425	\$29,307
15											
16	Sub-Total			<b>31,957,090</b>	<b>\$149,968,006</b>		<b>8,751,830</b>	<b>\$38,844,815</b>	<b>31,957,090</b>		<b>\$1,191,660</b>
17				<b>12-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)</b>	<b>\$4.69</b>		<b>12-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)</b>	<b>\$4.44</b>		<b>12-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)</b>	<b>\$0.04</b>
18											
19		<b>12-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)</b>		<b>\$4.68</b>							



**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**Billed Rates for Offer to Commence Marketing on May 9, 2014**  
**For Gas Flow Effective August 1, 2014**

**PUB/Centra- 70 (c)**  
**Attachment - Page 16 of 32**  
**August 21, 2015**

		<u>1-Year Fixed</u>	<u>3-Year Fixed</u>	<u>5-Year Fixed</u>	
1					
2					
3	Weighted Average Cost of Gas Including Fuel	\$/GJ	\$4.68	\$4.36	\$4.43
4					
5	Weighted Average Cost of Gas Including Fuel (units converted at 37.8 GJ/10 <sup>3</sup> m <sup>3</sup> )	\$/m <sup>3</sup>	\$0.1769	\$0.1648	\$0.1675
6					
7	Self-Insurance Risk Premium - 8% (As approved In Order 85/13)	\$/m <sup>3</sup>	\$0.0142	\$0.0132	\$0.0134
8					
9	Program Cost Rate (As approved in Order 89/13)	\$/m <sup>3</sup>	\$0.0314	\$0.0314	\$0.0314
10					
11	<b>Fixed Rate Primary Gas Service Billed Rate</b>	<b>\$/m<sup>3</sup></b>	<b>\$0.2225</b>	<b>\$0.2094</b>	<b>\$0.2123</b>

**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**5-Year Fixed Rate**  
**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**  
**For Gas Flow Effective November 1, 2014**

**PUB/Centra- 70 (c)**  
**Attachment - Page 17 of 32**  
**August 21, 2015**

1 (based on forward market strip as at July 29, 2014 close)

	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Emprss (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)	
2	Month										
3	Nov-14	\$3.8300	\$3.8166	3,295,355	\$12,577,028	\$4.0097	1,558,161	\$6,247,690	3,295,355	26,173	\$99,894
4	Dec-14	\$3.8700	\$3.8513	4,344,771	\$16,733,107	\$4.0097	2,820,701	\$11,310,039	4,344,771	34,533	\$132,997
5	Jan-15	\$3.9350	\$3.9145	4,344,771	\$17,007,618	\$4.0097	3,541,020	\$14,198,270	4,344,771	34,541	\$135,210
6	Feb-15	\$3.9150	\$3.8977	3,924,309	\$15,295,746	\$4.0097	831,948	\$3,335,825	3,924,309	31,199	\$121,604
7	Mar-15	\$3.8300	\$3.8159	3,411,943	\$13,019,557	\$4.0097	0	\$0	3,411,943	27,106	\$103,431
8	Apr-15	\$3.4650	\$3.4420	3,200,049	\$11,014,612				3,200,049	25,423	\$87,505
9	May-15	\$3.4250	\$3.3991	1,917,446	\$6,517,622				1,917,446	15,225	\$51,751
10	Jun-15	\$3.4100	\$3.3808	1,133,223	\$3,831,214				1,133,223	9,000	\$30,428
11	Jul-15	\$3.4450	\$3.4122	934,423	\$3,188,461				934,423	7,425	\$25,335
12	Aug-15	\$3.4525	\$3.4204	1,049,026	\$3,588,136				1,049,026	8,337	\$28,515
13	Sep-15	\$3.4425	\$3.4139	1,370,023	\$4,677,166				1,370,023	10,888	\$37,169
14	Oct-15	\$3.5300	\$3.5081	3,031,753	\$10,635,774				3,031,753	24,081	\$84,480
15	Nov-15	\$3.6950	\$3.7216	3,295,355	\$12,263,969	\$3.5274	1,558,161	\$5,496,201	3,295,355	26,173	\$97,407
16	Dec-15	\$3.8350	\$3.8563	4,344,771	\$16,754,831	\$3.5274	2,820,701	\$9,949,638	4,344,771	34,533	\$133,169
17	Jan-16	\$3.9050	\$3.8245	4,344,771	\$17,051,066	\$3.5274	3,541,020	\$12,490,465	4,344,771	34,541	\$135,555
18	Feb-16	\$3.8950	\$3.9177	3,924,309	\$15,374,232	\$3.5274	831,948	\$2,934,584	3,924,309	31,199	\$122,228
19	Mar-16	\$3.8275	\$3.8534	3,411,943	\$13,147,505	\$3.5274	0	\$0	3,411,943	27,106	\$104,448
20	Apr-16	\$3.4450	\$3.5370	3,200,049	\$11,318,617				3,200,049	25,423	\$89,920
21	May-16	\$3.4350	\$3.5241	1,917,446	\$6,757,303				1,917,446	15,225	\$53,654
22	Jun-16	\$3.4500	\$3.5358	1,133,223	\$4,006,863				1,133,223	9,000	\$31,823
23	Jul-16	\$3.5150	\$3.5972	934,423	\$3,361,329				934,423	7,425	\$26,709
24	Aug-16	\$3.5175	\$3.6004	1,049,026	\$3,776,960				1,049,026	8,337	\$30,016
25	Sep-16	\$3.4775	\$3.5639	1,370,023	\$4,882,669				1,370,023	10,888	\$38,803
26	Oct-16	\$3.5550	\$3.6481	3,031,753	\$11,060,220				3,031,753	24,081	\$87,851
27	Nov-16	\$3.7050	\$3.7816	3,295,355	\$12,461,690	\$3.6009	1,558,161	\$5,610,711	3,295,355	26,173	\$98,977
28	Dec-16	\$3.8625	\$3.9338	4,344,771	\$17,091,551	\$3.6009	2,820,701	\$10,156,932	4,344,771	34,533	\$135,846
29	Jan-17	\$3.9950	\$4.0645	4,344,771	\$17,659,334	\$3.6009	3,541,020	\$12,750,695	4,344,771	34,541	\$140,391
30	Feb-17	\$3.9750	\$4.0477	3,924,309	\$15,884,392	\$3.6009	831,948	\$2,995,724	3,924,309	31,199	\$126,284
31	Mar-17	\$3.9375	\$4.0134	3,411,943	\$13,693,416	\$3.6009	0	\$0	3,411,943	27,106	\$108,785
32	Apr-17	\$3.5175	\$3.5945	3,200,049	\$11,502,619				3,200,049	25,423	\$91,382
33	May-17	\$3.5125	\$3.5866	1,917,446	\$6,877,143				1,917,446	15,225	\$54,605
34	Jun-17	\$3.5325	\$3.6033	1,133,223	\$4,083,356				1,133,223	9,000	\$32,430
35	Jul-17	\$3.5450	\$3.6122	934,423	\$3,375,346				934,423	7,425	\$26,820
36	Aug-17	\$3.5525	\$3.6204	1,049,026	\$3,797,941				1,049,026	8,337	\$30,183
37	Sep-17	\$3.5625	\$3.6339	1,370,023	\$4,978,571				1,370,023	10,888	\$39,565
38	Oct-17	\$3.6025	\$3.6806	3,031,753	\$11,158,752				3,031,753	24,081	\$88,634
39	Nov-17	\$3.8925	\$3.9691	3,295,355	\$13,079,569	\$3.6505	1,558,161	\$5,687,998	3,295,355	26,173	\$103,885
40	Dec-17	\$4.0300	\$4.1013	4,344,771	\$17,819,300	\$3.6505	2,820,701	\$10,296,843	4,344,771	34,533	\$141,630
41	Jan-18	\$4.1000	\$4.1695	4,344,771	\$18,115,535	\$3.6505	3,541,020	\$12,926,335	4,344,771	34,541	\$144,018
42	Feb-18	\$4.0775	\$4.1502	3,924,309	\$16,286,634	\$3.6505	831,948	\$3,036,989	3,924,309	31,199	\$129,482
43	Mar-18	\$4.0125	\$4.0884	3,411,943	\$13,949,311	\$3.6505	0	\$0	3,411,943	27,106	\$110,818
44	Apr-18	\$3.7275	\$3.8045	3,200,049	\$12,174,630				3,200,049	25,423	\$96,720
45	May-18	\$3.6875	\$3.7616	1,917,446	\$7,212,686				1,917,446	15,225	\$57,270
46	Jun-18	\$3.6825	\$3.7533	1,133,223	\$4,253,339				1,133,223	9,000	\$33,780
47	Jul-18	\$3.6925	\$3.7597	934,423	\$3,513,173				934,423	7,425	\$27,915
48	Aug-18	\$3.6950	\$3.7629	1,049,026	\$3,947,427				1,049,026	8,337	\$31,371
49	Sep-18	\$3.7400	\$3.8114	1,370,023	\$5,221,750				1,370,023	10,888	\$41,497
50	Oct-18	\$3.7625	\$3.8406	3,031,753	\$11,643,832				3,031,753	24,081	\$92,487
51	Nov-18	\$4.0875	\$4.1641	3,295,355	\$13,722,164	\$3.8005	1,558,161	\$5,921,796	3,295,355	26,173	\$108,989
52	Dec-18	\$4.2300	\$4.3013	4,344,771	\$18,688,254	\$3.8005	2,820,701	\$10,720,082	4,344,771	34,533	\$148,536
53	Jan-19	\$4.2800	\$4.3495	4,344,771	\$18,897,593	\$3.8005	3,541,020	\$13,457,657	4,344,771	34,541	\$150,235
54	Feb-19	\$4.2600	\$4.3327	3,924,309	\$17,002,820	\$3.8005	831,948	\$3,161,821	3,924,309	31,199	\$135,176
55	Mar-19	\$4.1950	\$4.2709	3,411,943	\$14,571,991	\$3.8005	0	\$0	3,411,943	27,106	\$115,764
56	Apr-19	\$3.9325	\$4.0095	3,200,049	\$12,830,640				3,200,049	25,423	\$101,932
57	May-19	\$3.8975	\$3.9716	1,917,446	\$7,615,360				1,917,446	15,225	\$60,467
58	Jun-19	\$3.8875	\$3.9583	1,133,223	\$4,485,650				1,133,223	9,000	\$35,625
59	Jul-19	\$3.8725	\$3.9397	934,423	\$3,681,369				934,423	7,425	\$29,252
60	Aug-19	\$3.8751	\$3.9431	1,049,026	\$4,136,379				1,049,026	8,337	\$32,872
61	Sep-19	\$3.9223	\$3.9937	1,370,023	\$5,471,526				1,370,023	10,888	\$43,482
62	Oct-19	\$3.9459	\$4.0240	3,031,753	\$12,199,893				3,031,753	24,081	\$96,904
63											
64	Sub-Total			159,785,450	\$620,926,544		43,759,152	\$162,686,293	159,785,450		\$4,933,909
65				60-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)	\$3.89		60-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)	\$3.72		60-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)	\$0.03
66											
67				60-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)			\$3.88				

**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**3-Year Fixed Rate**  
**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**  
**For Gas Flow Effective November 1, 2014**

**PUB/Centra- 70 (c)**  
**Attachment - Page 18 of 32**  
**August 21, 2015**

1 (based on forward market strip as at July 29, 2014 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Emprss (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)
3	Nov-14	\$3.8300	\$3.8166	3,295,355	\$12,577,028	\$4.0097	1,558,161	\$6,247,690	3,295,355	26,173	\$99,894
4	Dec-14	\$3.8700	\$3.8513	4,344,771	\$16,733,107	\$4.0097	2,820,701	\$11,310,039	4,344,771	34,533	\$132,997
5	Jan-15	\$3.9350	\$3.9145	4,344,771	\$17,007,618	\$4.0097	3,541,020	\$14,198,270	4,344,771	34,541	\$135,210
6	Feb-15	\$3.9150	\$3.8977	3,924,309	\$15,295,746	\$4.0097	831,948	\$3,335,825	3,924,309	31,199	\$121,604
7	Mar-15	\$3.8300	\$3.8159	3,411,943	\$13,019,557	\$4.0097	0	\$0	3,411,943	27,106	\$103,431
8	Apr-15	\$3.4650	\$3.4420	3,200,049	\$11,014,612				3,200,049	25,423	\$87,505
9	May-15	\$3.4250	\$3.3991	1,917,446	\$6,517,622				1,917,446	15,225	\$51,751
10	Jun-15	\$3.4100	\$3.3808	1,133,223	\$3,831,214				1,133,223	9,000	\$30,428
11	Jul-15	\$3.4450	\$3.4122	934,423	\$3,188,461				934,423	7,425	\$25,335
12	Aug-15	\$3.4525	\$3.4204	1,049,026	\$3,588,136				1,049,026	8,337	\$28,515
13	Sep-15	\$3.4425	\$3.4139	1,370,023	\$4,677,166				1,370,023	10,888	\$37,169
14	Oct-15	\$3.5300	\$3.5081	3,031,753	\$10,635,774				3,031,753	24,081	\$84,480
15	Nov-15	\$3.6950	\$3.7216	3,295,355	\$12,263,969	\$3.5274	1,558,161	\$5,496,201	3,295,355	26,173	\$97,407
16	Dec-15	\$3.8350	\$3.8563	4,344,771	\$16,754,831	\$3.5274	2,820,701	\$9,949,638	4,344,771	34,533	\$133,169
17	Jan-16	\$3.9050	\$3.9245	4,344,771	\$17,051,066	\$3.5274	3,541,020	\$12,490,465	4,344,771	34,541	\$135,555
18	Feb-16	\$3.8950	\$3.9177	3,924,309	\$15,374,232	\$3.5274	831,948	\$2,934,584	3,924,309	31,199	\$122,228
19	Mar-16	\$3.8275	\$3.8534	3,411,943	\$13,147,505	\$3.5274	0	\$0	3,411,943	27,106	\$104,448
20	Apr-16	\$3.4450	\$3.5370	3,200,049	\$11,318,617				3,200,049	25,423	\$89,920
21	May-16	\$3.4350	\$3.5241	1,917,446	\$6,757,303				1,917,446	15,225	\$53,654
22	Jun-16	\$3.4500	\$3.5358	1,133,223	\$4,006,863				1,133,223	9,000	\$31,823
23	Jul-16	\$3.5150	\$3.5972	934,423	\$3,361,329				934,423	7,425	\$26,709
24	Aug-16	\$3.5175	\$3.6004	1,049,026	\$3,776,960				1,049,026	8,337	\$30,016
25	Sep-16	\$3.4775	\$3.5639	1,370,023	\$4,882,669				1,370,023	10,888	\$38,803
26	Oct-16	\$3.5550	\$3.6481	3,031,753	\$11,060,220				3,031,753	24,081	\$87,851
27	Nov-16	\$3.7050	\$3.7816	3,295,355	\$12,461,690	\$3.6009	1,558,161	\$5,610,711	3,295,355	26,173	\$98,977
28	Dec-16	\$3.8625	\$3.9338	4,344,771	\$17,091,551	\$3.6009	2,820,701	\$10,156,932	4,344,771	34,533	\$135,846
29	Jan-17	\$3.9950	\$4.0645	4,344,771	\$17,659,334	\$3.6009	3,541,020	\$12,750,695	4,344,771	34,541	\$140,391
30	Feb-17	\$3.9750	\$4.0477	3,924,309	\$15,884,392	\$3.6009	831,948	\$2,995,724	3,924,309	31,199	\$126,284
31	Mar-17	\$3.9375	\$4.0134	3,411,943	\$13,693,416	\$3.6009	0	\$0	3,411,943	27,106	\$108,785
32	Apr-17	\$3.5175	\$3.5945	3,200,049	\$11,502,619				3,200,049	25,423	\$91,382
33	May-17	\$3.5125	\$3.5866	1,917,446	\$6,877,143				1,917,446	15,225	\$54,605
34	Jun-17	\$3.5325	\$3.6033	1,133,223	\$4,083,356				1,133,223	9,000	\$32,430
35	Jul-17	\$3.5450	\$3.6122	934,423	\$3,375,346				934,423	7,425	\$26,820
36	Aug-17	\$3.5525	\$3.6204	1,049,026	\$3,797,941				1,049,026	8,337	\$30,183
37	Sep-17	\$3.5625	\$3.6339	1,370,023	\$4,978,571				1,370,023	10,888	\$39,565
38	Oct-17	\$3.6025	\$3.6806	3,031,753	\$11,158,752				3,031,753	24,081	\$88,634
39											
40	Sub-Total			95,871,270	\$360,405,711		26,255,491	\$97,476,772	95,871,270		\$2,863,802
41				36-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)	\$3.76		36-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)	\$3.71		36-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)	\$0.03
42											
43	36-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)					\$3.78					

**CENTRA GAS MANITOBA INC.**

**Fixed Rate Primary Gas Service**

**1-Year Fixed Rate**

**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**

**For Gas Flow Effective November 1, 2014**

1 (based on forward market strip as at July 29, 2014 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Empress (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)
3	Nov-14	\$3.8300	\$3.8166	3,295,355	\$12,577,028	\$4.0097	1,558,161	\$6,247,690	3,295,355	26,173	\$99,894
4	Dec-14	\$3.8700	\$3.8513	4,344,771	\$16,733,107	\$4.0097	2,820,701	\$11,310,039	4,344,771	34,533	\$132,997
5	Jan-15	\$3.9350	\$3.9145	4,344,771	\$17,007,618	\$4.0097	3,541,020	\$14,198,270	4,344,771	34,541	\$135,210
6	Feb-15	\$3.9150	\$3.8977	3,924,309	\$15,295,746	\$4.0097	831,948	\$3,335,825	3,924,309	31,199	\$121,604
7	Mar-15	\$3.8300	\$3.8159	3,411,943	\$13,019,557	\$4.0097	0	\$0	3,411,943	27,106	\$103,431
8	Apr-15	\$3.4650	\$3.4420	3,200,049	\$11,014,612				3,200,049	25,423	\$87,505
9	May-15	\$3.4250	\$3.3991	1,917,446	\$6,517,622				1,917,446	15,225	\$51,751
10	Jun-15	\$3.4100	\$3.3808	1,133,223	\$3,831,214				1,133,223	9,000	\$30,428
11	Jul-15	\$3.4450	\$3.4122	934,423	\$3,188,461				934,423	7,425	\$25,335
12	Aug-15	\$3.4525	\$3.4204	1,049,026	\$3,588,136				1,049,026	8,337	\$28,515
13	Sep-15	\$3.4425	\$3.4139	1,370,023	\$4,677,166				1,370,023	10,888	\$37,169
14	Oct-15	\$3.5300	\$3.5081	3,031,753	\$10,635,774				3,031,753	24,081	\$84,480
15											
16	Sub-Total			<b>31,957,090</b>	<b>\$118,086,039</b>		<b>8,751,830</b>	<b>\$35,091,824</b>	<b>31,957,090</b>		<b>\$938,318</b>
17				<b>12-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)</b>	<b>\$3.70</b>		<b>12-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)</b>	<b>\$4.01</b>		<b>12-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)</b>	<b>\$0.03</b>
18											
19		<b>12-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)</b>						<b>\$3.79</b>			

**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**Billed Rates for Offer to Commence Marketing on August 11, 2014**  
**For Gas Flow Effective November 1, 2014**

**PUB/Centra- 70 (c)**  
**Attachment - Page 20 of 32**  
**August 21, 2015**

		<u>1-Year Fixed</u>	<u>3-Year Fixed</u>	<u>5-Year Fixed</u>	
1					
2					
3	Weighted Average Cost of Gas Including Fuel	\$/GJ	\$3.79	\$3.78	\$3.88
4					
5	Weighted Average Cost of Gas Including Fuel (units converted at 37.8 GJ/10 <sup>3</sup> m <sup>3</sup> )	\$/m <sup>3</sup>	\$0.1433	\$0.1429	\$0.1467
6					
7	Self-Insurance Risk Premium - 8% (As approved In Order 85/13)	\$/m <sup>3</sup>	\$0.0115	\$0.0114	\$0.0117
8					
9	Program Cost Rate (As approved in Order 89/13)	\$/m <sup>3</sup>	\$0.0314	\$0.0314	\$0.0314
10					
11	<b>Fixed Rate Primary Gas Service Billed Rate</b>	<b>\$/m<sup>3</sup></b>	<b>\$0.1862</b>	<b>\$0.1857</b>	<b>\$0.1898</b>

**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**5-Year Fixed Rate**  
**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**  
**For Gas Flow Effective February 1, 2015**

**PUB/Centra- 70 (c)**  
**Attachment - Page 21 of 32**  
**August 21, 2015**

1 (based on forward market strip as at October 31, 2014 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Emppress (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)
3	Feb-15	\$3.7375	\$3.8365	3,945,869	\$15,138,267	\$3.9889	1,044,462	\$4,166,211	3,945,869	35,381	\$135,740
4	Mar-15	\$3.6175	\$3.7016	3,859,570	\$14,286,568	\$3.9889	0	\$0	3,859,570	34,599	\$128,071
5	Apr-15	\$3.3375	\$3.4460	3,418,038	\$11,778,574				3,418,038	30,636	\$105,572
6	May-15	\$3.2875	\$3.3576	2,000,953	\$6,718,326				2,000,953	17,939	\$60,231
7	Jun-15	\$3.2925	\$3.3475	1,260,042	\$4,217,963				1,260,042	11,297	\$37,817
8	Jul-15	\$3.3150	\$3.3563	988,941	\$3,319,141				988,941	8,868	\$29,763
9	Aug-15	\$3.3100	\$3.3488	1,022,567	\$3,424,335				1,022,567	9,171	\$30,711
10	Sep-15	\$3.3225	\$3.3800	1,366,193	\$4,617,706				1,366,193	12,254	\$41,419
11	Oct-15	\$3.3975	\$3.5054	3,232,526	\$11,331,222				3,232,526	28,969	\$101,549
12	Nov-15	\$3.6525	\$3.7559	3,748,525	\$14,079,171	\$3.4919	1,174,820	\$4,102,336	3,748,525	33,598	\$126,193
13	Dec-15	\$3.7650	\$3.8009	4,368,641	\$16,604,645	\$3.4919	2,892,675	\$10,100,887	4,368,641	39,164	\$148,857
14	Jan-16	\$3.8625	\$3.8984	4,368,641	\$17,030,582	\$3.4919	3,623,459	\$12,652,697	4,368,641	39,170	\$152,701
15	Feb-16	\$3.8400	\$3.8759	3,945,869	\$15,293,679	\$3.4919	1,044,462	\$3,647,141	3,945,869	35,381	\$137,134
16	Mar-16	\$3.7525	\$3.8284	3,859,570	\$14,775,849	\$3.4919	0	\$0	3,859,570	34,599	\$132,457
17	Apr-16	\$3.3925	\$3.4936	3,418,038	\$11,941,112				3,418,038	30,636	\$107,029
18	May-16	\$3.3675	\$3.4308	2,000,953	\$6,864,939				2,000,953	17,939	\$61,546
19	Jun-16	\$3.3825	\$3.4326	1,260,042	\$4,325,190				1,260,042	11,297	\$38,778
20	Jul-16	\$3.4550	\$3.4927	988,941	\$3,454,086				988,941	8,868	\$30,973
21	Aug-16	\$3.4575	\$3.4918	1,022,567	\$3,570,610				1,022,567	9,171	\$32,022
22	Sep-16	\$3.4175	\$3.4694	1,366,193	\$4,739,907				1,366,193	12,254	\$42,515
23	Oct-16	\$3.4950	\$3.5968	3,232,526	\$11,626,883				3,232,526	28,969	\$104,198
24	Nov-16	\$3.6775	\$3.7836	3,748,525	\$14,182,923	\$3.5282	1,174,820	\$4,144,987	3,748,525	33,598	\$127,123
25	Dec-16	\$3.8275	\$3.8748	4,368,641	\$16,927,816	\$3.5282	2,892,675	\$10,205,903	4,368,641	39,164	\$151,754
26	Jan-17	\$3.9600	\$4.0073	4,368,641	\$17,506,656	\$3.5282	3,623,459	\$12,784,244	4,368,641	39,170	\$156,970
27	Feb-17	\$3.9375	\$3.9848	3,945,869	\$15,723,682	\$3.5282	1,044,462	\$3,685,059	3,945,869	35,381	\$140,989
28	Mar-17	\$3.8925	\$3.9739	3,859,570	\$15,337,363	\$3.5282	0	\$0	3,859,570	34,599	\$137,491
29	Apr-17	\$3.5050	\$3.6175	3,418,038	\$12,364,801				3,418,038	30,636	\$110,826
30	May-17	\$3.4925	\$3.5662	2,000,953	\$7,135,771				2,000,953	17,939	\$63,974
31	Jun-17	\$3.5125	\$3.5701	1,260,042	\$4,498,498				1,260,042	11,297	\$40,332
32	Jul-17	\$3.5225	\$3.5657	988,941	\$3,526,234				988,941	8,868	\$31,620
33	Aug-17	\$3.5275	\$3.5687	1,022,567	\$3,649,194				1,022,567	9,171	\$32,727
34	Sep-17	\$3.5325	\$3.5930	1,366,193	\$4,908,692				1,366,193	12,254	\$44,029
35	Oct-17	\$3.5650	\$3.6761	3,232,526	\$11,883,176				3,232,526	28,969	\$106,495
36	Nov-17	\$3.8800	\$3.9861	3,748,525	\$14,941,999	\$3.6306	1,174,820	\$4,265,325	3,748,525	33,598	\$133,926
37	Dec-17	\$4.0250	\$4.0723	4,368,641	\$17,790,623	\$3.6306	2,892,675	\$10,502,202	4,368,641	39,164	\$159,489
38	Jan-18	\$4.0925	\$4.1398	4,368,641	\$18,085,501	\$3.6306	3,623,459	\$13,155,398	4,368,641	39,170	\$162,160
39	Feb-18	\$4.0625	\$4.1098	3,945,869	\$16,216,915	\$3.6306	1,044,462	\$3,792,044	3,945,869	35,381	\$145,412
40	Mar-18	\$3.9925	\$4.0739	3,859,570	\$15,723,320	\$3.6306	0	\$0	3,859,570	34,599	\$140,951
41	Apr-18	\$3.6550	\$3.7675	3,418,038	\$12,877,506				3,418,038	30,636	\$115,422
42	May-18	\$3.6100	\$3.6837	2,000,953	\$7,370,883				2,000,953	17,939	\$66,082
43	Jun-18	\$3.6100	\$3.6676	1,260,042	\$4,621,352				1,260,042	11,297	\$41,433
44	Jul-18	\$3.6225	\$3.6657	988,941	\$3,625,128				988,941	8,868	\$32,507
45	Aug-18	\$3.6250	\$3.6662	1,022,567	\$3,748,894				1,022,567	9,171	\$33,621
46	Sep-18	\$3.6575	\$3.7180	1,366,193	\$5,079,466				1,366,193	12,254	\$45,561
47	Oct-18	\$3.6725	\$3.7836	3,232,526	\$12,230,672				3,232,526	28,969	\$109,610
48	Nov-18	\$4.0100	\$4.1161	3,748,525	\$15,429,307	\$3.7438	1,174,820	\$4,398,244	3,748,525	33,598	\$138,294
49	Dec-18	\$4.1600	\$4.2073	4,368,641	\$18,380,389	\$3.7438	2,892,675	\$10,829,479	4,368,641	39,164	\$164,776
50	Jan-19	\$4.2275	\$4.2748	4,368,641	\$18,675,268	\$3.7438	3,623,459	\$13,565,355	4,368,641	39,170	\$167,448
51	Feb-19	\$4.2050	\$4.2523	3,945,869	\$16,779,202	\$3.7438	1,044,462	\$3,910,215	3,945,869	35,381	\$150,454
52	Mar-19	\$4.1400	\$4.2214	3,859,570	\$16,292,607	\$3.7438	0	\$0	3,859,570	34,599	\$146,054
53	Apr-19	\$3.8850	\$3.9975	3,418,038	\$13,663,655				3,418,038	30,636	\$122,468
54	May-19	\$3.8450	\$3.9187	2,000,953	\$7,841,107				2,000,953	17,939	\$70,297
55	Jun-19	\$3.8425	\$3.9001	1,260,042	\$4,914,311				1,260,042	11,297	\$44,060
56	Jul-19	\$3.8325	\$3.8757	988,941	\$3,832,806				988,941	8,868	\$34,370
57	Aug-19	\$3.8475	\$3.8887	1,022,567	\$3,976,415				1,022,567	9,171	\$35,862
58	Sep-19	\$3.8750	\$3.9355	1,366,193	\$5,376,613				1,366,193	12,254	\$48,226
59	Oct-19	\$3.8975	\$4.0086	3,232,526	\$12,957,991				3,232,526	28,969	\$116,128
60	Nov-19	\$4.1550	\$4.2611	3,748,525	\$15,972,843	\$3.9621	1,174,820	\$4,654,795	3,748,525	33,598	\$143,166
61	Dec-19	\$4.3375	\$4.3848	4,368,641	\$19,155,823	\$3.9621	2,892,675	\$11,461,167	4,368,641	39,164	\$171,728
62	Jan-20	\$4.4079	\$4.4552	4,368,641	\$19,463,284	\$3.9621	3,623,459	\$14,356,628	4,368,641	39,170	\$174,513
63											
64	Sub-Total			167,902,524	\$651,807,445		43,677,083	\$160,380,317	167,902,524		\$5843,425
				60-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)	\$3.88		60-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)	\$3.67		60-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)	\$0.03
65											
66											
67	60-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)							\$3.87			

**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**3-Year Fixed Rate**  
**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**  
**For Gas Flow Effective February 1, 2015**

**PUB/Centra- 70 (c)**  
**Attachment - Page 22 of 32**  
**August 21, 2015**

1 (based on forward market strip as at October 31, 2014 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Empress (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)
3	Feb-15	\$3.7375	\$3.8365	3,945,869	\$15,138,267	\$3.9889	1,044,462	\$4,166,211	3,945,869	35,381	\$135,740
4	Mar-15	\$3.6175	\$3.7016	3,859,570	\$14,286,568	\$3.9889	0	\$0	3,859,570	34,599	\$128,071
5	Apr-15	\$3.3375	\$3.4460	3,418,038	\$11,778,574				3,418,038	30,636	\$105,572
6	May-15	\$3.2875	\$3.3576	2,000,953	\$6,718,326				2,000,953	17,939	\$60,231
7	Jun-15	\$3.2925	\$3.3475	1,260,042	\$4,217,963				1,260,042	11,297	\$37,817
8	Jul-15	\$3.3150	\$3.3563	988,941	\$3,319,141				988,941	8,868	\$29,763
9	Aug-15	\$3.3100	\$3.3488	1,022,567	\$3,424,335				1,022,567	9,171	\$30,711
10	Sep-15	\$3.3225	\$3.3800	1,366,193	\$4,617,706				1,366,193	12,254	\$41,419
11	Oct-15	\$3.3975	\$3.5054	3,232,526	\$11,331,222				3,232,526	28,969	\$101,549
12	Nov-15	\$3.6525	\$3.7559	3,748,525	\$14,079,171	\$3.4919	1,174,820	\$4,102,336	3,748,525	33,598	\$126,193
13	Dec-15	\$3.7650	\$3.8009	4,368,641	\$16,604,645	\$3.4919	2,892,675	\$10,100,887	4,368,641	39,164	\$148,857
14	Jan-16	\$3.8625	\$3.8984	4,368,641	\$17,030,582	\$3.4919	3,623,459	\$12,652,697	4,368,641	39,170	\$152,701
15	Feb-16	\$3.8400	\$3.8759	3,945,869	\$15,293,679	\$3.4919	1,044,462	\$3,647,141	3,945,869	35,381	\$137,134
16	Mar-16	\$3.7525	\$3.8284	3,859,570	\$14,775,849	\$3.4919	0	\$0	3,859,570	34,599	\$132,457
17	Apr-16	\$3.3925	\$3.4936	3,418,038	\$11,941,112				3,418,038	30,636	\$107,029
18	May-16	\$3.3675	\$3.4308	2,000,953	\$6,864,939				2,000,953	17,939	\$61,546
19	Jun-16	\$3.3825	\$3.4326	1,260,042	\$4,325,190				1,260,042	11,297	\$38,778
20	Jul-16	\$3.4550	\$3.4927	988,941	\$3,454,086				988,941	8,868	\$30,973
21	Aug-16	\$3.4575	\$3.4918	1,022,567	\$3,570,610				1,022,567	9,171	\$32,022
22	Sep-16	\$3.4175	\$3.4694	1,366,193	\$4,739,907				1,366,193	12,254	\$42,515
23	Oct-16	\$3.4950	\$3.5968	3,232,526	\$11,626,883				3,232,526	28,969	\$104,198
24	Nov-16	\$3.6775	\$3.7836	3,748,525	\$14,182,923	\$3.5282	1,174,820	\$4,144,987	3,748,525	33,598	\$127,123
25	Dec-16	\$3.8275	\$3.8748	4,368,641	\$16,927,816	\$3.5282	2,892,675	\$10,205,903	4,368,641	39,164	\$151,754
26	Jan-17	\$3.9600	\$4.0073	4,368,641	\$17,506,656	\$3.5282	3,623,459	\$12,784,244	4,368,641	39,170	\$156,970
27	Feb-17	\$3.9375	\$3.9848	3,945,869	\$15,723,682	\$3.5282	1,044,462	\$3,685,059	3,945,869	35,381	\$140,989
28	Mar-17	\$3.8925	\$3.9739	3,859,570	\$15,337,363	\$3.5282	0	\$0	3,859,570	34,599	\$137,491
29	Apr-17	\$3.5050	\$3.6175	3,418,038	\$12,364,801				3,418,038	30,636	\$110,826
30	May-17	\$3.4925	\$3.5662	2,000,953	\$7,135,771				2,000,953	17,939	\$63,974
31	Jun-17	\$3.5125	\$3.5701	1,260,042	\$4,498,498				1,260,042	11,297	\$40,332
32	Jul-17	\$3.5225	\$3.5657	988,941	\$3,526,234				988,941	8,868	\$31,620
33	Aug-17	\$3.5275	\$3.5687	1,022,567	\$3,649,194				1,022,567	9,171	\$32,727
34	Sep-17	\$3.5325	\$3.5930	1,366,193	\$4,908,692				1,366,193	12,254	\$44,029
35	Oct-17	\$3.5650	\$3.6761	3,232,526	\$11,883,176				3,232,526	28,969	\$106,495
36	Nov-17	\$3.8800	\$3.9861	3,748,525	\$14,941,999	\$3.6306	1,174,820	\$4,265,325	3,748,525	33,598	\$133,926
37	Dec-17	\$4.0250	\$4.0723	4,368,641	\$17,790,623	\$3.6306	2,892,675	\$10,502,202	4,368,641	39,164	\$159,489
38	Jan-18	\$4.0925	\$4.1398	4,368,641	\$18,085,501	\$3.6306	3,623,459	\$13,155,398	4,368,641	39,170	\$162,160
39											
40	Sub-Total			100,741,515	\$377,601,686		26,206,250	\$93,412,391	100,741,515		\$3,385,183
41				36-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)	\$3.75		36-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)	\$3.56		36-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)	\$0.03
42											
43				36-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)				\$3.74			

**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**1-Year Fixed Rate**  
**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**  
**For Gas Flow Effective February 1, 2015**

**PUB/Centra- 70 (c)**  
**Attachment - Page 23 of 32**  
**August 21, 2015**

1 (based on forward market strip as at October 31, 2014 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Empress (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)
3	Feb-15	\$3.7375	\$3.8365	3,945,869	\$15,138,267	\$3.9889	1,044,462	\$4,166,211	3,945,869	35,381	\$135,740
4	Mar-15	\$3.6175	\$3.7016	3,859,570	\$14,286,568	\$3.9889	0	\$0	3,859,570	34,599	\$128,071
5	Apr-15	\$3.3375	\$3.4460	3,418,038	\$11,778,574				3,418,038	30,636	\$105,572
6	May-15	\$3.2875	\$3.3576	2,000,953	\$6,718,326				2,000,953	17,939	\$60,231
7	Jun-15	\$3.2925	\$3.3475	1,260,042	\$4,217,963				1,260,042	11,297	\$37,817
8	Jul-15	\$3.3150	\$3.3563	988,941	\$3,319,141				988,941	8,868	\$29,763
9	Aug-15	\$3.3100	\$3.3488	1,022,567	\$3,424,335				1,022,567	9,171	\$30,711
10	Sep-15	\$3.3225	\$3.3800	1,366,193	\$4,617,706				1,366,193	12,254	\$41,419
11	Oct-15	\$3.3975	\$3.5054	3,232,526	\$11,331,222				3,232,526	28,969	\$101,549
12	Nov-15	\$3.6525	\$3.7559	3,748,525	\$14,079,171	\$3.4919	1,174,820	\$4,102,336	3,748,525	33,598	\$126,193
13	Dec-15	\$3.7650	\$3.8009	4,368,641	\$16,604,645	\$3.4919	2,892,675	\$10,100,887	4,368,641	39,164	\$148,857
14	Jan-16	\$3.8625	\$3.8984	4,368,641	\$17,030,582	\$3.4919	3,623,459	\$12,652,697	4,368,641	39,170	\$152,701
15											
16	Sub-Total			<b>33,580,505</b>	<b>\$122,546,501</b>		<b>8,735,417</b>	<b>\$31,022,131</b>	<b>33,580,505</b>		<b>\$1,098,624</b>
17				<b>12-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)</b>	<b>\$3.65</b>		<b>12-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)</b>	<b>\$3.55</b>		<b>12-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)</b>	<b>\$0.03</b>
18											
19		<b>12-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)</b>			<b>\$3.66</b>						



**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**Billed Rates for Offer to Commence Marketing on November 13, 2014**  
**For Gas Flow Effective February 1, 2015**

**PUB/Centra- 70 (c)**  
**Attachment - Page 24 of 32**  
**August 21, 2015**

		<u>1-Year Fixed</u>	<u>3-Year Fixed</u>	<u>5-Year Fixed</u>	
1					
2					
3	Weighted Average Cost of Gas Including Fuel	\$/GJ	\$3.66	\$3.74	\$3.87
4					
5	Weighted Average Cost of Gas Including Fuel (units converted at 37.8 GJ/10 <sup>3</sup> m <sup>3</sup> )	\$/m <sup>3</sup>	\$0.1383	\$0.1414	\$0.1463
6					
7	Self-Insurance Risk Premium - 8% (As approved In Order 85/13)	\$/m <sup>3</sup>	\$0.0111	\$0.0113	\$0.0117
8					
9	Program Cost Rate (As approved in Order 89/13)	\$/m <sup>3</sup>	\$0.0314	\$0.0314	\$0.0314
10					
11	<b>Fixed Rate Primary Gas Service Billed Rate</b>	<b>\$/m<sup>3</sup></b>	<b>\$0.1808</b>	<b>\$0.1841</b>	<b>\$0.1894</b>

**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**5-Year Fixed Rate**  
**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**  
**For Gas Flow Effective May 1, 2015**

1 (based on forward market strip as at January 28, 2015 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Empprs (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)
3	May-15	\$2.5850	\$2.6830	2,029,379	\$5,444,922				2,029,379	25,677	\$68,893
4	Jun-15	\$2.5850	\$2.6673	1,269,541	\$3,386,296				1,269,541	16,063	\$42,847
5	Jul-15	\$2.5900	\$2.6557	992,166	\$2,634,904				992,166	12,551	\$33,332
6	Aug-15	\$2.6025	\$2.6683	1,025,003	\$2,734,997				1,025,003	12,968	\$34,604
7	Sep-15	\$2.6000	\$2.6867	1,379,162	\$3,705,461				1,379,162	17,452	\$46,890
8	Oct-15	\$2.6725	\$2.7987	3,157,086	\$8,835,816				3,157,086	39,933	\$111,761
9	Nov-15	\$2.9275	\$3.0490	3,833,595	\$11,688,808	\$2.9093	1,076,790	\$3,132,689	3,833,595	48,474	\$147,801
10	Dec-15	\$3.0575	\$3.1794	4,948,480	\$15,733,236	\$2.9093	2,302,955	\$6,699,953	4,948,480	62,571	\$198,939
11	Jan-16	\$3.1725	\$3.2980	4,949,605	\$16,323,586	\$2.9093	3,073,025	\$8,940,308	4,949,605	62,584	\$206,398
12	Feb-16	\$3.1650	\$3.2904	4,469,819	\$14,707,339	\$2.9093	2,057,455	\$5,985,724	4,469,819	56,527	\$185,994
13	Mar-16	\$3.1200	\$3.2404	3,970,070	\$12,864,452	\$2.9093	28,017	\$81,509	3,970,070	50,200	\$162,666
14	Apr-16	\$2.9850	\$3.1139	3,330,143	\$10,369,836				3,330,143	42,130	\$131,189
15	May-16	\$2.8975	\$3.0026	2,029,379	\$6,093,511				2,029,379	25,677	\$77,099
16	Jun-16	\$2.9325	\$3.0156	1,269,541	\$3,828,403				1,269,541	16,063	\$48,441
17	Jul-16	\$3.0225	\$3.0887	992,166	\$3,064,548				992,166	12,551	\$38,767
18	Aug-16	\$3.0250	\$3.0915	1,025,003	\$3,168,751				1,025,003	12,968	\$40,092
19	Sep-16	\$2.9825	\$3.0701	1,379,162	\$4,234,148				1,379,162	17,452	\$53,581
20	Oct-16	\$3.0925	\$3.2197	3,157,086	\$10,165,008				3,157,086	39,933	\$128,573
21	Nov-16	\$3.2125	\$3.3217	3,833,595	\$12,734,044	\$3.0960	1,076,790	\$3,333,692	3,833,595	48,474	\$161,017
22	Dec-16	\$3.3775	\$3.4715	4,948,480	\$17,178,603	\$3.0960	2,302,955	\$7,129,841	4,948,480	62,571	\$217,214
23	Jan-17	\$3.5650	\$3.6651	4,949,605	\$18,140,656	\$3.0960	3,073,025	\$9,513,943	4,949,605	62,584	\$229,374
24	Feb-17	\$3.5450	\$3.6449	4,469,819	\$16,292,108	\$3.0960	2,057,455	\$6,369,785	4,469,819	56,527	\$206,036
25	Mar-17	\$3.5075	\$3.6145	3,970,070	\$14,349,812	\$3.0960	28,017	\$86,739	3,970,070	50,200	\$181,448
26	Apr-17	\$3.2475	\$3.3650	3,330,143	\$11,205,875				3,330,143	42,130	\$141,766
27	May-17	\$3.2150	\$3.3110	2,029,379	\$6,719,314				2,029,379	25,677	\$85,017
28	Jun-17	\$3.2525	\$3.3289	1,269,541	\$4,226,184				1,269,541	16,063	\$53,474
29	Jul-17	\$3.2650	\$3.3264	992,166	\$3,300,358				992,166	12,551	\$41,750
30	Aug-17	\$3.2650	\$3.3254	1,025,003	\$3,408,534				1,025,003	12,968	\$43,125
31	Sep-17	\$3.2675	\$3.3475	1,379,162	\$4,616,784				1,379,162	17,452	\$58,423
32	Oct-17	\$3.3075	\$3.4256	3,157,086	\$10,814,830				3,157,086	39,933	\$136,793
33	Nov-17	\$3.5900	\$3.6992	3,833,595	\$14,181,226	\$3.3527	1,076,790	\$3,610,133	3,833,595	48,474	\$179,316
34	Dec-17	\$3.7300	\$3.8240	4,948,480	\$18,922,942	\$3.3527	2,302,955	\$7,721,073	4,948,480	62,571	\$239,271
35	Jan-18	\$3.8175	\$3.9176	4,949,605	\$19,390,431	\$3.3527	3,073,025	\$10,302,873	4,949,605	62,584	\$245,176
36	Feb-18	\$3.7850	\$3.8849	4,469,819	\$17,364,865	\$3.3527	2,057,455	\$6,897,990	4,469,819	56,527	\$219,602
37	Mar-18	\$3.7075	\$3.8145	3,970,070	\$15,143,826	\$3.3527	28,017	\$93,932	3,970,070	50,200	\$191,488
38	Apr-18	\$3.3825	\$3.5000	3,330,143	\$11,655,445				3,330,143	42,130	\$147,453
39	May-18	\$3.3150	\$3.4110	2,029,379	\$6,922,252				2,029,379	25,677	\$87,585
40	Jun-18	\$3.3175	\$3.3939	1,269,541	\$4,308,705				1,269,541	16,063	\$54,518
41	Jul-18	\$3.3350	\$3.3964	992,166	\$3,369,809				992,166	12,551	\$42,629
42	Aug-18	\$3.3400	\$3.4004	1,025,003	\$3,485,409				1,025,003	12,968	\$44,098
43	Sep-18	\$3.3675	\$3.4475	1,379,162	\$4,754,701				1,379,162	17,452	\$60,168
44	Oct-18	\$3.3825	\$3.5006	3,157,086	\$11,051,611				3,157,086	39,933	\$139,788
45	Nov-18	\$3.7175	\$3.8267	3,833,595	\$14,670,010	\$3.4669	1,076,790	\$3,733,162	3,833,595	48,474	\$185,497
46	Dec-18	\$3.8750	\$3.9690	4,948,480	\$19,640,471	\$3.4669	2,302,955	\$7,984,198	4,948,480	62,571	\$248,344
47	Jan-19	\$3.9525	\$4.0526	4,949,605	\$20,058,628	\$3.4669	3,073,025	\$10,653,982	4,949,605	62,584	\$253,625
48	Feb-19	\$3.9225	\$4.0224	4,469,819	\$17,979,465	\$3.4669	2,057,455	\$7,133,065	4,469,819	56,527	\$227,375
49	Mar-19	\$3.8425	\$3.9495	3,970,070	\$15,679,786	\$3.4669	28,017	\$97,133	3,970,070	50,200	\$198,265
50	Apr-19	\$3.5750	\$3.6925	3,330,143	\$12,296,497				3,330,143	42,130	\$155,563
51	May-19	\$3.5150	\$3.6110	2,029,379	\$7,328,128				2,029,379	25,677	\$92,720
52	Jun-19	\$3.5125	\$3.5889	1,269,541	\$4,556,265				1,269,541	16,063	\$57,650
53	Jul-19	\$3.5025	\$3.5639	992,166	\$3,535,997				992,166	12,551	\$44,731
54	Aug-19	\$3.5200	\$3.5804	1,025,003	\$3,669,910				1,025,003	12,968	\$46,432
55	Sep-19	\$3.5450	\$3.6250	1,379,162	\$4,999,502				1,379,162	17,452	\$63,266
56	Oct-19	\$3.5650	\$3.6831	3,157,086	\$11,627,780				3,157,086	39,933	\$147,075
57	Nov-19	\$3.7950	\$3.9042	3,833,595	\$14,967,113	\$3.6429	1,076,790	\$3,922,675	3,833,595	48,474	\$189,253
58	Dec-19	\$3.9725	\$4.0665	4,948,480	\$20,122,948	\$3.6429	2,302,955	\$8,389,514	4,948,480	62,571	\$254,444
59	Jan-20	\$4.0575	\$4.1576	4,949,605	\$20,578,336	\$3.6429	3,073,025	\$11,194,830	4,949,605	62,584	\$260,196
60	Feb-20	\$4.0400	\$4.1399	4,469,819	\$18,504,668	\$3.6429	2,057,455	\$7,495,174	4,469,819	56,527	\$234,017
61	Mar-20	\$3.9850	\$4.0653	3,970,070	\$16,139,436	\$3.6429	28,017	\$102,064	3,970,070	50,200	\$204,077
62	Apr-20	\$3.7525	\$3.8445	3,330,143	\$12,802,880				3,330,143	42,130	\$161,969
63											
64	Sub-Total			176,770,240	\$631,680,169		42,691,210	\$140,605,979	176,770,240		\$7,988,890
65				60-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)	\$3.57		60-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)	\$3.29		60-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)	\$0.05
66											
67	60-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)						\$3.56				

**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**3-Year Fixed Rate**  
**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**  
**For Gas Flow Effective May 1, 2015**

**PUB/Centra- 70 (c)**  
**Attachment - Page 26 of 32**  
**August 21, 2015**

1 (based on forward market strip as at January 28, 2015 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Empress (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)
3	May-15	\$2.5850	\$2.6830	2,029,379	\$5,444,922				2,029,379	25,677	\$68,893
4	Jun-15	\$2.5850	\$2.6673	1,269,541	\$3,386,296				1,269,541	16,063	\$42,847
5	Jul-15	\$2.5900	\$2.6557	992,166	\$2,634,904				992,166	12,551	\$33,332
6	Aug-15	\$2.6025	\$2.6683	1,025,003	\$2,734,997				1,025,003	12,968	\$34,604
7	Sep-15	\$2.6000	\$2.6867	1,379,162	\$3,705,461				1,379,162	17,452	\$46,890
8	Oct-15	\$2.6725	\$2.7987	3,157,086	\$8,835,816				3,157,086	39,933	\$111,761
9	Nov-15	\$2.9275	\$3.0490	3,833,595	\$11,688,808	\$2.9093	1,076,790	\$3,132,689	3,833,595	48,474	\$147,801
10	Dec-15	\$3.0575	\$3.1794	4,948,480	\$15,733,236	\$2.9093	2,302,955	\$6,699,953	4,948,480	62,571	\$198,939
11	Jan-16	\$3.1725	\$3.2980	4,949,605	\$16,323,586	\$2.9093	3,073,025	\$8,940,308	4,949,605	62,584	\$206,398
12	Feb-16	\$3.1650	\$3.2904	4,469,819	\$14,707,339	\$2.9093	2,057,455	\$5,985,724	4,469,819	56,527	\$185,994
13	Mar-16	\$3.1200	\$3.2404	3,970,070	\$12,864,452	\$2.9093	28,017	\$81,509	3,970,070	50,200	\$162,666
14	Apr-16	\$2.9850	\$3.1139	3,330,143	\$10,369,836				3,330,143	42,130	\$131,189
15	May-16	\$2.8975	\$3.0026	2,029,379	\$6,093,511				2,029,379	25,677	\$77,099
16	Jun-16	\$2.9325	\$3.0156	1,269,541	\$3,828,403				1,269,541	16,063	\$48,441
17	Jul-16	\$3.0225	\$3.0887	992,166	\$3,064,548				992,166	12,551	\$38,767
18	Aug-16	\$3.0250	\$3.0915	1,025,003	\$3,168,751				1,025,003	12,968	\$40,092
19	Sep-16	\$2.9825	\$3.0701	1,379,162	\$4,234,148				1,379,162	17,452	\$53,581
20	Oct-16	\$3.0925	\$3.2197	3,157,086	\$10,165,008				3,157,086	39,933	\$128,573
21	Nov-16	\$3.2125	\$3.3217	3,833,595	\$12,734,044	\$3.0960	1,076,790	\$3,333,692	3,833,595	48,474	\$161,017
22	Dec-16	\$3.3775	\$3.4715	4,948,480	\$17,178,603	\$3.0960	2,302,955	\$7,129,841	4,948,480	62,571	\$217,214
23	Jan-17	\$3.5650	\$3.6651	4,949,605	\$18,140,656	\$3.0960	3,073,025	\$9,513,943	4,949,605	62,584	\$229,374
24	Feb-17	\$3.5450	\$3.6449	4,469,819	\$16,292,108	\$3.0960	2,057,455	\$6,369,785	4,469,819	56,527	\$206,036
25	Mar-17	\$3.5075	\$3.6145	3,970,070	\$14,349,812	\$3.0960	28,017	\$86,739	3,970,070	50,200	\$181,448
26	Apr-17	\$3.2475	\$3.3650	3,330,143	\$11,205,875				3,330,143	42,130	\$141,766
27	May-17	\$3.2150	\$3.3110	2,029,379	\$6,719,314				2,029,379	25,677	\$85,017
28	Jun-17	\$3.2525	\$3.3289	1,269,541	\$4,226,184				1,269,541	16,063	\$53,474
29	Jul-17	\$3.2650	\$3.3264	992,166	\$3,300,358				992,166	12,551	\$41,750
30	Aug-17	\$3.2650	\$3.3254	1,025,003	\$3,408,534				1,025,003	12,968	\$43,125
31	Sep-17	\$3.2675	\$3.3475	1,379,162	\$4,616,784				1,379,162	17,452	\$58,423
32	Oct-17	\$3.3075	\$3.4256	3,157,086	\$10,814,830				3,157,086	39,933	\$136,793
33	Nov-17	\$3.5900	\$3.6992	3,833,595	\$14,181,226	\$3.3527	1,076,790	\$3,610,133	3,833,595	48,474	\$179,316
34	Dec-17	\$3.7300	\$3.8240	4,948,480	\$18,922,942	\$3.3527	2,302,955	\$7,721,073	4,948,480	62,571	\$239,271
35	Jan-18	\$3.8175	\$3.9176	4,949,605	\$19,390,431	\$3.3527	3,073,025	\$10,302,873	4,949,605	62,584	\$245,176
36	Feb-18	\$3.7850	\$3.8849	4,469,819	\$17,364,865	\$3.3527	2,057,455	\$6,897,990	4,469,819	56,527	\$219,602
37	Mar-18	\$3.7075	\$3.8145	3,970,070	\$15,143,826	\$3.3527	28,017	\$93,932	3,970,070	50,200	\$191,488
38	Apr-18	\$3.3825	\$3.5000	3,330,143	\$11,655,445				3,330,143	42,130	\$147,453
39											
40	Sub-Total			106,062,144	358,629,861		25,614,726	\$79,900,183	106,062,144		\$4,535,606
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**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**1-Year Fixed Rate**  
**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**  
**For Gas Flow Effective May 1, 2015**

1 (based on forward market strip as at January 28, 2015 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Empress (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)
3	May-15	\$2.5850	\$2.6830	2,029,379	\$5,444,922				2,029,379	25,677	\$68,893
4	Jun-15	\$2.5850	\$2.6673	1,269,541	\$3,386,296				1,269,541	16,063	\$42,847
5	Jul-15	\$2.5900	\$2.6557	992,166	\$2,634,904				992,166	12,551	\$33,332
6	Aug-15	\$2.6025	\$2.6683	1,025,003	\$2,734,997				1,025,003	12,968	\$34,604
7	Sep-15	\$2.6000	\$2.6867	1,379,162	\$3,705,461				1,379,162	17,452	\$46,890
8	Oct-15	\$2.6725	\$2.7987	3,157,086	\$8,835,816				3,157,086	39,933	\$111,761
9	Nov-15	\$2.9275	\$3.0490	3,833,595	\$11,688,808	\$2.9093	1,076,790	\$3,132,689	3,833,595	48,474	\$147,801
10	Dec-15	\$3.0575	\$3.1794	4,948,480	\$15,733,236	\$2.9093	2,302,955	\$6,699,953	4,948,480	62,571	\$198,939
11	Jan-16	\$3.1725	\$3.2980	4,949,605	\$16,323,586	\$2.9093	3,073,025	\$8,940,308	4,949,605	62,584	\$206,398
12	Feb-16	\$3.1650	\$3.2904	4,469,819	\$14,707,339	\$2.9093	2,057,455	\$5,985,724	4,469,819	56,527	\$185,994
13	Mar-16	\$3.1200	\$3.2404	3,970,070	\$12,864,452	\$2.9093	28,017	\$81,509	3,970,070	50,200	\$162,666
14	Apr-16	\$2.9850	\$3.1139	3,330,143	\$10,369,836				3,330,143	42,130	\$131,189
15											
16	Sub-Total			<b>35,354,048</b>	<b>\$108,429,653</b>		<b>8,538,242</b>	<b>\$24,840,183</b>	<b>35,354,048</b>		<b>\$1,371,313</b>
17				<b>12-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)</b>	<b>\$3.07</b>		<b>12-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)</b>	<b>\$2.91</b>		<b>12-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)</b>	<b>\$0.04</b>
18											
19	<b>12-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)</b>				<b>\$3.08</b>						

**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**Billed Rates for Offer to Commence Marketing on February 10, 2015**  
**For Gas Flow Effective May 1, 2015**

**PUB/Centra- 70 (c)**  
**Attachment - Page 28 of 32**  
**August 21, 2015**

		<u>1-Year Fixed</u>	<u>3-Year Fixed</u>	<u>5-Year Fixed</u>	
1					
2					
3	Weighted Average Cost of Gas Including Fuel	\$/GJ	\$3.08	\$3.37	\$3.56
4					
5	Weighted Average Cost of Gas Including Fuel (units converted at 37.8 GJ/10 <sup>3</sup> m <sup>3</sup> )	\$/m <sup>3</sup>	\$0.1164	\$0.1274	\$0.1346
6					
7	Self-Insurance Risk Premium - 8% (As approved In Order 85/13)	\$/m <sup>3</sup>	\$0.0093	\$0.0102	\$0.0108
8					
9	Program Cost Rate (As approved in Order 89/13)	\$/m <sup>3</sup>	\$0.0314	\$0.0314	\$0.0314
10					
11	<b>Fixed Rate Primary Gas Service Billed Rate</b>	<b>\$/m<sup>3</sup></b>	<b>\$0.1571</b>	<b>\$0.1690</b>	<b>\$0.1768</b>

**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**5-Year Fixed Rate**  
**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**  
**For Gas Flow Effective August 1, 2015**

**PUB/Centra- 70 (c)**  
**Attachment - Page 29 of 32**  
**August 21, 2015**

1 (based on forward market strip as at April 29, 2015 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Empprs (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)
3	Aug-15	\$2.4567	\$2.5279	1,025,003	\$2,591,079				1,025,003	12,968	\$32,783
4	Sep-15	\$2.4610	\$2.5545	1,379,162	\$3,523,024				1,379,162	17,452	\$44,582
5	Oct-15	\$2.5282	\$2.6626	3,157,086	\$8,405,983				3,157,086	39,933	\$106,324
6	Nov-15	\$2.6809	\$2.8099	3,833,595	\$10,771,847	\$2.7307			3,833,595	48,474	\$136,206
7	Dec-15	\$2.7781	\$2.9168	4,948,480	\$14,433,519	\$2.7307	1,076,790	\$2,940,375	4,948,480	62,571	\$182,504
8	Jan-16	\$2.8633	\$3.0040	4,949,605	\$14,868,558	\$2.7307	3,073,025	\$8,391,467	4,949,605	62,584	\$188,001
9	Feb-16	\$2.8530	\$2.9936	4,469,819	\$13,381,013	\$2.7307	2,057,455	\$5,618,264	4,469,819	56,527	\$169,221
10	Mar-16	\$2.7950	\$2.9234	3,970,070	\$11,606,005	\$2.7307	28,017	\$76,505	3,970,070	50,200	\$146,753
11	Apr-16	\$2.6695	\$2.8022	3,330,143	\$9,331,883				3,330,143	42,130	\$118,058
12	May-16	\$2.6433	\$2.7515	2,029,379	\$5,583,818				2,029,379	25,677	\$70,650
13	Jun-16	\$2.6711	\$2.7564	1,269,541	\$3,499,368				1,269,541	16,063	\$44,277
14	Jul-16	\$2.6760	\$2.7439	992,166	\$2,722,360				992,166	12,551	\$34,439
15	Aug-16	\$2.6793	\$2.7478	1,025,003	\$2,816,481				1,025,003	12,968	\$35,635
16	Sep-16	\$2.6894	\$2.7795	1,379,162	\$3,833,391				1,379,162	17,452	\$48,509
17	Oct-16	\$2.8065	\$2.9368	3,157,086	\$9,271,733				3,157,086	39,933	\$117,275
18	Nov-16	\$2.9258	\$3.0498	3,833,595	\$11,691,759	\$2.8127	1,076,790	\$3,028,647	3,833,595	48,474	\$147,838
19	Dec-16	\$3.0993	\$3.2268	4,948,480	\$15,967,712	\$2.8127	2,302,955	\$6,477,435	4,948,480	62,571	\$201,903
20	Jan-17	\$3.1689	\$3.2994	4,949,605	\$16,330,898	\$2.8127	3,073,025	\$8,643,382	4,949,605	62,584	\$206,491
21	Feb-17	\$3.1595	\$3.2900	4,469,819	\$14,705,508	\$2.8127	2,057,455	\$5,786,926	4,469,819	56,527	\$185,971
22	Mar-17	\$3.1160	\$3.2390	3,970,070	\$12,859,181	\$2.8127	28,017	\$78,802	3,970,070	50,200	\$162,599
23	Apr-17	\$2.8699	\$3.0026	3,330,143	\$9,999,244				3,330,143	42,130	\$126,500
24	May-17	\$2.8436	\$2.9518	2,029,379	\$5,990,303				2,029,379	25,677	\$75,793
25	Jun-17	\$2.8832	\$2.9685	1,269,541	\$3,768,638				1,269,541	16,063	\$47,684
26	Jul-17	\$2.9005	\$2.9684	992,166	\$2,945,101				992,166	12,551	\$37,256
27	Aug-17	\$2.9076	\$2.9761	1,025,003	\$3,050,489				1,025,003	12,968	\$38,595
28	Sep-17	\$2.9273	\$3.0174	1,379,162	\$4,161,494				1,379,162	17,452	\$52,661
29	Oct-17	\$2.9401	\$3.0704	3,157,086	\$9,693,519				3,157,086	39,933	\$122,610
30	Nov-17	\$3.1576	\$3.2816	3,833,595	\$12,580,386	\$3.0056	1,076,790	\$3,236,449	3,833,595	48,474	\$159,074
31	Dec-17	\$3.3042	\$3.4317	4,948,480	\$16,981,655	\$3.0056	2,302,955	\$6,921,867	4,948,480	62,571	\$214,724
32	Jan-18	\$3.4245	\$3.5550	4,949,605	\$17,506,017	\$3.0056	3,073,025	\$9,236,426	4,949,605	62,584	\$222,487
33	Feb-18	\$3.3929	\$3.5234	4,469,819	\$15,748,763	\$3.0056	2,057,455	\$6,183,981	4,469,819	56,527	\$199,165
34	Mar-18	\$3.3172	\$3.4402	3,970,070	\$13,657,959	\$3.0056	28,017	\$84,209	3,970,070	50,200	\$172,699
35	Apr-18	\$3.0004	\$3.1331	3,330,143	\$10,433,828				3,330,143	42,130	\$131,998
36	May-18	\$2.9431	\$3.0513	2,029,379	\$6,192,226				2,029,379	25,677	\$78,348
37	Jun-18	\$2.9486	\$3.0339	1,269,541	\$3,851,666				1,269,541	16,063	\$48,735
38	Jul-18	\$2.9710	\$3.0389	992,166	\$3,015,049				992,166	12,551	\$38,141
39	Aug-18	\$2.9753	\$3.0438	1,025,003	\$3,119,881				1,025,003	12,968	\$39,473
40	Sep-18	\$3.0035	\$3.0936	1,379,162	\$4,266,586				1,379,162	17,452	\$53,991
41	Oct-18	\$3.0185	\$3.1488	3,157,086	\$9,941,035				3,157,086	39,933	\$125,740
42	Nov-18	\$3.2794	\$3.4034	3,833,595	\$13,047,318	\$3.1055	1,076,790	\$3,343,938	3,833,595	48,474	\$164,978
43	Dec-18	\$3.4362	\$3.5637	4,948,480	\$17,634,855	\$3.1055	2,302,955	\$7,151,756	4,948,480	62,571	\$222,984
44	Jan-19	\$3.5122	\$3.6427	4,949,605	\$18,030,097	\$3.1055	3,073,025	\$9,543,185	4,949,605	62,584	\$227,976
45	Feb-19	\$3.4885	\$3.6190	4,469,819	\$16,176,078	\$3.1055	2,057,455	\$6,389,363	4,469,819	56,527	\$204,569
46	Mar-19	\$3.4195	\$3.5425	3,970,070	\$14,064,097	\$3.1055	28,017	\$87,005	3,970,070	50,200	\$177,835
47	Apr-19	\$3.2031	\$3.3358	3,330,143	\$11,108,848				3,330,143	42,130	\$140,538
48	May-19	\$3.1506	\$3.2588	2,029,379	\$6,613,322				2,029,379	25,677	\$83,676
49	Jun-19	\$3.1531	\$3.2384	1,269,541	\$4,111,287				1,269,541	16,063	\$52,020
50	Jul-19	\$3.1466	\$3.2145	992,166	\$3,189,273				992,166	12,551	\$40,345
51	Aug-19	\$3.1649	\$3.2334	1,025,003	\$3,314,222				1,025,003	12,968	\$41,932
52	Sep-19	\$3.1888	\$3.2789	1,379,162	\$4,522,144				1,379,162	17,452	\$57,225
53	Oct-19	\$3.2093	\$3.3396	3,157,086	\$10,543,407				3,157,086	39,933	\$133,359
54	Nov-19	\$3.3945	\$3.5185	3,833,595	\$13,488,565	\$3.2866	1,076,790	\$3,538,965	3,833,595	48,474	\$170,558
55	Dec-19	\$3.5824	\$3.7099	4,948,480	\$18,358,323	\$3.2866	2,302,955	\$7,568,863	4,948,480	62,571	\$232,131
56	Jan-20	\$3.6759	\$3.8064	4,949,605	\$18,840,347	\$3.2866	3,073,025	\$10,099,767	4,949,605	62,584	\$238,221
57	Feb-20	\$3.6636	\$3.7941	4,469,819	\$16,958,743	\$3.2866	2,057,455	\$6,762,006	4,469,819	56,527	\$214,466
58	Mar-20	\$3.6173	\$3.7403	3,970,070	\$14,849,376	\$3.2866	28,017	\$92,080	3,970,070	50,200	\$187,764
59	Apr-20	\$3.3790	\$3.5117	3,330,143	\$11,694,620				3,330,143	42,130	\$147,949
60	May-20	\$3.4915	\$3.5997	2,029,379	\$7,305,138				2,029,379	25,677	\$92,429
61	Jun-20	\$3.4915	\$3.5768	1,269,541	\$4,540,900				1,269,541	16,063	\$57,456
62	Jul-20	\$3.4915	\$3.5594	992,166	\$3,531,471				992,166	12,551	\$44,674
63											
64	Sub-Total			176,770,240	\$577,111,385		42,691,210	\$127,570,312	176,770,240		\$7,298,779
65				60-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)	\$3.26		60-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)	\$2.99		60-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)	\$0.04
66											
67	60-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)						\$3.25				



**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**1-Year Fixed Rate**  
**Primary Gas Weighted Average Costs & TCPL Compressor Fuel Costs**  
**For Gas Flow Effective August 1, 2015**

**PUB/Centra- 70 (c)**  
**Attachment - Page 31 of 32**  
**August 21, 2015**

1 (based on forward market strip as at April 29, 2015 close)

2	Month	AECO Futures Price (\$/GJ)	Forecast Average Western Cdn. Supply Price at Empress (\$/GJ)	Primary Gas Direct to Load (GJ's)	Primary Gas Direct to Load (\$'s)	Forecast Primary Gas in Storage Unit Cost (\$/GJ)	Primary Gas Storage Requirement to Load (GJ's)	Primary Gas Storage Requirement to Load (\$'s)	Primary Gas Direct to Load (GJ's)	TCPL Compressor Fuel Volumes (GJ's)	TCPL Compressor Fuel Costs (\$'s)	
3	Aug-15	\$2.4567	\$2.5279	1,025,003	\$2,591,079				1,025,003	12,968	\$32,783	
4	Sep-15	\$2.4610	\$2.5545	1,379,162	\$3,523,024				1,379,162	17,452	\$44,582	
5	Oct-15	\$2.5282	\$2.6626	3,157,086	\$8,405,983				3,157,086	39,933	\$106,324	
6	Nov-15	\$2.6809	\$2.8099	3,833,595	\$10,771,847	\$2.7307	1,076,790	\$2,940,375	3,833,595	48,474	\$136,206	
7	Dec-15	\$2.7781	\$2.9168	4,948,480	\$14,433,519	\$2.7307	2,302,955	\$6,288,647	4,948,480	62,571	\$182,504	
8	Jan-16	\$2.8633	\$3.0040	4,949,605	\$14,868,558	\$2.7307	3,073,025	\$8,391,467	4,949,605	62,584	\$188,001	
9	Feb-16	\$2.8530	\$2.9936	4,469,819	\$13,381,013	\$2.7307	2,057,455	\$5,618,264	4,469,819	56,527	\$169,221	
10	Mar-16	\$2.7950	\$2.9234	3,970,070	\$11,606,005	\$2.7307	28,017	\$76,505	3,970,070	50,200	\$146,753	
11	Apr-16	\$2.6695	\$2.8022	3,330,143	\$9,331,883				3,330,143	42,130	\$118,058	
12	May-16	\$2.6433	\$2.7515	2,029,379	\$5,583,818				2,029,379	25,677	\$70,650	
13	Jun-16	\$2.6711	\$2.7564	1,269,541	\$3,499,368				1,269,541	16,063	\$44,277	
14	Jul-16	\$2.6760	\$2.7439	992,166	\$2,722,360				992,166	12,551	\$34,439	
15												
16	Sub-Total			35,354,048	\$100,718,457		8,538,242	\$23,315,259	35,354,048		\$1,273,797	
17				12-Month Weighted Average Primary Gas Direct to Load Cost (\$/GJ)	\$2.85		12-Month Weighted Average Primary Gas Storage Requirement to Load (\$/GJ)	\$2.73		12-Month Weighted Average TCPL Compressor Fuel Cost per Unit of Primary Gas Direct to Load Supply (\$/GJ)	\$0.04	
18												
19	12-Month FRPGS Weighted Average Cost of Gas Including Fuel (\$/GJ)				\$2.86							



**CENTRA GAS MANITOBA INC.**  
**Fixed Rate Primary Gas Service**  
**Billed Rates for Offer to Commence Marketing on May 11, 2015**  
**For Gas Flow Effective August 1, 2015**

**PUB/Centra- 70 (c)**  
**Attachment - Page 32 of 32**  
**August 21, 2015**

		<u>1-Year Fixed</u>	<u>3-Year Fixed</u>	<u>5-Year Fixed</u>	
1					
2					
3	Weighted Average Cost of Gas Including Fuel	\$/GJ	\$2.86	\$3.08	\$3.25
4					
5	Weighted Average Cost of Gas Including Fuel (units converted at 37.8 GJ/10 <sup>3</sup> m <sup>3</sup> )	\$/m <sup>3</sup>	\$0.1081	\$0.1164	\$0.1229
6					
7	Self-Insurance Risk Premium - 8% (As approved In Order 85/13)	\$/m <sup>3</sup>	\$0.0086	\$0.0093	\$0.0098
8					
9	Program Cost Rate (As approved in Order 89/13)	\$/m <sup>3</sup>	\$0.0314	\$0.0314	\$0.0314
10					
11	<b>Fixed Rate Primary Gas Service Billed Rate</b>	<b>\$/m<sup>3</sup></b>	<b>\$0.1481</b>	<b>\$0.1571</b>	<b>\$0.1641</b>



<b>Section:</b>	Tab 6	<b>Page No.:</b>	Schedules 6.1.0, 6.2.0
<b>Topic:</b>	Proposed Rates and Customer Impacts		
<b>Subtopic:</b>	Proposed rates for November 1, 2015		
<b>Issue:</b>	Determination of Alternate Service and Supplemental Gas rates		

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

- a) Please explain how the Delivery portion of the Alternate Service Rates are determined.
- b) Please show the derivation of the non-gas cost component of Supplemental Gas rates and the calculation of the Supplemental Gas rates.

**RATIONALE FOR QUESTION:**

To demonstrate the calculations of Alternate Service and Supplemental Gas rates.

**RESPONSE:**

- a) Centra includes both fixed and variable delivery costs in its Alternate service rates as follows:

Calculation of Alternate Service Rates  
from Schedule 6.1.0

	Interruptible Class Alternate Supply Service Delivery Rate					
	Base Rate			Billed Rate		
T-Service Monthly Distribution Demand Charge	\$0.0851	X12/365 =	\$ 0.0028	\$0.0858	X12/365 =	\$0.0028
T-Service Commodity Distribution Charge			\$ 0.0090			\$0.0119
Delivery - Interruptible Class			\$0.0118			\$0.0147

	Mainline Interruptible Class Alternate Supply Service Delivery Rate					
	Base Rate			Billed Rate		
T-Service Monthly Distribution Demand Charge	\$0.1816	X12/365 =	\$ 0.0060	\$0.1816	X12/365 =	\$0.0060
T-Service Commodity Distribution Charge			\$ 0.0045			\$0.0052
Delivery - Mainline Interruptible Class			\$0.0105			\$0.0112

- b) The Non-Gas portion of the Supplemental Gas rates were last established through Order 89/13 in conjunction with Centra’s 2013/14 General Rate Application. The derivation of both components are shown in the table below:

<u>Supplemental Gas Rate Calculation</u>	<u>Firm</u>	<u>Interruptible</u>
2013/14 Approved (Sch. 11.1.1 & 11.1.2):		
Non-Gas costs (Supplemental)	\$ 160,017	\$ 14,336
Volumes (10 <sup>3</sup> M <sup>3</sup> )	131,746	11,078
Non-Gas portion of Suppl Rate	\$ 1.21	\$ 1.29
2015/16 COG Proposed (Sch.5.0.0):		
Supplemental Gas Costs	\$ 21,801,985	\$ 1,455,017
Volumes (10 <sup>3</sup> M <sup>3</sup> )	139,452	9,470
WACOG	\$ 156.34	\$ 153.65
Non-Gas Costs	\$ 1.21	\$ 1.29
2015/16 Proposed Suppl. Rate	\$ 157.56	\$ 154.94
<b>Rate /m3 (Sch. 6.1.0)</b>	<b>\$ 0.1576</b>	<b>\$ 0.1549</b>

<b>Section:</b>	Appendix 7.1	<b>Page No.:</b>	2
<b>Topic:</b>	Confirmation of Interim Orders		
<b>Subtopic:</b>	Interim Ex Parte Franchise Applications		
<b>Issue:</b>	Filing of applications		

**PREAMBLE TO IR (IF ANY):****QUESTION:**

Please file or provide links to the ex parte franchise applications that Centra seeks final approval for.

**RATIONALE FOR QUESTION:**

To provide the franchise applications in a public proceeding.

**RESPONSE:**

Centra is seeking final approval for the following ex parte franchise applications:

- Franchise Agreement between Centra and the Rural Municipality of Dufferin and financial feasibility test for the extension of natural gas service to two agricultural customers within the expansion. Please see Attachment 1 to this response for a copy of this Application.
- Franchise Agreement between Centra and the Rural Municipality of Cornwallis and financial feasibility test for the extension of natural gas service to one agricultural customer within the expansion. Please see Attachment 2 to this response for a copy of this Application.
- Amended Franchise Agreements between Centra and the following municipalities: the Rural Municipality of North Norfolk, the Rural Municipality of Woodlands, the City of Portage La Prairie, the Rural Municipality of Elton, the Rural Municipality Langford, the

Rural Municipality of Shellmouth-Boulton and the Rural Municipality of Stanley. Please see Attachment 3 to this response for a copy of this Application.

- Franchise Agreement between the Rural Municipality of Stanley and financial feasibility test for the extension natural gas service to one commercial customer within the Rural Municipality of Stanley. Please see Attachment 4 to this response for a copy of this Application.
- Franchise Agreement between Centra and the Rural Municipality of North and South Cypress and financial feasibility test for the extension of natural gas service to one commercial customer within the Rural Municipality of South Cypress. Please see Attachment 5 to this response for a copy of this Application.
- Franchise Agreement between Centra and the Rural Municipality of Headingley. Please see Attachment 6 to this response for a copy of this Application.
- Franchise Agreement between Centra and the Rural Municipality of Piney and financial feasibility test for the extension of natural gas service one commercial customer within the Rural Municipality of Piney. Please see Attachment 7 to this response for a copy of this Application.
- Amended Franchise Agreement between Centra and the Rural Municipality of Rosser and financial feasibility test for the extension of natural gas service to one commercial customer within the Rural Municipality of Rosser. Please see Attachment 8 to this response for a copy of this Application.
- Franchise Agreement between Centra and the Hamiota Municipality and Centra and the Prairie View Municipality and financial feasibility test for the extension of natural gas service to one commercial customer within the Prairie View Municipality. Please see Attachment 9 to this response for a copy of this Application.



PO Box 815 • Winnipeg, Manitoba Canada • R3C 2P4  
Street Location for DELIVERY: 22<sup>nd</sup> floor – 360 Portage Avenue  
Telephone / N<sup>o</sup> de téléphone : (204) 360-3257 • Fax / N<sup>o</sup> de télécopieur : (204) 360-6147 • [baczamecki@hydro.mb.ca](mailto:baczamecki@hydro.mb.ca)

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June 28, 2013

THE PUBLIC UTILITIES BOARD OF MANITOBA  
400-330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4

ATTENTION: Mr. H. M. Singh, Board Secretary and Executive Director

Dear Mr. Singh:

**RE: CENTRA GAS MANITOBA Inc.  
FRANCHISE APPLICATION for the  
RURAL MUNICIPALITY OF DUFFERIN**

---

Enclosed are nine (9) copies of an Application by Centra Gas Manitoba Inc. (“Centra”) to the Public Utilities Board of Manitoba (“PUB”) for an interim ex-parte Order pursuant to Section 45 of *The Public Utilities Board Act*, requesting:

1. The PUB approve and authorize a new franchise agreement between Centra and the Rural Municipality of Dufferin (“RM of Dufferin”); and
2. The PUB approve the financial feasibility tests for the expansion of natural gas to service two customers within the proposed expansion area located in the RM of Dufferin.

The proposed franchise area comprises the following:

- Sections 1-36, Township 7, Range 5 WPM;
- Sections 1-36, Township 7, Range 4 WPM;
- Sections 1-36, Township 7, Range 3 WPM;
- Sections 1-36, Township 6, Range 5 WPM;
- Sections 1-36, Township 6, Range 4 WPM; and,
- Sections 1-36, Township 6, Range 3 WPM.

Centra has determined that the projects are feasible as they pass the 30-Year Net Present Value test with positive NPV’s and each generate revenue-to-cost ratios of at least 1.0 by the end of the fifth year.

In order to accommodate the customer’s required in-service timelines and to allow for the timely construction of this project, Centra is requesting approval of the Application on an interim ex-parte basis at the PUB’s earliest convenience. Centra will seek final approval of the

Public Utilities Board of Manitoba  
Franchise Application RM of Dufferin

June 28, 2013  
Page 2 of 2

interim ex-parte Order flowing from this Application at the next appropriate regulatory proceeding.

Copies of this submission have also been provided to the PUB Advisors. If you have any questions with respect to this submission or require paper copies, please contact the writer at 360-3468 or Greg Barnlund at 360-5243.

Yours truly,

**MANITOBA HYDRO LAW DEPARTMENT**

Per:



Brent A. Czarnecki  
Barrister & Solicitor

cc: Mr. B. Peters, Fillmore Riley  
Mr. R. Cathcart, Cathcart Advisors Inc.  
Mr. B. Ryall, Ryall Engineering

Att.



June 28, 2013  
Page 1 of 9

**CENTRA GAS MANITOBA INC.**  
**RURAL MUNICIPALITY OF DUFFERIN**  
**FRANCHISE APPLICATION**

---

1    **1.0    APPLICATION**

2

3    Centra Gas Manitoba Inc. (“Centra”), on its own behalf and on behalf of the Rural  
4    Municipality of Dufferin (“RM of Dufferin”) is applying to the Public Utilities Board of  
5    Manitoba (“PUB”), for an interim ex-parte Order pursuant to Section 45 of The Public  
6    Utilities Board Act:

7           1. To approve and authorize a new franchise agreement between Centra and the  
8           RM of Dufferin; and

9           2. To approve the financial feasibility tests for the expansion of natural gas to  
10          service two customers in the proposed expansion area located in the RM of  
11          Dufferin.

12

13    **2.0    EXPANSION AREA**

14

15    A map of the RM of Dufferin is included as Attachment 1.0 to this Application. This  
16    attachment indicates the area in the municipality that is an existing franchise area as  
17    established in PUB Order 118/64, and the area to be covered by the proposed franchise  
18    agreement. The proposed franchise area includes land associated with a crossing  
19    agreement that expired in 1998.

20

Centra Gas Manitoba Inc.  
Franchise Application for the Rural Municipality of Dufferin

June 28, 2013  
Page 2 of 9

1 Within the crossing agreement area shown on Attachment 1.0, Centra is providing  
2 natural gas service to a farm located in Section 2, Township 6, Range 5 WPM. In 1985  
3 the PUB issued Orders 126/85 and 128/85 approving ICG Utilities (Manitoba) Ltd's  
4 application to provide natural gas service to customers located in Section 18, Township  
5 6, Range 4 WPM and Section 13, Township 6, Range 5 WPM respectively. These  
6 locations are outside both the crossing agreement area and the existing franchise area.  
7 Two additional customers were provided service in Section 18, Township 6, Range 4  
8 WPM in 1991 and 2008.

9

10 The proposed new franchise area in the RM of Dufferin will address the crossing  
11 agreement that was inadvertently not renewed and will allow for the provision of natural  
12 gas service to two new customers located in the RM of Dufferin in the following  
13 locations: NW Section 21, Township 6, Range 4 WPM and SE Section 3, Township 6,  
14 Range 5 WPM.

15 The proposed new franchise area includes:

- 16 • Sections 1 through 36, Township 7, Range 5 WPM;
- 17 • Sections 1 through 36, Township 7, Range 4 WPM;
- 18 • Sections 1 through 36, Township 7, Range 3 WPM;
- 19 • Sections 1 through 36, Township 6, Range 5 WPM;
- 20 • Sections 1 through 36, Township 6, Range 4 WPM; and
- 21 • Sections 1 through 36, Township 6, Range 3 WPM

22 First reading of the By-law approving the RM of Dufferin to enter into a new franchise  
23 agreement with Centra granting franchise for the above-noted area and the existing

1 franchise area has been given by the RM of Dufferin on May 21, 2013.

2

### 3 **3.0 CUSTOMER, VOLUME AND REVENUE ESTIMATES**

4

#### 5 **Customer 1**

6 Customer 1, located in NW Section 21 Township 6 Range 4 WPM in the RM of Dufferin,  
7 originally approached Centra in July 2012 requesting natural gas service for a new  
8 agricultural facility. This customer chose to heat this facility with propane for the 2012  
9 heating season, and requested a new cost for natural gas service early in 2013. This  
10 customer intends to convert to natural gas as soon as it becomes available.

11

12 The estimated total annual consumption for this customer is 22,662 m<sup>3</sup>. This estimate is  
13 based on actual historic propane records adjusted for typical year's heating degree days  
14 and confirmed using the square footage estimating method.

15

16 The total customer volume of 22,662 m<sup>3</sup> has been included for the first and subsequent  
17 years of the feasibility test. For the purposes of the feasibility test, Year 1 has been  
18 identified as 2014.

19

20 The revenues were projected using May 1, 2013 base rates approved by the PUB in  
21 Order 40/13.

22

#### 23 **Customer 2**

24 Customer 2 originally approached Centra in July 2012 and again in the spring of 2013  
25 requesting natural gas service for a grain dryer located in NE Section 3 Township 6  
26 Range 5 WPM in the RM of Dufferin. This agricultural customer farms a large acreage of

Centra Gas Manitoba Inc.  
Franchise Application for the Rural Municipality of Dufferin

June 28, 2013  
Page 4 of 9

1 mixed grains and currently uses propane for grain drying. This customer intends to  
2 convert to natural gas as soon as it becomes available.

3

4 The estimated total annual consumption for this customer is 16,543 m<sup>3</sup>. This estimate is  
5 based on actual historic propane records.

6

7 The total customer volume of 16,543 m<sup>3</sup> has been included for the first and subsequent  
8 years of the feasibility test. For the purposes of the feasibility test, Year 1 has been  
9 identified as 2014.

10

11 The revenues were projected using May 1, 2013 base rates approved by the PUB in  
12 Order 40/13.

13

14 No other potential customers in the vicinity of these proposed pipelines have  
15 approached Centra for natural gas service at this time. In the event that any additional  
16 customers request natural gas service in the vicinity of these customers within the first  
17 five years of construction, a feasibility test will be completed for those future customer  
18 additions and those customers will be required to pay any resulting shortfall.

19

#### 20 **4.0 SYSTEM DESIGN AND CAPITAL COST ESTIMATE**

21

##### 22 **Customer 1**

23 The proposed system extension will connect to existing 114.3 mm (NPS 4") polyethylene  
24 distribution pipeline located in the right-of-way on PTH 3 adjacent to the SW quarter of  
25 Section 29, Township 6, Range 4 WPM in the RM of Dufferin. Approximately 1,370  
26 metres of 60.3 mm (NPS 2") of polyethylene main will be installed within the existing

Centra Gas Manitoba Inc.  
Franchise Application for the Rural Municipality of Dufferin

June 28, 2013  
Page 5 of 9

1 government road allowance. The route was determined based on legal plans and a field  
2 site investigation.

3

4 The installation of the main and service line will be accomplished by a variety of  
5 techniques including open cut, ploughing, and boring as appropriate. A map indicating  
6 the proposed path of the main extension is shown in Attachment 2.0.

7

8 This proposed natural gas expansion project is less than 10 km in length and  
9 environmental screening indicated no sensitive areas, therefore no environmental  
10 license is required.

11

12 Construction drawings will be submitted to the RM of Dufferin for approval.

13

14 The estimated capital cost for this project is \$38,769. The capital cost estimate was  
15 prepared using the following inputs and assumptions:

16

- 17 • Project capital costs in 2013 Canadian dollars;
- 18 • General Freight included;
- 19 • 5% Contingency applied to contractor labour and materials; and
- 20 • 15% Overhead applied to contractor labour and materials.

21

22 **Customer 2**

23 The proposed system extension will connect to the existing 168.3 mm (NPS 6") steel  
24 transmission pipeline located in the NE quarter of Section 2, Township 6, Range 5  
25 WPM in the RM of Dufferin. Approximately 1,540 metres of 60.3 mm (NPS 2") of

1 polyethylene main will be installed within the existing government road allowance. The  
2 route was determined based on legal plans and a field site investigation.

3

4 The installation of the main and service line will be accomplished by a variety of  
5 techniques including open cut, ploughing, and boring as appropriate. A map indicating  
6 the proposed path of the main extension is shown in Attachment 2.0.

7

8 This proposed natural gas expansion project is less than 10 km in length and  
9 environmental screening indicated no sensitive areas, therefore no environmental  
10 license is required.

11

12 Construction drawings will be submitted to the RM of Dufferin for approval.

13

14 The estimated capital cost for this project is \$75,036. The capital cost estimate was  
15 prepared using the following inputs and assumptions:

16

- 17 • Project capital costs in 2013 Canadian dollars;
- 18 • General Freight included;
- 19 • 5% Contingency applied to contractor labour and materials; and
- 20 • 15% Overhead applied to contractor labour and materials.

21

22 The assumptions for both projects are consistent with other expansions.

23

## 24 **5.0 FEASIBILITY TEST RESULTS AND ASSUMPTIONS**

25

Centra Gas Manitoba Inc.  
Franchise Application for the Rural Municipality of Dufferin

June 28, 2013  
Page 7 of 9

1 **Customer 1**

2 Centra determined that the project is feasible. Based on total capital costs of \$38,769  
3 and a customer contribution of \$23,537 the feasibility study returns a positive 30-Year  
4 Net Present Value (“NPV”) of \$3,019 and achieves a revenue to cost ratio of at least 1.0  
5 by the end of the fifth year. The financial feasibility test for this expansion is included as  
6 Attachment 3.0. Centra’s investment in this project is \$15,232.

7

8 The feasibility test for this customer was completed using the following assumptions:

- 9 • Gas costs and base sales rates for Supplemental Gas, Transportation to Centra,  
10 Distribution to Customer and Basic Monthly Charge for the Large General Service  
11 (LGS) customer as approved in Order 40/13;
- 12 • Primary Gas base sales rates as approved in Order 40/13;
- 13 • Annual operating and maintenance expenses of \$40 per customer;
- 14 • A depreciation rate of 2.88% based on Centra’s 2010/11 weighted average  
15 depreciation rate for distribution plant;
- 16 • Municipal property tax based on 2012 mill rates and assessment rates;
- 17 • Corporate capital tax calculated at the rate of 0.5% of net plant, before any  
18 contributions received by Centra;
- 19 • The Net Present Value of revenue deficiency is discounted at the weighted average  
20 cost of capital of 6.08%; and
- 21 • Centra’s capital structure and cost of capital of 6.08% as approved in Order 46/10.

22

23 A recalculation for the project will be completed at the end of five years (effective as of  
24 December 31, 2018).

Centra Gas Manitoba Inc.  
Franchise Application for the Rural Municipality of Dufferin

June 28, 2013  
Page 8 of 9

1

2 **Customer 2**

3 Centra determined that the project is feasible. Based on total capital costs of \$75,036  
4 and a customer contribution of \$68,089 the feasibility study returns a positive 30-Year  
5 Net Present Value ("NPV") of \$2,440 and achieves a revenue to cost ratio of at least 1.0  
6 by the end of the fifth year. The financial feasibility test for this expansion is included as  
7 Attachment 4.0. Centra's investment in this project is \$6,947.

8

9 The feasibility test for this customer was completed using the following assumptions:

- 10 • Gas costs and base sales rates for Supplemental Gas, Transportation to Centra,  
11 Distribution to Customer and Basic Monthly Charge for the Large General Service  
12 (LGS) customer as approved in Order 40/13;
- 13 • Primary Gas base sales rates as approved in Order 40/13;
- 14 • Annual operating and maintenance expenses of \$40 per customer;
- 15 • A depreciation rate of 2.88% based on Centra's 2010/11 weighted average  
16 depreciation rate for distribution plant;
- 17 • Municipal property tax based on 2012 mill rates and assessment rates;
- 18 • Corporate capital tax calculated at the rate of 0.5% of net plant, before any  
19 contributions received by Centra;
- 20 • The Net Present Value of revenue deficiency is discounted at the weighted average  
21 cost of capital of 6.08%; and
- 22 • Centra's capital structure and cost of capital of 6.08% as approved in Order 46/10.

23

24 A recalculation for the project will be completed at the end of five years (effective as of  
25 December 31, 2018).



Centra Gas Manitoba Inc.  
Franchise Application for the Rural Municipality of Dufferin

June 28, 2013  
Page 9 of 9

---

1

2 **6.0 AGREEMENTS**

3

4 First reading of the By-law approving the municipality to enter into a new Franchise  
5 Agreement with Centra has been given by the Rural Municipality of Dufferin Council and  
6 is provided as Attachment 5.0. The Franchise Agreement is included as Schedule A to  
7 Attachment 5.0.

8

9 The commercial customers have paid Centra the entire contribution amounts required  
10 plus GST.




11

12 **7.0 APPROVALS**

13

14 In order to accommodate the customer's required in-service timelines and to allow for  
15 the timely construction of this project, Centra is seeking an Order on this Application at  
16 the PUB's earliest possible convenience. Consistent with past regulatory practice,  
17 Centra will seek final approval of any interim Orders flowing from this Application at the  
18 next appropriate regulatory proceeding.

# MUN. OF DUFFERIN

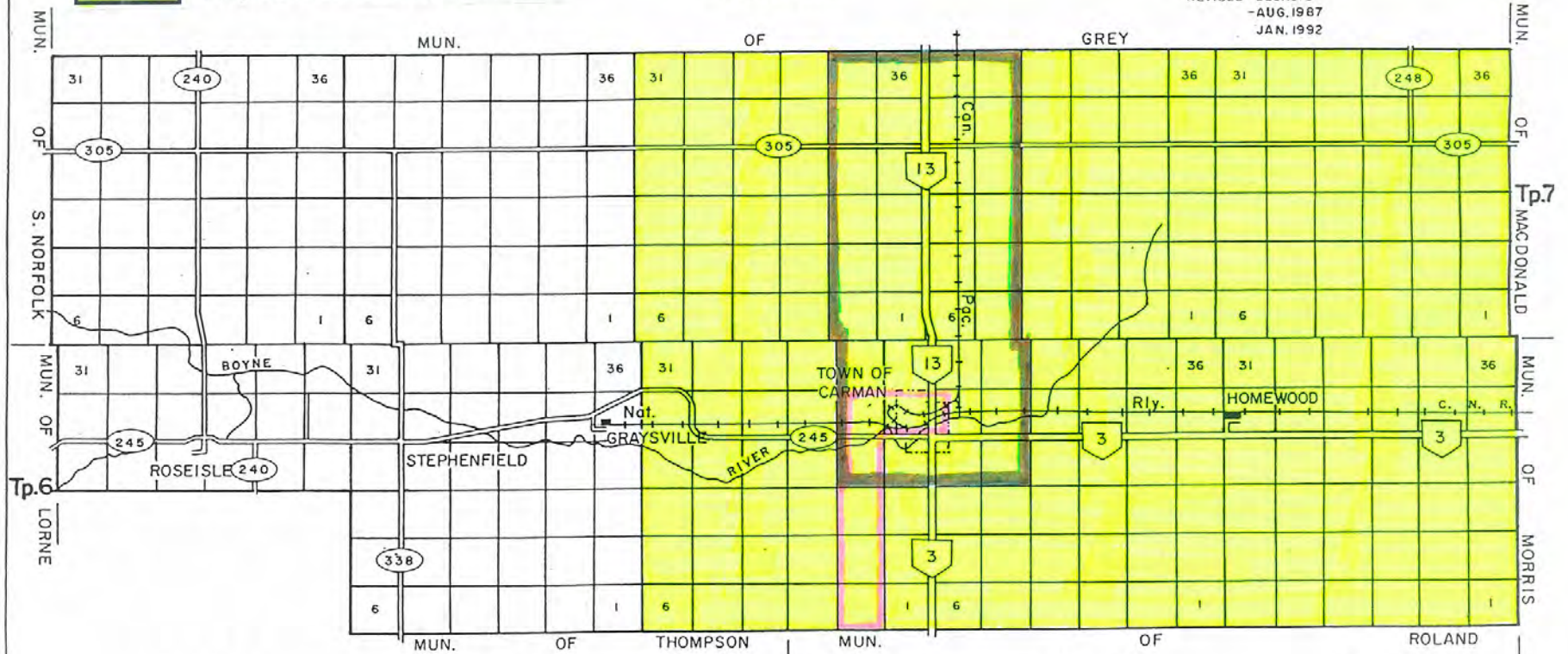
-  Existing Franchise Area
-  Expired Crossing Area
-  Proposed Additional Franchise Area

PROVINCE OF MANITOBA  
HIGHWAYS DEPARTMENT  
DESIGN OFFICE  
WPG., OCT., 1969



SCALE: 1 in. = 3 miles

REVISED - DEC. 1979  
- AUG. 1987  
JAN. 1992



Rge. 7W.

Rge. 6W.

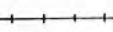
Rge. 5W.

Rge. 4W.

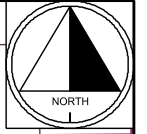
Rge. 3W.

PROV. TRUNK HIGHWAYS 

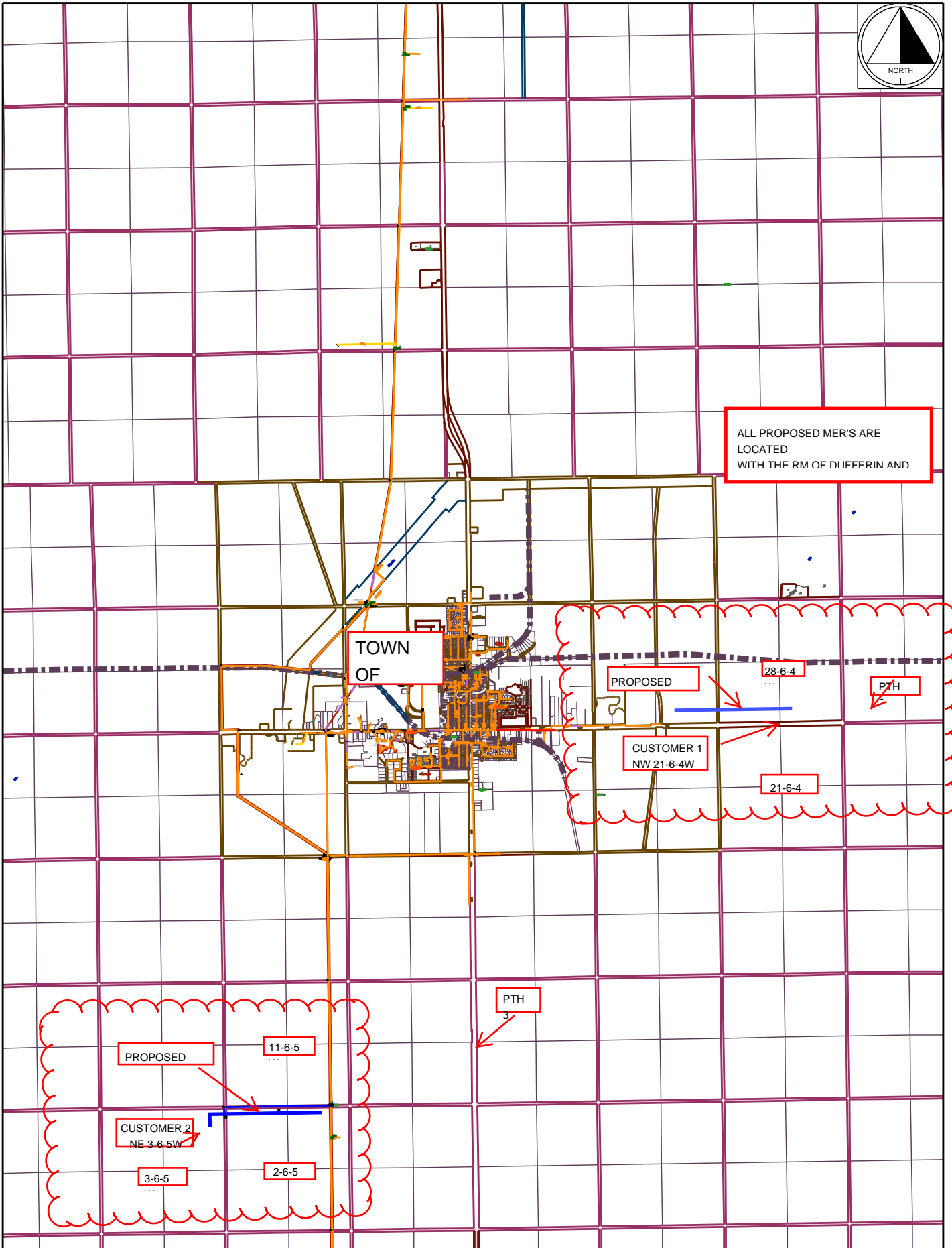
PROVINCIAL ROADS 

RAILWAYS 

Nº 23



ALL PROPOSED MER'S ARE  
LOCATED  
WITH THE RM OF DUFFERIN AND





Centra Gas Manitoba Inc.  
Franchise Application  
RM of Dufferin

Attachment 3.0  
Page 2 of 3

Financial Feasibility Test

**1 RM of Dufferin - Commercial Customer 1**

	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15	YEAR 16	YEAR 17	YEAR 18	YEAR 19	YEAR 20
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033

**4 OPERATING ASSUMPTIONS**

5 Number of Customers	1	1	1	1	1	1	1	1	1	1
6 Annual Volume (Mcf)	800	800	800	800	800	800	800	800	800	800
7 Annual Volume (10 <sup>3</sup> m <sup>3</sup> )	23	23	23	23	23	23	23	23	23	23
8 Projected Revenues	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745

**9 RATE BASE**

10 Gross Fixed Assets	\$38,769	\$38,769	\$38,769	\$38,769	\$38,769	\$38,769	\$38,769	\$38,769	\$38,769	\$38,769
11 Accumulated Depreciation	\$12,282	\$13,399	\$14,515	\$15,632	\$16,748	\$17,865	\$18,981	\$20,098	\$21,214	\$22,331
12 Net Plant Closing	\$26,487	\$25,370	\$24,254	\$23,137	\$22,021	\$20,904	\$19,788	\$18,671	\$17,555	\$16,438
13 Net Plant at Mid-Year	\$27,045	\$25,929	\$24,812	\$23,696	\$22,579	\$21,462	\$20,346	\$19,229	\$18,113	\$16,996
14 Contributions	\$16,081	\$15,403	\$14,725	\$14,047	\$13,369	\$12,691	\$12,013	\$11,336	\$10,658	\$9,980
15 Contribution at Mid-Year	\$16,420	\$15,742	\$15,064	\$14,386	\$13,708	\$13,030	\$12,352	\$11,675	\$10,997	\$10,319
16 Working Capital Allowance	\$210	\$210	\$210	\$210	\$209	\$209	\$209	\$209	\$208	\$208
17 Rate Base at Mid-year	\$10,836	\$10,397	\$9,958	\$9,519	\$9,080	\$8,641	\$8,202	\$7,764	\$7,325	\$6,886

**18 REVENUE DEFICIENCY CALCULATION**

19 Cost of Gas	\$3,844	\$3,844	\$3,844	\$3,844	\$3,844	\$3,844	\$3,844	\$3,844	\$3,844	\$3,844
20 Operating & Maintenance Expenses	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40
21 Depreciation Expense	\$1,117	\$1,117	\$1,117	\$1,117	\$1,117	\$1,117	\$1,117	\$1,117	\$1,117	\$1,117
22 Amortization of Contributions	(678)	(678)	(678)	(678)	(678)	(678)	(678)	(678)	(678)	(678)
23 Municipal Tax & Corp.Cap. Tax	\$570	\$564	\$559	\$553	\$548	\$542	\$537	\$531	\$525	\$520
24 Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25 Overall Return	659	632	606	579	552	525	499	472	445	419
26 Total Revenue Requirement	\$5,551	\$5,519	\$5,487	\$5,455	\$5,422	\$5,390	\$5,358	\$5,325	\$5,293	\$5,261
27 Projected Revenues	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745
28 Revenue Sufficiency (Deficiency)	\$194	\$226	\$258	\$290	\$323	\$355	\$387	\$420	\$452	\$484
29 Revenue to Cost Ratio	103.5%	104.1%	104.7%	105.3%	106.0%	106.6%	107.2%	107.9%	108.5%	109.2%
30 Net Present Value										

**31 CONTRIBUTION REQUIREMENT**

32 Total Contribution Required

Centra Gas Manitoba Inc.  
Franchise Application  
RM of Dufferin

Attachment 3.0  
Page 3 of 3

Financial Feasibility Test

**1 RM of Dufferin - Commercial Customer 1**

	YEAR 21	YEAR 22	YEAR 23	YEAR 24	YEAR 25	YEAR 26	YEAR 27	YEAR 28	YEAR 29	YEAR 30
	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043

**4 OPERATING ASSUMPTIONS**

5 Number of Customers	1	1	1	1	1	1	1	1	1	1
6 Annual Volume (Mcf)	800	800	800	800	800	800	800	800	800	800
7 Annual Volume (10 <sup>3</sup> m <sup>3</sup> )	23	23	23	23	23	23	23	23	23	23
8 Projected Revenues	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745

**9 RATE BASE**

10 Gross Fixed Assets	\$38,769	\$38,769	\$38,769	\$38,769	\$38,769	\$38,769	\$38,769	\$38,769	\$38,769	\$38,769
11 Accumulated Depreciation	\$23,447	\$24,564	\$25,681	\$26,797	\$27,914	\$29,030	\$30,147	\$31,263	\$32,380	\$33,496
12 Net Plant Closing	\$15,321	\$14,205	\$13,088	\$11,972	\$10,855	\$9,739	\$8,622	\$7,506	\$6,389	\$5,273
13 Net Plant at Mid-Year	\$15,880	\$14,763	\$13,647	\$12,530	\$11,414	\$10,297	\$9,180	\$8,064	\$6,947	\$5,831
14 Contributions	\$9,302	\$8,624	\$7,946	\$7,268	\$6,590	\$5,913	\$5,235	\$4,557	\$3,879	\$3,201
15 Contribution at Mid-Year	\$9,641	\$8,963	\$8,285	\$7,607	\$6,929	\$6,252	\$5,574	\$4,896	\$4,218	\$3,540
16 Working Capital Allowance	\$208	\$208	\$207	\$207	\$207	\$207	\$206	\$206	\$206	\$205
17 Rate Base at Mid-year	\$6,447	\$6,008	\$5,569	\$5,130	\$4,691	\$4,252	\$3,813	\$3,374	\$2,935	\$2,496

**18 REVENUE DEFICIENCY CALCULATION**

19 Cost of Gas	\$3,844	\$3,844	\$3,844	\$3,844	\$3,844	\$3,844	\$3,844	\$3,844	\$3,844	\$3,844
20 Operating & Maintenance Expenses	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40
21 Depreciation Expense	\$1,117	\$1,117	\$1,117	\$1,117	\$1,117	\$1,117	\$1,117	\$1,117	\$1,117	\$1,117
22 Amortization of Contributions	(678)	(678)	(678)	(678)	(678)	(678)	(678)	(678)	(678)	(678)
23 Municipal Tax & Corp.Cap. Tax	\$514	\$509	\$503	\$497	\$492	\$486	\$481	\$475	\$470	\$464
24 Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25 Overall Return	392	365	339	312	285	259	232	205	178	152
26 Total Revenue Requirement	\$5,229	\$5,196	\$5,164	\$5,132	\$5,100	\$5,067	\$5,035	\$5,003	\$4,970	\$4,938
27 Projected Revenues	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745	\$5,745
28 Revenue Sufficiency (Deficiency)	\$516	\$549	\$581	\$613	\$645	\$678	\$710	\$742	\$775	\$807
29 Revenue to Cost Ratio	109.9%	110.6%	111.2%	111.9%	112.7%	113.4%	114.1%	114.8%	115.6%	116.3%
30 Net Present Value										

**31 CONTRIBUTION REQUIREMENT**

32 Total Contribution Required

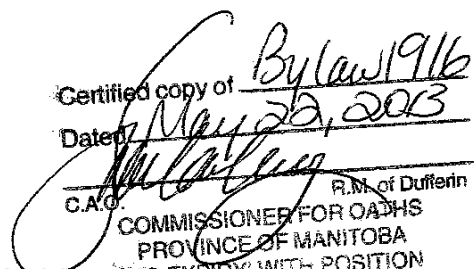








**BY-LAW NO. 1916**

Certified copy of Bylaw 1916  
 Dated May 20, 2013  
  
 C.A.G. COMMISSIONER FOR ROADS  
 R.M. of Dufferin  
 PROVINCE OF MANITOBA  
 NO EXEMPT WITH POSITION

BEING A BY-LAW of the Rural Municipality of Dufferin (the "Municipality") in Manitoba, to authorize the granting of a franchise to Centra Gas Manitoba Inc. ("Centra") to supply and distribute natural gas to the Municipality.

WHEREAS the Municipality entered into a crossing agreement ("Crossing Agreement") with Plains-Western Gas (Manitoba) Ltd. ("Plains-Western") on March 19, 1968, which granted the right to lay a pipeline across the highways and lands of the Municipality for the purposes of operating a natural gas pipeline in the Municipality;

AND WHEREAS By-law 1256 of the Municipality was approved by the Public Utilities Board of Manitoba by Order 47/68;

AND WHEREAS Plains-Western amalgamated with Inter-City Gas Utilities Ltd. to become ICG Utilities (Manitoba) Ltd.;

AND WHEREAS the Crossing Agreement was renewed by agreement dated June 8, 1989, for a ten year period ending March 19, 1998;

AND WHEREAS through inadvertence the Crossing Agreement was not renewed although the parties have carried on their respective rights, responsibilities and liabilities as if under the provisions of the Crossing Agreement;

AND WHEREAS Centra Gas Manitoba Inc. is the successor company to ICG Utilities (Manitoba) Ltd.;

AND WHEREAS over the years several customers have been added to Centra's distribution system within and beyond the expired crossing agreement area;

AND WHEREAS Section 232(1)(1) of The Municipal Act provides that a Council may pass by-laws for municipal purposes respecting public utilities;

AND WHEREAS Section 250(2)(d) and 253 (1) of The Municipal Act provides that a Municipality may for Municipal purposes:

- (c) acquire, establish, maintain and operate services, facilities and utilities; and
- (d) enter into agreements with another party to do on behalf of the Municipality anything the Municipality has the power to do within the Municipality.

AND WHEREAS it is deemed expedient and in the public interest that the Municipality enter into a franchise agreement ("Franchise Agreement"), in the form approved by the PUB by Order 159/11, with Centra to supply and distribute natural gas to the Municipality pursuant to said Section 250(2);

NOW THEREFORE the Council of the Municipality in regular session assembled enacts as follows:

1. That the Municipality enter into a Franchise Agreement, in the form attached hereto as Schedule "A" to this By-Law with Centra for the purpose of granting a franchise to supply natural gas to all of Township 6, Range 3 WPM; all of Township 6, Range 4 WPM (those portions outside of the Town of Carman); all of Township 6, Range 5 WPM (those portions outside of the Town of Carman); all of Township 7, Range 3 WPM; all of Township 7, Range 4 WPM; all of Township 7, Range 5 WPM of the Municipality.
2. That the Reeve and Chief Administrative Officer of the Municipality shall be authorized to execute said Franchise Agreement with Centra, in the form attached hereto as Schedule "A" to this By-Law, on behalf of the Municipality.
3. That this By-Law shall, after being read a first time by the Council be submitted to or receive the authorization or approval of The Public Utilities Board of Manitoba.
4. That Centra be authorized to represent the Municipality in applying to The Public Utilities Board of Manitoba for approval of the Franchise Agreement.

2

- 5. That this By-Law shall not take effect until it has received approval of The Public Utilities Board of Manitoba and third reading.
- 6. That this By-Law shall supercede all preious By-Laws granting natural gas franchises and crossing agreements in the Municipality.

DONE AND PASSED by the Council of the Rural Municipality of Dufferin, in Manitoba, in regular session assembled this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
REEVE

\_\_\_\_\_  
CHIEF ADMINISTRATIVE OFFICER

Read a first time this 21<sup>st</sup> day of May, 2013.

Read a second time this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

Read a third time this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

## Schedule A

**MEMORANDUM OF AGREEMENT** made this \_\_\_\_ day of \_\_\_\_\_, 2013.

BETWEEN:

**THE RURAL MUNICIPALITY OF DUFFERIN,**  
(hereinafter called the "Municipality"),

- and -

**CENTRA GAS MANITOBA INC.,**  
(hereinafter called the "Company").

**WHEREAS** the Municipality entered into a crossing agreement ("Crossing Agreement") with Plains-Western Gas (Manitoba) Ltd. ("Plains-Western") on March 19, 1968, which granted the right to lay a pipeline across the highways and lands of the Municipality for the purposes of operating a natural gas pipeline in the Municipality;

**AND WHEREAS** By-law 1256 of the Municipality was approved by the Public Utilities Board of Manitoba by Order 47/68;

**AND WHEREAS** Plains-Western amalgamated with Inter-City Gas utilities Ltd. to become ICG Utilities (Manitoba) Ltd.;

**AND WHEREAS** the crossing agreement was renewed by agreement dated June 8, 1989, for a ten year period ending March 19, 1998;

**AND WHEREAS** through inadvertence the crossing agreement was not renewed although the parties have carried on their respective rights, responsibilities and liabilities as if under the provisions of the Agreement;

**AND WHEREAS** Centra Gas Manitoba Inc. is the successor company to ICG Utilities (Manitoba) Ltd.;

- 2 -

**AND WHEREAS** it is agreed between the Municipality and the Company to enter into a franchise agreement (Franchise Agreement) with Centra to supply and distribute natural gas to those portions of the Municipality and its inhabitants in the Rural Municipality of Dufferin, and as set out in the map attached as Appendix 1, hereto (the "Territory") to replace all existing Franchise and Crossing agreements;

**AND WHEREAS** by by-law duly passed by the Council of the Municipality (the "By-law"), the Reeve and the Chief Administrative Officer (CAO) have been authorized and directed to execute this Agreement on behalf of the Municipality;

**NOW THEREFORE** pursuant to the premises and in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Company to the Municipality (the receipt of which is hereby acknowledged), and in further consideration of the mutual covenants hereinafter set forth it is mutually covenanted and agreed by the parties as follows:

1. Subject to compliance with the provisions of *The Municipal Act* (Manitoba), *The Public Utilities Board Act* (Manitoba) and *The Gas Pipe Line Act* (Manitoba), the Municipality hereby grants to the Company, its successors and assigns, subject to the terms, conditions and provisions herein contained, the sole and exclusive franchise to distribute natural gas to all of Township 6, Range 3 WPM; all of Township 6, Range 4 WPM (those portions outside of the Town of Carman); all of Township 6, Range 5 WPM (those portions outside of the Town of Carmen); all of Township 7, Range 3 WPM; all of Township 7, Range 4 WPM; all of Township 7, Range 5 WPM of the RM and its inhabitants in the Territory, for a term of thirty (30) years from the date hereof. The Municipality further grants to the Company the full power, right, licence and liberty to enter upon property of the Municipality and to break the surface and to make the necessary excavations to lay down, take up, relay, connect, disconnect, repair, remove, maintain, replace and operate a gas distribution system and any and all necessary or convenient mains, pipes, services, and all other equipment and appliances as the Company may deem desirable for the supply, transmission and distribution of gas (collectively the "Gas Distribution System") in, upon, over, across, under and along the public highways, streets, roads, bridges, walkways, sidewalks, road allowances, squares, lanes, alleys, ditches, drainage systems and other public places (collectively the "Highways") within the boundaries



- 3 -

of the Municipality as the same may from time to time exist, as may be necessary for the purpose of transporting, supplying and delivering natural gas to the consumers thereof.

2.(1) Subject to the provisions hereof, the Company agrees that during the term of this Agreement, it will install and maintain an adequate natural gas distribution system within the Territory and will provide such quantities of natural gas as will meet the requirements of the inhabitants, businesses and industries located in the Territory.

2.(2) The Company agrees that with respect to any portion of the Territory which the Company does not supply natural gas to, in the event the Municipality, acting reasonably, requests the Company to supply natural gas upon the same terms and conditions as provided in this Agreement, the Company will work together with the Municipality with a view of developing a viable business model in relation to that portion of the Territory. All such extensions for service shall be subject to the Company's feasibility test as approved by The Public Utilities Board of Manitoba (the Board) from time to time. The Company further agrees that if the Company is unable to develop a viable business model with the Municipality, the Company shall relinquish that portion of the Territory from the franchise previously granted if asked to do so by the Municipality.

2.(3) For the purpose of implementing a distribution system expansion for the attachment of new customers pursuant to clause 2(1), the Company shall, whenever a request is made for gas service by any inhabitant or industry of the Municipality in a location not served by the existing system of the Company, comply with the request provided the request meets criteria filed with and approved by the Board for expansion of the distribution system and does not unduly affect customers on the existing system. Such criteria may include but not be limited to estimates of customers, sales, volumes, revenue, costs, and return on investment, the effect upon existing customers and any customer contribution in aid of construction. The criteria shall be reviewed by the Board from time to time as the Board deems necessary or as may be requested by the Company.

2.(4) The Company shall not be bound to construct or extend its mains or provide natural gas or gas service if the Company is, for any reason, unable to obtain delivery of natural gas at

- 4 -

or near the limits of the Territory, or an adequate supply thereof to warrant the construction of extension of its mains for the provision of natural gas.

2.(5) In the event the amount of natural gas supplied to the Company at or near the limits of the Territory is insufficient to meet the requirements of connected customers, the Company shall have the right to prescribe reasonable rules and regulations for allocating the available supply of natural gas to domestic, commercial and industrial customers in that order of priority. The allocation of natural gas shall also be subject to the provisions of *The Gas Allocation Act* (Manitoba) and Regulations thereto and any orders made pursuant to *The Emergency Measures Act* (Manitoba).

2.(6) In the event that either of the condition referred to in subsections (4) and (5) occur or are likely to occur, the Company will advise the Municipality thereof as soon as the conditions become apparent to the Company.

3.(1). Prior to the installation of any part of the Gas Distribution System, the Company shall file plans with municipal engineer, which shall mean a professional engineer employed directly or indirectly by the Municipality or such other person as may be designated by the council of the Municipality to carry out the functions and duties of the Municipal Engineer as herein described ("Municipal Engineer"), showing the location, depth and size of all mains, pipes or conduits and any other equipment or structures (but not including geodetic information) intended to be installed or constructed and shall comply with all by-laws of the Municipality relating to the construction of such works. The Municipality, by its Municipal Engineer, shall approve the plans as to the location of the Gas Distribution System and any changes thereto arising in course of construction within the Municipality, which approval shall not be unreasonably withheld or unduly delayed. The Gas Distribution System shall be placed in such locations as agreed by the Municipal Engineer and the Company in boulevards and under other unpaved surfaces rather than in streets when reasonably practicable and where the cost of installation and maintenance will not be unreasonably high.

3.(2) The Company shall supply to the Municipality plans showing the location of its Gas Distribution system within the Municipality on an as-built basis, as requested by the

- 5 -

Municipality, but in no event shall such plans be provided more than twice in any 12-month period. Such plans shall be provided either on paper or in a mutually agreeable format. All of the conditions of the supply of as-builts are to be mutually agreed upon.

3.(3) The pipe, materials and other equipment to be used in the distribution system shall be of the kinds and qualities satisfactory to the Board, and shall be in compliance with *The Gas Pipe Line Act* (Manitoba) and the regulations thereunder.

4. Unless another process is established through municipal bylaw, the Company shall give notice to the CAO or designate of the Municipality, of its intention to open or break up any of the Highways of the Municipality not less than seven (7) days before the beginning of such work, except in cases of emergency arising from defects or breaking of the pipe or other works, when immediate notice shall suffice; and, subject to the same exception and as otherwise provided in the Agreement, the Company shall not begin any such work unless it has obtained approval therefore in writing from the Municipal Engineer.

5. The Company agrees:

- (a) in the execution of the rights and powers granted hereby and in the performance of the work in connection therewith, it shall do as little damage as possible and shall keep passage of the Highways as far as may be practicable free and uninterrupted;
- (b) it shall not interfere with, disturb or damage any existing pipes or lines of other utilities, unless the express consent of such other utilities is first had and received;
- (c) it shall, within a reasonable time after any construction work, restore the Highways and other areas where construction has occurred to a state of repair as nearly as possible equal to their former state, unless another process is established by municipal bylaw. Within thirty (30) days of completion of the restoration work the Company shall give notice in writing to the Municipal Engineer that the work and restoration have been completed and inspected.



- 6 -

The Municipal Engineer, acting reasonably shall advise the Company in writing of any deficiencies in connection with the construction work or restoration. If the Municipality fails to provide such advice within six (6) months of the Company's notice to the Municipality and unless an extension of time has been mutually agreed, the Municipality will be deemed to have accepted the restoration work;

- (d) in the execution of the power granted hereby, it shall construct, locate and operate its Gas Distribution System in such manner as will not endanger the public health or safety;
- (e) any pipe line found not in accordance with the depth of cover requirements established by the Board pursuant to *The Gas Pipe Line Act* (Manitoba) as a result of improper installation shall be lowered, relocated or suitably protected by, and at the expense of the Company;
- (f) all costs in connection with the removal or relocation of any part of the Gas Distribution System, including the cost of repairs to any Highways, shall be the Company's responsibility except where such removal or relocation is required by the Municipality; and,
- (g) notwithstanding paragraph (f) above, where the removal or relocation of any part of the Gas Distribution System is required by the Municipality, the costs and expenses incurred in the removal and replacement or the relocation shall be as follows:
  - (i) the Municipality shall pay to the Company an amount equal to the cost of labour and material required in the original construction of that part of the Gas Distribution System that the Municipality requests to be relocated, less depreciation and the value of any material salvaged; and
  - (ii) the Company shall bear the entire cost of constructing the required Gas Distribution system infrastructure in the new location.

- 7 -

6.(1) The Company shall protect and indemnify the Municipality against any damages or expenses in connection with the execution of the powers granted hereby and under *The Gas Pipe Line Act* (Manitoba), and from and against all claims, demands, and actions by third persons in respect of damages sustained by reason of any operations of the Company and in relation to its distribution system.

6.(2) The Company shall satisfy the Board that it has in place at all times liability insurance coverage sufficient to satisfy any potential claim, demand or action against the Company or the Municipality for such damages.

7.(1) Before the Municipality makes any repairs of, or alterations to, any of its public services which will involve excavations or which may in any way affect any of the Company's lines plant or equipment, the Municipality shall give notice as set forth in the regulations in effect at that time and made pursuant to *The Gas Pipe Line Act* (Manitoba).

7.(2) Where practicable, the Municipality shall have regard to the reasonable directions of the Company concerning any such repairs and alterations, but, in any event, the Municipality is free of all liability in connection with any damage done by reason of any such repairs or alterations.

8. Natural gas shall be supplied to customers in the Territory at the rates and on the terms and conditions approved or fixed from time to time by the Board or other regulatory authority having jurisdiction.

9. This Agreement shall not prevent the sale or delivery within the Territory by any other person, firm or corporation of liquefied petroleum gas, propane or other product delivered in tanks or containers and not transmitted by pipeline.

10. Subject to any applicable legislation now or hereafter enacted in that regard, the Company shall pay to the Municipality any taxes that may be legally and properly levied by the Municipality against the Company.

- 8 -

11. The Company shall maintain in force during the currency hereof, a policy of insurance provided by an insurance company licensed to do business in the Province of Manitoba, insuring against public liability and property damage in connection with the operations of the Gas Distribution System within the Territory.

12. The Municipality agrees that it will not, for a period of thirty (30) years or longer, if this Agreement is renewed in accordance with the provision of paragraph 13 hereof, grant to any other person, firm or corporation the right to deliver natural gas within the franchise area of the Municipality or to erect or maintain a Gas Distribution System in, upon, over, across, under or along its Highways within the franchise area for the purpose of supplying and distributing natural gas.

13.(1) It is further agreed that at the expiration of the term hereof and at the expiration of each renewal hereof, the Municipality may, after giving one (1) year's written notice prior to the date of the termination of this Agreement or of any renewal hereof, at its option (to be expressed by by-law of the Municipality), elect to purchase that portion of the Gas Distribution System with respect to its operations within the Municipality that is used exclusively for the distribution of natural gas in the Territory, pursuant to this Agreement, but not any portion of the Gas Distribution System that is used for transmission of natural gas through the Municipality, for such price and on such terms as may be agreed upon between the parties hereto, or failing such agreement then at such price and on such terms including that portion of the Gas Distribution System the Municipality is entitled to purchase as may be fixed and settled by the Board, or if the Board shall refuse to so fix and settle the price then the said price and terms shall be such as may be fixed and determined by arbitration under the provisions of *The Arbitration Act* (Manitoba) and each of the parties shall appoint an arbitrator and the arbitrators so appointed shall appoint a third arbitrator to act as chairman who shall be versed in this special branch of engineering economics, and in the event the arbitrators appointed by each party are unable to appoint a third arbitrator, the third arbitrator shall be appointed by the Chief Justice of the Court of Queen's Bench of the Province of Manitoba. The decision of the Board or of a majority of the said arbitrators shall be binding upon the parties in arriving at the price. The Board or the said arbitrators shall make allowance for severance of the property and operation from other properties and operations of the Company in Manitoba. In the event of

- 9 -

such purchase, the Company and the Municipality will enter into an agreement respecting the use of and payment for such use by the Municipality of Company-owned facilities which are not being purchased hereunder and for the sale of natural gas to the Municipality for resale by the Municipality to the inhabitants of the Municipality, at such rates as may be agreed upon between the Company and the Municipality and approved by the Board. If the Municipality does not notify the Company in writing of its intention to purchase the property of the Company as aforesaid at least one (1) year before the expiration of this Agreement or any renewal thereof, this Agreement will be deemed to be automatically renewed for an additional term of ten (10) years, and at the end of the said ten (10) year renewal term, the said Agreement will be further automatically extended in absence of notice aforesaid for additional terms of ten (10) years from time to time. Provided further that at the time of any such renewal, changes in the terms of this Agreement may be made at the request of either party with the approval of the other, and in the absence of such approval such changes may be made by reference to, under the authority of, and with the approval of the Board. Notwithstanding anything contained elsewhere in this Agreement, it is understood and agreed that if the Municipality exercises its option to purchase the property of the Company with respect to its distribution operations within the area designated in this Agreement, such exercise shall not affect the right of the Company to continue to operate its transmission facilities in such area for so long as the same may be required by the Company.

13.(2) The Company agrees that it shall provide written notice to the Municipality at least two (2) years prior to the expiration of the term hereof and of each renewal hereof, of the Municipality's election as set forth in paragraph 13.(1) hereof.

14. Notwithstanding any other term or condition contained herein, neither party shall be liable to the other for failure to carry out its obligations hereunder when such failure is caused by force majeure as hereinafter defined. The term force majeure means civil disturbances, industrial disturbances (including strikes and lock-outs), interruptions by government or Court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, failure or inability to secure materials, permits or labourers by reason of priority regulations or orders of government, land slides, lightning, earth quakes, fires, storms, floods, wash-outs, explosions, breakage or accident to



- 10 -

machinery or the Gas Distribution System, temporary or permanent failure of gas supply, an act or omission (including failure to deliver gas) reducing supply of gas to the Company's supplier, or any other causes or circumstances to the extent such cause or circumstances was beyond the control of the party prevented from carrying out its obligations by the act of force majeure.

15. Subject to the provisions of *The Public Utilities Board Act* (Manitoba), the Company shall not without the consent of the Municipality, such consent not to be unreasonably withheld, assign this Agreement or the rights, franchises, powers and privileges granted hereby or any of them; provided however the Company may assign this Agreement to any corporation with which the Company may then be associated or affiliated, as those terms are used in *The Corporations Act* (Manitoba) and the *Income Tax Act* (Canada).

16. This Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.

17. This Agreement is subject to the approval of the Manitoba Public Utilities Board.

18. Upon execution of this agreement following receipt of approval from the Public Utilities Board and the By-law being passed the Franchise Agreement and the crossing Agreement referred to herein shall cease to be of any force or effect.

**IN WITNESS WHEREOF** the parties have duly executed this Agreement as of the day and year first above written.

**RURAL MUNICIPALITY OF DUFFERIN**

Per:

\_\_\_\_\_  
Reeve

Per:

\_\_\_\_\_  
Chief Administrative Officer

**CENTRA GAS MANITOBA INC.**



Per:

\_\_\_\_\_  
Authorized Signing Officer

Per:

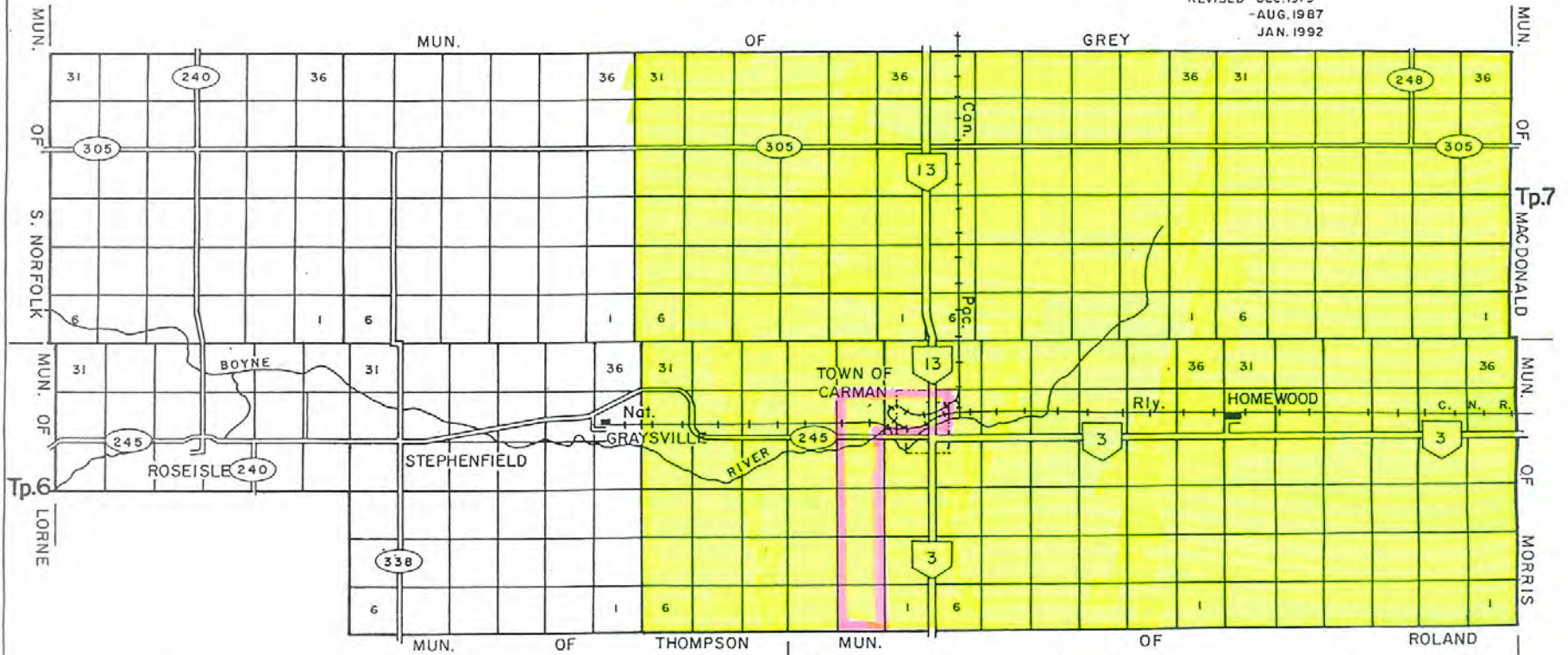
\_\_\_\_\_  
Authorized Signing Officer

# MUN. OF DUFFERIN

-  Expired Crossing Area
-  Proposed Franchise Area

PROVINCE OF MANITOBA  
HIGHWAYS DEPARTMENT  
DESIGN OFFICE  
WPG., OCT., 1969

  
SCALE: 1 in. = 3 miles  
REVISED - DEC. 1979  
- AUG. 1987  
JAN. 1992






Rge. 7W.

Rge. 6W.

Rge. 5W.

Rge. 4W.

Rge. 3W.

- PROV. TRUNK HIGHWAYS 
- PROVINCIAL ROADS 
- RAILWAYS 

APPENDIX 1

N:23







PO Box 815 • Winnipeg, Manitoba, Canada • R3C 2P4  
Street Location for DELIVERY: 22<sup>nd</sup> floor – 360 Portage Avenue  
Telephone / N<sup>o</sup> de téléphone : (204) 360-3468 • Fax / N<sup>o</sup> de télécopieur : (204) 360-6147 • mboyd@hydro.mb.ca

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May 24, 2012

THE PUBLIC UTILITIES BOARD OF MANITOBA  
400-330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4

ATTENTION: Mr. H. M. Singh, Board Secretary and Executive Director

Dear Mr. Singh:

**RE: CENTRA GAS MANITOBA Inc.  
FRANCHISE APPLICATION for the  
RURAL MUNICIPALITY OF CORNWALLIS**

---

Enclosed are nine (9) copies of an Application by Centra Gas Manitoba Inc. (“Centra”) to the Public Utilities Board of Manitoba (“PUB”) for an interim ex-parte Order pursuant to Section 45 of *The Public Utilities Board Act*, requesting:

1. The PUB approve and authorize a new franchise agreement between Centra and the Rural Municipality of Cornwallis (“RM of Cornwallis”); and
2. The PUB approve the financial feasibility test for the extension of natural gas service to one customer within the proposed expansion area located in the RM of Cornwallis.

The proposed franchise area comprises the following sections covered by two existing franchise agreements:

- Sections 1-36, Township 10, Range 19 WPM;
- Sections 1-36, Township 10, Range 18 WPM; and,
- Sections 1-36, Township 10, Range 17 WPM.

The proposed franchise area is comprised of the additional sections:

- Sections 1-36, Township 9, Range 19 WPM;
- Sections 2-11, 13-36 Township 9, Range 18 WPM; and,
- Sections 17-20, 29-32, Township 9, Range 17 WPM.

Centra has determined that the project is feasible as it passes the 30-Year Net Present Value test with a NPV of \$29,336 and generates a revenue-to-cost ratio of at least 1.0 by the end of the fifth year. Based on total capital costs of \$312,551 and the assumptions in the feasibility test, the total contribution required from the customer is \$143,290.

Public Utilities Board of Manitoba  
Franchise Application RM of Cornwallis

May 24, 2013  
Page 2 of 2

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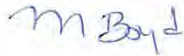
In order to accommodate the customer's required in-service timelines and to allow for the timely construction of this project, Centra is requesting approval of the Application on an interim ex-parte basis at the PUB's earliest convenience. Centra will seek final approval of the interim ex-parte Order flowing from this Application at the next appropriate regulatory proceeding.

Copies of this submission have also been provided to the PUB Advisors. If you have any questions with respect to this submission or require paper copies, please contact the writer at 360-3468 or Greg Barnlund at 360-5243.

Yours truly,

**MANITOBA HYDRO LAW DEPARTMENT**

Per:



Marla D. Boyd  
Barrister & Solicitor

cc: Mr. B. Peters, Fillmore Riley  
Mr. R. Cathcart, Cathcart Advisors Inc.  
Mr. B. Ryall, Ryall Engineering

Att.

May 24, 2013  
Page 1 of 6

**CENTRA GAS MANITOBA INC.**  
**RURAL MUNICIPALITY OF CORNWALLIS**  
**FRANCHISE APPLICATION**

---

1    **1.0    APPLICATION**

2

3    Centra Gas Manitoba Inc. (“Centra”), on its own behalf and on behalf of the Rural  
4    Municipality of Cornwallis (“RM of Cornwallis”) is applying to the Public Utilities Board of  
5    Manitoba (“PUB”), for an interim ex-parte Order pursuant to Section 45 of *The Public*  
6    *Utilities Board Act*.

7           1. To approve and authorize a new franchise agreement between Centra and the  
8           RM of Cornwallis; and

9           2. To approve the financial feasibility tests for the expansion of natural gas to  
10          service an agricultural customer in the proposed expansion area located in the  
11          RM of Cornwallis.

12

13    **2.0    EXPANSION AREA**

14

15    A map of the RM of Cornwallis is included as Attachment 1.0 to this Application. This  
16    attachment indicates the area in the municipality covered by two existing franchise  
17    agreements and an existing crossing agreement. There is one customer within the  
18    crossing agreement area, located in SW Section 21, Township 9, Range 19 WPM. This  
19    customer has had natural gas service since November, 1998. The new franchise area  
20    will include this existing customer, and allow for the provision of natural gas service to  
21    one new large agricultural customer located in SE Section 19, Township 9, Range 17

Centra Gas Manitoba Inc.  
Franchise Application for the Rural Municipality of Cornwallis

May 24, 2013  
Page 2 of 6

1 WPM, in the RM of Cornwallis. The proposed new franchise area includes:

- 2       • Sections 1 through 36, Township 9, Range 19 WPM;
- 3       • Sections 2 through 11, Sections 13 through 36, Township 9, Range 18 WPM;
- 4       and
- 5       • Sections 17 through 20, Sections 29 through 32, Township 9, Range 17 WPM;

6 First reading of the By-law approving the RM of Cornwallis to enter into a new franchise  
7 agreement with Centra granting franchise for the above-noted area and all existing  
8 franchise area, has been given by the RM of Cornwallis on April 16, 2013.

9

### 10 **3.0 CUSTOMER, VOLUME AND REVENUE ESTIMATES**

11

12 The agricultural customer in the RM of Cornwallis originally approached Centra in the  
13 summer of 2010 to request natural gas service. This customer farms a large acreage of  
14 mixed grains and currently uses propane for grain drying, and uses propane and coal for  
15 space heating multiple barns and residences. The customer intends to convert all  
16 propane and coal fired equipment to use natural gas as soon as it becomes available.

17

18 No other potential customers in the vicinity of the proposed pipeline have approached  
19 Centra for natural gas service at this time. In the event that any additional customers  
20 request natural gas service in this vicinity within the first five years of construction, a  
21 feasibility test will be completed for those future customer additions and those customers  
22 will be required to pay any resulting shortfall.

23

24 The estimated total annual consumption for this agricultural customer is 440,242 m<sup>3</sup>.

Centra Gas Manitoba Inc.  
Franchise Application for the Rural Municipality of Cornwallis

May 24, 2013  
Page 3 of 6

1 This estimate is based on actual historic propane and coal consumption information.

2

3 The total customer volume of 440,242 m<sup>3</sup> has been included at 100% for the first and  
4 subsequent years of the feasibility test. For the purposes of the feasibility test, Year 1  
5 has been identified as 2014.

6

7 The revenues were projected using February 1, 2013 base rates approved by the PUB  
8 in Order 10/13.

9

#### 10 **4.0 SYSTEM DESIGN AND CAPITAL COST ESTIMATE**

11

12 The proposed system extension will connect to an existing pressure reducing station,  
13 GS-190, located at NE Section 10, Township 10, Range 18 WPM in the City of Brandon.

14 The proposed distribution pipeline of approximately 15,700 metres of 60.3 mm (NPS 2")  
15 high density polyethylene (HDPE) "PE100" distribution main is planned to be installed  
16 within the existing government road allowance and on Manitoba Hydro land easement.

17 The routing of the main was determined based on legal plans and a field site  
18 investigation. In a separate submission to the PUB, Centra will seek approval of the use  
19 of 60.3 mm (NPS 2") PE100 pipe.

20

21 The installation of the main and service lines will be accomplished by a variety of  
22 techniques including open cut, ploughing, and boring as appropriate. A map of the path  
23 of the proposed main extension is shown in Attachment 2.0. Centra will not be required  
24 to perform any system upgrades at or upstream of GS-190 in conjunction with this  
25 project.

26

Centra Gas Manitoba Inc.  
Franchise Application for the Rural Municipality of Cornwallis

May 24, 2013  
Page 4 of 6

1 This proposed natural gas expansion project is classified as a Class 2 development  
2 under section III of *The Manitoba Environment Act* (Manitoba Regulation 164/88). Class  
3 2 developments greater than 10 km in length generally require the proponent to submit a  
4 written proposal to Manitoba Conservation to obtain a license and approval from the  
5 Director. Centra will inform Manitoba Conservation of this project and will follow all  
6 applicable requirements.

7

8 Construction drawings will be submitted to the RM of Cornwallis and the City of Brandon  
9 for approval.

10

11 The estimated capital cost for this project is \$312,551. The capital cost estimate was  
12 prepared using the following inputs and assumptions:

- 13 • Project capital costs in 2013 Canadian dollars;
- 14 • General Freight included;
- 15 • 5% Contingency applied to contractor labour and materials; and
- 16 • 15% Overhead applied to contractor labour and materials.

17

18 These assumptions are consistent with other recent expansions.

19

## 20 **5.0 FEASIBILITY TEST RESULTS AND ASSUMPTIONS**

21

22 Centra has determined that the project is feasible. Based on total capital costs of  
23 \$312,551 and with a customer contribution of \$143,290, the feasibility study returns a  
24 positive 30-Year Net Present Value (“NPV”) of \$29,336 and achieves a revenue to cost  
25 ratio of at least 1.0 by the end of the fifth year. The financial feasibility test for this

1 expansion is included as Attachment 3.0. Centra's investment in this project is  
2 \$169,261.

3

4 The feasibility test was completed using the following assumptions:

- 5 • Gas costs and base sales rates for Supplemental Gas, Transportation to Centra,  
6 Distribution to Customer and Basic Monthly Charge for the Large General Service  
7 (LGS) customers as approved in Order 10/13;
- 8 • Primary Gas base sales rates as approved in Order 10/13;
- 9 • Annual operating and maintenance expenses of \$100 per customer;
- 10 • A depreciation rate of 2.88% based on Centra's 2010/11 weighted average  
11 depreciation rate for distribution plant;
- 12 • Municipal property tax based on 2012 mill rates and assessment rates;
- 13 • Corporate capital tax calculated at the rate of 0.5% of net plant, before any  
14 contributions received by Centra;
- 15 • The Net Present Value of revenue deficiency is discounted at the weighted average  
16 cost of capital of 6.08%; and
- 17 • Centra's capital structure and cost of capital of 6.08% as approved in Order 46/10.

18

19 A recalculation for the project will be completed at the end of five years (effective as of  
20 December 31, 2018).

21

## 22 **6.0 AGREEMENTS**

23

24 First reading of the By-law approving the municipality to enter into a new Franchise  
25 Agreement with Centra has been given by the Rural Municipality of Cornwallis Council

Centra Gas Manitoba Inc.  
Franchise Application for the Rural Municipality of Cornwallis

May 24, 2013  
Page 6 of 6

1 and is provided as Attachment 4.0. The Franchise Agreement is included as Schedule A  
2 to Attachment 4.0.

3

4 The commercial customer has paid Centra the entire contribution of \$143,290 plus GST.

5

6 **7.0 APPROVALS**

7

8 In order to accommodate the customer's required in-service timelines and to allow for  
9 the timely construction of this project, Centra is seeking an Order on this Application at  
10 the PUB's earliest possible convenience. Consistent with past regulatory practice,  
11 Centra will seek final approval of any interim Orders flowing from this Application at the  
12 next appropriate regulatory proceeding.



Centra Gas Manitoba Inc.  
Franchise Application  
RM of Cornwallis

# MUN. OF CORNWALLIS




Attachment 1.0

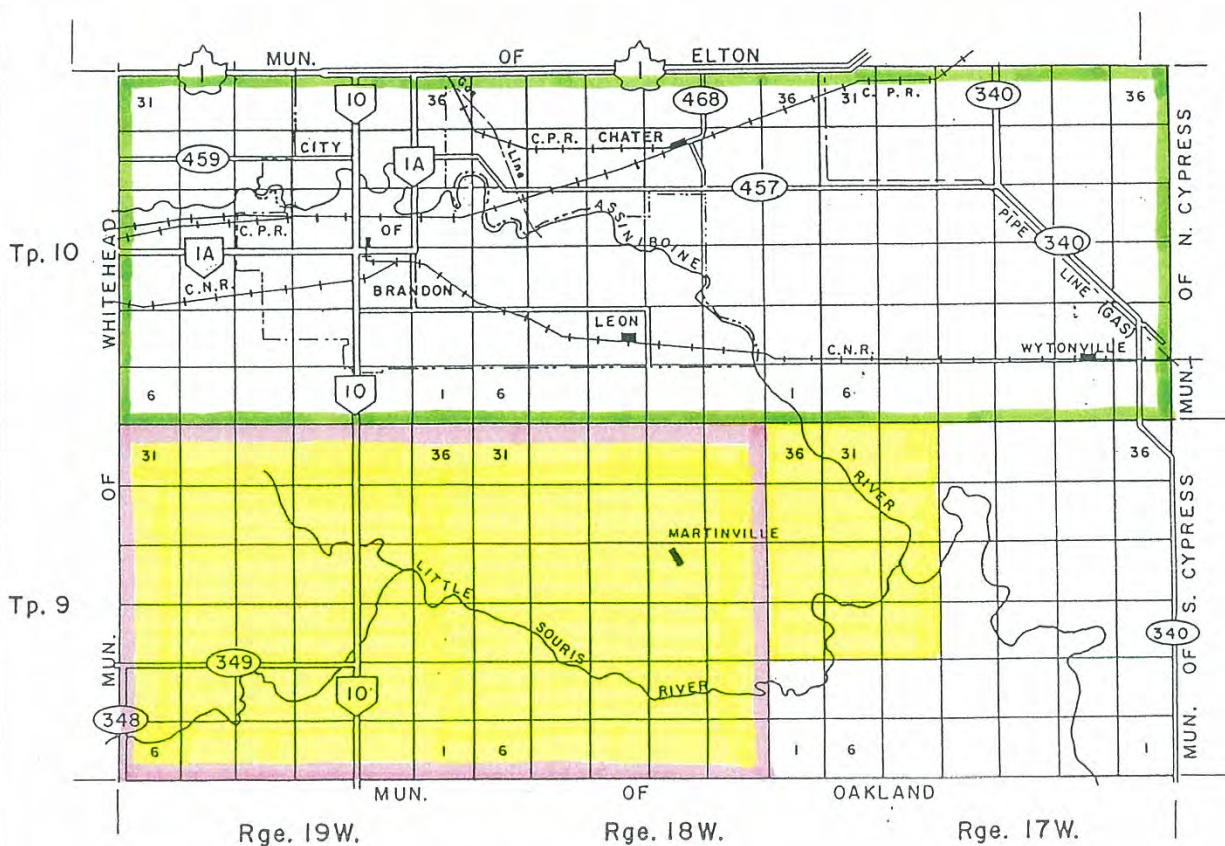
PROVINCE OF MANITOBA  
HIGHWAYS DEPARTMENT  
DESIGN OFFICE  
WPG. AUG, 1968





SCALE: 1" = 3 Mi.

REVISED: NOV. 1970  
OCT. 1978  
JUNE 1983  
MAY 1986  
AUG. 1987  
JUNE 1988  
OCT. 1990  
JULY 1991  
AUG. 1991  
JAN. 1992



-  Existing Crossing Area
-  Existing Franchise Area
-  Proposed New Franchise Area

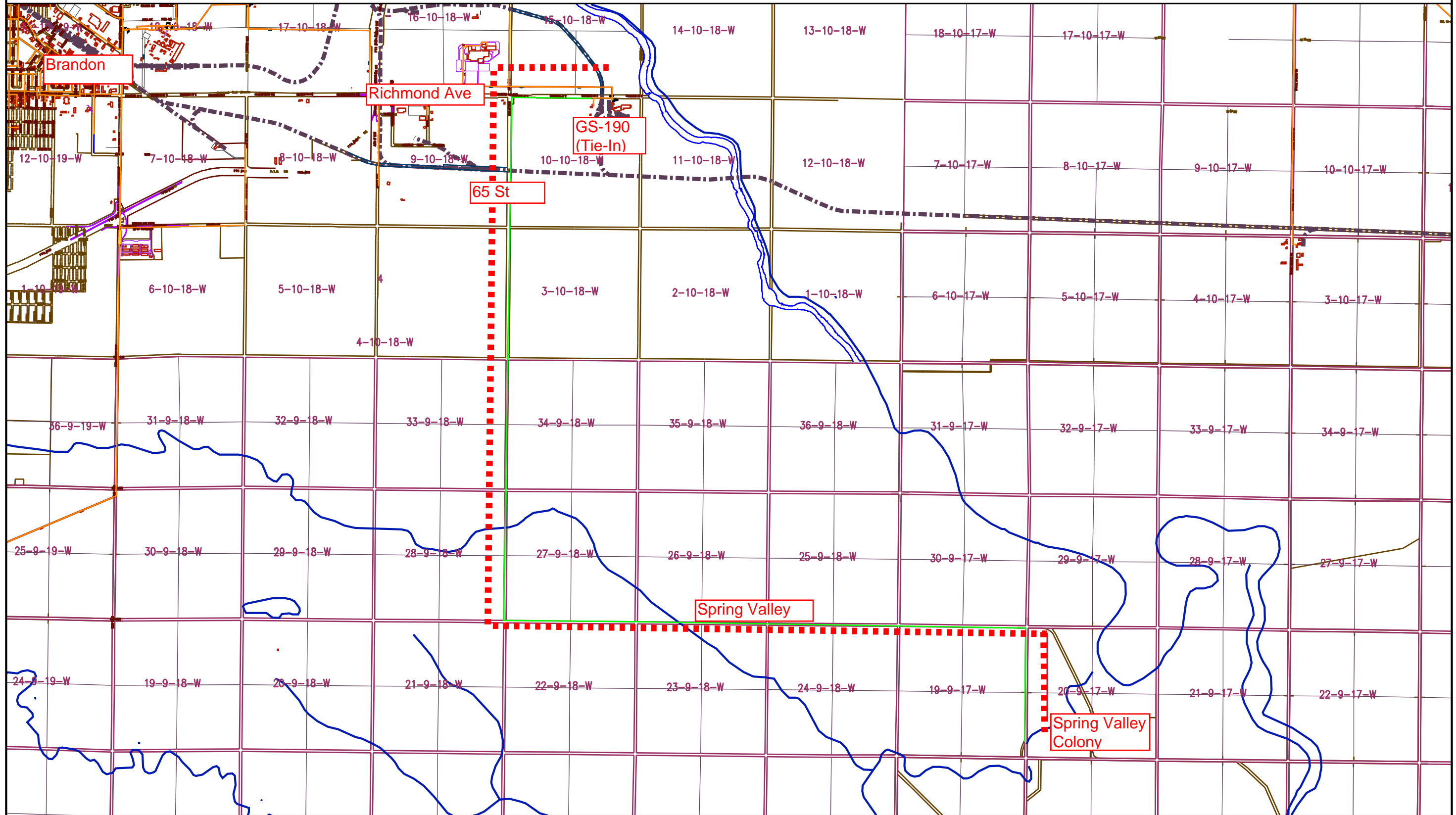


- TRANS CANADA HIGHWAY 
- PROV. TRUNK HIGHWAYS 
- PROVINCIAL ROADS 
- RAILWAYS 

Centra Gas Manitoba Inc.  
Franchise Application  
RM of Cornwallis

NOTE :This plot is to be used for general pipe routing information only.  
All other data to be confirmed by the Gas Distribution Planning & Design Dept.

Attachment 2.0



NOTE: Maximum Operating Pressure (MOP) is 420 kpa unless otherwise noted.  
Outside Diameter (O.D.) of pipe in millimeters unless otherwise noted.





Centra Gas Manitoba Inc.  
Franchise Application  
RM of Cornwallis

Attachment 3.0  
Page 2 of 3

Financial Feasibility Test

1 **RM of Cornwallis**

	<u>YEAR 11</u>	<u>YEAR 12</u>	<u>YEAR 13</u>	<u>YEAR 14</u>	<u>YEAR 15</u>	<u>YEAR 16</u>	<u>YEAR 17</u>	<u>YEAR 18</u>	<u>YEAR 19</u>	<u>YEAR 20</u>
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
2										
3										
4 <b><u>OPERATING ASSUMPTIONS</u></b>										
5 Number of Customers	1	1	1	1	1	1	1	1	1	1
6 Annual Volume (Mcf)	15,541	15,541	15,541	15,541	15,541	15,541	15,541	15,541	15,541	15,541
7 Annual Volume (10 <sup>3</sup> m <sup>3</sup> )	440	440	440	440	440	440	440	440	440	440
8 Projected Revenues	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100
9 <b><u>RATE BASE</u></b>										
10 Gross Fixed Assets	\$312,551	\$312,551	\$312,551	\$312,551	\$312,551	\$312,551	\$312,551	\$312,551	\$312,551	\$312,551
11 Accumulated Depreciation	\$99,016	\$108,018	\$117,019	\$126,021	\$135,022	\$144,024	\$153,025	\$162,026	\$171,028	\$180,029
12 Net Plant Closing	\$213,535	\$204,533	\$195,532	\$186,530	\$177,529	\$168,528	\$159,526	\$150,525	\$141,523	\$132,522
13 Net Plant at Mid-Year	\$218,036	\$209,034	\$200,033	\$191,031	\$182,030	\$173,028	\$164,027	\$155,025	\$146,024	\$137,022
14 Contributions	\$97,896	\$93,769	\$89,642	\$85,515	\$81,389	\$77,262	\$73,135	\$69,008	\$64,882	\$60,755
15 Contribution at Mid-Year	\$99,959	\$95,832	\$91,706	\$87,579	\$83,452	\$79,325	\$75,199	\$71,072	\$66,945	\$62,818
16 Working Capital Allowance	\$3,581	\$3,579	\$3,577	\$3,575	\$3,573	\$3,571	\$3,569	\$3,566	\$3,564	\$3,562
17 Rate Base at Mid-Year	\$121,658	\$116,781	\$111,904	\$107,027	\$102,151	\$97,274	\$92,397	\$87,520	\$82,643	\$77,766
18 <b><u>REVENUE DEFICIENCY CALCULATION</u></b>										
19										
20 Cost of Gas	\$70,192	\$70,192	\$70,192	\$70,192	\$70,192	\$70,192	\$70,192	\$70,192	\$70,192	\$70,192
21 Operating & Maintenance Expenses	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
22 Depreciation Expense	\$9,001	\$9,001	\$9,001	\$9,001	\$9,001	\$9,001	\$9,001	\$9,001	\$9,001	\$9,001
23 Amortization of Contributions	(\$4,127)	(\$4,127)	(\$4,127)	(\$4,127)	(\$4,127)	(\$4,127)	(\$4,127)	(\$4,127)	(\$4,127)	(\$4,127)
24 Municipal Tax & Corp.Cap. Tax	\$5,486	\$5,441	\$5,396	\$5,351	\$5,306	\$5,261	\$5,216	\$5,171	\$5,126	\$5,081
25 Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26 Overall Return	\$7,397	\$7,101	\$6,804	\$6,508	\$6,211	\$5,915	\$5,618	\$5,322	\$5,025	\$4,729
27 Total Revenue Requirement	\$88,050	\$87,709	\$87,367	\$87,026	\$86,684	\$86,343	\$86,001	\$85,660	\$85,318	\$84,976
28 Projected Revenues	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100
29 Revenue Sufficiency (Deficiency)	\$2,049	\$2,391	\$2,732	\$3,074	\$3,415	\$3,757	\$4,099	\$4,440	\$4,782	\$5,123
30 Revenue to Cost Ratio	102.3%	102.7%	103.1%	103.5%	103.9%	104.4%	104.8%	105.2%	105.6%	106.0%

Centra Gas Manitoba Inc.  
Franchise Application  
RM of Cornwallis

Attachment 3.0  
Page 3 of 3

Financial Feasibility Test

1 **RM of Cornwallis**

	<u>YEAR 21</u>	<u>YEAR 22</u>	<u>YEAR 23</u>	<u>YEAR 24</u>	<u>YEAR 25</u>	<u>YEAR 26</u>	<u>YEAR 27</u>	<u>YEAR 28</u>	<u>YEAR 29</u>	<u>YEAR 30</u>
	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
2										
3										
4 <b><u>OPERATING ASSUMPTIONS</u></b>										
5 Number of Customers	1	1	1	1	1	1	1	1	1	1
6 Annual Volume (Mcf)	15,541	15,541	15,541	15,541	15,541	15,541	15,541	15,541	15,541	15,541
7 Annual Volume (10 <sup>3</sup> m <sup>3</sup> )	440	440	440	440	440	440	440	440	440	440
8 Projected Revenues	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100
9 <b><u>RATE BASE</u></b>										
10 Gross Fixed Assets	\$312,551	\$312,551	\$312,551	\$312,551	\$312,551	\$312,551	\$312,551	\$312,551	\$312,551	\$312,551
11 Accumulated Depreciation	\$189,031	\$198,032	\$207,034	\$216,035	\$225,037	\$234,038	\$243,040	\$252,041	\$261,043	\$270,044
12 Net Plant Closing	\$123,520	\$114,519	\$105,517	\$96,516	\$87,514	\$78,513	\$69,511	\$60,510	\$51,508	\$42,507
13 Net Plant at Mid-Year	\$128,021	\$119,019	\$110,018	\$101,017	\$92,015	\$83,014	\$74,012	\$65,011	\$56,009	\$47,008
14 Contributions	\$56,628	\$52,501	\$48,375	\$44,248	\$40,121	\$35,994	\$31,868	\$27,741	\$23,614	\$19,487
15 Contribution at Mid-Year	\$58,692	\$54,565	\$50,438	\$46,311	\$42,185	\$38,058	\$33,931	\$29,804	\$25,678	\$21,551
16 Working Capital Allowance	\$3,560	\$3,558	\$3,556	\$3,554	\$3,552	\$3,549	\$3,547	\$3,545	\$3,543	\$3,541
17 Rate Base at Mid-Year	\$72,889	\$68,013	\$63,136	\$58,259	\$53,382	\$48,505	\$43,628	\$38,751	\$33,875	\$28,998
18 <b><u>REVENUE DEFICIENCY CALCULATION</u></b>										
19										
20 Cost of Gas	\$70,192	\$70,192	\$70,192	\$70,192	\$70,192	\$70,192	\$70,192	\$70,192	\$70,192	\$70,192
21 Operating & Maintenance Expenses	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
22 Depreciation Expense	\$9,001	\$9,001	\$9,001	\$9,001	\$9,001	\$9,001	\$9,001	\$9,001	\$9,001	\$9,001
23 Amortization of Contributions	(\$4,127)	(\$4,127)	(\$4,127)	(\$4,127)	(\$4,127)	(\$4,127)	(\$4,127)	(\$4,127)	(\$4,127)	(\$4,127)
24 Municipal Tax & Corp.Cap. Tax	\$5,036	\$4,991	\$4,946	\$4,901	\$4,856	\$4,811	\$4,766	\$4,721	\$4,676	\$4,631
25 Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26 Overall Return	\$4,432	\$4,135	\$3,839	\$3,542	\$3,246	\$2,949	\$2,653	\$2,356	\$2,060	\$1,763
27 Total Revenue Requirement	\$84,635	\$84,293	\$83,952	\$83,610	\$83,269	\$82,927	\$82,586	\$82,244	\$81,903	\$81,561
28 Projected Revenues	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100	\$90,100
29 Revenue Sufficiency (Deficiency)	\$5,465	\$5,806	\$6,148	\$6,489	\$6,831	\$7,172	\$7,514	\$7,855	\$8,197	\$8,539
30 Revenue to Cost Ratio	106.5%	106.9%	107.3%	107.8%	108.2%	108.6%	109.1%	109.6%	110.0%	110.5%

## RURAL MUNICIPALITY OF CORNWALLIS

### BY-LAW NO. 1638/03/2013

**BEING A BY-LAW of the Rural Municipality of Cornwallis (the "Municipality"), in Manitoba, to authorize the granting of a franchise to Centra Gas Manitoba Inc. ("Centra") to supply and distribute natural gas to the Municipality.**

WHEREAS the Municipality entered into a franchise agreement ("First Franchise Agreement") with Great Northern Gas Utilities Ltd. dated June 26, 1958, granting that company the sole and exclusive franchise to supply natural gas to the Municipality and its inhabitants in Township 10, Ranges 18 and 19 WPM pursuant to By-law No. 783;

AND WHEREAS the First Franchise Agreement was approved by The Public Utilities Board of Manitoba ("PUB") by Order 186/58 dated April 29, 1958;

AND WHEREAS the Municipality entered into an agreement dated June 13, 1983, with Plains-Western Gas (Manitoba) Ltd. to renew the First Franchise Agreement ("Renewed First Franchise Agreement") pursuant to By-law No. 1244/83;

AND WHEREAS the Renewed First Franchise Agreement was approved by the PUB by Order 166/83 dated July 27, 1983;

AND WHEREAS the Municipality entered into a second franchise agreement ("Second Franchise Agreement") dated October 26, 1987 with ICG Utilities (Manitoba) Ltd. granting that company the sole and exclusive franchise to supply natural gas to the Municipality and its inhabitants in Township 10, Range 17 WPM pursuant to By-law 1355/14/87;

AND WHEREAS the Second Franchised Agreement was approved by the PUB by Order 150/87 dated October 26, 1987;

AND WHEREAS Centra Gas Manitoba Inc. ("Centra") is the successor company to Great Northern Gas Utilities Ltd., Plains-Western Gas (Manitoba) Ltd. and ICG Utilities (Manitoba) Ltd.;

AND WHEREAS the Municipality entered into a crossing agreement ("Crossing Agreement") with Centra Gas Manitoba Inc. dated July 18, 1995, pursuant to Bylaw 1492/11/95 which granted the right to lay pipeline across the highways and lands of the Municipality for the purposes of distributing and selling natural gas to Souris, Hartney, Melita, Deloraine, Boissevain, Killarney and Brandon, all in the Province of Manitoba;

AND WHEREAS the Crossing Agreement was approved by the PUB by Order 77/95 dated July 18, 1995;

AND WHEREAS over the years a customer has been added to Centra's distribution system within the Crossing Agreement area;

AND WHEREAS the Municipality has agreed that it is in its interest to grant Centra a further franchise for the supply and distribution of natural gas to those portions of Sections 13, 24, 25 and 36, Township 9, Range 18 WPM; Sections 17, 18, 19, 20, 29, 30, 31 and 32, Township 9, Range 17 WPM within the limits of the Municipality;

AND WHEREAS Section 232(1)(1) of The Municipal Act provides that a Council may pass by-laws for municipal purposes respecting public utilities;

AND WHEREAS Section 250(2) of The Municipal Act provides that a municipality may for municipal purposes:

- (a) acquire, establish, maintain and operate services, facilities and utilities; and
- (b) enter into agreements with another party to do on behalf of the municipality anything the municipality has the power to do within the municipality;

AND WHEREAS the PUB approved a new form of generic franchise agreement by Order 159/11 dated November 16, 2011;

AND WHEREAS it is deemed expedient and in the public interest that the Municipality enter into a new franchise agreement in the form approved by PUB Order 159/11 with Centra pursuant to Section 250(2) to replace the existing Renewed First Franchise Agreement, Second Franchise Agreement, the Crossing Agreement and to include new franchise area;

NOW THEREFORE the Council of the Municipality in regular session assembled enacts as follows:

1. THAT the Municipality enter into a new franchise agreement ("Franchise Agreement") with Centra in the form attached hereto as Schedule "A" to this By-Law, for the purpose of granting a franchise for the supply and distribution of natural gas to all of Township 10, Ranges 17, 18 and 19 WPM; all of Township 9, Range 19 WPM; Sections 2 through 11, 13 through 36, Township 9, Range 18 WPM; and Sections 17, 18, 19, 20, 29, 30, 31 and 32, Township 9, Range 17 WPM of the Rural Municipality of Cornwallis.

2. THAT the Reeve and Chief Administrative Officer of the Municipality shall be authorized to execute said agreement with Centra, in the form attached hereto as Schedule "A" to this By-law, on behalf of the Rural Municipality of Cornwallis.

3. THAT this By-law shall, after being read a first time by the Council be submitted to or receive the authorization or approval of The Public Utilities Board of Manitoba.

4. THAT Centra be authorized to represent the Municipality in applying to The Public Utilities Board of Manitoba for approval of the Franchise Agreement.

5. THAT this By-law shall not take effect until it has received approval of The Public Utilities Board of Manitoba and third reading.

6. THAT this By-law shall supersede all previous By-laws granting natural gas franchises or crossing rights in the Municipality.

DONE AND PASSED by the Council of the Rural Municipality of Cornwallis, in Manitoba, in regular session assembled this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
REEVE

\_\_\_\_\_  
CHIEF ADMINISTRATIVE OFFICER

Read a first time this 16th day of April, 2013.

Read a second time this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

Read a third time this \_\_\_\_\_ day of \_\_\_\_\_, 2013.







PO Box 815 • Winnipeg, Manitoba Canada • R3C 2P4  
Street Location for DELIVERY: 22<sup>nd</sup> floor – 360 Portage Avenue  
Telephone / N<sup>o</sup> de téléphone: 204-360-3468 • Fax / N<sup>o</sup> de télécopieur: 204-360-6147 • mboyd@hydro.mb.ca

---

January 25, 2013

THE PUBLIC UTILITIES BOARD OF MANITOBA  
400-330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4

ATTENTION: Mr. H. M. Singh, Board Secretary and Executive Director

Dear Mr. Singh:

**RE: CENTRA GAS MANITOBA INC. (“CENTRA”)  
FRANCHISE AGREEMENTS ARISING FROM ORDER 159/11**

---

On November 16, 2011, the Public Utilities Board of Manitoba (“PUB”) issued Order 159/11 with respect to the Franchise Agreement Application filed by Centra.

Directive 5 in Order 159/11 required Centra to provide a copy of the Order to all franchise granting municipalities. It also directed Centra to advise those municipalities that may be interested in replacing their current franchise agreements with the franchise agreement reflective of the PUB approved provisions, to file a copy of their amended franchise agreement and related by-law with the PUB for approval.

Centra has complied with this directive and submitted letters to all natural gas franchise granting municipalities, including a copy of Order 159/11 and accompanying appendices. Centra advised all franchise granting municipalities of their opportunity to enter into the new form of generic franchise agreement. A number of municipalities responded to this correspondence.

Centra, on behalf of itself and the following municipalities, is hereby applying to the PUB on an interim ex-parte basis, for an Order pursuant to Section 45 of *The Public Utilities Board Act*, requesting the PUB approve new franchise agreements arising from Order 159/11:

1. Rural Municipality of North Norfolk;
2. Rural Municipality of Woodlands;
3. City of Portage la Prairie;
4. Rural Municipality of Elton;
5. Rural Municipality of Langford;
6. Rural Municipality of Shellmouth-Boulton; and
7. Rural Municipality of Stanley.

Public Utilities Board of Manitoba  
Franchise Agreements Arising From Order 159/11

January 25, 2013  
Page 2 of 2

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Centra is seeking this approval on an interim ex-parte basis. Consistent with past regulatory practice, Centra will seek final approval of any interim Orders flowing from this Application at its next General Rate Application.

Should you have any questions regarding this submission please contact Marla Boyd at 204-360-3468 or Greg Barnlund at 204-360-5243.

Yours truly,

**MANITOBA HYDRO LAW DEPARTMENT**

Per:



Marla D. Boyd  
Barrister & Solicitor

Att.

January 25, 2013

**CENTRA GAS MANITOBA INC.**  
**FRANCHISE AGREEMENTS ARISING FROM ORDER 159/11**

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Page 1 of 7  
January 25, 2013**CENTRA GAS MANITOBA INC.****FRANCHISE AGREEMENTS ARISING FROM ORDER 159/11**

---

---

**1 1.0 Overview**

2 Centra Gas Manitoba Inc. ("Centra") is applying to The Public Utilities Board of Manitoba  
3 (the "PUB"), on its own behalf and on behalf of the following municipalities, for an interim  
4 ex-parte Order pursuant to Section 45 of *The Public Utilities Board Act*, requesting the  
5 PUB approve new franchise agreements for:

6

- 7 1) The Rural Municipality of North Norfolk;
- 8 2) The Rural Municipality of Woodlands
- 9 3) The City of Portage la Prairie;
- 10 4) The Rural Municipality of Elton;
- 11 5) The Rural Municipality of Langford;
- 12 6) The Rural Municipality of Shellmouth-Boulton; and
- 13 7) The Rural Municipality of Stanley.

14

**15 2.0 Introduction**

16 On August 26, 2011, Centra filed a Franchise Agreement Application, in which it  
17 sought PUB approval to vary the form of the generic franchise agreement  
18 ("Franchise Agreement").

19

20 On November 16, 2011, the PUB issued Order 159/11 and granted Centra's request  
21 to vary the Franchise Agreement, subject to certain required amendments. The PUB  
22 also directed Centra to provide all franchise granting municipalities a copy of Order

**Centra Gas Manitoba Inc.**  
**Franchise Agreements Arising From Order 159/11**

**Page 2 of 7**  
**January 25, 2013**

1 159/11, including Appendix “A” (the Negotiated Schedule) and Appendix “B” (the  
2 Generic Franchise Agreement as Approved by the PUB). The PUB also directed  
3 Centra to advise all franchise granting municipalities that may be interested in  
4 replacing or revising their current franchise agreements to file a copy of their  
5 amended franchise agreement (and related by-law) with the Board for approval.

6

7 **3.0 Order 159/11 – Compliance with Directive 5**

8 In compliance with Directive 5 in Order 159/11, Centra sent correspondence to all  
9 natural gas franchise granting municipalities to advise them of their right to enter into the  
10 new form of generic agreement. In that correspondence, Centra provided a copy of  
11 Board Order 159/11. Representative copies of the letters are provided in Attachment 1.

12

13 **4.0 Response from Franchise Granting Municipalities**

14 Seven franchise granting municipalities have elected to adopt the Franchise Agreement  
15 as approved in Order 159/11.

16

17 The municipal councils responsible for each of these franchise granting municipalities  
18 have given a first reading of the By-law which adopts/approves the new Franchise  
19 Agreement. The following identifies the By-law associated with the franchise granting  
20 municipality and their adoption of the new Franchise Agreement:

21

- 22 • The Rural Municipality of North Norfolk, By-law 795/2012;
- 23 • The Rural Municipality of Woodlands, By-law 2613/12;
- 24 • The City of Portage la Prairie, By-law 12-8563;
- 25 • The Rural Municipality of Elton, By-law 1446;

**Centra Gas Manitoba Inc.  
Franchise Agreements Arising From Order 159/11**

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**Page 3 of 7  
January 25, 2013**

- 1       • The Rural Municipality of Langford, By-law 01/12;
- 2       • The Rural Municipality of Shellmouth-Boulton, By-law 1205; and
- 3       • The Rural Municipality of Stanley, By-law 8-12.
- 4

5               **4.1     Rural Municipality of North Norfolk**

6     A map of the Rural Municipality of North Norfolk (“RM of North Norfolk”) is included as

7     Attachment 2. This attachment indicates the area in the municipality covered by the

8     current franchise agreement and the proposed Franchise Agreement.

9

10    First reading of the By-law approving the RM of North Norfolk to adopt the new

11    Franchise Agreement with Centra has been given by the RM of North Norfolk Council on

12    June 12, 2012 and is provided as Attachment 3. The Franchise Agreement is included

13    as Schedule A to Attachment 3.

14

15               **4.2     Rural Municipality of Woodlands**

16    A map of the Rural Municipality of Woodlands (“RM of Woodlands”) is included as

17    Attachment 4. This attachment indicates the area in the municipality covered by the

18    previous franchise agreement and the proposed Franchise Agreement.

19

20    First reading of the By-law approving the RM of Woodlands to adopt the new Franchise

21    Agreement with Centra has been given by the RM of Woodlands Council on March 13,

22    2012 and is provided as Attachment 5. The Franchise Agreement is included as

23    Schedule A to Attachment 5.

24

**Centra Gas Manitoba Inc.  
Franchise Agreements Arising From Order 159/11****Page 4 of 7  
January 25, 2013****1           4.3     City of Portage la Prairie**

2     A map of the City of Portage la Prairie is included as Attachment 6. This attachment  
3     indicates the area in the City of Portage la Prairie covered by the previous franchise  
4     agreement and the proposed Franchise Agreement. The previous franchise agreement  
5     expired August 9, 1996.

6

7     First reading of the By-law approving the City of Portage la Prairie to adopt the new  
8     Franchise Agreement with Centra has been given by the City of Portage la Prairie  
9     Council on June 25, 2012 and is provided as Attachment 7. The Franchise Agreement is  
10    included as Schedule A to Attachment 7.

11

**12           4.4     Rural Municipality of Elton**

13    A map of the Rural Municipality of Elton ("RM of Elton") is included as Attachment 8.  
14    This attachment indicates the area in the municipality covered by the previous franchise  
15    agreement and the proposed Franchise Agreement. The proposed new franchise area  
16    includes land associated with a crossing agreement that expired in 1999:

17

- 18           • Sections 1-36, Township 11, Range 17 WPM; and
- 19           • Sections 1-36, Township 12, Range 17 WPM.

20

21    First reading of the By-law approving the RM of Elton to adopt the new Franchise  
22    Agreement and to grant Centra a franchise for the above-noted area has been given by  
23    the RM of Elton Council on February 14, 2012 and is provided as Attachment 9. The  
24    Franchise Agreement is included as Schedule A to Attachment 9.

25

**Centra Gas Manitoba Inc.  
Franchise Agreements Arising From Order 159/11****Page 5 of 7  
January 25, 2013****1           4.5     Rural Municipality of Langford**

2     A map of the Rural Municipality of Langford (“RM of Langford”) is included as  
3     Attachment 10. This attachment indicates the area in the municipality covered by the  
4     previous franchise agreement and the proposed Franchise Agreement. The proposed  
5     new franchise area includes land adjacent to existing transmission and distribution  
6     pipelines where there are no clear franchise or crossing rights:.

7

- 8           • Sections 3, 4, 9,10,15,16, 21, 22, 27, 28, 33, and 34, Township 13, Range 15
- 9           WPM;
- 10          • Sections 3, 10, 15, 22, 23, 26, and 35 Township 14, Range 15 WPM.

11

12     Centra has identified seven customers receiving natural gas service who are located  
13     immediately adjacent to the transmission pipeline in the R.M. of Langford south of the  
14     franchise area identified in the 1970 franchise agreement. Centra notes that the terms of  
15     the existing 1970 franchise agreement makes specific reference to Ward 3 (where these  
16     customers are situated) as well as ambiguous reference to rights “to transmit, distribute  
17     and sell natural gas in the R.M. or to transmit natural gas through the R.M. for  
18     distribution and sale elsewhere”. As well, Centra’s distribution system extends east from  
19     the Town of Neepawa to serve two customers located on land immediately adjacent to  
20     the Town of Neepawa in the R.M. of Langford.

21

22     Centra notes that both Centra and the RM of Langford have carried on their respective  
23     rights, responsibilities and liabilities as if the provisions of the current agreements  
24     include these facilities.

25



**Centra Gas Manitoba Inc.  
Franchise Agreements Arising From Order 159/11****Page 6 of 7  
January 25, 2013**

1 The proposed Franchise Agreement ensures that all customers currently being provided  
2 natural gas service in the R.M. of Langford are covered under one agreement in the  
3 most recent form approved by the PUB.

4

5 First reading of the By-law approving the RM of Langford to adopt the new Franchise  
6 Agreement and to grant Centra a franchise for the above-noted area has been given by  
7 the RM of Langford Council on March 13, 2012 and is provided as Attachment 11. The  
8 Franchise Agreement is included as Schedule A to Attachment 11.

9

10 **4.6 Rural Municipality of Shellmouth-Boulton**

11 A map of the Rural Municipality of Shellmouth-Boulton ("RM of Shellmouth-Boulton") is  
12 included as Attachment 12. This attachment indicates the area in the municipality  
13 covered by current franchise agreements entered into with the former Rural Municipality  
14 of Shellmouth and the former Rural Municipality of Boulton, and the proposed Franchise  
15 Agreement with the amalgamated Rural Municipality of Shellmouth-Boulton. The  
16 proposed new franchise area includes land associated with a crossing agreement  
17 between the former Rural Municipality of Shellmouth and Centra that expired in 1994:

18

19 • Sections 1 though 34 inclusive, West ½ 35, East ½ 36, Township 22, Range 28  
20 WPM

21 • Sections 1 though 36 inclusive, Township 23; Range 28 WPM; and

22 • Sections 1 though 36 inclusive, Townships 24, Range 28 WPM.

23

24 First reading of the By-law approving the RM of Shellmouth-Boulton to adopt the new  
25 Franchise Agreement and to grant Centra a franchise for the above-noted area has been

**Centra Gas Manitoba Inc.  
Franchise Agreements Arising From Order 159/11**

**Page 7 of 7  
January 25, 2013**

1 given by the RM of Shellmouth-Boulton Council on March 14, 2012 and is provided as  
2 Attachment 13. The Franchise Agreement is included as Schedule A to Attachment 13.

3

4 **4.7 Rural Municipality of Stanley**

5 A map of the Rural Municipality of Stanley ("RM of Stanley") is included as Attachment  
6 14. This attachment indicates the area in the municipality covered by the current  
7 franchise agreement and the proposed Franchise Agreement. The proposed new  
8 franchise area includes land associated with a crossing agreement that expired in 1999:

9

- 10
  - Sections 19 through 36, Township 3, Range 5 WPM;

11

12 First reading of the By-law approving the RM of Stanley to adopt the new Franchise  
13 Agreement and to grant Centra a franchise for the above-noted area has been given by  
14 the RM of Stanley Council on April 19, 2012 and is provided as Attachment 15. The  
15 Franchise Agreement is included as Schedule A to Attachment 15.

16

17 **5.0 Conclusion**

18 Centra is seeking an interim ex-parte Order from the PUB with respect to the  
19 replacement and/or renewal of franchise agreements with the above noted  
20 municipalities. Consistent with past regulatory practice, Centra will seek final approval of  
21 any interim Orders flowing from this Application at the next General Rate Application.



PO Box 815 • Winnipeg Manitoba Canada • R3C 2P4  
Street Location for DELIVERY: 3<sup>rd</sup> Floor - 360 Portage Avenue  
Telephone / N° de téléphone : (204) 360-3257 • Fax / N° de télécopieur : (204) 360-6147  
baczamecki@hydro.mb.ca

January 5, 2012

NATURAL GAS FRANCHISE GRANTING MUNICIPALITIES

PLEASE DISTRIBUTE TO APPROPRIATE PERSONS

**RE: CENTRA GAS MANITOBA INC.  
FRANCHISE AGREEMENT APPLICATION- BOARD ORDER 159/11**

On August 26, 2011, Centra Gas Manitoba Inc. ("Centra"), a subsidiary of Manitoba Hydro, filed its Franchise Agreement Application (the "Application") with the Public Utilities Board of Manitoba ("PUB"). In its Application, Centra requested the following:

- a) Approval of alterations in, or additions to the Schedule of *The Greater Winnipeg Gas Distribution Act* (the "Act") as negotiated between Centra and the Greater Winnipeg Gas Distribution Negotiating Committee; and,
- b) Approval of amendments to the generic form of franchise agreement (the "Generic Agreement") in order to clarify certain sections and to improve the consistency between the Generic Agreement and the negotiated Schedule of the Act.

Beginning September 10, 2011, a public notice advising of Centra's Franchise Agreement Application was published in daily and weekly newspapers and Centra directly served the public notice on all franchise granting municipalities by email or facsimile transmittal.

On November 16, 2011, the PUB issued Order 159/11 (the "Order") which approves the negotiated Schedule of the Act and the Generic Agreement, subject to certain amendments. The PUB directed Centra to provide a copy of Order 159/11 to all franchise granting municipalities including a copy of Appendix A, the negotiated Schedule as approved, and Appendix B, the Generic Agreement as approved. The Order and appendices are enclosed with this letter.

As you may be aware, Centra holds a franchise to operate the natural gas distribution system within your municipality pursuant to *The Greater Winnipeg Gas Distribution Act*. As directed by the PUB, Centra hereby advises that your municipality's franchise will remain under the Act and the Schedule as amended by Order 159/11 with no further action required. Alternatively, your municipality may enter into the new form of Generic Agreement with Centra, subject to the approval of an executed agreement and related municipal by-law by the PUB.

If you have any questions regarding this correspondence, or wish to discuss the new form of Generic Agreement, please contact Donnie Fridfinnson at 360-5005.

Yours truly,

**MANITOBA HYDRO LAW DEPARTMENT**

Per:

A handwritten signature in blue ink, appearing to read 'Brent Czarnecki', written over a horizontal line.

Brent Czarnecki  
Barrister and Solicitor  
Att.



PO Box 815 • Winnipeg Manitoba Canada • R3C 2P4  
Street Location for DELIVERY: 3<sup>rd</sup> Floor - 360 Portage Avenue  
Telephone / N<sup>o</sup> de téléphone : (204) 360-3257 • Fax / N<sup>o</sup> de télécopieur : (204) 360-6147  
baczamecki@hydro.mb.ca

---

January 5, 2012

THE CITY OF WINNIPEG  
Legal Services  
3<sup>rd</sup> Floor- 185 King Street  
Winnipeg, Manitoba R3B 1J1

ATTENTION: Ms. Denise Pambrun

Dear Ms. Pambrun:

**RE: CENTRA GAS MANITOBA INC.  
FRANCHISE AGREEMENT APPLICATION- BOARD ORDER 159/11**

---

On August 26, 2011, Centra Gas Manitoba Inc. ("Centra"), a subsidiary of Manitoba Hydro, filed its Franchise Agreement Application (the "Application") with the Public Utilities Board of Manitoba ("PUB"). In its Application, Centra requested the following:

- a) Approval of alterations in, or additions to the Schedule of *The Greater Winnipeg Gas Distribution Act* (the "Act") as negotiated between Centra and the Greater Winnipeg Gas Distribution Negotiating Committee; and,
- b) Approval of amendments to the generic form of franchise agreement (the "Generic Agreement") in order to clarify certain sections and to improve the consistency between the Generic Agreement and the negotiated Schedule of the Act.

On November 16, 2011, the PUB issued Order 159/11 (the "Order") which approves the negotiated Schedule of the Act and the Generic Agreement, subject to certain amendments. The most significant amendment relates to the cost apportionment for municipally requested infrastructure removals or relocations. The PUB determined that it is in the public interest to apply the cost apportionment rule set out in Order 58/63 to all municipalities.

As you are aware, prior to filing its Franchise Agreement Application, Centra committed to enter into a written agreement with the City of Winnipeg to preserve its cost apportionment arrangement as per Order 58/63. In accordance with Order 159/11, this cost apportionment arrangement is now to govern all municipalities including the City of Winnipeg. As such, Centra believes that it is no longer necessary or required for Centra and the City of Winnipeg to enter into a separate agreement as originally envisioned.

The PUB directed Centra to provide a copy of Order 159/11 to all franchise granting municipalities including a copy of Appendix A, the negotiated Schedule as approved, and Appendix B, the Generic Agreement as approved. The Order and appendices are enclosed with this letter.

As directed by the PUB, Centra hereby advises the City of Winnipeg that its franchise will remain under the Act and be governed by the Schedule as amended by Order 159/11 with no further action required from the City of Winnipeg. Alternatively, the City of Winnipeg may enter into the new Generic Agreement with Centra, subject to the approval of an executed agreement and related City of Winnipeg by-law by the PUB.

Centra Gas Manitoba Inc.  
Franchise Agreement Application- Order 159/11

January 5, 2012  
Page 2 of 2

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If you have any questions regarding this correspondence, or wish to discuss the new form of Generic Agreement, please contact Donnie Fridfinnson at 360-5005.

Yours truly,

**MANITOBA HYDRO LAW DEPARTMENT**

Per:



Brent Czarnecki  
Barrister and Solicitor

Att.





PO Box 815 • Winnipeg Manitoba Canada • R3C 2P4  
Street Location for DELIVERY: 3<sup>rd</sup> Floor - 360 Portage Avenue  
Telephone / N<sup>o</sup> de téléphone : (204) 360-3257 • Fax / N<sup>o</sup> de télécopieur : (204) 360-6147  
baczamecki@hydro.mb.ca

---

February 1, 2012

NATURAL GAS FRANCHISE GRANTING MUNICIPALITIES

PLEASE DISTRIBUTE TO APPROPRIATE PERSONS

**RE: CENTRA GAS MANITOBA INC.  
FRANCHISE AGREEMENT APPLICATION- BOARD ORDER 159/11**

---

On August 26, 2011, Centra Gas Manitoba Inc. ("Centra"), a subsidiary of Manitoba Hydro, filed its Franchise Agreement Application (the "Application") with the Public Utilities Board of Manitoba ("PUB"). In its Application, Centra requested the following:

- a) Approval of alterations in, or additions to the Schedule of *The Greater Winnipeg Gas Distribution Act* (the "Act") as negotiated between Centra and the Greater Winnipeg Gas Distribution Negotiating Committee; and,
- b) Approval of amendments to the generic form of franchise agreement (the "Generic Agreement") to clarify certain sections and to improve the consistency between the Generic Agreement and the negotiated Schedule of the Act.

Beginning September 10, 2011, a public notice advising of Centra's Franchise Agreement Application was published in daily and weekly newspapers and Centra directly served the public notice on all franchise granting municipalities by email or facsimile transmittal.

On November 16, 2011, the PUB issued Order 159/11 with respect to Centra's Application, which approves the negotiated Schedule of the Act and the Generic Agreement, subject to certain amendments. The PUB directed Centra to provide a copy of Order 159/11 to all franchise granting municipalities, including a copy of Appendix A, the negotiated Schedule as approved, and Appendix B, the Generic Agreement as approved. The Order and appendices are enclosed with this letter.

As you may be aware, Centra holds franchise rights to operate the natural gas distribution system in your municipality pursuant to a contractual franchise agreement between the municipality and the utility (or its predecessor). Accordingly, *The Greater Winnipeg Gas Distribution Act* and the Schedule, as found in Appendix A, do not apply to your municipality.

As directed by the PUB, Centra hereby advises that your municipality's franchise will remain to be governed by the terms and conditions of the existing franchise agreement with no further action required. Alternatively, your municipality may elect to enter into the new form of Generic Agreement found in Appendix B, subject to the approval of an executed agreement and related municipal by-law by the PUB.

Centra Gas Manitoba Inc.  
Franchise Agreement Application- Order 159/11

February 1, 2012  
Page 2 of 2

---

If you have any questions regarding this correspondence, or wish to discuss the new form of Generic Agreement, please contact Donnie Fridfinnson at 360-5005.

Yours truly,

**MANITOBA HYDRO LAW DEPARTMENT**

Per:



Brent Czarnecki  
Barrister and Solicitor

Att.



# MUN. OF NORTH NORFOLK

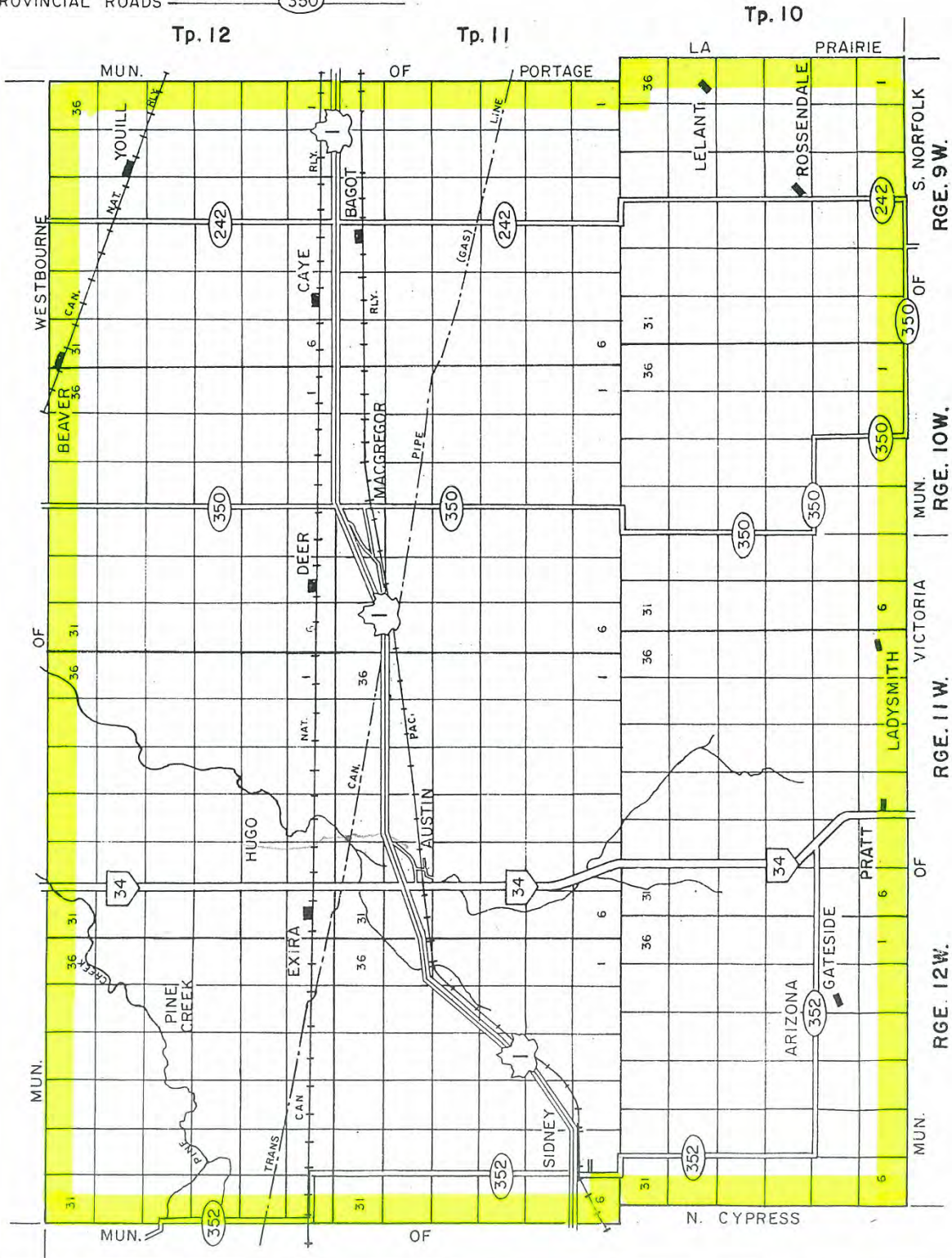
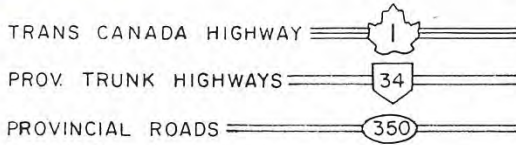
PROVINCE OF MANITOBA

DEPARTMENT OF TRANSPORTATION

DESIGN OFFICE  
WPG. JAN. 1969  
SCALE: 1 in. = 3 mi.



Franchise Area





**RURAL MUNICIPALITY OF NORTH NORFOLK**

**BY-LAW NO. 795/2012**

BEING A BY-LAW of the Rural Municipality of North Norfolk (the "Municipality"), in Manitoba, to authorize the granting of a franchise to Centra Gas Manitoba Inc. ("Centra") to supply and deliver natural gas to the Municipality.

WHEREAS Section 232(1)(1) of The Municipal Act provides that a Council may pass by-laws for municipal purposes respecting public utilities;

AND WHEREAS Section 250(2) of The Municipal Act provides that a municipality may for municipal purposes:

- (a) acquire, establish, maintain and operate services, facilities and utilities; and
- (b) enter into agreements with another party to do on behalf of the municipality anything the municipality has the power to do within the municipality;

AND WHEREAS the Municipality entered into a certain franchise agreement with Inter-City Gas Utilities Ltd. dated October 7, 1965, to supply gas to Sections 27, 28, 29, 32, 33 and 34, in Township 11, Range 10 WPM pursuant to By-law B30 of the Municipality;

AND WHEREAS By-law No B30 of the Municipality was approved by The Public Utilities Board of Manitoba in Order 163/65;

AND WHEREAS Centra is the corporate successor to Inter-City Gas Utilities Ltd.;

AND WHEREAS the Municipality entered into a new agreement granting Centra a franchise to supply and deliver natural gas to the Municipality dated February 9, 2004, pursuant to By-law 711/03;

AND WHEREAS the agreement dated February 9, 2004, was approved by the PUB in Order 20/04;

AND WHEREAS the PUB has approved a new form of generic franchise agreement ("2011 Generic Franchise Agreement") in Order 159/11;

AND WHEREAS the Municipality has agreed that it is in its interest to grant Centra a franchise to supply and deliver natural gas to the Municipality;

AND WHEREAS it is deemed expedient and in the public interest that the Municipality enter into a new franchise agreement ("Franchise Agreement") in the form of the 2011 Franchise Agreement to supply and deliver natural gas to the Municipality pursuant to said Section 250(2);

NOW THEREFORE the Council of the Municipality in regular session assembled enacts as follows:

1. THAT the Municipality enter into a Franchise Agreement in the form attached hereto as Schedule "A" to this By-law, with Centra for the purpose of granting a franchise to supply and deliver natural gas to the Municipality.
2. THAT the Reeve and Chief Administrative Officer of the Municipality shall be authorized to execute said agreement with Centra, in the form attached hereto as Schedule "A" to this By-law, on behalf of the Rural Municipality of North Norfolk.
3. THAT this By-law shall, after being read a first time by the Council, be submitted to or receive the authorization or approval of The Public Utilities Board of Manitoba.
4. THAT Centra be authorized to represent the Municipality in applying to The Public Utilities Board of Manitoba for approval of the Franchise Agreement.
5. THAT this By-law shall not take effect until it has received approval of The Public Utilities Board of Manitoba and third reading.
6. THAT this By-law shall supersede all previous By-laws granting natural gas franchises in the Municipality.

DONE AND PASSED by the Council of the Rural Municipality of North Norfolk, in Manitoba, in regular session assembled this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
REEVE

\_\_\_\_\_  
CHIEF ADMINISTRATIVE OFFICER

Read a first time this 12<sup>th</sup> day of June, 2012.

Read a second time this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Read a third time this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

**MEMORANDUM OF AGREEMENT** made this \_\_\_\_ day of \_\_\_\_\_, 2012.

BETWEEN:

**THE RURAL MUNICIPALITY OF NORTH NORFOLK,**

(hereinafter called the "Municipality"),

- and -

**CENTRA GAS MANITOBA INC.,**

(hereinafter called the "Company").

**WHEREAS** the Municipality entered into a certain franchise agreement with Inter-City Gas Utilities Ltd. dated October 7, 1965, to supply gas to Sections 27, 28, 29, 32, 33 and 34, in Township 11, Range 10 WPM pursuant to By-law B30 of the Municipality;

**AND WHEREAS** By-law No B30 of the Municipality was approved by The Public Utilities Board of Manitoba in Order 163/65;

**AND WHEREAS** Centra is the corporate successor to Inter-City Gas Utilities Ltd.;

**AND WHEREAS** the Municipality entered into a new agreement granting Centra a franchise to supply and deliver natural gas to the Municipality dated February 9, 2004, pursuant to By-law 711/03;

**AND WHEREAS** the agreement dated February 9, 2004, was approved by the PUB in Order 20/04;

**AND WHEREAS** the PUB has approved a new form of generic franchise agreement ("2011 Generic Franchise Agreement") in Order 159/11;

**AND WHEREAS** the parties hereto have agreed that it is in their mutual interest to enter into a new agreement in the form of the 2011 Franchise Agreement to replace the Existing Franchise Agreement;

**AND WHEREAS** the Municipality is desirous of obtaining a supply of natural gas for the Municipality and the inhabitants thereof not currently receiving natural gas;

**AND WHEREAS** it is agreed between the Municipality and the Company that the Company continue to supply and distribute natural gas to the Municipality and its inhabitants in the Rural Municipality of North Norfolk, in Manitoba and as set out in the map attached as Appendix 1 hereto (the "Territory"), upon the terms and conditions set out herein;

**AND WHEREAS** by by-law duly passed by the Council of the Municipality (the "By-law"), the Reeve and the Chief Administrative Officer (CAO) have been authorized and directed to execute this Agreement on behalf of the Municipality;

**NOW THEREFORE** pursuant to the premises and in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Company to the Municipality (the receipt of which is hereby acknowledged), and in further consideration of the mutual covenants hereinafter set forth it is mutually covenanted and agreed by the parties as follows:

1. Subject to compliance with the provisions of *The Municipal Act (Manitoba)*, *The Public Utilities Board Act (Manitoba)* and *The Gas Pipe Line Act (Manitoba)*, the Municipality hereby grants to the Company, its successors and assigns, subject to the terms, conditions and provisions herein contained, the sole and exclusive franchise to distribute natural gas to the Municipality and its inhabitants in the Territory, for a term of thirty (30) years from the date hereof. The Municipality further grants to the Company the full power, right, licence and liberty to enter upon property of the Municipality and to break the surface and make the necessary excavations to lay down, take up, relay, connect, disconnect, repair, remove, maintain, replace and operate a gas distribution system and any and all necessary or convenient mains, pipes, services, and all other equipment and appliances as the Company may deem desirable for the

supply, transmission and distribution of gas (collectively the "Gas Distribution System") in, upon, over, across, under and along the public highways, streets, roads, bridges, walkways, sidewalks, road allowances, squares, lanes, alleys, ditches, drainage systems and other public places (collectively the "Highways") within the boundaries of the Municipality as the same may from time to time exist, as may be necessary for the purpose of transporting, supplying, and delivering natural gas to the consumers thereof.

2.(1) Subject to the provisions hereof, the Company agrees that during the term of this Agreement, it will install and maintain an adequate natural gas distribution system within the Territory and will provide such quantities of natural gas as will meet the requirements of the inhabitants, businesses and industries located in the Territory.

2.(2) The Company agrees that with respect to any portion of the Territory which the Company does not supply natural gas to, in the event the Municipality, acting reasonably, requests the Company to supply natural gas upon the same terms and conditions as provided in this Agreement, the Company will work together with the Municipality with a view of developing a viable business model in relation to that portion of the Territory. All such extensions for service shall be subject to the Company's feasibility test as approved by The Public Utilities Board of Manitoba (the Board) from time to time. The Company further agrees that if the Company is unable to develop a viable business model with the Municipality, the Company shall relinquish that portion of the Territory from the franchise previously granted if asked to do so by the Municipality.

2.(3) For the purpose of implementing a distribution system expansion for the attachment of new customers pursuant to clause 2(1), the Company shall, whenever a request is made for gas service by any inhabitant or industry of the Municipality in a location not served by the existing system of the Company, comply with the request provided the request meets criteria filed with and approved by the Board for expansion of the distribution system and does not unduly affect customers on the existing system. Such criteria may include but not be limited to estimates of customers, sales, volumes, revenues, costs, and return on investment, the effect upon existing customers and any customer contribution in aid of construction. The criteria

shall be reviewed by the Board from time to time as the Board deems necessary or as may be requested by the Company.

2.(4) The Company shall not be bound to construct or extend its mains or provide natural gas or gas service if the Company is, for any reason, unable to obtain delivery of natural gas at or near the limits of the Territory, or an adequate supply thereof to warrant the construction or extension of its mains for the provision of natural gas.

2.(5) In the event the amount of natural gas supplied to the Company at or near the limits of the Territory is insufficient to meet the requirements of connected customers, the Company shall have the right to prescribe reasonable rules and regulations for allocating the available supply of natural gas to domestic, commercial and industrial customers in that order of priority. The allocation of natural gas shall also be subject to the provisions of *The Gas Allocation Act* (Manitoba) and Regulations thereto and any orders made pursuant to *The Emergency Measures Act* (Manitoba).

2.(6) In the event that either of the conditions referred to in subsections (4) and (5) occur or are likely to occur, the Company will advise the Municipality thereof as soon as the conditions become apparent to the Company.

3.(1). Prior to the installation of any part of the Gas Distribution System, the Company shall file plans with the municipal engineer, which shall mean a professional engineer employed directly or indirectly by the Municipality or such other person as may be designated by the council of the Municipality to carry out the functions and duties of the Municipal Engineer as herein described ("Municipal Engineer"), showing the location, depth and size of all mains, pipes or conduits and any other equipment or structures (but not including geodetic information) intended to be installed or constructed and shall comply with all by-laws of the Municipality relating to the construction of such works. The Municipality, by its Municipal Engineer, shall approve the plans as to the location of the Gas Distribution System and any changes thereto arising in course of construction within the Municipality, which approval shall not be unreasonably withheld or unduly delayed. The Gas Distribution System shall be placed

in such locations as agreed by the Municipal Engineer and the Company in boulevards and under other unpaved surfaces rather than in streets when reasonably practicable and where the cost of installation and maintenance will not be unreasonably high.

3.(2) The Company shall supply to the Municipality plans showing the location of its Gas Distribution System within the Municipality on an as-built basis, as requested by the Municipality, but in no event shall such plans be provided more than twice in any 12-month period. Such plans shall be provided either on paper or in a mutually agreeable format. All of the conditions for the supply of as-builts are to be mutually agreed upon.

3.(3) The pipe, materials and other equipment to be used in the distribution system shall be of the kinds and qualities satisfactory to the Board, and shall be in compliance with *The Gas Pipe Line Act* (Manitoba) and the regulations thereunder.

4. Unless another process is established through municipal bylaw, the Company shall give notice to the CAO or designate of the Municipality, of its intention to open or break up any of the Highways of the Municipality not less than seven (7) days before the beginning of such work, except in cases of emergency arising from defects or breaking of the pipe or other works, when immediate notice shall suffice; and, subject to the same exception and as otherwise provided in this Agreement, the Company shall not begin any such work unless it has obtained approval therefore in writing from the Municipal Engineer.

5. The Company agrees:

- (a) in the execution of the rights and powers granted hereby and in the performance of the work in connection therewith, it shall do as little damage as possible and shall keep passage of the Highways as far as may be practicable free and uninterrupted;
- (b) it shall not interfere with, disturb or damage any existing pipes or lines of other utilities, unless the express consent of such other utilities is first had and received;

- (c) it shall, within a reasonable time after any construction work, restore the Highways and other areas where construction has occurred to a state of repair as nearly as possible equal to their former state, unless another process is established by municipal bylaw. Within thirty (30) days of completion of the restoration work the Company shall give notice in writing to the Municipal Engineer that the work and restoration have been completed and inspected. The Municipal Engineer acting reasonably shall advise the Company in writing of any deficiencies in connection with the construction work or restoration. If the Municipality fails to provide such advice within six (6) months of the Company's notice to the Municipality and unless an extension of time has been mutually agreed, the Municipality will be deemed to have accepted the restoration work;
- (d) in the execution of the power granted hereby, it shall construct, locate and operate its Gas Distribution System in such manner as will not endanger the public health or safety;
- (e) any pipe line found not in accordance with the depth of cover requirements established by the Board pursuant to *The Gas Pipe Line Act* (Manitoba) as a result of improper installation shall be lowered, relocated or suitably protected by, and at the expense of the Company;
- (f) all costs in connection with the removal or relocation of any part of the Gas Distribution System, including the cost of repairs to any Highways, shall be the Company's responsibility except where such removal or relocation is required by the Municipality; and,
- (g) notwithstanding paragraph (f) above, where the removal or relocation of any part of the Gas Distribution System is required by the Municipality, the costs and expenses incurred in the removal and replacement or the relocation shall be as follows:

(i) the Municipality shall pay to the Company an amount equal to the cost of labour and material required in the original construction of that part of the Gas Distribution System that the Municipality requests to be relocated, less depreciation and the value of any material salvaged; and

(ii) the Company shall bear the entire cost of constructing the required Gas Distribution System infrastructure in the new location.

6.(1) The Company shall protect and indemnify the Municipality against any damages or expenses in connection with the execution of the powers granted hereby and under *The Gas Pipe Line Act* (Manitoba), and from and against all claims, demands, and actions by third persons in respect of damages sustained by reason of any operations of the Company and in relation to its distribution system.

6.(2) The Company shall satisfy the Board that it has in place at all times liability insurance coverage sufficient to satisfy any potential claim, demand or action against the Company or the Municipality for such damages.

7.(1) Before the Municipality makes any repairs of, or alterations to, any of its public services which will involve excavations or which may in any way affect any of the Company's lines plant or equipment, the Municipality shall give notice as set forth in the regulations in effect at that time and made pursuant to *The Gas Pipe Line Act* (Manitoba).

7.(2) Where practicable, the Municipality shall have regard to the reasonable directions of the Company concerning any such repairs and alterations, but, in any event, the Municipality is free of all liability in connection with any damage done by reason of any such repairs or alterations.

8. Natural gas shall be supplied to customers in the Territory at the rates and on the terms and conditions approved or fixed from time to time by the Board or other regulatory authority having jurisdiction.



9. This Agreement shall not prevent the sale or delivery within the Territory by any other person, firm or corporation of liquefied petroleum gas, propane or other product delivered in tanks or containers and not transmitted by pipeline.

10. Subject to any applicable legislation now or hereafter enacted in that regard, the Company shall pay to the Municipality any taxes that may be legally and properly levied by the Municipality against the Company.

11. The Company shall maintain in force during the currency hereof, a policy of insurance provided by an insurance company licensed to do business in the Province of Manitoba, insuring against public liability and property damage in connection with the operations of the Gas Distribution System within the Territory.

12. The Municipality agrees that it will not, for a period of thirty (30) years or longer, if this Agreement is renewed in accordance with the provision of paragraph 13 hereof, grant to any other person, firm or corporation the right to deliver natural gas within the franchise area of the Municipality or to erect or maintain a Gas Distribution System in, upon, over, across, under, or along its Highways within the franchise area for the purpose of supplying and distributing natural gas.

13.(1) It is further agreed that at the expiration of the term hereof and at the expiration of each renewal hereof, the Municipality may, after giving one (1) year's written notice prior to the date of the termination of this Agreement or of any renewal hereof, at its option (to be expressed by by-law of the Municipality), elect to purchase that portion of the Gas Distribution System with respect to its operations within the Municipality that is used exclusively for the distribution of natural gas in the Territory, pursuant to this Agreement, but not any portion of the Gas Distribution System that is used for transmission of natural gas through the Municipality, for such price and on such terms as may be agreed upon between the parties hereto, or failing such agreement then at such price and on such terms including that portion of the Gas Distribution System the Municipality is entitled to purchase as may be fixed and settled by the

Board, or if the Board shall refuse to so fix and settle the price then the said price and terms shall be such as may be fixed and determined by arbitration under the provisions of *The Arbitration Act* (Manitoba) and each of the parties shall appoint an arbitrator and the arbitrators so appointed shall appoint a third arbitrator to act as chairman who shall be versed in this special branch of engineering economics, and in the event the arbitrators appointed by each party are unable to appoint a third arbitrator, the third arbitrator shall be appointed by the Chief Justice of the Court of Queen's Bench of the Province of Manitoba. The decision of the Board or of a majority of the said arbitrators shall be binding upon the parties in arriving at the price. The Board or the said arbitrators shall make allowance for severance of the property and operation from other properties and operations of the Company in Manitoba. In the event of such purchase, the Company and the Municipality will enter into an agreement respecting the use of and payment for such use by the Municipality of Company-owned facilities which are not being purchased hereunder and for the sale of natural gas to the Municipality for resale by the Municipality to the inhabitants of the Municipality, at such rates as may be agreed upon between the Company and the Municipality and approved by the Board. If the Municipality does not notify the Company in writing of its intention to purchase the property of the Company as aforesaid at least one (1) year before the expiration of this Agreement or any renewal thereof, this Agreement will be deemed to be automatically renewed for an additional term of ten (10) years, and at the end of the said ten (10) year renewal term, the said Agreement will be further automatically extended in absence of notice aforesaid for additional terms of ten (10) years from time to time. Provided further that at the time of any such renewal, changes in the terms of this Agreement may be made at the request of either party with the approval of the other, and in the absence of such approval such changes may be made by reference to, under the authority of, and with the approval of the Board. Notwithstanding anything contained elsewhere in this Agreement, it is understood and agreed that if the Municipality exercises its option to purchase the property of the Company with respect to its distribution operations within the area designated in this Agreement, such exercise shall not affect the right of the Company to continue to operate its transmission facilities in such area for so long as the same may be required by the Company.

13.(2) The Company agrees that it shall provide written notice to the Municipality at least two (2) years prior to the expiration of the term hereof and of each renewal hereof, of the Municipality's election as set forth in paragraph 13.(1) hereof.

14. Notwithstanding any other term or condition contained herein, neither party shall be liable to the other for failure to carry out its obligations hereunder when such failure is caused by force majeure as hereinafter defined. The term force majeure means civil disturbances, industrial disturbances (including strikes and lock-outs), interruptions by government or Court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, failure or inability to secure materials, permits or labourers by reason of priority regulations or orders of government, landslides, lightning, earthquakes, fires, storm, floods, wash-outs, explosions, breakage or accident to machinery or the Gas Distribution System, temporary or permanent failure of gas supply, an act or omission (including failure to deliver gas) reducing supply of gas to the Company's supplier, or any other causes or circumstances to the extent such cause or circumstances was beyond the control of the party prevented from carrying out its obligations by the act of force majeure.

15. Subject to the provisions of *The Public Utilities Board Act* (Manitoba), the Company shall not without the consent of the Municipality, such consent not to be unreasonably withheld, assign this Agreement or the rights, franchises, powers and privileges granted hereby or any of them; provided however the Company may assign this Agreement to any corporation with which the Company may then be associated or affiliated, as those terms are used in *The Corporations Act* (Manitoba) and the *Income Tax Act* (Canada).

16. This Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.

17. This Agreement is subject to the approval of the Manitoba Public Utilities Board.

18. Upon execution of this agreement following receipt of approval from The Public Utilities Board and the By-law being passed the Existing Franchise Agreement referred to herein shall cease to be of any force or effect.

**IN WITNESS WHEREOF** the parties have duly executed this Agreement as of the day and year first above written.

**RURAL MUNICIPALITY OF NORTH NORFOLK**

Per: \_\_\_\_\_  
Reeve

Per: \_\_\_\_\_  
Chief Administrative Officer

**CENTRA GAS MANITOBA INC.**

Per: \_\_\_\_\_  
Authorized Signing Officer

Per: \_\_\_\_\_  
Authorized Signing Officer





# R.M. OF WOODLANDS



0 5  
SCALE IN KILOMETRES

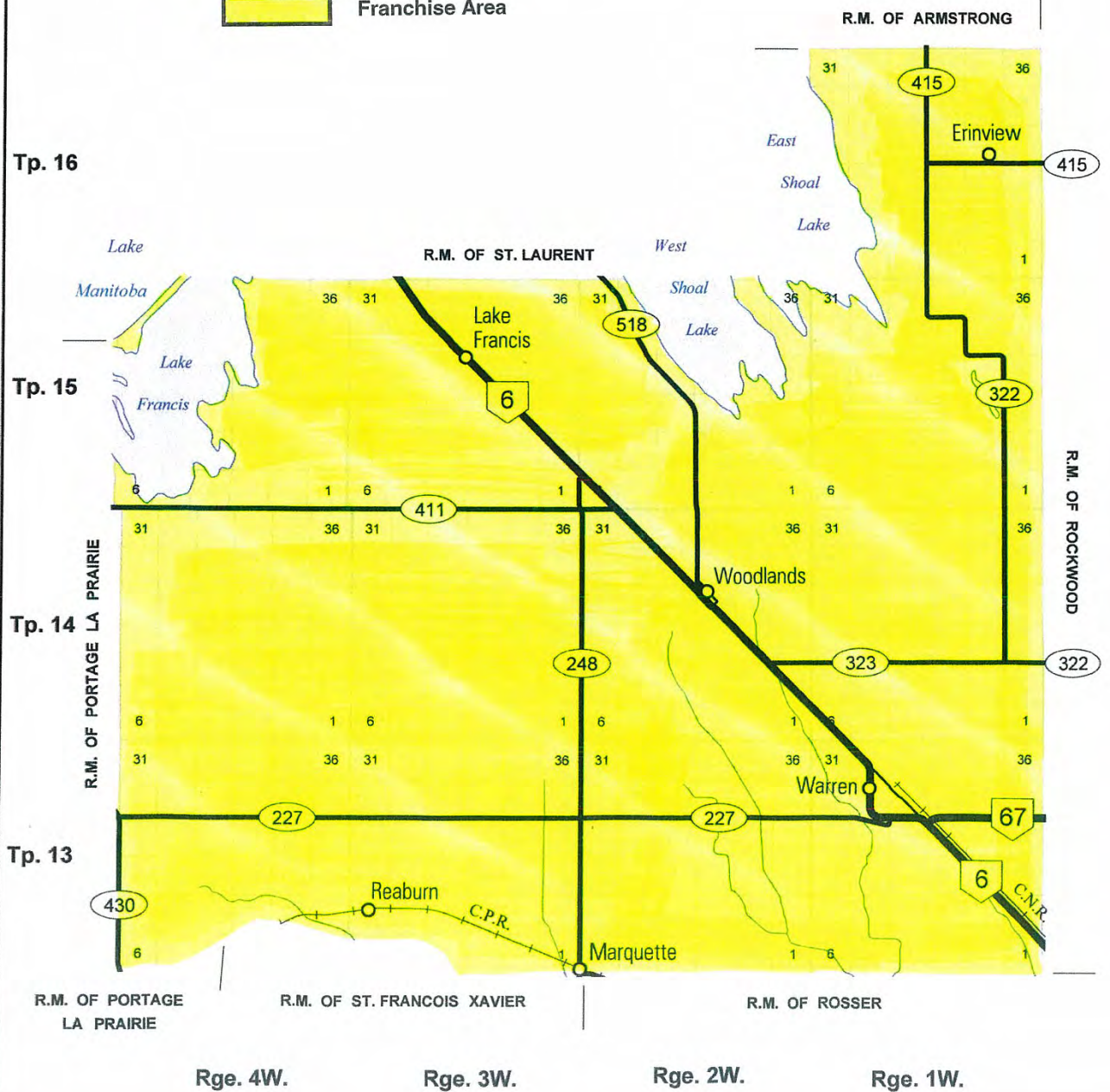
MANITOBA  
TRANSPORTATION AND GOVERNMENT SERVICES  
HIGHWAY PLANNING AND DESIGN BRANCH  
DRAFTING SECTION  
WINNIPEG  
JANUARY, 2004

MAP REVISED:-

### LEGEND

PROVINCIAL TRUNK HIGHWAYS		ACCESS ROADS	
PROVINCIAL ROADS		RAILWAYS	

Franchise Area



RURAL MUNICIPALITY OF WOODLANDS  
BY-LAW NO. 2613/12

BEING A BY-LAW of the Rural Municipality of Woodlands in Manitoba, to authorize the granting of a franchise to Centra Gas Manitoba Inc. ("Centra") to supply and deliver natural gas to the Municipality.

WHEREAS the Municipality entered into a franchise agreement ("Existing Franchise Agreement") with Centra Gas Manitoba Inc. dated July 11, 2000, pursuant to By-law 2406/99;

AND WHEREAS the Existing Franchise Agreement was approved by The Public Utilities Board of Manitoba ("PUB") by Order 95/00;

AND WHEREAS the PUB has approved a new form of generic franchise agreement ("2011 Generic Franchise Agreement") by Order 159/11;

AND WHEREAS Section 232(1)(1) of The Municipal Act provides that a Council may pass by-laws for municipal purposes respecting public utilities;

AND WHEREAS Section 250(2) of The Municipal Act provides that a municipality may for municipal purposes:

- (a) acquire, establish, maintain and operate services, facilities and utilities; and
- (b) enter into agreements with another party to do on behalf of the municipality anything the municipality has the power to do within the municipality;

AND WHEREAS the Municipality has agreed that it is in its interest to grant Centra a franchise to supply and deliver natural gas to the Municipality;

AND WHEREAS it is deemed expedient and in the public interest that the Municipality enter into a franchise agreement ("Franchise Agreement") in the form of the 2011 Franchise Agreement to replace the Existing Franchise Agreement to supply and deliver natural gas to the Municipality pursuant to said Section 250(2);

NOW THEREFORE the Council of the Municipality in regular session assembled enacts as follows:

1. THAT the Municipality enter into an agreement in the form attached hereto as Schedule "A" to this By-law, with Centra for the purpose of granting a franchise to supply and deliver natural gas to the Municipality.
2. THAT the Reeve and Chief Administrative Officer of the Municipality shall be authorized to execute said agreement with Centra, in the form attached hereto as Schedule "A" to this By-law, on behalf of the Rural Municipality of Woodlands.
3. THAT this By-law shall, after being read a first time by the Council, be submitted to or receive the authorization or approval of The Public Utilities Board of Manitoba.
4. THAT Centra be authorized to represent the Municipality in applying to The Public Utilities Board of Manitoba for approval of the Franchise Agreement.
5. THAT this By-law shall not take effect until it has received approval of The Public Utilities Board of Manitoba and third reading.
6. THAT By-law No. 2406/99 be repealed upon final passage of this by-law.

DONE AND PASSED by the Council of the Rural Municipality of Woodlands, in Manitoba, in regular session assembled this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
REEVE

\_\_\_\_\_  
CHIEF ADMINISTRATIVE OFFICER

Read a first time this 13<sup>th</sup> day of March, 2012.

Read a second time this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Read a third time this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

I, Lynn Kauppila, CMMA, Chief Administrative Officer of the Rural Municipality of Woodlands, certify this to be a true and correct photocopy of By-law No. 2613/12 of the Rural Municipality of Woodlands gave 1<sup>st</sup> reading on March 13, 2012 by the Council of the Rural Municipality of Woodlands.

  
\_\_\_\_\_  
Chief Administrative Officer

**RURAL MUNICIPALITY OF WOODLANDS**  
**RESOLUTION**

Resolution No. 129/12

March 13, 2012

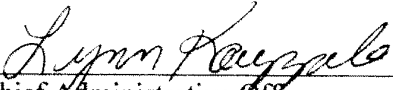
MOVED BY COUNCILLOR: Gavin Jones

SECONDED BY COUNCILLOR: Trevor King

BE IT RESOLVED THAT By-law No. 2613/12, being a by-law to authorize the granting of a franchise to Centra Gas Manitoba Inc to supply and deliver natural gas to the Municipality, be given first reading.

For 7  
Carried  
Reeve Don Walsh

I, Lynn Kauppila, Chief Administrative Officer of the Rural Municipality of Woodlands, certify this to be a true and correct copy of Resolution No.129/12 passed by the Council of the Rural Municipality of Woodlands, on March 13, 2012.

  
\_\_\_\_\_  
Chief Administrative Officer



**MEMORANDUM OF AGREEMENT** made this \_\_\_\_ day of \_\_\_\_\_, 2012.

BETWEEN:

**THE RURAL MUNICIPALITY OF WOODLANDS,**  
(hereinafter called the "Municipality"),

- and -

**CENTRA GAS MANITOBA INC.,**  
(hereinafter called the "Company").

**WHEREAS** the Municipality entered into a franchise agreement ("Existing Franchise Agreement") with Centra Gas Manitoba Inc. dated July 11, 2000, pursuant to By-law 2406/99;

**AND WHEREAS** the Existing Franchise Agreement was approved by The Public Utilities Board of Manitoba ("PUB") by Order 95/00;

**AND WHEREAS** the PUB has approved a new form of generic franchise agreement ("2011 Generic Franchise Agreement") by Order 159/11;

**AND WHEREAS** it is deemed expedient and in the public interest that the Municipality enter into a franchise agreement in the form of the 2011 Franchise Agreement to replace the Existing Franchise Agreement;

**AND WHEREAS** the Municipality is desirous of obtaining a supply of natural gas for the Municipality and the inhabitants thereof not currently receiving natural gas;

**AND WHEREAS** it is agreed between the Municipality and the Company that the Company continue to supply and distribute natural gas to the Municipality and its inhabitants in the Rural Municipality of Woodlands, in Manitoba and as set out in the map

attached as Appendix 1 hereto (the "Territory"), upon the terms and conditions set out herein;

**AND WHEREAS** by by-law duly passed by the Council of the Municipality (the "By-law"), the Reeve and the Chief Administrative Officer (CAO) have been authorized and directed to execute this Agreement on behalf of the Municipality;

**NOW THEREFORE** pursuant to the premises and in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Company to the Municipality (the receipt of which is hereby acknowledged), and in further consideration of the mutual covenants hereinafter set forth it is mutually covenanted and agreed by the parties as follows:

1. Subject to compliance with the provisions of *The Municipal Act* (Manitoba), *The Public Utilities Board Act* (Manitoba) and *The Gas Pipe Line Act* (Manitoba), the Municipality hereby grants to the Company, its successors and assigns, subject to the terms, conditions and provisions herein contained, the sole and exclusive franchise to distribute natural gas to the Municipality and its inhabitants in the Territory, for a term of thirty (30) years from the date hereof. The Municipality further grants to the Company the full power, right, licence and liberty to enter upon property of the Municipality and to break the surface and make the necessary excavations to lay down, take up, relay, connect, disconnect, repair, remove, maintain, replace and operate a gas distribution system and any and all necessary or convenient mains, pipes, services, and all other equipment and appliances as the Company may deem desirable for the supply, transmission and distribution of gas (collectively the "Gas Distribution System") in, upon, over, across, under and along the public highways, streets, roads, bridges, walkways, sidewalks, road allowances, squares, lanes, alleys, ditches, drainage systems and other public places (collectively the "Highways") within the boundaries of the Municipality as the same may from time to time exist, as may be necessary for the purpose of transporting, supplying, and delivering natural gas to the consumers thereof.

2.(1) Subject to the provisions hereof, the Company agrees that during the term of this Agreement, it will install and maintain an adequate natural gas distribution system within the Territory and will provide such quantities of natural gas as will meet the requirements of the inhabitants, businesses and industries located in the Territory.

2.(2) The Company agrees that with respect to any portion of the Territory which the Company does not supply natural gas to, in the event the Municipality, acting reasonably, requests the Company to supply natural gas upon the same terms and conditions as provided in this Agreement, the Company will work together with the Municipality with a view of developing a viable business model in relation to that portion of the Territory. All such extensions for service shall be subject to the Company's feasibility test as approved by The Public Utilities Board of Manitoba (the Board) from time to time. The Company further agrees that if the Company is unable to develop a viable business model with the Municipality, the Company shall relinquish that portion of the Territory from the franchise previously granted if asked to do so by the Municipality.

2.(3) For the purpose of implementing a distribution system expansion for the attachment of new customers pursuant to clause 2(1), the Company shall, whenever a request is made for gas service by any inhabitant or industry of the Municipality in a location not served by the existing system of the Company, comply with the request provided the request meets criteria filed with and approved by the Board for expansion of the distribution system and does not unduly affect customers on the existing system. Such criteria may include but not be limited to estimates of customers, sales, volumes, revenues, costs, and return on investment, the effect upon existing customers and any customer contribution in aid of construction. The criteria shall be reviewed by the Board from time to time as the Board deems necessary or as may be requested by the Company.

2.(4) The Company shall not be bound to construct or extend its mains or provide natural gas or gas service if the Company is, for any reason, unable to obtain delivery of

natural gas at or near the limits of the Territory, or an adequate supply thereof to warrant the construction or extension of its mains for the provision of natural gas.

2.(5) In the event the amount of natural gas supplied to the Company at or near the limits of the Territory is insufficient to meet the requirements of connected customers, the Company shall have the right to prescribe reasonable rules and regulations for allocating the available supply of natural gas to domestic, commercial and industrial customers in that order of priority. The allocation of natural gas shall also be subject to the provisions of *The Gas Allocation Act* (Manitoba) and Regulations thereto and any orders made pursuant to *The Emergency Measures Act* (Manitoba).

2.(6) In the event that either of the conditions referred to in subsections (4) and (5) occur or are likely to occur, the Company will advise the Municipality thereof as soon as the conditions become apparent to the Company.

3.(1). Prior to the installation of any part of the Gas Distribution System, the Company shall file plans with the municipal engineer, which shall mean a professional engineer employed directly or indirectly by the Municipality or such other person as may be designated by the council of the Municipality to carry out the functions and duties of the Municipal Engineer as herein described ("Municipal Engineer"), showing the location, depth and size of all mains, pipes or conduits and any other equipment or structures (but not including geodetic information) intended to be installed or constructed and shall comply with all by-laws of the Municipality relating to the construction of such works. The Municipality, by its Municipal Engineer, shall approve the plans as to the location of the Gas Distribution System and any changes thereto arising in course of construction within the Municipality, which approval shall not be unreasonably withheld or unduly delayed. The Gas Distribution System shall be placed in such locations as agreed by the Municipal Engineer and the Company in boulevards and under other unpaved surfaces rather than in streets when reasonably practicable and where the cost of installation and maintenance will not be unreasonably high.

3.(2) The Company shall supply to the Municipality plans showing the location of its Gas Distribution System within the Municipality on an as-built basis, as requested by the Municipality, but in no event shall such plans be provided more than twice in any 12-month period. Such plans shall be provided either on paper or in a mutually agreeable format. All of the conditions for the supply of as-builts are to be mutually agreed upon.

3.(3) The pipe, materials and other equipment to be used in the distribution system shall be of the kinds and qualities satisfactory to the Board, and shall be in compliance with *The Gas Pipe Line Act (Manitoba)* and the regulations thereunder.

4. Unless another process is established through municipal bylaw, the Company shall give notice to the CAO or designate of the Municipality, of its intention to open or break up any of the Highways of the Municipality not less than seven (7) days before the beginning of such work, except in cases of emergency arising from defects or breaking of the pipe or other works, when immediate notice shall suffice; and, subject to the same exception and as otherwise provided in this Agreement, the Company shall not begin any such work unless it has obtained approval therefore in writing from the Municipal Engineer.

5. The Company agrees:

- (a) in the execution of the rights and powers granted hereby and in the performance of the work in connection therewith, it shall do as little damage as possible and shall keep passage of the Highways as far as may be practicable free and uninterrupted;
- (b) it shall not interfere with, disturb or damage any existing pipes or lines of other utilities, unless the express consent of such other utilities is first had and received;

- (c) it shall, within a reasonable time after any construction work, restore the Highways and other areas where construction has occurred to a state of repair as nearly as possible equal to their former state, unless another process is established by municipal bylaw. Within thirty (30) days of completion of the restoration work the Company shall give notice in writing to the Municipal Engineer that the work and restoration have been completed and inspected. The Municipal Engineer acting reasonably shall advise the Company in writing of any deficiencies in connection with the construction work or restoration. If the Municipality fails to provide such advice within six (6) months of the Company's notice to the Municipality and unless an extension of time has been mutually agreed, the Municipality will be deemed to have accepted the restoration work;
- (d) in the execution of the power granted hereby, it shall construct, locate and operate its Gas Distribution System in such manner as will not endanger the public health or safety;
- (e) any pipe line found not in accordance with the depth of cover requirements established by the Board pursuant to *The Gas Pipe Line Act* (Manitoba) as a result of improper installation shall be lowered, relocated or suitably protected by, and at the expense of the Company;
- (f) all costs in connection with the removal or relocation of any part of the Gas Distribution System, including the cost of repairs to any Highways, shall be the Company's responsibility except where such removal or relocation is required by the Municipality; and,
- (g) notwithstanding paragraph (f) above, where the removal or relocation of any part of the Gas Distribution System is required by the Municipality, the costs

and expenses incurred in the removal and replacement or the relocation shall be as follows:

(i) the Municipality shall pay to the Company an amount equal to the cost of labour and material required in the original construction of that part of the Gas Distribution System that the Municipality requests to be relocated, less depreciation and the value of any material salvaged; and

(ii) the Company shall bear the entire cost of constructing the required Gas Distribution System infrastructure in the new location.

6.(1) The Company shall protect and indemnify the Municipality against any damages or expenses in connection with the execution of the powers granted hereby and under *The Gas Pipe Line Act* (Manitoba), and from and against all claims, demands, and actions by third persons in respect of damages sustained by reason of any operations of the Company and in relation to its distribution system.

6.(2) The Company shall satisfy the Board that it has in place at all times liability insurance coverage sufficient to satisfy any potential claim, demand or action against the Company or the Municipality for such damages.

7.(1) Before the Municipality makes any repairs of, or alterations to, any of its public services which will involve excavations or which may in any way affect any of the Company's lines plant or equipment, the Municipality shall give notice as set forth in the regulations in effect at that time and made pursuant to *The Gas Pipe Line Act* (Manitoba).

7.(2) Where practicable, the Municipality shall have regard to the reasonable directions of the Company concerning any such repairs and alterations, but, in any event, the Municipality is free of all liability in connection with any damage done by reason of any such repairs or alterations.

8. Natural gas shall be supplied to customers in the Territory at the rates and on the terms and conditions approved or fixed from time to time by the Board or other regulatory authority having jurisdiction.

9. This Agreement shall not prevent the sale or delivery within the Territory by any other person, firm or corporation of liquefied petroleum gas, propane or other product delivered in tanks or containers and not transmitted by pipeline.

10. Subject to any applicable legislation now or hereafter enacted in that regard, the Company shall pay to the Municipality any taxes that may be legally and properly levied by the Municipality against the Company.

11. The Company shall maintain in force during the currency hereof, a policy of insurance provided by an insurance company licensed to do business in the Province of Manitoba, insuring against public liability and property damage in connection with the operations of the Gas Distribution System within the Territory.

12. The Municipality agrees that it will not, for a period of thirty (30) years or longer, if this Agreement is renewed in accordance with the provision of paragraph 13 hereof, grant to any other person, firm or corporation the right to deliver natural gas within the franchise area of the Municipality or to erect or maintain a Gas Distribution System in, upon, over, across, under, or along its Highways within the franchise area for the purpose of supplying and distributing natural gas.

13.(1) It is further agreed that at the expiration of the term hereof and at the expiration of each renewal hereof, the Municipality may, after giving one (1) year's written notice prior to the date of the termination of this Agreement or of any renewal hereof, at its option (to be expressed by by-law of the Municipality), elect to purchase that portion of the Gas Distribution System with respect to its operations within the Municipality that is used



exclusively for the distribution of natural gas in the Territory, pursuant to this Agreement, but not any portion of the Gas Distribution System that is used for transmission of natural gas through the Municipality, for such price and on such terms as may be agreed upon between the parties hereto, or failing such agreement then at such price and on such terms including that portion of the Gas Distribution System the Municipality is entitled to purchase as may be fixed and settled by the Board, or if the Board shall refuse to so fix and settle the price then the said price and terms shall be such as may be fixed and determined by arbitration under the provisions of *The Arbitration Act* (Manitoba) and each of the parties shall appoint an arbitrator and the arbitrators so appointed shall appoint a third arbitrator to act as chairman who shall be versed in this special branch of engineering economics, and in the event the arbitrators appointed by each party are unable to appoint a third arbitrator, the third arbitrator shall be appointed by the Chief Justice of the Court of Queen's Bench of the Province of Manitoba. The decision of the Board or of a majority of the said arbitrators shall be binding upon the parties in arriving at the price. The Board or the said arbitrators shall make allowance for severance of the property and operation from other properties and operations of the Company in Manitoba.

In the event of such purchase, the Company and the Municipality will enter into an agreement respecting the use of and payment for such use by the Municipality of Company-owned facilities which are not being purchased hereunder and for the sale of natural gas to the Municipality for resale by the Municipality to the inhabitants of the Municipality, at such rates as may be agreed upon between the Company and the Municipality and approved by the Board. If the Municipality does not notify the Company in writing of its intention to purchase the property of the Company as aforesaid at least one (1) year before the expiration of this Agreement or any renewal thereof, this Agreement will be deemed to be automatically renewed for an additional term of ten (10) years, and at the end of the said ten (10) year renewal term, the said Agreement will be further automatically extended in absence of notice aforesaid for additional terms of ten (10) years from time to time. Provided further that at the time of any such renewal, changes in the terms of this Agreement may be made at the request of either party with the approval of the other, and in the absence of such approval such changes may be

made by reference to, under the authority of, and with the approval of the Board. Notwithstanding anything contained elsewhere in this Agreement, it is understood and agreed that if the Municipality exercises its option to purchase the property of the Company with respect to its distribution operations within the area designated in this Agreement, such exercise shall not affect the right of the Company to continue to operate its transmission facilities in such area for so long as the same may be required by the Company.

13.(2) The Company agrees that it shall provide written notice to the Municipality at least two (2) years prior to the expiration of the term hereof and of each renewal hereof, of the Municipality's election as set forth in paragraph 13.(1) hereof.

14. Notwithstanding any other term or condition contained herein, neither party shall be liable to the other for failure to carry out its obligations hereunder when such failure is caused by force majeure as hereinafter defined. The term force majeure means civil disturbances, industrial disturbances (including strikes and lock-outs), interruptions by government or Court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, failure or inability to secure materials, permits or labourers by reason of priority regulations or orders of government, landslides, lightning, earthquakes, fires, storm, floods, wash-outs, explosions, breakage or accident to machinery or the Gas Distribution System, temporary or permanent failure of gas supply, an act or omission (including failure to deliver gas) reducing supply of gas to the Company's supplier, or any other causes or circumstances to the extent such cause or circumstances was beyond the control of the party prevented from carrying out its obligations by the act of force majeure.

15. Subject to the provisions of *The Public Utilities Board Act* (Manitoba), the Company shall not without the consent of the Municipality, such consent not to be unreasonably withheld, assign this Agreement or the rights, franchises, powers and privileges granted hereby or any of them; provided however the Company may assign this Agreement to

any corporation with which the Company may then be associated or affiliated, as those terms are used in *The Corporations Act* (Manitoba) and the *Income Tax Act* (Canada).

16. This Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.

17. This Agreement is subject to the approval of the Manitoba Public Utilities Board.

18. Upon execution of this agreement following receipt of approval from The Public Utilities Board and the By-law being passed the Existing Franchise Agreement referred to herein shall cease to be of any force or effect.

**IN WITNESS WHEREOF** the parties have duly executed this Agreement as of the day and year first above written.

**RURAL MUNICIPALITY OF WOODLANDS**

Per: \_\_\_\_\_  
Reeve

Per: \_\_\_\_\_  
Chief Administrative Officer

**CENTRA GAS MANITOBA INC.**

Per: \_\_\_\_\_  
Authorized Signing Officer

Per: \_\_\_\_\_  
Authorized Signing Officer

# R.M. OF WOODLANDS

## APPENDIX 1



0 5  
SCALE IN KILOMETRES

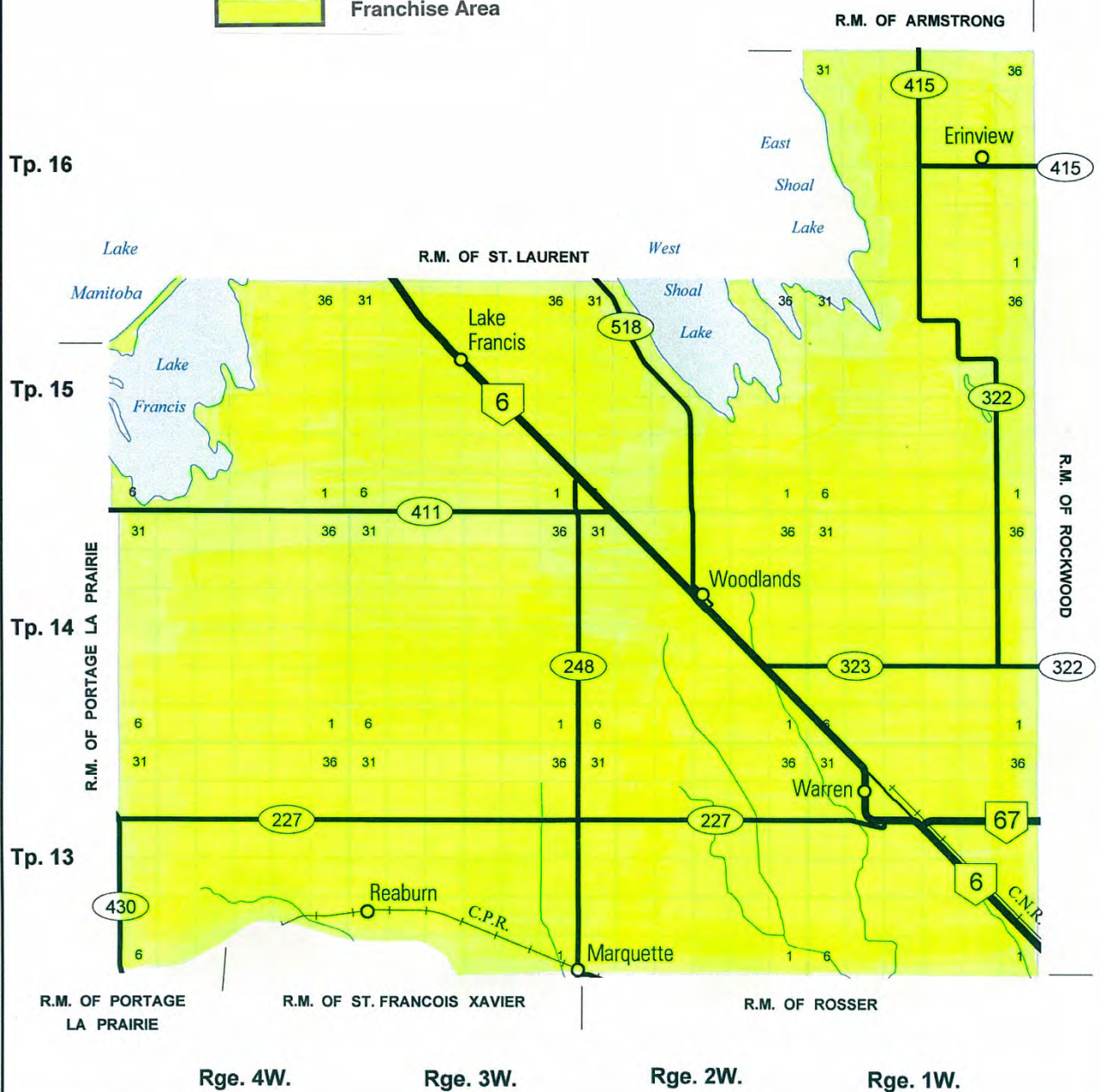
MANITOBA  
TRANSPORTATION AND GOVERNMENT SERVICES  
HIGHWAY PLANNING AND DESIGN BRANCH  
DRAFTING SECTION  
WINNIPEG  
JANUARY, 2004

MAP REVISED:-

### LEGEND

PROVINCIAL TRUNK HIGHWAYS	.....  .....	ACCESS ROADS	.....  .....
PROVINCIAL ROADS	.....  .....	RAILWAYS	.....  .....

 Franchise Area





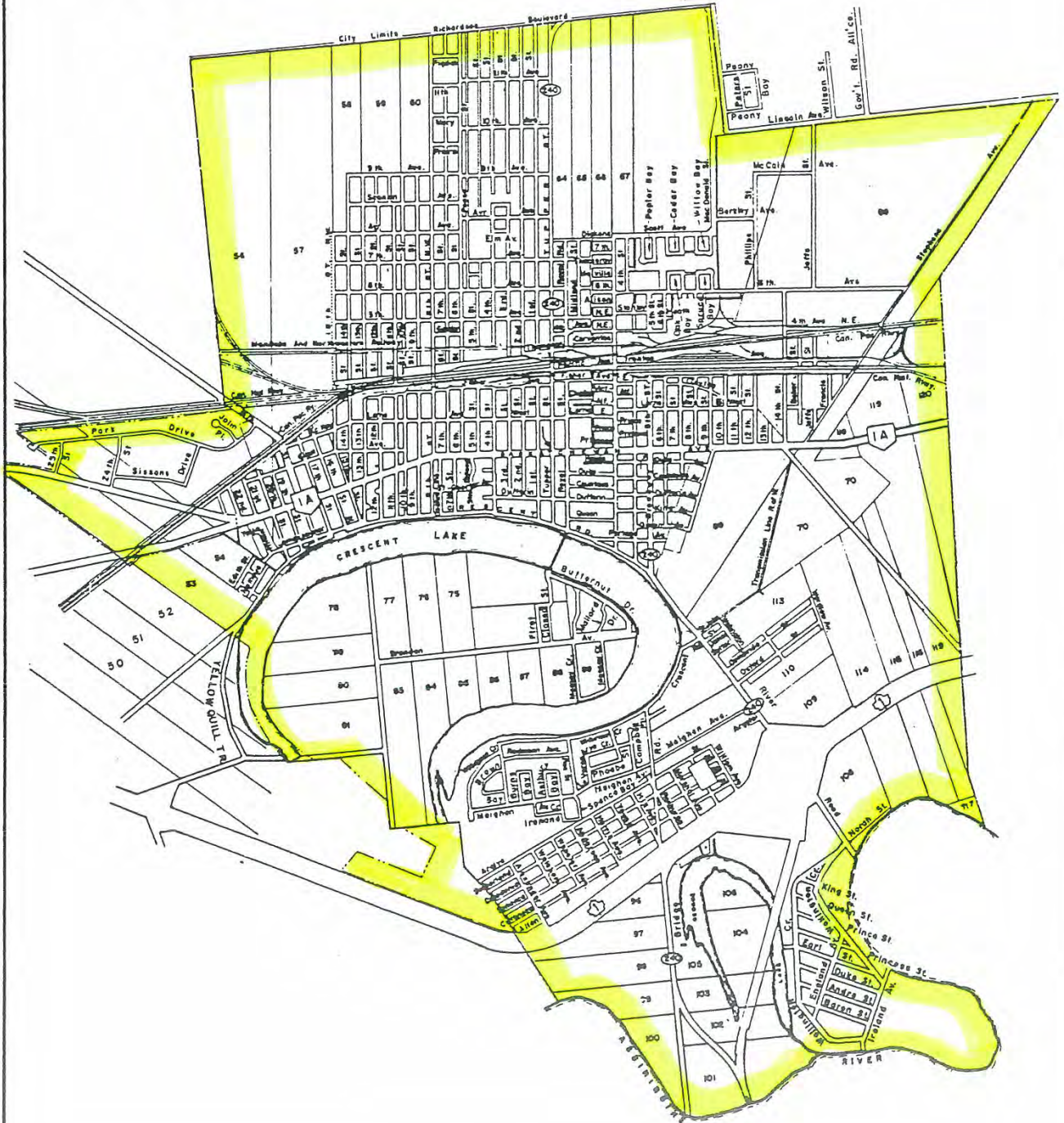
# CITY OF PORTAGE LA PRAIRIE

PROVINCE OF MANITOBA  
DEPARTMENT OF HIGHWAYS AND TRANSPORTATION  
DESIGN OFFICE  
WINNIPEG, JAN. 1979

 Franchise Area

REVISED MARCH 1982  
NOV. 1984

800 0 800 1600 2400  
SCALE IN FEET



City of Portage la Prairie  
BY-LAW NO. 12-8563

BEING A By-Law of the City of Portage la Prairie (the "City"), in Manitoba, authorizing the City to enter into a Franchise Agreement with Centra Gas Manitoba Inc. ("Centra"), for the supply and distribution of natural gas to the City and its inhabitants.

WHEREAS the City entered into a franchise agreement pursuant to By-Law 7460 (the "Agreement") with Centra to replace an existing franchise agreement for a period of five years ending on August 9, 1996;

AND WHEREAS through inadvertence the Agreement was not renewed although the parties have carried on their respective rights, responsibilities and liabilities as if under the provisions of the Agreement;

AND WHEREAS the PUB approved a new form of generic franchise agreement (2011 Generic Franchise Agreement) by Order 159/11 dated November 16, 2011;

AND WHEREAS Section 232(1)(1) of the Municipal Act provides that a Council may pass by-laws for municipal purposes respecting public utilities;

AND WHEREAS Section 250(2) of the Municipal Act provides that a municipality may for municipal purposes:

- (c) acquire, establish, maintain and operate services, facilities and utilities; and
- (d) enter into agreements with another party regarding anything the municipality has the power to do within the municipality.

AND WHEREAS it is deemed expedient and in the public interest that the City enter into a new franchise agreement with Centra in the form of the 2011 Generic Franchise Agreement (hereinafter called the "Franchise Agreement") for the supply and distribution of natural gas to the City;

NOW THEREFORE the Council of the City in regular session assembled enacts as follows:

1. That the City enter into a Franchise Agreement with Centra, in the form attached as Schedule "A" to this By-Law, for the purpose of granting a franchise to supply and distribute natural gas to the City.
2. That the Mayor and the Manager of Administration of the City shall be authorized to execute said Franchise Agreement with Centra, on behalf of the City.
3. That this By-Law shall, after being read a first time by the Council be submitted to or receive the authorization or approval of the Manitoba Public Utilities Board;
4. That Centra be authorized to represent the City of Portage la Prairie to apply to the Manitoba Public Utilities Board for approval of this Franchise Agreement;
5. That this By-Law shall not take effect until it has received approval of the Manitoba Public Utilities Board and third reading;
6. That upon ratification, and execution of the Franchise Agreement with Centra attached as Schedule "A" to this By-Law, the Franchise Agreement will hereby terminate the Franchise Agreement dated August 10, 1991.

DONE AND PASSED by the Council of the City of Portage la Prairie, Manitoba, in regular session assembled this \_\_\_\_\_ day of \_\_\_\_\_, 2012

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Manager of Administration

READ A FIRST TIME this 25<sup>th</sup> day of June, 2012. sw  
READ A SECOND TIME this \_\_\_\_\_ day of \_\_\_\_\_, 2012.  
READ A THIRD TIME this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

**MEMORANDUM OF AGREEMENT** made this \_\_\_\_ day of \_\_\_\_\_, 2012.

BETWEEN:

**THE CITY OF PORTAGE LA PRAIRIE,**  
(hereinafter called the “City”),

- and -

**CENTRA GAS MANITOBA INC.,**  
(hereinafter called the “Company”).

**WHEREAS** the City entered into a franchise agreement with Portage Gas Company on July 9, 1956, pursuant to By-law 3284 for the supply of natural gas to the City (the “Original Agreement”);

**AND WHEREAS** By-law No. 3284 of the City authorizing the agreement was approved by the Municipal and Public Utility Board (the “PUB”) by Order No. 287/56 dated June 22, 1956;

**AND WHEREAS** Portage Gas Company Limited assigned all its interest in the Original Agreement to Inter-City Gas Limited on April 30, 1957 to become effective May 15, 1957, which assignment was approved by the City and by the PUB by Order No. 195/57 dated May 15, 1957;

**AND WHEREAS** Inter-City Gas Limited assigned all its interest in the Original Agreement to Inter-City Gas Utilities Ltd. On November 26, 1963, which assignment was approved by the City and by the PUB by Order No. 88/65 dated July 8, 1965;

**AND WHEREAS** by paragraph 10 of the Original Agreement the City agreed that it will not, for a period of 20 years, grant to any other person, firm or corporation the right to distribute gas in the City;

**AND WHEREAS** paragraph 11 of the Original Agreement provided that at the expiration of the term of the Original Agreement, the Original Agreement may be renewed for a period not exceeding 10 years, and so on from time to time, with such alterations, if any, as may be agreed upon by the parties and approved by the PUB;

**AND WHEREAS** the Original Agreement was renewed on March 21, 1977 for a term of five years, ending on July 9, 1981;

**AND WHEREAS** the Original Agreement was further renewed on August 10, 1986;

**AND WHEREAS** Centra Gas Manitoba Inc. (the "Company") acquired Inter-City Gas Limited;

**AND WHEREAS** the Original Agreement was renewed automatically pursuant to its terms for a period of five years ending on August 10, 1991;

**AND WHEREAS** the parties agreed to amend the Original Agreement and as a matter of convenience entered into a new agreement (the "Agreement") incorporating all of the amendments for a period of five years ending on August 9, 1996;

**AND WHEREAS** through inadvertence the Agreement was not renewed although the parties have carried on their respective rights, responsibilities and liabilities as if under the provisions of the Agreement;

**AND WHEREAS** it is deemed expedient and in the public interest for the City to enter into a new franchise agreement with the Company in the form approved by the PUB by Order 159/11 dated November 16, 2011;



**AND WHEREAS** it is agreed between the City and the Company that the Company supply and distribute natural gas to those portions of the Municipality and its inhabitants in the City of Portage la Prairie, in Manitoba and as set out in the map attached as Appendix 1 hereto (the "Territory"), upon the terms and conditions set out herein;

**AND WHEREAS** by by-law duly passed by the Council of the City (the "By-law"), the Mayor and the Clerk of the City have been authorized and directed to execute this agreement on behalf of the City;

**NOW THEREFORE** pursuant to the premises and in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Company to the City (the receipt of which is hereby acknowledged), and in further consideration of the mutual covenants hereinafter set forth it is mutually covenanted and agreed by the parties as follows:

1. Subject to compliance with the provisions of *The Municipal Act* (Manitoba), *The Public Utilities Board Act* (Manitoba) and *The Gas Pipe Line Act* (Manitoba), the City hereby grants to the Company, its successors and assigns, subject to the terms, conditions and provisions herein contained, the sole and exclusive franchise to distribute natural gas to the City and its inhabitants in the Territory, for a term of thirty (30) years from the date hereof. The Municipality further grants to the Company the full power, right, licence and liberty to enter upon property of the City and to break the surface and make the necessary excavations to lay down, take up, relay, connect, disconnect, repair, remove, maintain, replace and operate a gas distribution system and any and all necessary or convenient mains, pipes, services, and all other equipment and appliances as the Company may deem desirable for the supply, transmission and distribution of gas (collectively the "Gas Distribution System") in, upon, over, across, under and along the public highways, streets, roads, bridges, walkways, sidewalks, road allowances, squares, lanes, alleys, ditches, drainage systems and other public places (collectively the "Highways") within the boundaries of the City as the same may from time to time exist, as

may be necessary for the purpose of transporting, supplying, and delivering natural gas to the consumers thereof.

2.(1) Subject to the provisions hereof, the Company agrees that during the term of this Agreement, it will install and maintain an adequate natural gas distribution system within the Territory and will provide such quantities of natural gas as will meet the requirements of the inhabitants, businesses and industries located in the Territory.

2.(2) The Company agrees that with respect to any portion of the Territory which the Company does not supply natural gas to, in the event the City, acting reasonably, requests the Company to supply natural gas upon the same terms and conditions as provided in this Agreement, the Company will work together with the City with a view of developing a viable business model in relation to that portion of the Territory. All such extensions for service shall be subject to the Company's feasibility test as approved by The Public Utilities Board of Manitoba (the Board) from time to time. The Company further agrees that if the Company is unable to develop a viable business model with the City, the Company shall relinquish that portion of the Territory from the franchise previously granted if asked to do so by the City.

2.(3) For the purpose of implementing a distribution system expansion for the attachment of new customers pursuant to clause 2(1), the Company shall, whenever a request is made for gas service by any inhabitant or industry of the City in a location not served by the existing system of the Company, comply with the request provided the request meets criteria filed with and approved by the Board for expansion of the distribution system and does not unduly affect customers on the existing system. Such criteria may include but not be limited to estimates of customers, sales, volumes, revenues, costs, and return on investment, the effect upon existing customers and any customer contribution in aid of construction. The criteria shall be reviewed by the Board from time to time as the Board deems necessary or as may be requested by the Company.

2.(4) The Company shall not be bound to construct or extend its mains or provide natural gas or gas service if the Company is, for any reason, unable to obtain delivery of natural gas at or near the limits of the Territory, or an adequate supply thereof to warrant the construction or extension of its mains for the provision of natural gas.

2.(5) In the event the amount of natural gas supplied to the Company at or near the limits of the Territory is insufficient to meet the requirements of connected customers, the Company shall have the right to prescribe reasonable rules and regulations for allocating the available supply of natural gas to domestic, commercial and industrial customers in that order of priority. The allocation of natural gas shall also be subject to the provisions of *The Gas Allocation Act* (Manitoba) and Regulations thereto and any orders made pursuant to *The Emergency Measures Act* (Manitoba).

2.(6) In the event that either of the conditions referred to in subsections (4) and (5) occur or are likely to occur, the Company will advise the City thereof as soon as the conditions become apparent to the Company.

3.(1). Prior to the installation of any part of the Gas Distribution System, the Company shall file plans with the municipal engineer, which shall mean a professional engineer employed directly or indirectly by the City or such other person as may be designated by the council of the City to carry out the functions and duties of the Municipal Engineer as herein described ("Municipal Engineer"), showing the location, depth and size of all mains, pipes or conduits and any other equipment or structures (but not including geodetic information) intended to be installed or constructed and shall comply with all by-laws of the City relating to the construction of such works. The City, by its Municipal Engineer, shall approve the plans as to the location of the Gas Distribution System and any changes thereto arising in course of construction within the City, which approval shall not be unreasonably withheld or unduly delayed. The Gas Distribution System shall be placed in such locations as agreed by the Municipal Engineer and the Company in

boulevards and under other unpaved surfaces rather than in streets when reasonably practicable and where the cost of installation and maintenance will not be unreasonably high.

3.(2) The Company shall supply to the City plans showing the location of its Gas Distribution System within the City on an as-built basis, as requested by the City, but in no event shall such plans be provided more than twice in any 12-month period. Such plans shall be provided either on paper or in a mutually agreeable format. All of the conditions for the supply of as-builts are to be mutually agreed upon.

3.(3) The pipe, materials and other equipment to be used in the distribution system shall be of the kinds and qualities satisfactory to the Board, and shall be in compliance with *The Gas Pipe Line Act (Manitoba)* and the regulations thereunder.

4. Unless another process is established through municipal bylaw, the Company shall give notice to the CAO or designate of the City, of its intention to open or break up any of the Highways of the City not less than seven (7) days before the beginning of such work, except in cases of emergency arising from defects or breaking of the pipe or other works, when immediate notice shall suffice; and, subject to the same exception and as otherwise provided in this Agreement, the Company shall not begin any such work unless it has obtained approval therefore in writing from the Municipal Engineer.

5. The Company agrees:

- (a) in the execution of the rights and powers granted hereby and in the performance of the work in connection therewith, it shall do as little damage as possible and shall keep passage of the Highways as far as may be practicable free and uninterrupted;

- (b) it shall not interfere with, disturb or damage any existing pipes or lines of other utilities, unless the express consent of such other utilities is first had and received;
- (c) it shall, within a reasonable time after any construction work, restore the Highways and other areas where construction has occurred to a state of repair as nearly as possible equal to their former state, unless another process is established by municipal bylaw. Within thirty (30) days of completion of the restoration work the Company shall give notice in writing to the Municipal Engineer that the work and restoration have been completed and inspected. The Municipal Engineer acting reasonably shall advise the Company in writing of any deficiencies in connection with the construction work or restoration. If the City fails to provide such advice within six (6) months of the Company's notice to the City and unless an extension of time has been mutually agreed, the City will be deemed to have accepted the restoration work;
- (d) in the execution of the power granted hereby, it shall construct, locate and operate its Gas Distribution System in such manner as will not endanger the public health or safety;
- (e) any pipe line found not in accordance with the depth of cover requirements established by the Board pursuant to *The Gas Pipe Line Act* (Manitoba) as a result of improper installation shall be lowered, relocated or suitably protected by, and at the expense of the Company;
- (f) all costs in connection with the removal or relocation of any part of the Gas Distribution System, including the cost of repairs to any Highways, shall be the Company's responsibility except where such removal or relocation is required by the City; and,

- (g) notwithstanding paragraph (f) above, where the removal or relocation of any part of the Gas Distribution System is required by the City, the costs and expenses incurred in the removal and replacement or the relocation shall be as follows:
- (i) the City shall pay to the Company an amount equal to the cost of labour and material required in the original construction of that part of the Gas Distribution System that the Municipality requests to be relocated, less depreciation and the value of any material salvaged; and
  - (ii) the Company shall bear the entire cost of constructing the required Gas Distribution System infrastructure in the new location.

6.(1) The Company shall protect and indemnify the City against any damages or expenses in connection with the execution of the powers granted hereby and under *The Gas Pipe Line Act* (Manitoba), and from and against all claims, demands, and actions by third persons in respect of damages sustained by reason of any operations of the Company and in relation to its distribution system.

6.(2) The Company shall satisfy the Board that it has in place at all times liability insurance coverage sufficient to satisfy any potential claim, demand or action against the Company or the City for such damages.

7.(1) Before the City makes any repairs of, or alterations to, any of its public services which will involve excavations or which may in any way affect any of the Company's lines plant or equipment, the City shall give notice as set forth in the regulations in effect at that time and made pursuant to *The Gas Pipe Line Act* (Manitoba).

7.(2) Where practicable, the City shall have regard to the reasonable directions of the Company concerning any such repairs and alterations, but, in any event, the City is free of all liability in connection with any damage done by reason of any such repairs or alterations.

8. Natural gas shall be supplied to customers in the Territory at the rates and on the terms and conditions approved or fixed from time to time by the Board or other regulatory authority having jurisdiction.

9. This Agreement shall not prevent the sale or delivery within the Territory by any other person, firm or corporation of liquefied petroleum gas, propane or other product delivered in tanks or containers and not transmitted by pipeline.

10. Subject to any applicable legislation now or hereafter enacted in that regard, the Company shall pay to the City any taxes that may be legally and properly levied by the City against the Company.

11. The Company shall maintain in force during the currency hereof, a policy of insurance provided by an insurance company licensed to do business in the Province of Manitoba, insuring against public liability and property damage in connection with the operations of the Gas Distribution System within the Territory.

12. The City agrees that it will not, for a period of thirty (30) years or longer, if this Agreement is renewed in accordance with the provision of paragraph 13 hereof, grant to any other person, firm or corporation the right to deliver natural gas within the franchise area of the City or to erect or maintain a Gas Distribution System in, upon, over, across, under, or along its Highways within the franchise area for the purpose of supplying and distributing natural gas.

13.(1) It is further agreed that at the expiration of the term hereof and at the expiration of each renewal hereof, the City may, after giving one (1) year's written notice prior to the date of the termination of this Agreement or of any renewal hereof, at its option (to be expressed by by-law of the City), elect to purchase that portion of the Gas Distribution System with respect to its operations within the City that is used exclusively for the distribution of natural gas in the Territory, pursuant to this Agreement, but not any portion of the Gas Distribution System that is used for transmission of natural gas through the City, for such price and on such terms as may be agreed upon between the parties hereto, or failing such agreement then at such price and on such terms including that portion of the Gas Distribution System the City is entitled to purchase as may be fixed and settled by the Board, or if the Board shall refuse to so fix and settle the price then the said price and terms shall be such as may be fixed and determined by arbitration under the provisions of *The Arbitration Act* (Manitoba) and each of the parties shall appoint an arbitrator and the arbitrators so appointed shall appoint a third arbitrator to act as chairman who shall be versed in this special branch of engineering economics, and in the event the arbitrators appointed by each party are unable to appoint a third arbitrator, the third arbitrator shall be appointed by the Chief Justice of the Court of Queen's Bench of the Province of Manitoba. The decision of the Board or of a majority of the said arbitrators shall be binding upon the parties in arriving at the price. The Board or the said arbitrators shall make allowance for severance of the property and operation from other properties and operations of the Company in Manitoba. In the event of such purchase, the Company and the City will enter into an agreement respecting the use of and payment for such use by the City of Company-owned facilities which are not being purchased hereunder and for the sale of natural gas to the City for resale by the City to the inhabitants of the City, at such rates as may be agreed upon between the Company and the City and approved by the Board. If the City does not notify the Company in writing of its intention to purchase the property of the Company as aforesaid at least one (1) year before the expiration of this Agreement or any renewal thereof, this Agreement will be deemed to be automatically renewed for an additional term of ten (10) years, and at the end of the said ten (10) year renewal term, the said Agreement will be further



automatically extended in absence of notice aforesaid for additional terms of ten (10) years from time to time. Provided further that at the time of any such renewal, changes in the terms of this Agreement may be made at the request of either party with the approval of the other, and in the absence of such approval such changes may be made by reference to, under the authority of, and with the approval of the Board. Notwithstanding anything contained elsewhere in this Agreement, it is understood and agreed that if the City exercises its option to purchase the property of the Company with respect to its distribution operations within the area designated in this Agreement, such exercise shall not affect the right of the Company to continue to operate its transmission facilities in such area for so long as the same may be required by the Company.

13.(2) The Company agrees that it shall provide written notice to the City at least two (2) years prior to the expiration of the term hereof and of each renewal hereof, of the City's election as set forth in paragraph 13.(1) hereof.

14. Notwithstanding any other term or condition contained herein, neither party shall be liable to the other for failure to carry out its obligations hereunder when such failure is caused by force majeure as hereinafter defined. The term force majeure means civil disturbances, industrial disturbances (including strikes and lock-outs), interruptions by government or Court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, failure or inability to secure materials, permits or labourers by reason of priority regulations or orders of government, landslides, lightning, earthquakes, fires, storm, floods, wash-outs, explosions, breakage or accident to machinery or the Gas Distribution System, temporary or permanent failure of gas supply, an act or omission (including failure to deliver gas) reducing supply of gas to the Company's supplier, or any other causes or circumstances to the extent such cause or circumstances was beyond the control of the party prevented from carrying out its obligations by the act of force majeure.

15. Subject to the provisions of *The Public Utilities Board Act* (Manitoba), the Company shall not without the consent of the City, such consent not to be unreasonably withheld, assign this Agreement or the rights, franchises, powers and privileges granted hereby or any of them; provided however the Company may assign this Agreement to any corporation with which the Company may then be associated or affiliated, as those terms are used in *The Corporations Act* (Manitoba) and the *Income Tax Act* (Canada).

16. This Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.

17. This Agreement will hereby terminate the existing agreement dated August 10, 1991.

18. This Agreement is subject to the approval of the Manitoba Public Utilities Board.

**IN WITNESS WHEREOF** the parties have duly executed this Agreement as of the day and year first above written.

**CITY OF PORTAGE LA PRAIRIE**

Per: \_\_\_\_\_  
Mayor

Per: \_\_\_\_\_  
City Clerk

**CENTRA GAS MANITOBA INC.**

Per: \_\_\_\_\_  
Authorized Signing Officer

Per: \_\_\_\_\_  
Authorized Signing Officer

# CITY OF PORTAGE LA PRAIRIE

No. 69

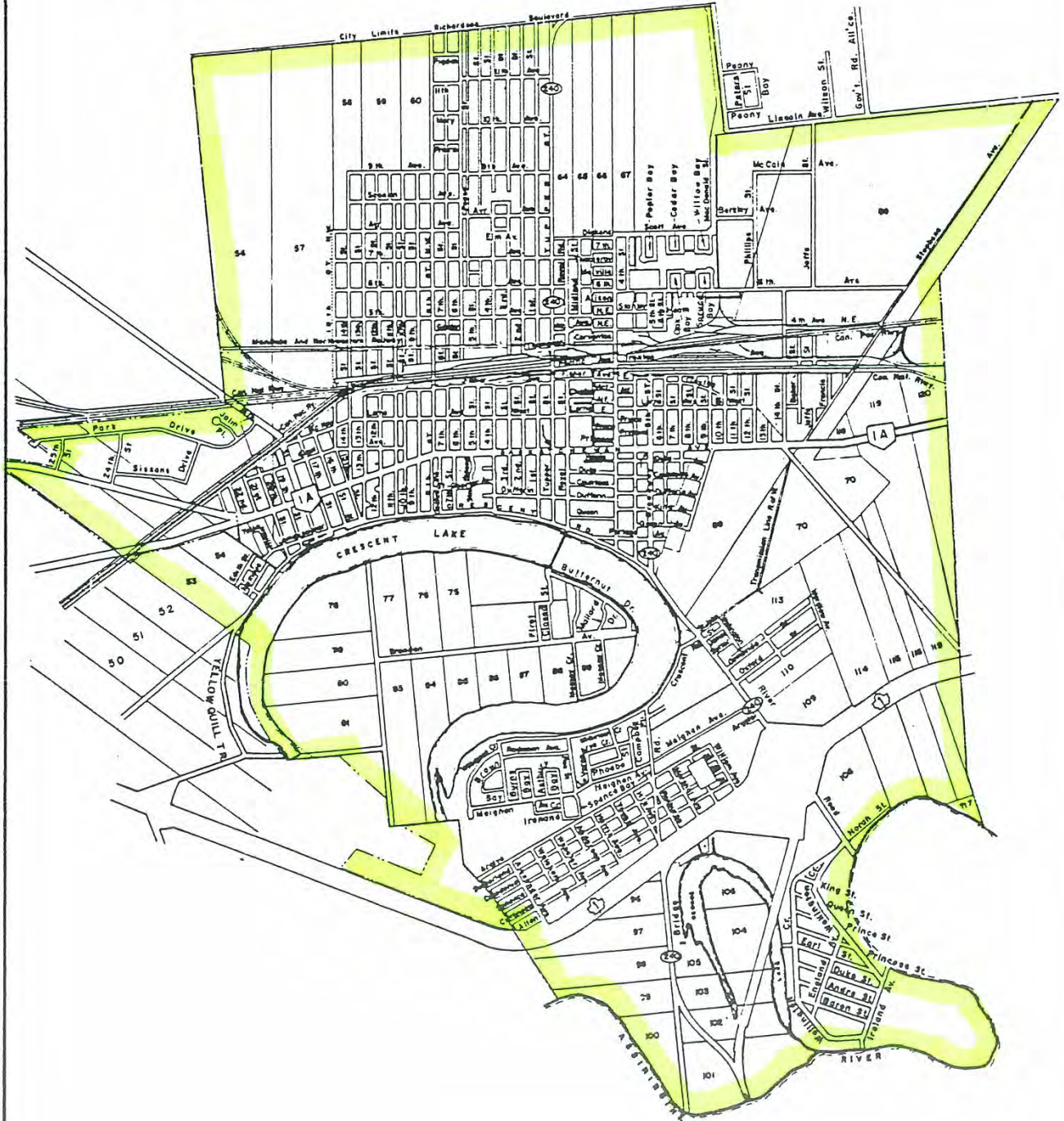
APPENDIX 1

PROVINCE OF MANITOBA  
DEPARTMENT OF HIGHWAYS AND TRANSPORTATION  
DESIGN OFFICE  
WINNIPEG, JAN. 1979

 Franchise Area

REVISED MARCH 1982  
NOV. 1984

800 0 800 1600 2400  
SCALE IN FEET








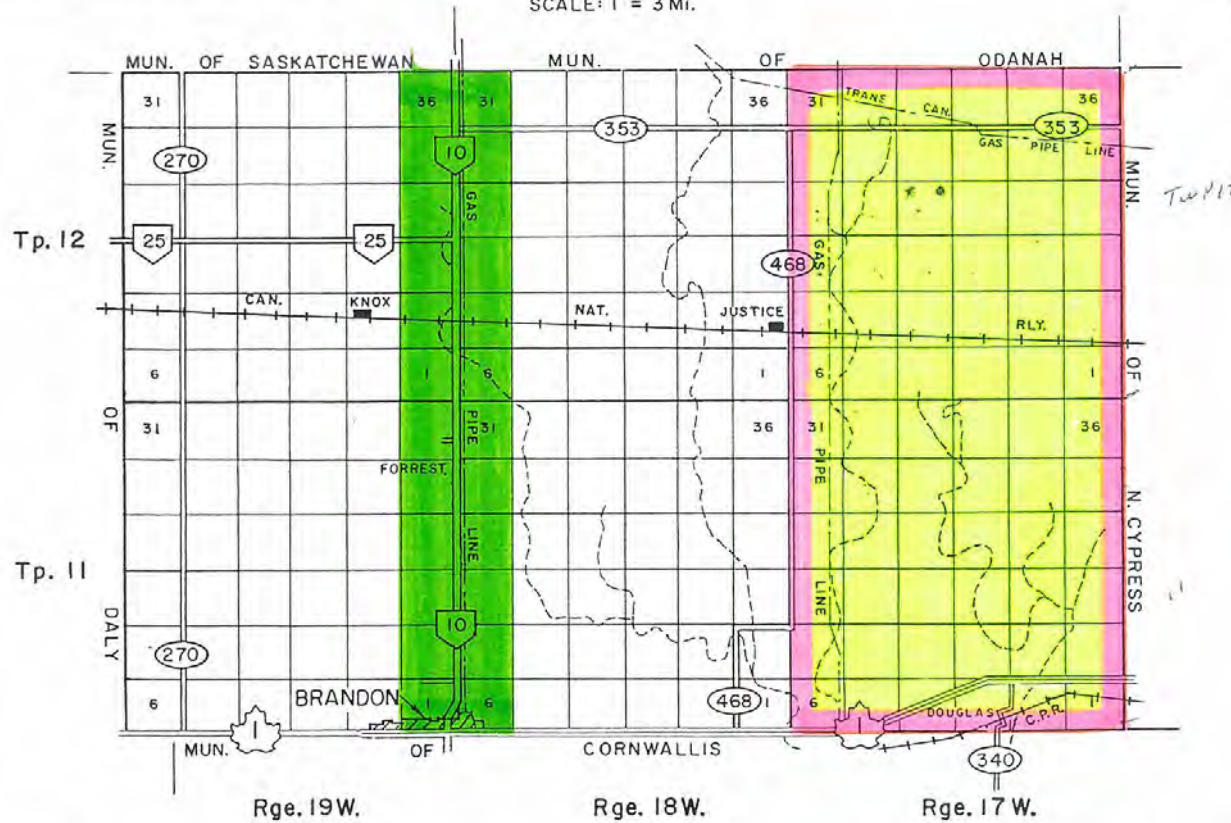
# MUN. OF ELTON

PROVINCE OF MANITOBA  
HIGHWAYS DEPARTMENT

DESIGN OFFICE  
WPG. AUG., 1968  
SCALE: 1" = 3 MI.



-  Existing Franchise Area
-  Existing Crossing Area
-  Proposed Additional Franchise Area



**RURAL MUNICIPALITY OF ELTON****BY-LAW NO. 1446****BEING A BY-LAW OF THE RURAL MUNICIPALITY OF ELTON TO AUTHORIZE THE GRANTING OF A FRANCHISE TO CENTRA GAS MANITOBA INC. TO SUPPLY AND DISTRIBUTE NATURAL GAS TO THE RURAL MUNICIPALITY OF ELTON.**

WHEREAS the Rural Municipality of Elton entered into a franchise agreement with Plains-Western Gas (Manitoba) Ltd. dated April 13, 1967 pursuant to By-Law No. 782;

AND WHEREAS By-Law No. 782 of the Rural Municipality of Elton was approved by the Public Utilities Board of Manitoba by Order 86/67;

AND WHEREAS the Rural Municipality of Elton entered into a crossing agreement with Inter-City Gas Ltd. dated December 17, 1959, pursuant to By-Law No. 735, to permit Inter-City the use of the highways and lands of the Rural Municipality of Elton for the purpose of distribution and sale of natural gas to Camp Shilo and other communities in the area of the pipeline;

AND WHEREAS By-Law No. 735 of the Rural Municipality of Elton was approved by the Public Utilities Board of Manitoba by Order 653/59;

AND WHEREAS Inter-City Gas Ltd. assigned all of its rights, responsibilities, duties and liabilities under the crossing agreement to Inter-City Gas Utilities Ltd., which then later amalgamated with Plains-Western Gas (Manitoba) Ltd. and the name of the amalgamated corporation was ICG Utilities (Manitoba) Ltd.;

AND WHEREAS the crossing agreement was renewed for a ten year period ending December 17, 1989, pursuant to By-Law No. 1025;

AND WHEREAS the crossing agreement was renewed without alteration for a further ten year period ending December 17, 1999, pursuant to By-Law No. 1059;

AND WHEREAS through inadvertence the crossing agreement was not renewed although the parties have carried on their respective rights, responsibilities and liabilities as if under the provisions of the Agreement;

AND WHEREAS Centra Gas Manitoba Inc. is the successor company to both ICG Utilities (Manitoba) Ltd. and Plains-Western Gas (Manitoba).;

AND WHEREAS a customer has been added to Centra Gas Manitoba Inc.'s distribution system within the expired crossing agreement area;

AND WHEREAS The Public Utilities Board of Manitoba approved a new form of generic franchise agreement (2011 Generic Franchise Agreement) by Order 159/11 dated November 16, 2011;

AND WHEREAS Section 232(1)(1) of The Municipal Act provides that a Council may pass By-Laws for municipal purposes respecting public utilities;

AND WHEREAS Section 250(2)(d) and 253(1) of The Municipal Act provides that a municipality may for municipal purposes:

(c) acquire, establish, maintain and operate services, facilities and utilities; and

(d) enter into agreements with another party to do on behalf of the municipality anything the municipality has the power to do within the municipality.

AND WHEREAS the Rural Municipality of Elton has agreed that it is in its interest to grant Centra Gas Manitoba Inc. a franchise to supply and distribute natural gas to the Rural Municipality of Elton;

RURAL MUNICIPALITY OF ELTON  
BY-LAW NO. 1446  
Page 2 of 2

AND WHEREAS it is deemed expedient and in the public interest that the Rural Municipality of Elton enter into a new franchise agreement in the form of the 2011 Generic Franchise Agreement ("Franchise Agreement") with Centra Gas Manitoba Inc. to supply and distribute natural gas to the Rural Municipality of Elton pursuant to said Section 250(2);

NOW THEREFORE be it resolved that the Council of the Rural Municipality of Elton in Council duly assembled enacts as follows:

1. That the Council of the Rural Municipality of Elton hereby enter into a Franchise Agreement, in the form attached hereto as Schedule "A" to this By-Law, with Centra Gas Manitoba Inc. for the purpose of granting a franchise to supply natural gas to Sections 1 through 36 inclusive, Township 11, Range 17 WPM; Sections 1 through 36 inclusive, Township 12, Range 17 WPM; Sections 6, 7, 18, 19, 30 and 31, Township 11, Range 18 WPM; Sections 6, 7, 18, 19, 30 and 31, Township 12, Range 18 WPM; Sections 1, 12, 13, 24, 25 and 36, Township 11, Range 19 WPM; Sections 1, 12, 13, 24, 25 and 36, Township 12 Range 19WPM;
2. That the Reeve and Chief Administrative Officer of the Rural Municipality of Elton shall be authorized to execute said Franchise Agreement with Centra Gas Manitoba Inc., in the form attached hereto as Schedule "A" to this By-Law, on behalf of the Rural Municipality of Elton.
3. That this By-Law shall, after being read a first time by the Council be submitted to or receive the authorization or approval of The Public Utilities Board of Manitoba.
4. That Centra Gas Manitoba Inc. be authorized to represent the Rural Municipality of Elton in applying to The Public Utilities Board of Manitoba for approval of the Franchise Agreement.
5. That this By-Law shall not take effect until it has received approval of The Public Utilities Board of Manitoba and third reading.
6. That this By-Law shall supersede all previous By-Laws granting natural gas franchises and crossing agreements in the Municipality.

**DONE AND PASSED BY COUNCIL OF THE RURAL MUNICIPALITY OF ELTON IN SESSION DULY ASSEMBLED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ A.D. 20\_\_\_\_\_.**

RURAL MUNICIPALITY OF ELTON

\_\_\_\_\_  
Reeve

\_\_\_\_\_  
Chief Administrative Officer

RECEIVED FIRST READING THIS 14<sup>th</sup> DAY OF February A.D. 2012.

RECEIVED SECOND READING THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ A.D. 20\_\_\_\_.

RECEIVED THIRD READING THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ A.D. 20\_\_\_\_.

I, Kathleen E. I. Steele, certify this to be a true and correct copy of By-law No. 1446 as given first reading by Council of the Rural Municipality of Elton in session assembled on the 14<sup>th</sup> day of February 2012.

Kathleen E. I. Steele  
Chief Administrative Officer  
Rural Municipality of Elton



**MEMORANDUM OF AGREEMENT** made this \_\_\_\_ day of \_\_\_\_\_, 2012.

BETWEEN:

**THE RURAL MUNICIPALITY OF ELTON,**  
(hereinafter called the "Municipality"),

- and -

**CENTRA GAS MANITOBA INC.,**  
(hereinafter called the "Company").

**WHEREAS** the RM entered into a franchise agreement with Plains-Western Gas (Manitoba) Ltd. dated April 13, 1967 pursuant to By-law 782;

**AND WHEREAS** By-law 782 of the RM was approved by the Public Utilities Board of Manitoba by Order 86/67;

**AND WHEREAS** the RM entered into a crossing agreement with Inter-City Gas Ltd. dated December 17, 1959, pursuant to By-law 735, to permit Inter-City the use of the highways and lands of the RM for the purpose of distribution and sale of natural gas to Camp Shilo and other communities in the area of the pipeline;

**AND WHEREAS** By-law 735 of the RM was approved by the Public Utilities Board of Manitoba by Order 653/59;

**AND WHEREAS** Inter-City Gas Ltd. assigned all of its rights, responsibilities, duties and liabilities under the crossing agreement to Inter-City Gas Utilities Ltd., which then later amalgamated with Plains-Western Gas (Manitoba) Ltd. and the name of the amalgamated corporation was ICG Utilities (Manitoba) Ltd.;

**AND WHEREAS** the crossing agreement was renewed for a ten year period ending December 17, 1989, pursuant to By-law 1025;

**AND WHEREAS** the crossing agreement was renewed without alteration for a further ten year period ending December 17, 1999, pursuant to By-law 1059;

**AND WHEREAS** through inadvertence the crossing agreement was not renewed although the parties have carried on their respective rights, responsibilities and liabilities as if under the provisions of the Agreement;

**AND WHEREAS** Centra Gas Manitoba Inc. is the successor company to both ICG Utilities (Manitoba) Ltd. and Plains-Western Gas (Manitoba) Ltd.;

**AND WHEREAS** it is agreed between the Municipality and the Company to enter into a new franchise agreement (Franchise Agreement) with Centra to supply and distribute natural gas to those portions of the Municipality and its inhabitants in the Rural Municipality of Elton, and as set out in the map attached as Appendix 1, hereto (the "Territory") to replace all existing Franchise and Crossing agreements;

**AND WHEREAS** by by-law duly passed by the Council of the Municipality (the "By-law"), the Reeve and the Chief Administrative Officer (CAO) have been authorized and directed to execute this Agreement on behalf of the Municipality;

**NOW THEREFORE** pursuant to the premises and in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Company to the Municipality (the receipt of which is hereby acknowledged), and in further consideration of the mutual covenants hereinafter set forth it is mutually covenanted and agreed by the parties as follows:

1. Subject to compliance with the provisions of *The Municipal Act* (Manitoba), *The Public Utilities Board Act* (Manitoba) and *The Gas Pipe Line Act* (Manitoba), the



Municipality hereby grants to the Company, its successors and assigns, subject to the terms, conditions and provisions herein contained, the sole and exclusive franchise to distribute natural gas to Sections 1 through 36 inclusive, Township 11, Range 17 WPM; Sections 1 through 36 inclusive, Township 12, Range 17 WPM; Sections 6, 7, 18, 19, 30 and 31, Township 11, Range 18 WPM; Sections 6, 7, 18, 19, 30 and 31, Township 12, Range 18 WPM; Sections 1, 12, 13, 24, 25 and 36, Township 11, Range 19 WPM; Sections 1, 12, 13, 24, 25 and 36, Township 12, Range 19 WPM and its inhabitants in the Territory, for a term of thirty (30) years from the date hereof. The Municipality further grants to the Company the full power, right, licence and liberty to enter upon property of the Municipality and to break the surface and make the necessary excavations to lay down, take up, relay, connect, disconnect, repair, remove, maintain, replace and operate a gas distribution system and any and all necessary or convenient mains, pipes, services, and all other equipment and appliances as the Company may deem desirable for the supply, transmission and distribution of gas (collectively the "Gas Distribution System") in, upon, over, across, under and along the public highways, streets, roads, bridges, walkways, sidewalks, road allowances, squares, lanes, alleys, ditches, drainage systems and other public places (collectively the "Highways") within the boundaries of the Municipality as the same may from time to time exist, as may be necessary for the purpose of transporting, supplying, and delivering natural gas to the consumers thereof.

2.(1) Subject to the provisions hereof, the Company agrees that during the term of this Agreement, it will install and maintain an adequate natural gas distribution system within the Territory and will provide such quantities of natural gas as will meet the requirements of the inhabitants, businesses and industries located in the Territory.

2.(2) The Company agrees that with respect to any portion of the Territory which the Company does not supply natural gas to, in the event the Municipality, acting reasonably, requests the Company to supply natural gas upon the same terms and conditions as provided in this Agreement, the Company will work together with the Municipality with a view of developing a viable business model in relation to that portion of the Territory. All

such extensions for service shall be subject to the Company's feasibility test as approved by The Public Utilities Board of Manitoba (the Board) from time to time. The Company further agrees that if the Company is unable to develop a viable business model with the Municipality, the Company shall relinquish that portion of the Territory from the franchise previously granted if asked to do so by the Municipality.

2.(3) For the purpose of implementing a distribution system expansion for the attachment of new customers pursuant to clause 2(1), the Company shall, whenever a request is made for gas service by any inhabitant or industry of the Municipality in a location not served by the existing system of the Company, comply with the request provided the request meets criteria filed with and approved by the Board for expansion of the distribution system and does not unduly affect customers on the existing system. Such criteria may include but not be limited to estimates of customers, sales, volumes, revenues, costs, and return on investment, the effect upon existing customers and any customer contribution in aid of construction. The criteria shall be reviewed by the Board from time to time as the Board deems necessary or as may be requested by the Company.

2.(4) The Company shall not be bound to construct or extend its mains or provide natural gas or gas service if the Company is, for any reason, unable to obtain delivery of natural gas at or near the limits of the Territory, or an adequate supply thereof to warrant the construction or extension of its mains for the provision of natural gas.

2.(5) In the event the amount of natural gas supplied to the Company at or near the limits of the Territory is insufficient to meet the requirements of connected customers, the Company shall have the right to prescribe reasonable rules and regulations for allocating the available supply of natural gas to domestic, commercial and industrial customers in that order of priority. The allocation of natural gas shall also be subject to the provisions of *The Gas Allocation Act* (Manitoba) and Regulations thereto and any orders made pursuant to *The Emergency Measures Act* (Manitoba).

2.(6) In the event that either of the conditions referred to in subsections (4) and (5) occur or are likely to occur, the Company will advise the Municipality thereof as soon as the conditions become apparent to the Company.

3.(1). Prior to the installation of any part of the Gas Distribution System, the Company shall file plans with the municipal engineer, which shall mean a professional engineer employed directly or indirectly by the Municipality or such other person as may be designated by the council of the Municipality to carry out the functions and duties of the Municipal Engineer as herein described ("Municipal Engineer"), showing the location, depth and size of all mains, pipes or conduits and any other equipment or structures (but not including geodetic information) intended to be installed or constructed and shall comply with all by-laws of the Municipality relating to the construction of such works. The Municipality, by its Municipal Engineer, shall approve the plans as to the location of the Gas Distribution System and any changes thereto arising in course of construction within the Municipality, which approval shall not be unreasonably withheld or unduly delayed. The Gas Distribution System shall be placed in such locations as agreed by the Municipal Engineer and the Company in boulevards and under other unpaved surfaces rather than in streets when reasonably practicable and where the cost of installation and maintenance will not be unreasonably high.

3.(2) The Company shall supply to the Municipality plans showing the location of its Gas Distribution System within the Municipality on an as-built basis, as requested by the Municipality, but in no event shall such plans be provided more than twice in any 12-month period. Such plans shall be provided either on paper or in a mutually agreeable format. All of the conditions for the supply of as-builts are to be mutually agreed upon.

3.(3) The pipe, materials and other equipment to be used in the distribution system shall be of the kinds and qualities satisfactory to the Board, and shall be in compliance with *The Gas Pipe Line Act* (Manitoba) and the regulations thereunder.

4. Unless another process is established through municipal bylaw, the Company shall give notice to the CAO or designate of the Municipality, of its intention to open or break up any of the Highways of the Municipality not less than seven (7) days before the beginning of such work, except in cases of emergency arising from defects or breaking of the pipe or other works, when immediate notice shall suffice; and, subject to the same exception and as otherwise provided in this Agreement, the Company shall not begin any such work unless it has obtained approval therefore in writing from the Municipal Engineer.

5. The Company agrees:

- (a) in the execution of the rights and powers granted hereby and in the performance of the work in connection therewith, it shall do as little damage as possible and shall keep passage of the Highways as far as may be practicable free and uninterrupted;
- (b) it shall not interfere with, disturb or damage any existing pipes or lines of other utilities, unless the express consent of such other utilities is first had and received;
- (c) it shall, within a reasonable time after any construction work, restore the Highways and other areas where construction has occurred to a state of repair as nearly as possible equal to their former state, unless another process is established by municipal bylaw. Within thirty (30) days of completion of the restoration work the Company shall give notice in writing to the Municipal Engineer that the work and restoration have been completed and inspected. The Municipal Engineer acting reasonably shall advise the Company in writing of any deficiencies in connection with the construction work or restoration. If the Municipality fails to provide such advice within six (6) months of the Company's notice to the Municipality and

unless an extension of time has been mutually agreed, the Municipality will be deemed to have accepted the restoration work;

- (d) in the execution of the power granted hereby, it shall construct, locate and operate its Gas Distribution System in such manner as will not endanger the public health or safety;
- (e) any pipe line found not in accordance with the depth of cover requirements established by the Board pursuant to *The Gas Pipe Line Act* (Manitoba) as a result of improper installation shall be lowered, relocated or suitably protected by, and at the expense of the Company;
- (f) all costs in connection with the removal or relocation of any part of the Gas Distribution System, including the cost of repairs to any Highways, shall be the Company's responsibility except where such removal or relocation is required by the Municipality; and,
- (g) notwithstanding paragraph (f) above, where the removal or relocation of any part of the Gas Distribution System is required by the Municipality, the costs and expenses incurred in the removal and replacement or the relocation shall be as follows:
  - (i) the Municipality shall pay to the Company an amount equal to the cost of labour and material required in the original construction of that part of the Gas Distribution System that the Municipality requests to be relocated, less depreciation and the value of any material salvaged; and
  - (ii) the Company shall bear the entire cost of constructing the required Gas Distribution System infrastructure in the new location.

6.(1) The Company shall protect and indemnify the Municipality against any damages or expenses in connection with the execution of the powers granted hereby and under *The Gas Pipe Line Act* (Manitoba), and from and against all claims, demands, and actions by third persons in respect of damages sustained by reason of any operations of the Company and in relation to its distribution system.

6.(2) The Company shall satisfy the Board that it has in place at all times liability insurance coverage sufficient to satisfy any potential claim, demand or action against the Company or the Municipality for such damages.

7.(1) Before the Municipality makes any repairs of, or alterations to, any of its public services which will involve excavations or which may in any way affect any of the Company's lines plant or equipment, the Municipality shall give notice as set forth in the regulations in effect at that time and made pursuant to *The Gas Pipe Line Act* (Manitoba).

7.(2) Where practicable, the Municipality shall have regard to the reasonable directions of the Company concerning any such repairs and alterations, but, in any event, the Municipality is free of all liability in connection with any damage done by reason of any such repairs or alterations.

8. Natural gas shall be supplied to customers in the Territory at the rates and on the terms and conditions approved or fixed from time to time by the Board or other regulatory authority having jurisdiction.

9. This Agreement shall not prevent the sale or delivery within the Territory by any other person, firm or corporation of liquefied petroleum gas, propane or other product delivered in tanks or containers and not transmitted by pipeline.

10. Subject to any applicable legislation now or hereafter enacted in that regard, the Company shall pay to the Municipality any taxes that may be legally and properly levied by the Municipality against the Company.

11. The Company shall maintain in force during the currency hereof, a policy of insurance provided by an insurance company licensed to do business in the Province of Manitoba, insuring against public liability and property damage in connection with the operations of the Gas Distribution System within the Territory.

12. The Municipality agrees that it will not, for a period of thirty (30) years or longer, if this Agreement is renewed in accordance with the provision of paragraph 13 hereof, grant to any other person, firm or corporation the right to deliver natural gas within the franchise area of the Municipality or to erect or maintain a Gas Distribution System in, upon, over, across, under, or along its Highways within the franchise area for the purpose of supplying and distributing natural gas.

13.(1) It is further agreed that at the expiration of the term hereof and at the expiration of each renewal hereof, the Municipality may, after giving one (1) year's written notice prior to the date of the termination of this Agreement or of any renewal hereof, at its option (to be expressed by by-law of the Municipality), elect to purchase that portion of the Gas Distribution System with respect to its operations within the Municipality that is used exclusively for the distribution of natural gas in the Territory, pursuant to this Agreement, but not any portion of the Gas Distribution System that is used for transmission of natural gas through the Municipality, for such price and on such terms as may be agreed upon between the parties hereto, or failing such agreement then at such price and on such terms including that portion of the Gas Distribution System the Municipality is entitled to purchase as may be fixed and settled by the Board, or if the Board shall refuse to so fix and settle the price then the said price and terms shall be such as may be fixed and determined by arbitration under the provisions of *The Arbitration Act* (Manitoba) and each of the parties shall appoint an arbitrator and the arbitrators so appointed shall appoint a

third arbitrator to act as chairman who shall be versed in this special branch of engineering economics, and in the event the arbitrators appointed by each party are unable to appoint a third arbitrator, the third arbitrator shall be appointed by the Chief Justice of the Court of Queen's Bench of the Province of Manitoba. The decision of the Board or of a majority of the said arbitrators shall be binding upon the parties in arriving at the price. The Board or the said arbitrators shall make allowance for severance of the property and operation from other properties and operations of the Company in Manitoba. In the event of such purchase, the Company and the Municipality will enter into an agreement respecting the use of and payment for such use by the Municipality of Company-owned facilities which are not being purchased hereunder and for the sale of natural gas to the Municipality for resale by the Municipality to the inhabitants of the Municipality, at such rates as may be agreed upon between the Company and the Municipality and approved by the Board. If the Municipality does not notify the Company in writing of its intention to purchase the property of the Company as aforesaid at least one (1) year before the expiration of this Agreement or any renewal thereof, this Agreement will be deemed to be automatically renewed for an additional term of ten (10) years, and at the end of the said ten (10) year renewal term, the said Agreement will be further automatically extended in absence of notice aforesaid for additional terms of ten (10) years from time to time. Provided further that at the time of any such renewal, changes in the terms of this Agreement may be made at the request of either party with the approval of the other, and in the absence of such approval such changes may be made by reference to, under the authority of, and with the approval of the Board. Notwithstanding anything contained elsewhere in this Agreement, it is understood and agreed that if the Municipality exercises its option to purchase the property of the Company with respect to its distribution operations within the area designated in this Agreement, such exercise shall not affect the right of the Company to continue to operate its transmission facilities in such area for so long as the same may be required by the Company.



13.(2) The Company agrees that it shall provide written notice to the Municipality at least two (2) years prior to the expiration of the term hereof and of each renewal hereof, of the Municipality's election as set forth in paragraph 13.(1) hereof.

14. Notwithstanding any other term or condition contained herein, neither party shall be liable to the other for failure to carry out its obligations hereunder when such failure is caused by force majeure as hereinafter defined. The term force majeure means civil disturbances, industrial disturbances (including strikes and lock-outs), interruptions by government or Court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, failure or inability to secure materials, permits or labourers by reason of priority regulations or orders of government, landslides, lightning, earthquakes, fires, storm, floods, wash-outs, explosions, breakage or accident to machinery or the Gas Distribution System, temporary or permanent failure of gas supply, an act or omission (including failure to deliver gas) reducing supply of gas to the Company's supplier, or any other causes or circumstances to the extent such cause or circumstances was beyond the control of the party prevented from carrying out its obligations by the act of force majeure.

15. Subject to the provisions of *The Public Utilities Board Act* (Manitoba), the Company shall not without the consent of the Municipality, such consent not to be unreasonably withheld, assign this Agreement or the rights, franchises, powers and privileges granted hereby or any of them; provided however the Company may assign this Agreement to any corporation with which the Company may then be associated or affiliated, as those terms are used in *The Corporations Act* (Manitoba) and the *Income Tax Act* (Canada).

16. This Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.

17. This Agreement is subject to the approval of the Manitoba Public Utilities Board.

18. Upon execution of this agreement following receipt of approval from the Public Utilities Board and the By-law being passed the Franchise Agreement and the crossing Agreement referred to herein shall cease to be of any force or effect.

**IN WITNESS WHEREOF** the parties have duly executed this Agreement as of the day and year first above written.

**RURAL MUNICIPALITY OF ELTON**

Per:

\_\_\_\_\_  
Reeve

Per:

\_\_\_\_\_  
Chief Administrative Officer

**CENTRA GAS MANITOBA INC.**

Per:

\_\_\_\_\_  
Authorized Signing Officer




Per:

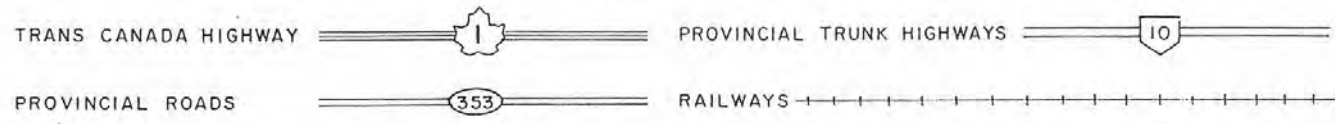
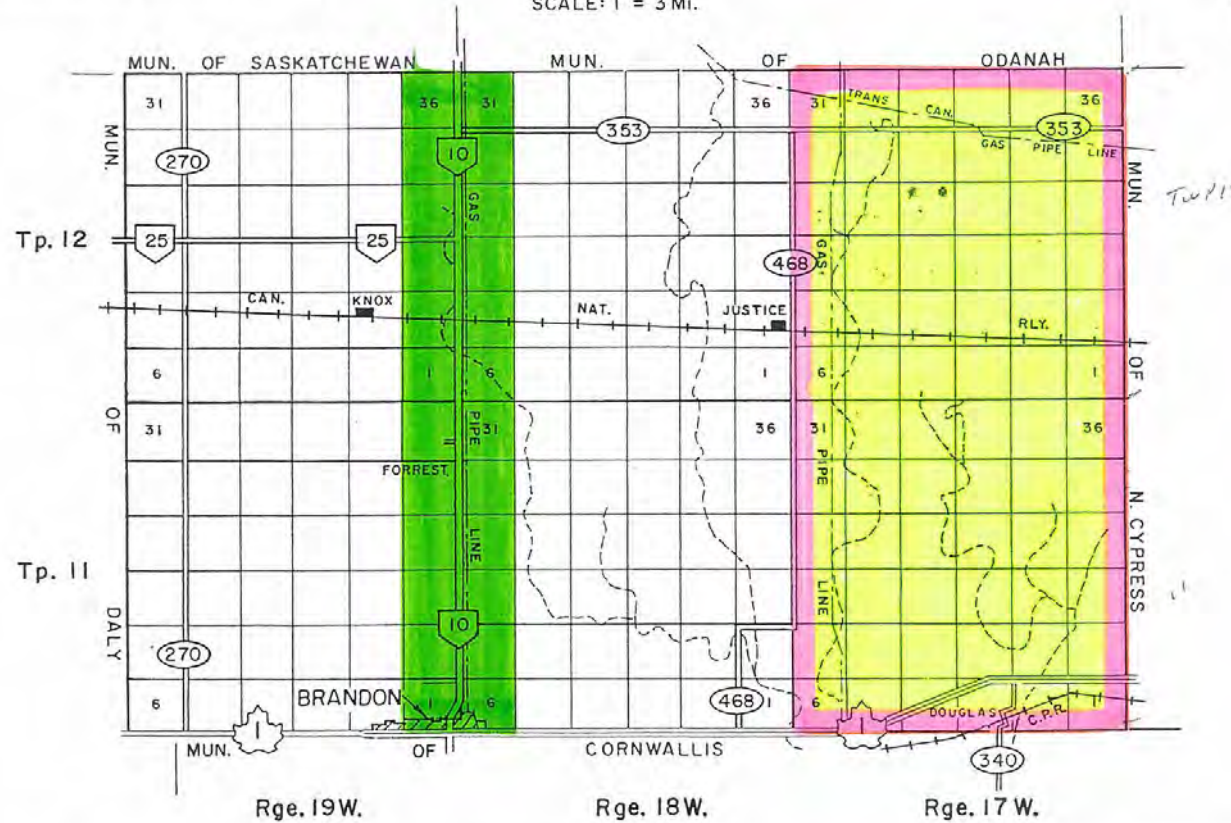
\_\_\_\_\_  
Authorized Signing Officer

# MUN. OF ELTON

PROVINCE OF MANITOBA  
HIGHWAYS DEPARTMENT  
DESIGN OFFICE  
WPG. AUG., 1968  
SCALE: 1" = 3 MI.





-  Existing Franchise Area
-  Existing Crossing Area
-  Proposed Additional Franchise Area



APPENDIX 1

Nº 28

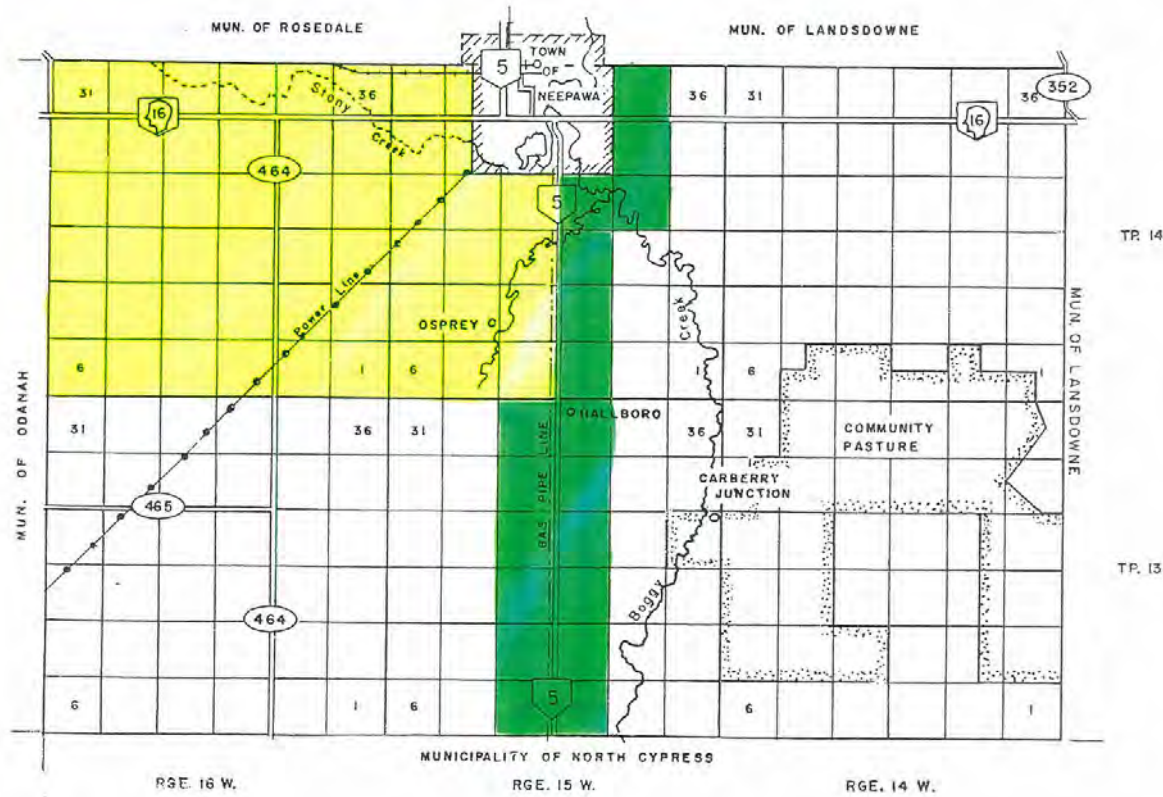
-  Existing Franchise Area
-  Proposed Franchise Area




REVISED: JUNE 1980  
SEPT. 1987  
JAN. 1992

# MUN OF LANGFORD

PROVINCE OF MANITOBA  
HIGHWAYS DEPARTMENT  
DESIGN OFFICE  
WINNIPEG, OCTOBER 1969

SCALE: 1 inch = 3 Miles



PROVINCIAL ROADS  PROVINCIAL TRUNK HIGHWAYS  RAILWAYS 

**RURAL MUNICIPALITY OF LANGFORD****BY-LAW No. 01/12**

BEING A BY-LAW of the Rural Municipality of Langford (the "RM"), in Manitoba, to authorize the granting of a franchise to Centra Gas Manitoba Inc. ("Centra") to supply and distribute natural gas to the RM.

WHEREAS; the RM entered into a franchise agreement with Inter-City Gas Utilities Ltd. On November 10, 1970, pursuant to By-law 658 for the supply of natural gas to the RM (the "Agreement");

AND WHEREAS By-law No. 658 of the RM authorizing the Agreement was approved by the Public Utilities Board (the "PUB") by Order No. 117/70;

AND WHEREAS Centra Gas Manitoba Inc. is the successor company to Inter-City Gas utilities Ltd.;

AND WHEREAS over the years several customers have been added to the Company's distribution system located outside the franchise area defined in the Agreement;

AND WHEREAS the PUB approved a new form of generic franchise agreement (2011 Generic Franchise Agreement) by Order 159/11 dated November 16, 2011;

AND WHEREAS Section 232(1)(1) of The Municipal Act provides that a Council may pass by-laws for municipal purposes respecting public utilities.

AND WHEREAS Section 250(2)(d) and 253 (1) of The Municipal Act provides that a municipality may for municipal purposes:

- (c) acquire, establish, maintain and operate services, facilities and utilities; and
- (d) enter into agreements with another party to do on behalf of the municipality anything the municipality has the power to do within the municipality.

AND WHEREAS the RM has agreed that it is in its interest to grant Centra a franchise to supply and distribute natural gas to the RM;

AND WHEREAS it is deemed expedient and in the public interest that the RM enter into a new franchise agreement in the form of the 2011 Generic Franchise Agreement ("Franchise Agreement") with Centra to supply and distribute natural gas to the RM pursuant to said Section 250(2);

NOW THEREFORE the Council of the RM in regular session assembled enacts as follows:

1. That the RM enter into a Franchise Agreement, in the form attached hereto as Schedule "A" to this By-Law, with Centra for the purpose of granting a franchise to supply natural gas to all of Sections 1 through 36 inclusive, Township 14, Range 16 WPM, Sections 3 through 10 inclusive, Sections 15 through 23 inclusive, Sections 26, and 35, Township 14, Range 15 WPM, Sections 3, 4, 9, 10, 15, 16, 21, 22, 27, 28, 33, and 34, Township 13, Range 15 WPM of the RM.
2. That the Reeve and Chief Administrative Officer of the RM shall be authorized to execute said Franchise Agreement with Centra, in the form attached hereto as Schedule "A" to this By-Law, on behalf of the RM.
3. That this By-Law shall, after being read a first time by the Council be submitted to or receive the authorization or approval of The Public Utilities Board of Manitoba.

- 4. That Centra be authorized to represent the RM in applying to The Public Utilities Board of Manitoba for approval of the Franchise Agreement.
- 5. That this By-Law shall not take effect until it has received approval of The Public Utilities Board of Manitoba and third reading.
- 6. That By-Law 658 be and the same is hereby repealed.

DONE AND PASSED by the Council of the Rural Municipality of Langford, in Manitoba, in regular session assembled this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
REEVE

\_\_\_\_\_  
CHIEF ADMINISTRATIVE OFFICER

Read a first time this 13<sup>th</sup> day of March, 2012.

Read a second time this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Read a third time this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

**MEMORANDUM OF AGREEMENT** made this \_\_\_\_ day of \_\_\_\_\_, 2012.

BETWEEN:

**THE RURAL MUNICIPALITY OF LANGFORD,**  
(hereinafter called the “Municipality”),

- and –

**CENTRA GAS MANITOBA INC.,**  
(hereinafter called the “Company”).

**WHEREAS** the Municipality entered into a franchise agreement with Inter-City Gas Utilities Ltd. On November 10, 1970, pursuant to By-law 658 for the supply of natural gas to the Municipality (the “Agreement”);

**AND WHEREAS** By-law No. 658 of the Municipality authorizing the Agreement was approved by the Public Utilities Board (the “PUB”) by Order No. 117/70;

**AND WHEREAS** Centra Gas Manitoba Inc. is the successor company to Inter-City Gas utilities Ltd.;

**AND WHEREAS** Over the years several customers have been added to the Company’s distribution system located outside the franchise area defined in the Agreement;

**AND WHEREAS** it is agreed between the Municipality and the Company to enter into a new franchise agreement (Franchise Agreement) with Centra to supply and distribute natural gas to those portions of the Municipality and its inhabitants in the Rural Municipality of Langford, and as set out in the map attached as Appendix 1, hereto (the “Territory”) to replace all existing Franchise and Crossing agreements;

**AND WHEREAS** by by-law duly passed by the Council of the Municipality (the "By-law"), the Reeve and the Chief Administrative Officer (CAO) have been authorized and directed to execute this Agreement on behalf of the Municipality;

**NOW THEREFORE** pursuant to the premises and in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Company to the Municipality (the receipt of which is hereby acknowledged), and in further consideration of the mutual covenants hereinafter set forth it is mutually covenanted and agreed by the parties as follows:

1. Subject to compliance with the provisions of *The Municipal Act* (Manitoba), *The Public Utilities Board Act* (Manitoba) and *The Gas Pipe Line Act* (Manitoba), the Municipality hereby grants to the Company, its successors and assigns, subject to the terms, conditions and provisions herein contained, the sole and exclusive franchise to distribute natural gas to all of Sections 1 through 36 inclusive, Township 14, Range 16 WPM, Sections 3 through 10 inclusive, Sections 15 through 23 inclusive, Sections 26, and 35, Township 14, Range 15 WPM, Sections 3, 4, 9, 10, 15, 16, 21, 22, 27, 28, 33, and 34, Township 13, Range 15 WPM of the RM and its inhabitants in the Territory, for a term of thirty (30) years from the date hereof. The Municipality further grants to the Company the full power, right, licence and liberty to enter upon property of the Municipality and to break the surface and make the necessary excavations to lay down, take up, relay, connect, disconnect, repair, remove, maintain, replace and operate a gas distribution system and any and all necessary or convenient mains, pipes, services, and all other equipment and appliances as the Company may deem desirable for the supply, transmission and distribution of gas (collectively the "Gas Distribution System") in, upon, over, across, under and along the public highways, streets, roads, bridges, walkways, sidewalks, road allowances, squares, lanes, alleys, ditches, drainage systems and other public places (collectively the "Highways") within the boundaries of the Municipality as the same may from time to time exist, as may be necessary for the purpose of transporting, supplying, and delivering natural gas to the consumers thereof.



2.(1) Subject to the provisions hereof, the Company agrees that during the term of this Agreement, it will install and maintain an adequate natural gas distribution system within the Territory and will provide such quantities of natural gas as will meet the requirements of the inhabitants, businesses and industries located in the Territory.

2.(2) The Company agrees that with respect to any portion of the Territory which the Company does not supply natural gas to, in the event the Municipality, acting reasonably, requests the Company to supply natural gas upon the same terms and conditions as provided in this Agreement, the Company will work together with the Municipality with a view of developing a viable business model in relation to that portion of the Territory. All such extensions for service shall be subject to the Company's feasibility test as approved by The Public Utilities Board of Manitoba (the Board) from time to time. The Company further agrees that if the Company is unable to develop a viable business model with the Municipality, the Company shall relinquish that portion of the Territory from the franchise previously granted if asked to do so by the Municipality.

2.(3) For the purpose of implementing a distribution system expansion for the attachment of new customers pursuant to clause 2(1), the Company shall, whenever a request is made for gas service by any inhabitant or industry of the Municipality in a location not served by the existing system of the Company, comply with the request provided the request meets criteria filed with and approved by the Board for expansion of the distribution system and does not unduly affect customers on the existing system. Such criteria may include but not be limited to estimates of customers, sales, volumes, revenues, costs, and return on investment, the effect upon existing customers and any customer contribution in aid of construction. The criteria shall be reviewed by the Board from time to time as the Board deems necessary or as may be requested by the Company.

2.(4) The Company shall not be bound to construct or extend its mains or provide natural gas or gas service if the Company is, for any reason, unable to obtain delivery of

natural gas at or near the limits of the Territory, or an adequate supply thereof to warrant the construction or extension of its mains for the provision of natural gas.

2.(5) In the event the amount of natural gas supplied to the Company at or near the limits of the Territory is insufficient to meet the requirements of connected customers, the Company shall have the right to prescribe reasonable rules and regulations for allocating the available supply of natural gas to domestic, commercial and industrial customers in that order of priority. The allocation of natural gas shall also be subject to the provisions of *The Gas Allocation Act* (Manitoba) and Regulations thereto and any orders made pursuant to *The Emergency Measures Act* (Manitoba).

2.(6) In the event that either of the conditions referred to in subsections (4) and (5) occur or are likely to occur, the Company will advise the Municipality thereof as soon as the conditions become apparent to the Company.

3.(1). Prior to the installation of any part of the Gas Distribution System, the Company shall file plans with the municipal engineer, which shall mean a professional engineer employed directly or indirectly by the Municipality or such other person as may be designated by the council of the Municipality to carry out the functions and duties of the Municipal Engineer as herein described ("Municipal Engineer"), showing the location, depth and size of all mains, pipes or conduits and any other equipment or structures (but not including geodetic information) intended to be installed or constructed and shall comply with all by-laws of the Municipality relating to the construction of such works. The Municipality, by its Municipal Engineer, shall approve the plans as to the location of the Gas Distribution System and any changes thereto arising in course of construction within the Municipality, which approval shall not be unreasonably withheld or unduly delayed. The Gas Distribution System shall be placed in such locations as agreed by the Municipal Engineer and the Company in boulevards and under other unpaved surfaces rather than in streets when reasonably practicable and where the cost of installation and maintenance will not be unreasonably high.

3.(2) The Company shall supply to the Municipality plans showing the location of its Gas Distribution System within the Municipality on an as-built basis, as requested by the Municipality, but in no event shall such plans be provided more than twice in any 12-month period. Such plans shall be provided either on paper or in a mutually agreeable format. All of the conditions for the supply of as-builts are to be mutually agreed upon.

3.(3) The pipe, materials and other equipment to be used in the distribution system shall be of the kinds and qualities satisfactory to the Board, and shall be in compliance with *The Gas Pipe Line Act (Manitoba)* and the regulations thereunder.

4. Unless another process is established through municipal bylaw, the Company shall give notice to the CAO or designate of the Municipality, of its intention to open or break up any of the Highways of the Municipality not less than seven (7) days before the beginning of such work, except in cases of emergency arising from defects or breaking of the pipe or other works, when immediate notice shall suffice; and, subject to the same exception and as otherwise provided in this Agreement, the Company shall not begin any such work unless it has obtained approval therefore in writing from the Municipal Engineer.

5. The Company agrees:

- (a) in the execution of the rights and powers granted hereby and in the performance of the work in connection therewith, it shall do as little damage as possible and shall keep passage of the Highways as far as may be practicable free and uninterrupted;
- (b) it shall not interfere with, disturb or damage any existing pipes or lines of other utilities, unless the express consent of such other utilities is first had and received;

- (c) it shall, within a reasonable time after any construction work, restore the Highways and other areas where construction has occurred to a state of repair as nearly as possible equal to their former state, unless another process is established by municipal bylaw. Within thirty (30) days of completion of the restoration work the Company shall give notice in writing to the Municipal Engineer that the work and restoration have been completed and inspected. The Municipal Engineer acting reasonably shall advise the Company in writing of any deficiencies in connection with the construction work or restoration. If the Municipality fails to provide such advice within six (6) months of the Company's notice to the Municipality and unless an extension of time has been mutually agreed, the Municipality will be deemed to have accepted the restoration work;
- (d) in the execution of the power granted hereby, it shall construct, locate and operate its Gas Distribution System in such manner as will not endanger the public health or safety;
- (e) any pipe line found not in accordance with the depth of cover requirements established by the Board pursuant to *The Gas Pipe Line Act* (Manitoba) as a result of improper installation shall be lowered, relocated or suitably protected by, and at the expense of the Company;
- (f) all costs in connection with the removal or relocation of any part of the Gas Distribution System, including the cost of repairs to any Highways, shall be the Company's responsibility except where such removal or relocation is required by the Municipality; and,
- (g) notwithstanding paragraph (f) above, where the removal or relocation of any part of the Gas Distribution System is required by the Municipality, the costs

and expenses incurred in the removal and replacement or the relocation shall be as follows:

(i) the Municipality shall pay to the Company an amount equal to the cost of labour and material required in the original construction of that part of the Gas Distribution System that the Municipality requests to be relocated, less depreciation and the value of any material salvaged; and

(ii) the Company shall bear the entire cost of constructing the required Gas Distribution System infrastructure in the new location.

6.(1) The Company shall protect and indemnify the Municipality against any damages or expenses in connection with the execution of the powers granted hereby and under *The Gas Pipe Line Act* (Manitoba), and from and against all claims, demands, and actions by third persons in respect of damages sustained by reason of any operations of the Company and in relation to its distribution system.

6.(2) The Company shall satisfy the Board that it has in place at all times liability insurance coverage sufficient to satisfy any potential claim, demand or action against the Company or the Municipality for such damages.

7.(1) Before the Municipality makes any repairs of, or alterations to, any of its public services which will involve excavations or which may in any way affect any of the Company's lines plant or equipment, the Municipality shall give notice as set forth in the regulations in effect at that time and made pursuant to *The Gas Pipe Line Act* (Manitoba).

7.(2) Where practicable, the Municipality shall have regard to the reasonable directions of the Company concerning any such repairs and alterations, but, in any event, the Municipality is free of all liability in connection with any damage done by reason of any such repairs or alterations.

8. Natural gas shall be supplied to customers in the Territory at the rates and on the terms and conditions approved or fixed from time to time by the Board or other regulatory authority having jurisdiction.

9. This Agreement shall not prevent the sale or delivery within the Territory by any other person, firm or corporation of liquefied petroleum gas, propane or other product delivered in tanks or containers and not transmitted by pipeline.

10. Subject to any applicable legislation now or hereafter enacted in that regard, the Company shall pay to the Municipality any taxes that may be legally and properly levied by the Municipality against the Company.

11. The Company shall maintain in force during the currency hereof, a policy of insurance provided by an insurance company licensed to do business in the Province of Manitoba, insuring against public liability and property damage in connection with the operations of the Gas Distribution System within the Territory.

12. The Municipality agrees that it will not, for a period of thirty (30) years or longer, if this Agreement is renewed in accordance with the provision of paragraph 13 hereof, grant to any other person, firm or corporation the right to deliver natural gas within the franchise area of the Municipality or to erect or maintain a Gas Distribution System in, upon, over, across, under, or along its Highways within the franchise area for the purpose of supplying and distributing natural gas.

13.(1) It is further agreed that at the expiration of the term hereof and at the expiration of each renewal hereof, the Municipality may, after giving one (1) year's written notice prior to the date of the termination of this Agreement or of any renewal hereof, at its option (to be expressed by by-law of the Municipality), elect to purchase that portion of the Gas Distribution System with respect to its operations within the Municipality that is used

exclusively for the distribution of natural gas in the Territory, pursuant to this Agreement, but not any portion of the Gas Distribution System that is used for transmission of natural gas through the Municipality, for such price and on such terms as may be agreed upon between the parties hereto, or failing such agreement then at such price and on such terms including that portion of the Gas Distribution System the Municipality is entitled to purchase as may be fixed and settled by the Board, or if the Board shall refuse to so fix and settle the price then the said price and terms shall be such as may be fixed and determined by arbitration under the provisions of *The Arbitration Act* (Manitoba) and each of the parties shall appoint an arbitrator and the arbitrators so appointed shall appoint a third arbitrator to act as chairman who shall be versed in this special branch of engineering economics, and in the event the arbitrators appointed by each party are unable to appoint a third arbitrator, the third arbitrator shall be appointed by the Chief Justice of the Court of Queen's Bench of the Province of Manitoba. The decision of the Board or of a majority of the said arbitrators shall be binding upon the parties in arriving at the price. The Board or the said arbitrators shall make allowance for severance of the property and operation from other properties and operations of the Company in Manitoba.

In the event of such purchase, the Company and the Municipality will enter into an agreement respecting the use of and payment for such use by the Municipality of Company-owned facilities which are not being purchased hereunder and for the sale of natural gas to the Municipality for resale by the Municipality to the inhabitants of the Municipality, at such rates as may be agreed upon between the Company and the Municipality and approved by the Board. If the Municipality does not notify the Company in writing of its intention to purchase the property of the Company as aforesaid at least one (1) year before the expiration of this Agreement or any renewal thereof, this Agreement will be deemed to be automatically renewed for an additional term of ten (10) years, and at the end of the said ten (10) year renewal term, the said Agreement will be further automatically extended in absence of notice aforesaid for additional terms of ten (10) years from time to time. Provided further that at the time of any such renewal, changes in the terms of this Agreement may be made at the request of either party with the approval of the other, and in the absence of such approval such changes may be

made by reference to, under the authority of, and with the approval of the Board. Notwithstanding anything contained elsewhere in this Agreement, it is understood and agreed that if the Municipality exercises its option to purchase the property of the Company with respect to its distribution operations within the area designated in this Agreement, such exercise shall not affect the right of the Company to continue to operate its transmission facilities in such area for so long as the same may be required by the Company.

13.(2) The Company agrees that it shall provide written notice to the Municipality at least two (2) years prior to the expiration of the term hereof and of each renewal hereof, of the Municipality's election as set forth in paragraph 13.(1) hereof.

14. Notwithstanding any other term or condition contained herein, neither party shall be liable to the other for failure to carry out its obligations hereunder when such failure is caused by force majeure as hereinafter defined. The term force majeure means civil disturbances, industrial disturbances (including strikes and lock-outs), interruptions by government or Court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, failure or inability to secure materials, permits or labourers by reason of priority regulations or orders of government, landslides, lightning, earthquakes, fires, storms, floods, wash-outs, explosions, breakage or accident to machinery or the Gas Distribution System, temporary or permanent failure of gas supply, an act or omission (including failure to deliver gas) reducing supply of gas to the Company's supplier, or any other causes or circumstances to the extent such cause or circumstances was beyond the control of the party prevented from carrying out its obligations by the act of force majeure.

15. Subject to the provisions of *The Public Utilities Board Act* (Manitoba), the Company shall not without the consent of the Municipality, such consent not to be unreasonably withheld, assign this Agreement or the rights, franchises, powers and privileges granted hereby or any of them; provided however the Company may assign this Agreement to any corporation with which the Company may then be associated or



affiliated, as those terms are used in *The Corporations Act* (Manitoba) and the *Income Tax Act* (Canada).

16. This Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.

17. This Agreement is subject to the approval of the Manitoba Public Utilities Board.

18. Upon execution of this agreement following receipt of approval from the Public Utilities Board and the By-law being passed the Franchise Agreement and the crossing Agreement referred to herein shall cease to be of any force or effect.

**IN WITNESS WHEREOF** the parties have duly executed this Agreement as of the day and year first above written.

**RURAL MUNICIPALITY OF LANGFORD**

Per: \_\_\_\_\_  
Reeve

Per: \_\_\_\_\_  
Chief Administrative Officer

**CENTRA GAS MANITOBA INC.**

Per: \_\_\_\_\_  
Authorized Signing Officer

Per: \_\_\_\_\_  
Authorized Signing Officer



Existing Franchise Area



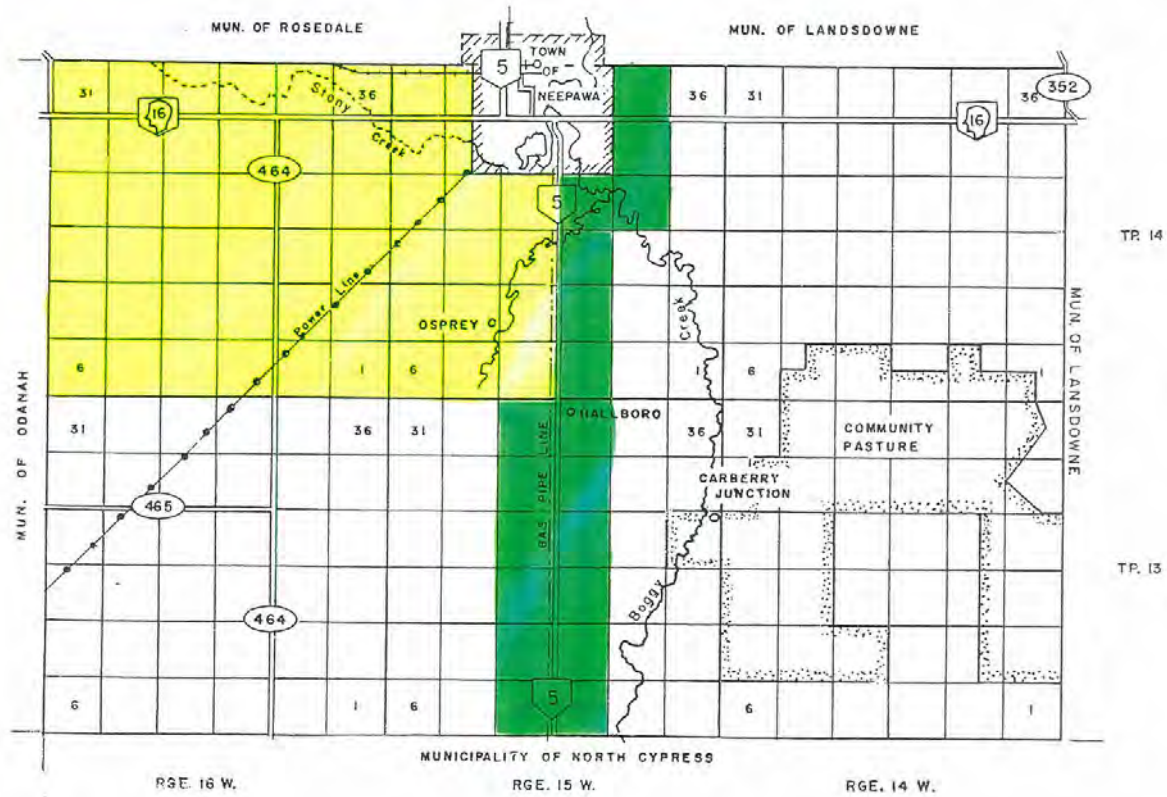
Proposed Franchise Area

REVISED: JUNE 1980  
SEPT. 1987  
JAN. 1992

# MUN OF LANGFORD

PROVINCE OF MANITOBA  
HIGHWAYS DEPARTMENT  
DESIGN OFFICE  
WINNIPEG, OCTOBER 1969

SCALE: 1 inch = 3 Miles



PROVINCIAL ROADS ——— (465) ——— PROVINCIAL TRUNK HIGHWAYS ——— (4) ——— RAILWAYS ———






MAP REVISED:-

# R.M. OF SHELLMOUTH-BOULTON






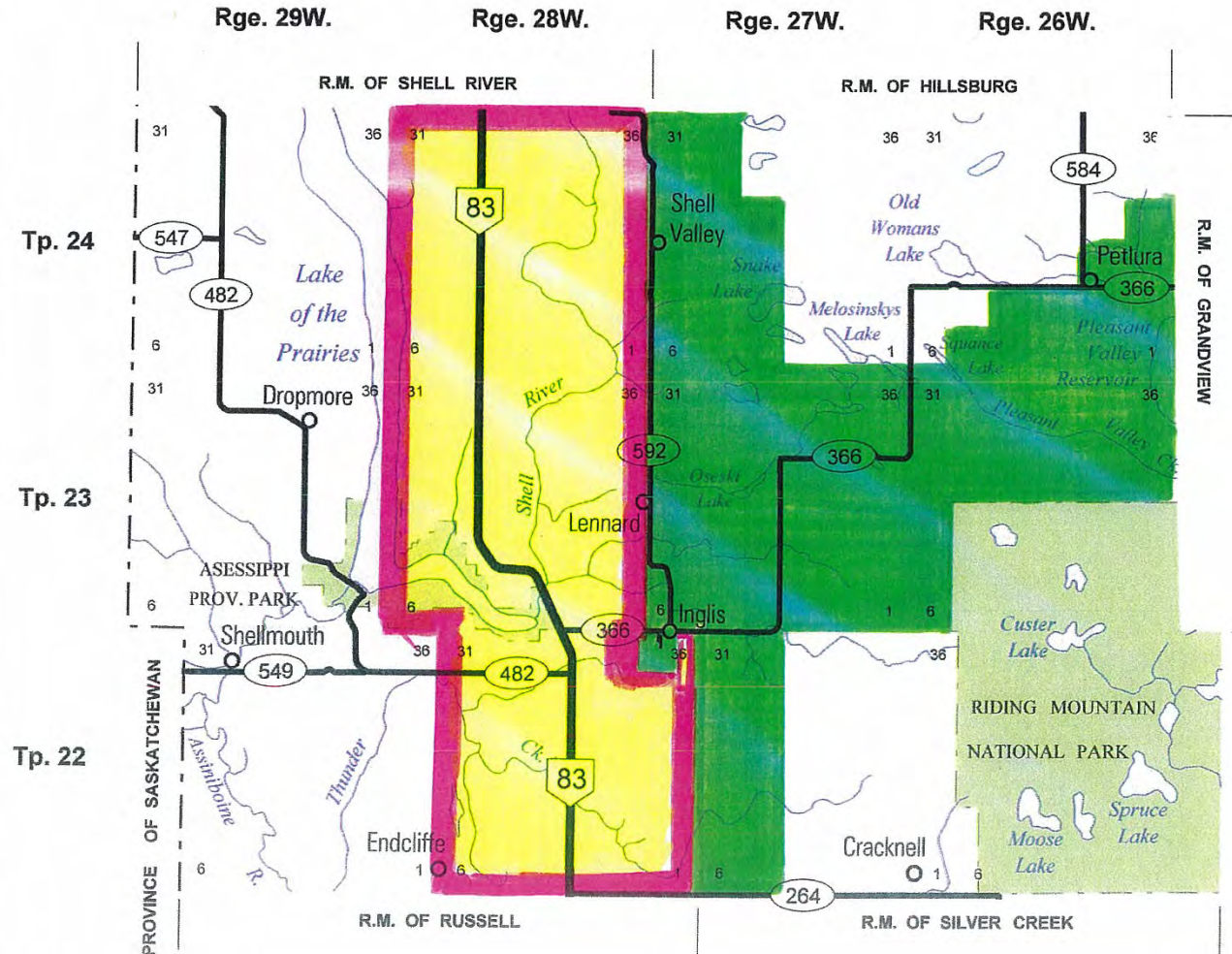
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SCALE IN KILOMETRES

MANITOBA  
TRANSPORTATION AND GOVERNMENT SERVICES  
HIGHWAY PLANNING AND DESIGN BRANCH  
DRAFTING SECTION  
WINNIPEG  
NOVEMBER, 2001

-  Existing Franchise Area
-  Existing Crossing Area
-  Proposed Additional Franchise Area

### LEGEND

- PROVINCIAL TRUNK HIGHWAYS ..... 
- PROVINCIAL ROADS ..... 
- ACCESS ROADS ..... 



**RURAL MUNICIPALITY OF SHELLMOUTH-BOULTON  
BY-LAW NO. 1205**

BEING A By-Law of the Rural Municipality of Shellmouth-Boulton (the "Municipality"), in Manitoba, to authorize the granting of a franchise to Centra Gas Manitoba Inc. ("Centra") for supplying and delivering natural gas to the portion of the Municipality including: all of Sections 6, 7, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, and 36, Township 23, Range 26 WPM; Sections 1, 2, 3, 4, 5, 9, 10, 11, 12, 13, 14 and 24, Township 24, Range 26 WPM; Sections 5, 6, 7, 8, 17, 18, 19, 20, 29, 30, 31, and 32, Township 22, Range 27 WPM; Sections 1 through 36 inclusive, Township 23, Range 27 WPM; Sections 4, 5, 6, 7, 8, 9, 16, 17, 18, 19, 20, 21, 29, 30, 31 and 32, Township 24, Range 27 WPM; Sections 1 through 36 inclusive, Township 22, Range 28 WPM; Sections 1 through 36 inclusive, Township 23; Range 28 WPM, and Sections 1 through 36 inclusive, Township 24, Range 28 WPM (hereinafter referred to as the "Territory").

WHEREAS the former Rural Municipality of Boulton entered into a franchise agreement with Inter-City Gas Utilities Ltd. dated August 12, 1965 pursuant to By-Law No. 375 for the supply of natural gas to: all of Sections 6, 7, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, and 36, Township 23, Range 26 WPM; Sections 1, 2, 3, 4, 5, 9, 10, 11, 12, 13, 14 and 24, Township 24, Range 26 WPM; Sections 5, 6, 7, 8, 17, 18, 19, 20, 29, 30, 31, and 32, Township 22, Range 27 WPM; Sections 1 through 36 inclusive, Township 23, Range 27 WPM; Sections 4, 5, 6, 7, 8, 9, 16, 17, 18, 19, 20, 21, 29, 30, 31 and 32, Township 24, Range 27 WPM;

AND WHEREAS By-Law No. 375 of the Rural Municipality of Boulton authorizing the Agreement was approved by the Public Utilities Board (the "PUB") by Order No. 117/65;

AND WHEREAS the former Rural Municipality of Shellmouth entered into a franchise agreement with Inter-City Gas Utilities Ltd, Dated October 8, 1965 pursuant to By-Law No. 914, for the supply of natural gas to the east half of Section 35, the west half of Section 36, Township 22, Range 28;

AND WHEREAS By-Law 914 of the Rural Municipality of Shellmouth authorizing the Agreement was approved by the PUB by Order No. 116/65;

AND WHEREAS the former Rural Municipality of Shellmouth entered into a crossing agreement with Inter-City Gas Utilities Ltd. dated June 11, 1964 pursuant to By-Law No. 911 which granted the right to lay pipeline across the highways and lands of the Rural Municipality of Shellmouth within Wards 1 and 4 (all of Sections 1 through 36 inclusive, Township 22, Range 28 WPM; all of Sections 1 through 36 inclusive, Township 23; Range 28 WPM; and all of Sections 1 through 36 inclusive, Townships 24, Range 28 WPM) for the purposes of operating a natural gas pipeline in the RM;

AND WHEREAS By-Law No. 911 of the Rural Municipality of Shellmouth authorizing the entering into of the crossing agreement was approved by the PUB by Order No. 122/65;

AND WHEREAS parties agreed to renew the crossing agreement for a period of ten years ending June 11, 1994;

AND WHEREAS through inadvertence the crossing agreement was not renewed although the parties have carried on their respective rights, responsibilities and liabilities as if under the provisions of the Agreement;

AND WHEREAS Centra Gas (Manitoba) Inc. is the successor company to Inter-City Gas Utilities Ltd;

AND WHEREAS the Rural Municipality of Boulton and the Rural Municipality of Shellmouth amalgamated on January 1, 1999, forming the Rural Municipality of Shellmouth-Boulton;

AND WHEREAS the PUB approved a new form of generic franchise agreement by Order 151/11 (2011 Generic Franchise Agreement);

AND WHEREAS Section 232(1)(1) of The Municipal Act provides that a Council may pass by-laws for municipal purposes respecting public utilities;

AND WHEREAS Section 250(2)(d) and 253(1) of The Municipal Act provides that a municipality may for municipal purposes:

- (c) acquire, establish, maintain and operate services, facilities and utilities; and
- (d) enter into agreements with another party to do on behalf of the municipality anything the municipality has the power to do within the municipality.

AND WHEREAS it is deemed expedient and in the public interest for the Municipality enter into a new franchise agreement (Franchise Agreement) with Centra to supply and distribute natural gas to the Territory pursuant to said Section 250(2) in the form of the 2011 Generic Franchise Agreement to replace all existing Franchise and Crossing agreements;

NOW THEREFORE the Council of the Municipality in regular session assembled enacts as follows:

1. That the RM enter into a Franchise Agreement, in the form attached hereto as Schedule "A" to this by-Law, with Centra for the purpose of granting a franchise to supply natural gas to: all of Sections 6, 7, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, and 36, Township 23, Range 26 WPM; Sections 1, 2, 3, 4, 5, 9, 10, 11, 12, 13, 14 and 24, Township 24, Range 26 WPM; Sections 5, 6, 7, 8, 17, 18, 19, 20, 29, 30, 31 and 32, Township 22, Range 27 WPM; Sections 1 through 36 inclusive, Township 23, Range 27 WPM; Sections 4, 5, 6, 7, 8, 9, 16, 17, 18, 19, 20, 21, 29, 30, 31 and 32, Township 24, Range 27 WPM; Sections 1 through 36 inclusive, Township 22, Range 28 WPM; Sections 1 through 36 inclusive, Township 23, Range 28 WPM, and Sections 1 through 36 inclusive, Township 24, Range 28 WPM.
2. That the Reeve and Chief Administrative Officer of the Municipality shall be authorized to execute said Franchise Agreement with Centra, in the form attached hereto as Schedule "A" to this By-Law, on behalf of the RM.
3. That this By-Law shall, after being read a first time by the Council be submitted to or receive the authorization or approval of The Public Utilities Board of Manitoba.
4. That Centra be authorized to represent the Municipality in applying to The Public Utilities Board of Manitoba for approval of the Franchise Agreement.
5. That this By-Law shall supersede all previous by-Laws granting natural gas franchises and crossing agreement in the Municipality.
6. That this By-Law shall not take effect until it has received approval of The Public Utilities Board of Manitoba and third reading.

DONE AND PASSED in Council of the Rural Municipality of Shellmouth-Boulton, in Inglis, Manitoba, in regular session this \_\_\_\_\_ day of \_\_\_\_\_ AD, 2012.

\_\_\_\_\_  
Reeve

\_\_\_\_\_  
Chief Administrator Officer

Read a first time this 14 day of March AD, 2012

Read a second time this \_\_\_\_\_ day of \_\_\_\_\_ AD, 2012

Read a third time this \_\_\_\_\_ day of \_\_\_\_\_ AD, 2012



**MEMORANDUM OF AGREEMENT** made this \_\_\_\_ day of \_\_\_\_\_, 2012.

BETWEEN:

**THE RURAL MUNICIPALITY OF SHELLMOUTH-BOULTON,**

(hereinafter called the "Municipality"),

- and -

**CENTRA GAS MANITOBA INC.,**

(hereinafter called the "Company").

**WHEREAS** the former Rural Municipality of Boulton entered into a franchise agreement with Inter-City Gas Utilities Ltd. dated August 12, 1965 pursuant to By-law No. 375 for the supply of natural gas to: all of Sections 6, 7, 18, 19, 20, 21, 22, 23, 24, 24, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, and 36, Township 23, Range 26 WPM; all of Sections 1, 2, 3, 4, 5, 9, 10, 11, 12, 13, 14 and 24, Township 24, Range 26 WPM; all of Sections 5, 6, 7, 8, 17, 18, 19, 20, 29, 30, 31 and 32, Township 22, Range 27 WPM; all of Sections 1 through 36 inclusive, Township 23, 27 WPM; and all of Sections 4, 5, 6, 7, 8, 9, 16, 17, 18, 19, 20, 21, 29, 30, 31 and 32, Township 24, Range 27 WPM.

**AND WHEREAS** By-law No. 375 of the Rural Municipality of Boulton authorizing the Agreement was approved by the Public Utilities Board (the "PUB") by Order No. 117/65;

**AND WHEREAS** the former Rural Municipality of Shellmouth entered into a franchise agreement with Inter-City Gas Utilities Ltd. Dated October 8, 1965 pursuant to By-law No. 914, for the supply of natural gas to the east half of Section 35, the west half of Section 36 Township 22, Range 28;

**AND WHEREAS** By-law No. 914 of the Rural Municipality of Shellmouth authorizing the Agreement was approved by the PUB by Order No. 116/65;

**AND WHEREAS** the former Rural Municipality of Shellmouth entered into a crossing agreement with Inter-City Gas Utilities Ltd. dated June 11, 1964 pursuant to By-law No. 911 which granted the right to lay pipeline across the highways and lands of the Rural Municipality of Shellmouth within Wards 1 and 4 (all of Sections 1 through 36 inclusive Township 22, Range 28 WPM; all of Sections 1 through 36 inclusive, Township 23; Range 28 WPM; and all of Sections 1 through 36 inclusive, Townships 24, Range 28 WPM) for the purposes of operating a natural gas pipeline in the RM;

**AND WHEREAS** By-law No. 911 of the Rural Municipality of Shellmouth authorizing the entering into of the crossing agreement was approved by the PUB by Order No. 122/65;

**AND WHEREAS** the parties agreed to renew the crossing agreement for a period of ten years ending June 11, 1994;

**AND WHEREAS** through inadvertence the crossing agreement was not renewed although the parties have carried on their respective rights, responsibilities and liabilities as if under the provisions of the Agreement;

**AND WHEREAS** Centra Gas (Manitoba) Inc. is the successor company to Inter-City Gas Utilities Ltd.;

**AND WHEREAS** the Rural Municipality of Boulton and the Rural Municipality of Shellmouth amalgamated on January 1, 1999, forming the Rural Municipality of Shellmouth-Boulton;

**AND WHEREAS** the Public Utilities Board approved a new form of generic franchise agreement by Order 159/11 dated November 16, 2011;

**AND WHEREAS** it is deemed expedient and in the public interest for the Municipality enter into a new franchise agreement for obtaining a supply of natural gas for certain

portions of the Municipality and the inhabitants to replace all existing franchise and crossing agreements;

**AND WHEREAS** it is agreed between the Municipality and the Company to enter into a new franchise agreement (Franchise Agreement) with Centra to supply and distribute natural gas to those portions of the Municipality and its inhabitants in the Rural Municipality of Shellmouth-Boulton, and as set out in the map attached as Appendix 1, hereto (the "Territory") to replace all existing Franchise and Crossing agreements;

**AND WHEREAS** by by-law duly passed by the Council of the Municipality (the "By-law"), the Reeve and the Chief Administrative Officer (CAO) have been authorized and directed to execute this Agreement on behalf of the Municipality;

**NOW THEREFORE** pursuant to the premises and in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Company to the Municipality (the receipt of which is hereby acknowledged), and in further consideration of the mutual covenants hereinafter set forth it is mutually covenanted and agreed by the parties as follows:

1. Subject to compliance with the provisions of *The Municipal Act* (Manitoba), *The Public Utilities Board Act* (Manitoba) and *The Gas Pipe Line Act* (Manitoba), the Municipality hereby grants to the Company, its successors and assigns, subject to the terms, conditions and provisions herein contained, the sole and exclusive franchise to distribute natural gas to: Sections 6, 7, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, and 36, Township 23, Range 26 WPM; Sections 1, 2, 3, 4, 5, 9, 10, 11, 12, 13, 14 and 24, Township 24, Range 26 WPM; Sections 5, 6, 7, 8, 17, 18, 19, 20, 29, 30, 31 and 32, Township 22, Range 27 WPM; Sections 1 through 36 inclusive, Township 23, Range 27 WPM; Sections 4, 5, 6, 7, 8, 9, 16, 17, 18, 19, 20, 21, 29, 30, 31 and 32, Township 24, Range 27 WPM; Sections 1 through 36 inclusive, Township 22, Range 28 WPM; Sections 1 through 36 inclusive, Township 23; Range 28 WPM, and Sections 1 through 36 inclusive, Townships 24, Range 28 WPM, and the inhabitants in the



Territory, for a term of thirty (30) years from the date hereof. The Municipality further grants to the Company the full power, right, licence and liberty to enter upon property of the Municipality and to break the surface and make the necessary excavations to lay down, take up, relay, connect, disconnect, repair, remove, maintain, replace and operate a gas distribution system and any and all necessary or convenient mains, pipes, services, and all other equipment and appliances as the Company may deem desirable for the supply, transmission and distribution of gas (collectively the "Gas Distribution System") in, upon, over, across, under and along the public highways, streets, roads, bridges, walkways, sidewalks, road allowances, squares, lanes, alleys, ditches, drainage systems and other public places (collectively the "Highways") within the boundaries of the Municipality as the same may from time to time exist, as may be necessary for the purpose of transporting, supplying, and delivering natural gas to the consumers thereof.

2.(1) Subject to the provisions hereof, the Company agrees that during the term of this Agreement, it will install and maintain an adequate natural gas distribution system within the Territory and will provide such quantities of natural gas as will meet the requirements of the inhabitants, businesses and industries located in the Territory.

2.(2) The Company agrees that with respect to any portion of the Territory which the Company does not supply natural gas to, in the event the Municipality, acting reasonably, requests the Company to supply natural gas upon the same terms and conditions as provided in this Agreement, the Company will work together with the Municipality with a view of developing a viable business model in relation to that portion of the Territory. All such extensions for service shall be subject to the Company's feasibility test as approved by The Public Utilities Board of Manitoba (the Board) from time to time. The Company further agrees that if the Company is unable to develop a viable business model with the Municipality, the Company shall relinquish that portion of the Territory from the franchise previously granted if asked to do so by the Municipality.

2.(3) For the purpose of implementing a distribution system expansion for the attachment of new customers pursuant to clause 2(1), the Company shall, whenever a request is made for gas service by any inhabitant or industry of the Municipality in a location not served by the existing system of the Company, comply with the request provided the request meets criteria filed with and approved by the Board for expansion of the distribution system and does not unduly affect customers on the existing system. Such criteria may include but not be limited to estimates of customers, sales, volumes, revenues, costs, and return on investment, the effect upon existing customers and any customer contribution in aid of construction. The criteria shall be reviewed by the Board from time to time as the Board deems necessary or as may be requested by the Company.

2.(4) The Company shall not be bound to construct or extend its mains or provide natural gas or gas service if the Company is, for any reason, unable to obtain delivery of natural gas at or near the limits of the Territory, or an adequate supply thereof to warrant the construction or extension of its mains for the provision of natural gas.

2.(5) In the event the amount of natural gas supplied to the Company at or near the limits of the Territory is insufficient to meet the requirements of connected customers, the Company shall have the right to prescribe reasonable rules and regulations for allocating the available supply of natural gas to domestic, commercial and industrial customers in that order of priority. The allocation of natural gas shall also be subject to the provisions of *The Gas Allocation Act* (Manitoba) and Regulations thereto and any orders made pursuant to *The Emergency Measures Act* (Manitoba).

2.(6) In the event that either of the conditions referred to in subsections (4) and (5) occur or are likely to occur, the Company will advise the Municipality thereof as soon as the conditions become apparent to the Company.

3.(1). Prior to the installation of any part of the Gas Distribution System, the Company shall file plans with the municipal engineer, which shall mean a professional engineer employed directly or indirectly by the Municipality or such other person as may be designated by the council of the Municipality to carry out the functions and duties of the Municipal Engineer as herein described ("Municipal Engineer"), showing the location, depth and size of all mains, pipes or conduits and any other equipment or structures (but not including geodetic information) intended to be installed or constructed and shall comply with all by-laws of the Municipality relating to the construction of such works. The Municipality, by its Municipal Engineer, shall approve the plans as to the location of the Gas Distribution System and any changes thereto arising in course of construction within the Municipality, which approval shall not be unreasonably withheld or unduly delayed. The Gas Distribution System shall be placed in such locations as agreed by the Municipal Engineer and the Company in boulevards and under other unpaved surfaces rather than in streets when reasonably practicable and where the cost of installation and maintenance will not be unreasonably high.

3.(2) The Company shall supply to the Municipality plans showing the location of its Gas Distribution System within the Municipality on an as-built basis, as requested by the Municipality, but in no event shall such plans be provided more than twice in any 12-month period. Such plans shall be provided either on paper or in a mutually agreeable format. All of the conditions for the supply of as-builts are to be mutually agreed upon.

3.(3) The pipe, materials and other equipment to be used in the distribution system shall be of the kinds and qualities satisfactory to the Board, and shall be in compliance with *The Gas Pipe Line Act (Manitoba)* and the regulations thereunder.

4. Unless another process is established through municipal bylaw, the Company shall give notice to the CAO or designate of the Municipality, of its intention to open or break up any of the Highways of the Municipality not less than seven (7) days before the beginning of such work, except in cases of emergency arising from defects or breaking of

the pipe or other works, when immediate notice shall suffice; and, subject to the same exception and as otherwise provided in this Agreement, the Company shall not begin any such work unless it has obtained approval therefore in writing from the Municipal Engineer.

5. The Company agrees:

- (a) in the execution of the rights and powers granted hereby and in the performance of the work in connection therewith, it shall do as little damage as possible and shall keep passage of the Highways as far as may be practicable free and uninterrupted;
- (b) it shall not interfere with, disturb or damage any existing pipes or lines of other utilities, unless the express consent of such other utilities is first had and received;
- (c) it shall, within a reasonable time after any construction work, restore the Highways and other areas where construction has occurred to a state of repair as nearly as possible equal to their former state, unless another process is established by municipal bylaw. Within thirty (30) days of completion of the restoration work the Company shall give notice in writing to the Municipal Engineer that the work and restoration have been completed and inspected. The Municipal Engineer acting reasonably shall advise the Company in writing of any deficiencies in connection with the construction work or restoration. If the Municipality fails to provide such advice within six (6) months of the Company's notice to the Municipality and unless an extension of time has been mutually agreed, the Municipality will be deemed to have accepted the restoration work;

- (d) in the execution of the power granted hereby, it shall construct, locate and operate its Gas Distribution System in such manner as will not endanger the public health or safety;
- (e) any pipe line found not in accordance with the depth of cover requirements established by the Board pursuant to *The Gas Pipe Line Act* (Manitoba) as a result of improper installation shall be lowered, relocated or suitably protected by, and at the expense of the Company;
- (f) all costs in connection with the removal or relocation of any part of the Gas Distribution System, including the cost of repairs to any Highways, shall be the Company's responsibility except where such removal or relocation is required by the Municipality; and,
- (g) notwithstanding paragraph (f) above, where the removal or relocation of any part of the Gas Distribution System is required by the Municipality, the costs and expenses incurred in the removal and replacement or the relocation shall be as follows:
  - (i) the Municipality shall pay to the Company an amount equal to the cost of labour and material required in the original construction of that part of the Gas Distribution System that the Municipality requests to be relocated, less depreciation and the value of any material salvaged; and
  - (ii) the Company shall bear the entire cost of constructing the required Gas Distribution System infrastructure in the new location.

6.(1) The Company shall protect and indemnify the Municipality against any damages or expenses in connection with the execution of the powers granted hereby and under *The Gas Pipe Line Act* (Manitoba), and from and against all claims, demands, and actions by

third persons in respect of damages sustained by reason of any operations of the Company and in relation to its distribution system.

6.(2) The Company shall satisfy the Board that it has in place at all times liability insurance coverage sufficient to satisfy any potential claim, demand or action against the Company or the Municipality for such damages.

7.(1) Before the Municipality makes any repairs of, or alterations to, any of its public services which will involve excavations or which may in any way affect any of the Company's lines plant or equipment, the Municipality shall give notice as set forth in the regulations in effect at that time and made pursuant to *The Gas Pipe Line Act* (Manitoba).

7.(2) Where practicable, the Municipality shall have regard to the reasonable directions of the Company concerning any such repairs and alterations, but, in any event, the Municipality is free of all liability in connection with any damage done by reason of any such repairs or alterations.

8. Natural gas shall be supplied to customers in the Territory at the rates and on the terms and conditions approved or fixed from time to time by the Board or other regulatory authority having jurisdiction.

9. This Agreement shall not prevent the sale or delivery within the Territory by any other person, firm or corporation of liquefied petroleum gas, propane or other product delivered in tanks or containers and not transmitted by pipeline.

10. Subject to any applicable legislation now or hereafter enacted in that regard, the Company shall pay to the Municipality any taxes that may be legally and properly levied by the Municipality against the Company.

11. The Company shall maintain in force during the currency hereof, a policy of insurance provided by an insurance company licensed to do business in the Province of Manitoba, insuring against public liability and property damage in connection with the operations of the Gas Distribution System within the Territory.

12. The Municipality agrees that it will not, for a period of thirty (30) years or longer, if this Agreement is renewed in accordance with the provision of paragraph 13 hereof, grant to any other person, firm or corporation the right to deliver natural gas within the franchise area of the Municipality or to erect or maintain a Gas Distribution System in, upon, over, across, under, or along its Highways within the franchise area for the purpose of supplying and distributing natural gas.

13.(1) It is further agreed that at the expiration of the term hereof and at the expiration of each renewal hereof, the Municipality may, after giving one (1) year's written notice prior to the date of the termination of this Agreement or of any renewal hereof, at its option (to be expressed by by-law of the Municipality), elect to purchase that portion of the Gas Distribution System with respect to its operations within the Municipality that is used exclusively for the distribution of natural gas in the Territory, pursuant to this Agreement, but not any portion of the Gas Distribution System that is used for transmission of natural gas through the Municipality, for such price and on such terms as may be agreed upon between the parties hereto, or failing such agreement then at such price and on such terms including that portion of the Gas Distribution System the Municipality is entitled to purchase as may be fixed and settled by the Board, or if the Board shall refuse to so fix and settle the price then the said price and terms shall be such as may be fixed and determined by arbitration under the provisions of *The Arbitration Act* (Manitoba) and each of the parties shall appoint an arbitrator and the arbitrators so appointed shall appoint a third arbitrator to act as chairman who shall be versed in this special branch of engineering economics, and in the event the arbitrators appointed by each party are unable to appoint a third arbitrator, the third arbitrator shall be appointed by the Chief Justice of the Court of Queen's Bench of the Province of Manitoba. The decision of the

Board or of a majority of the said arbitrators shall be binding upon the parties in arriving at the price. The Board or the said arbitrators shall make allowance for severance of the property and operation from other properties and operations of the Company in Manitoba.

In the event of such purchase, the Company and the Municipality will enter into an agreement respecting the use of and payment for such use by the Municipality of Company-owned facilities which are not being purchased hereunder and for the sale of natural gas to the Municipality for resale by the Municipality to the inhabitants of the Municipality, at such rates as may be agreed upon between the Company and the Municipality and approved by the Board. If the Municipality does not notify the Company in writing of its intention to purchase the property of the Company as aforesaid at least one (1) year before the expiration of this Agreement or any renewal thereof, this Agreement will be deemed to be automatically renewed for an additional term of ten (10) years, and at the end of the said ten (10) year renewal term, the said Agreement will be further automatically extended in absence of notice aforesaid for additional terms of ten (10) years from time to time. Provided further that at the time of any such renewal, changes in the terms of this Agreement may be made at the request of either party with the approval of the other, and in the absence of such approval such changes may be made by reference to, under the authority of, and with the approval of the Board. Notwithstanding anything contained elsewhere in this Agreement, it is understood and agreed that if the Municipality exercises its option to purchase the property of the Company with respect to its distribution operations within the area designated in this Agreement, such exercise shall not affect the right of the Company to continue to operate its transmission facilities in such area for so long as the same may be required by the Company.

13.(2) The Company agrees that it shall provide written notice to the Municipality at least two (2) years prior to the expiration of the term hereof and of each renewal hereof, of the Municipality's election as set forth in paragraph 13.(1) hereof.



14. Notwithstanding any other term or condition contained herein, neither party shall be liable to the other for failure to carry out its obligations hereunder when such failure is caused by force majeure as hereinafter defined. The term force majeure means civil disturbances, industrial disturbances (including strikes and lock-outs), interruptions by government or Court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, failure or inability to secure materials, permits or labourers by reason of priority regulations or orders of government, landslides, lightning, earthquakes, fires, storm, floods, wash-outs, explosions, breakage or accident to machinery or the Gas Distribution System, temporary or permanent failure of gas supply, an act or omission (including failure to deliver gas) reducing supply of gas to the Company's supplier, or any other causes or circumstances to the extent such cause or circumstances was beyond the control of the party prevented from carrying out its obligations by the act of force majeure.

15. Subject to the provisions of *The Public Utilities Board Act* (Manitoba), the Company shall not without the consent of the Municipality, such consent not to be unreasonably withheld, assign this Agreement or the rights, franchises, powers and privileges granted hereby or any of them; provided however the Company may assign this Agreement to any corporation with which the Company may then be associated or affiliated, as those terms are used in *The Corporations Act* (Manitoba) and the *Income Tax Act* (Canada).

16. This Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.

17. This Agreement is subject to the approval of the Manitoba Public Utilities Board.

18. Upon execution of this agreement following receipt of approval from the Public Utilities Board and the By-law being passed all of the Franchise Agreements and the Crossing Agreement referred to herein shall cease to be of any force or effect.

**IN WITNESS WHEREOF** the parties have duly executed this Agreement as of the day and year first above written.

**RURAL MUNICIPALITY OF SHELLMOUTH-BOULTON**

Per:

\_\_\_\_\_  
Reeve

Per:

\_\_\_\_\_  
Chief Administrative Officer

**CENTRA GAS MANITOBA INC.**

Per:

\_\_\_\_\_  
Authorized Signing Officer

Per:

\_\_\_\_\_  
Authorized Signing Officer



No. 91



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SCALE IN KILOMETRES




# R.M. OF SHELLMOUTH-BOULTON

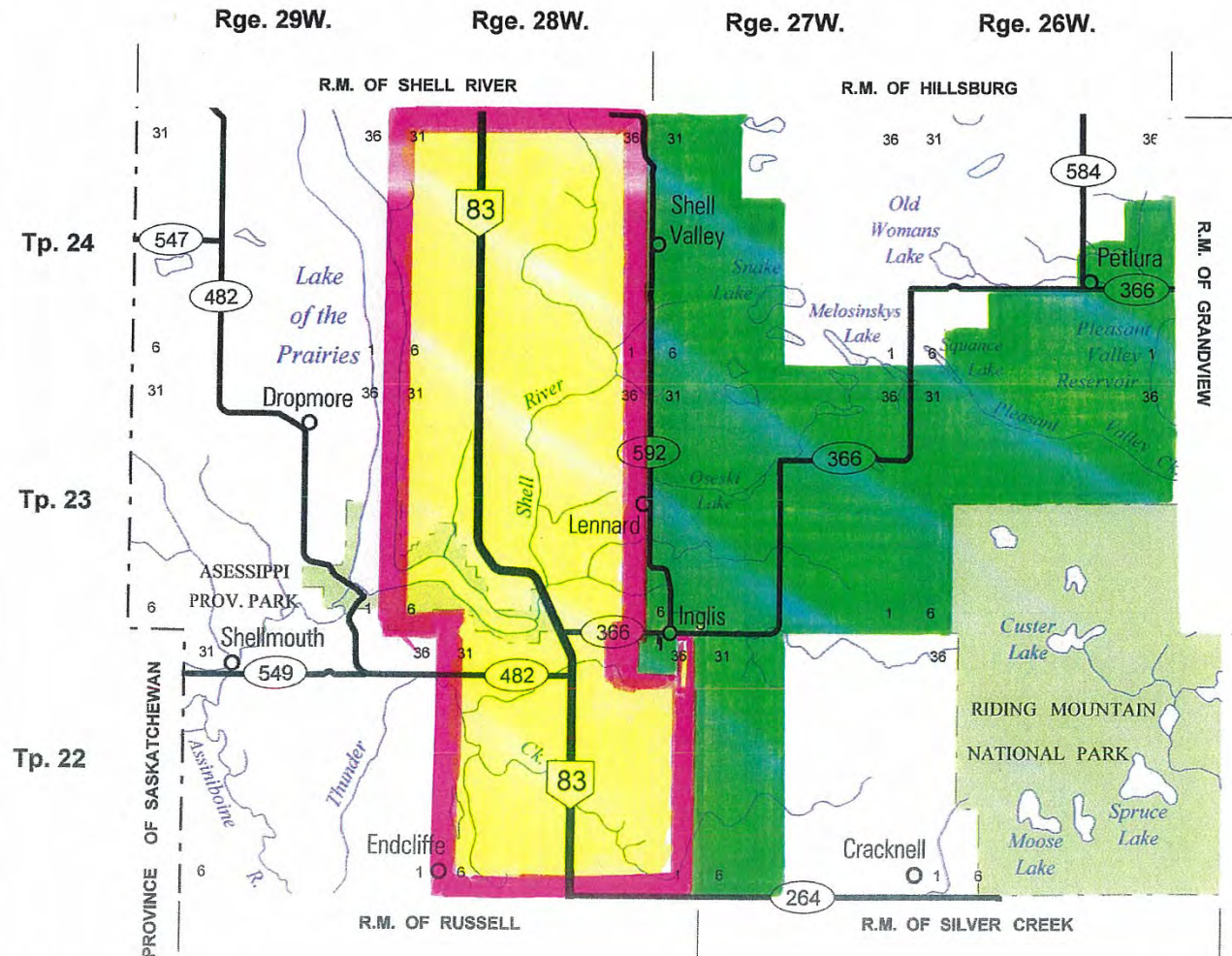
MAP REVISED:-

-  Existing Franchise Area
-  Existing Crossing Area
-  Proposed Additional Franchise Area

MANITOBA  
TRANSPORTATION AND GOVERNMENT SERVICES  
HIGHWAY PLANNING AND DESIGN BRANCH  
DRAFTING SECTION  
WINNIPEG  
NOVEMBER, 2001

### LEGEND

- PROVINCIAL TRUNK HIGHWAYS ..... 
- PROVINCIAL ROADS ..... 
- ACCESS ROADS ..... 









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SCALE IN KILOMETRES

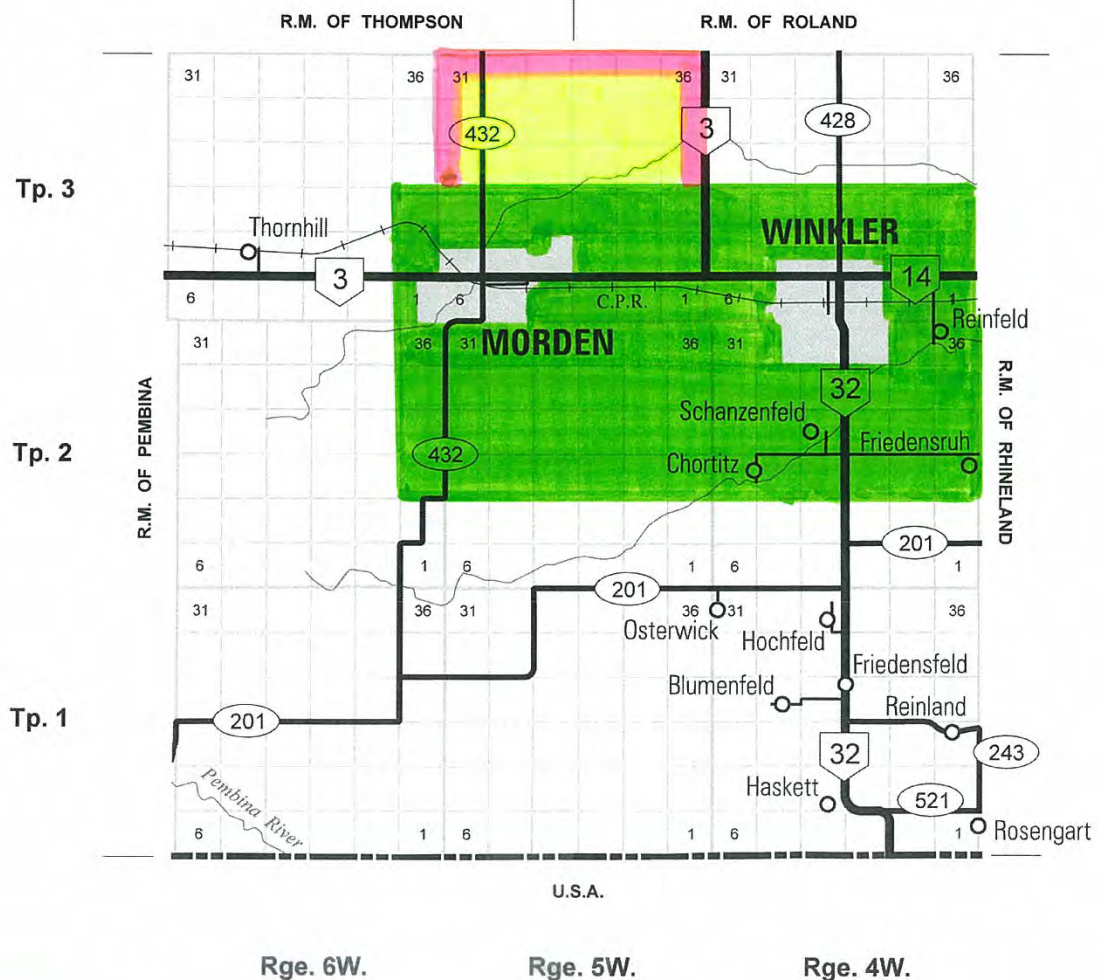
# R.M. OF STANLEY

MANITOBA  
TRANSPORTATION AND GOVERNMENT SERVICES  
HIGHWAY PLANNING AND DESIGN BRANCH  
DRAFTING SECTION  
WINNIPEG  
DECEMBER, 2003

MAP REVISED:-

### LEGEND

- PROVINCIAL TRUNK HIGHWAYS .....  ACCESS ROADS ..... 
- PROVINCIAL ROADS .....  RAILWAYS ..... 



-  Existing Franchise Area
-  Existing Crossing Area
-  Proposed Additional Franchise Area



**BY-LAW NO. 8-12**

BEING A BY-LAW of the Rural Municipality of Stanley (the "RM"), in Manitoba, to authorize the granting of a franchise to Centra Gas Manitoba Inc. ("Centra") to supply and distribute natural gas to the RM.

WHEREAS the RM entered into a franchise agreement with Plains-Western Gas (Manitoba) Ltd. dated October 11, 1967 pursuant to By-law 9-67;

AND WHEREAS By-law 9-67 of the RM was approved by the Public Utilities Board of Manitoba by Order 156/67;

AND WHEREAS the RM entered into a crossing agreement with ICG Utilities (Manitoba) Ltd. dated June 8, 1989, pursuant to Bylaw 9-89 which granted the right to lay pipeline across the highways and lands of the RM for the purposes of operating a natural gas pipeline in the RM;

AND WHEREAS through inadvertence the crossing agreement was not renewed although the parties have carried on their respective rights, responsibilities and liabilities as if under the provisions of the Agreement;

AND WHEREAS Centra Gas Manitoba Inc. is the successor company to both ICG Utilities (Manitoba) Ltd. and Plains-Western Gas (Manitoba) Ltd.;

AND WHEREAS over the years several customers have been added to Centra's distribution system within and beyond the expired crossing agreement area;

AND WHEREAS the PUB approved a new form of generic franchise agreement (2011 Generic Franchise Agreement) by Order 159/11 dated November 16, 2011;

AND WHEREAS Section 232(1)(1) of The Municipal Act provides that a Council may pass by-laws for municipal purposes respecting public utilities.

AND WHEREAS Section 250(2)(d) and 253 (1) of The Municipal Act provides that a municipality may for municipal purposes:

- (c) acquire, establish, maintain and operate services, facilities and utilities; and
- (d) enter into agreements with another party to do on behalf of the municipality anything the municipality has the power to do within the municipality.

AND WHEREAS the RM has agreed that it is in its interest to grant Centra a franchise to supply and distribute natural gas to the RM;

AND WHEREAS it is deemed expedient and in the public interest that the RM enter into a franchise agreement in the form of the 2011 Generic Franchise Agreement ("Franchise Agreement") with Centra to supply and distribute natural gas to the RM pursuant to said Section 250(2);

NOW THEREFORE the Council of the RM in regular session assembled enacts as follows:

1. That the RM enter into a Franchise Agreement, in the form attached hereto as Schedule "A" to this By-Law, with Centra for the purpose of granting a franchise to supply natural gas to Sections 13 through 36 (excluding the City of Winkler), Township 2, Range 4 WPM; Sections 1 through 18 (excluding the City of Winkler), Township 3, Range 4 WPM; Sections 13 through 36, Township 2, Range 5 WPM; Sections 1 through 36 (excluding the Town of Morden), Township 3, Range 5 WPM; Sections 13, 24, 25, and 36, Township 2, Range 6 WPM; Sections 1, 12 and 13 (excluding the Town of Morden), Township 3, Range 6 WPM.
2. That the Reeve and Chief Administrative Officer of the RM shall be authorized to execute said Franchise Agreement with Centra, in the form attached hereto as Schedule "A" to this By-Law, on behalf of the RM.
3. That this By-Law shall, after being read a first time by the Council be submitted to or receive the authorization or approval of The Public Utilities Board of Manitoba.

2

4. That Centra be authorized to represent the RM in applying to The Public Utilities Board of Manitoba for approval of the Franchise Agreement.

5. That this By-Law shall not take effect until it has received approval of The Public Utilities Board of Manitoba and third reading.

6. That this By-Law shall supercede all preious By-Laws granting natural gas franchises and crossing agreements in the Municipality.

DONE AND PASSED by the Council of the Rural Municipality of Stanley, in Manitoba, in regular session assembled this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
REEVE

\_\_\_\_\_  
CHIEF ADMINISTRATIVE OFFICER

Read a first time this 19<sup>TH</sup> day of April, 2012.

Read a second time this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Read a third time this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

**MEMORANDUM OF AGREEMENT** made this \_\_\_\_ day of \_\_\_\_\_, 2012.

BETWEEN:

**THE RURAL MUNICIPALITY OF STANLEY,**  
(hereinafter called the "Municipality"),

- and -

**CENTRA GAS MANITOBA INC.,**  
(hereinafter called the "Company").

**WHEREAS** the RM entered into a franchise agreement with Plains-Western Gas (Manitoba) Ltd. dated October 11, 1967 pursuant to By-law 9-67;

**AND WHEREAS** By-law 9-67 of the RM was approved by the Public Utilities Board of Manitoba by Order 156/67;

**AND WHEREAS** the RM entered into a crossing agreement with ICG Utilities (Manitoba) Ltd. dated June 8, 1989, pursuant to Bylaw 9-89 which granted the right to lay pipeline across the highways and lands of the RM for the purposes of operating a natural gas pipeline in the RM;

**AND WHEREAS** through inadvertence the crossing agreement was not renewed although the parties have carried on their respective rights, responsibilities and liabilities as if under the provisions of the Agreement;

**AND WHEREAS** Centra Gas Manitoba Inc. is the successor company to both ICG Utilities (Manitoba) Ltd. and Plains-Western Gas (Manitoba) Ltd.;

**AND WHEREAS** over the years several customers have been added to Centra's distribution system within and beyond the expired crossing agreement area;

**AND WHEREAS** it is agreed between the Municipality and the Company to enter into a new franchise agreement (Franchise Agreement) with Centra to supply and distribute natural gas to those portions of the Municipality and its inhabitants in the Rural Municipality of Stanley, and as set out in the map attached as Appendix 1, hereto (the "Territory") to replace all existing Franchise and Crossing agreements;

**AND WHEREAS** by by-law duly passed by the Council of the Municipality (the "By-law"), the Reeve and the Chief Administrative Officer (CAO) have been authorized and directed to execute this Agreement on behalf of the Municipality;

**NOW THEREFORE** pursuant to the premises and in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Company to the Municipality (the receipt of which is hereby acknowledged), and in further consideration of the mutual covenants hereinafter set forth it is mutually covenanted and agreed by the parties as follows:

1. Subject to compliance with the provisions of *The Municipal Act* (Manitoba), *The Public Utilities Board Act* (Manitoba) and *The Gas Pipe Line Act* (Manitoba), the Municipality hereby grants to the Company, its successors and assigns, subject to the terms, conditions and provisions herein contained, the sole and exclusive franchise to distribute natural gas to Sections 13 through 36 (excluding the City of Winkler), Township 2, Range 4 WPM; Sections 1 through 18 (excluding the City of Winkler), Township 3, Range 4 WPM; Sections 13 through 36, Township 2, Range 5 WPM; Sections 1 through 36 (excluding the Town of Morden), Township 3, Range 5 WPM; Sections 13, 24, 25, and 36, Township 2, Range 6 WPM; Sections 1, 12 and 13 (excluding the Town of Morden), Township 3, Range 6 WPM.



and its inhabitants in the Territory, for a term of thirty (30) years from the date hereof. The Municipality further grants to the Company the full power, right, licence and liberty to enter upon property of the Municipality and to break the surface and make the necessary excavations to lay down, take up, relay, connect, disconnect, repair, remove, maintain, replace and operate a gas distribution system and any and all necessary or convenient mains, pipes, services, and all other equipment and appliances as the Company may deem desirable for the supply, transmission and distribution of gas (collectively the "Gas Distribution System") in, upon, over, across, under and along the public highways, streets, roads, bridges, walkways, sidewalks, road allowances, squares, lanes, alleys, ditches, drainage systems and other public places (collectively the "Highways") within the boundaries of the Municipality as the same may from time to time exist, as may be necessary for the purpose of transporting, supplying, and delivering natural gas to the consumers thereof.

2.(1) Subject to the provisions hereof, the Company agrees that during the term of this Agreement, it will install and maintain an adequate natural gas distribution system within the Territory and will provide such quantities of natural gas as will meet the requirements of the inhabitants, businesses and industries located in the Territory.

2.(2) The Company agrees that with respect to any portion of the Territory which the Company does not supply natural gas to, in the event the Municipality, acting reasonably, requests the Company to supply natural gas upon the same terms and conditions as provided in this Agreement, the Company will work together with the Municipality with a view of developing a viable business model in relation to that portion of the Territory. All such extensions for service shall be subject to the Company's feasibility test as approved by The Public Utilities Board of Manitoba (the Board) from time to time. The Company further agrees that if the Company is unable to develop a viable business model with the Municipality, the Company shall relinquish that portion of the Territory from the franchise previously granted if asked to do so by the Municipality.

2.(3) For the purpose of implementing a distribution system expansion for the attachment of new customers pursuant to clause 2(1), the Company shall, whenever a request is made for gas service by any inhabitant or industry of the Municipality in a location not served by the existing system of the Company, comply with the request provided the request meets criteria filed with and approved by the Board for expansion of the distribution system and does not unduly affect customers on the existing system. Such criteria may include but not be limited to estimates of customers, sales, volumes, revenues, costs, and return on investment, the effect upon existing customers and any customer contribution in aid of construction. The criteria shall be reviewed by the Board from time to time as the Board deems necessary or as may be requested by the Company.

2.(4) The Company shall not be bound to construct or extend its mains or provide natural gas or gas service if the Company is, for any reason, unable to obtain delivery of natural gas at or near the limits of the Territory, or an adequate supply thereof to warrant the construction or extension of its mains for the provision of natural gas.

2.(5) In the event the amount of natural gas supplied to the Company at or near the limits of the Territory is insufficient to meet the requirements of connected customers, the Company shall have the right to prescribe reasonable rules and regulations for allocating the available supply of natural gas to domestic, commercial and industrial customers in that order of priority. The allocation of natural gas shall also be subject to the provisions of *The Gas Allocation Act* (Manitoba) and Regulations thereto and any orders made pursuant to *The Emergency Measures Act* (Manitoba).

2.(6) In the event that either of the conditions referred to in subsections (4) and (5) occur or are likely to occur, the Company will advise the Municipality thereof as soon as the conditions become apparent to the Company.

3.(1). Prior to the installation of any part of the Gas Distribution System, the Company shall file plans with the municipal engineer, which shall mean a professional engineer employed directly or indirectly by the Municipality or such other person as may be designated by the council of the Municipality to carry out the functions and duties of the Municipal Engineer as herein described ("Municipal Engineer"), showing the location, depth and size of all mains, pipes or conduits and any other equipment or structures (but not including geodetic information) intended to be installed or constructed and shall comply with all by-laws of the Municipality relating to the construction of such works. The Municipality, by its Municipal Engineer, shall approve the plans as to the location of the Gas Distribution System and any changes thereto arising in course of construction within the Municipality, which approval shall not be unreasonably withheld or unduly delayed. The Gas Distribution System shall be placed in such locations as agreed by the Municipal Engineer and the Company in boulevards and under other unpaved surfaces rather than in streets when reasonably practicable and where the cost of installation and maintenance will not be unreasonably high.

3.(2) The Company shall supply to the Municipality plans showing the location of its Gas Distribution System within the Municipality on an as-built basis, as requested by the Municipality, but in no event shall such plans be provided more than twice in any 12-month period. Such plans shall be provided either on paper or in a mutually agreeable format. All of the conditions for the supply of as-builts are to be mutually agreed upon.

3.(3) The pipe, materials and other equipment to be used in the distribution system shall be of the kinds and qualities satisfactory to the Board, and shall be in compliance with *The Gas Pipe Line Act (Manitoba)* and the regulations thereunder.

4. Unless another process is established through municipal bylaw, the Company shall give notice to the CAO or designate of the Municipality, of its intention to open or break up any of the Highways of the Municipality not less than seven (7) days before the beginning of such work, except in cases of emergency arising from defects or breaking of

the pipe or other works, when immediate notice shall suffice; and, subject to the same exception and as otherwise provided in this Agreement, the Company shall not begin any such work unless it has obtained approval therefore in writing from the Municipal Engineer.

5. The Company agrees:

- (a) in the execution of the rights and powers granted hereby and in the performance of the work in connection therewith, it shall do as little damage as possible and shall keep passage of the Highways as far as may be practicable free and uninterrupted;
- (b) it shall not interfere with, disturb or damage any existing pipes or lines of other utilities, unless the express consent of such other utilities is first had and received;
- (c) it shall, within a reasonable time after any construction work, restore the Highways and other areas where construction has occurred to a state of repair as nearly as possible equal to their former state, unless another process is established by municipal bylaw. Within thirty (30) days of completion of the restoration work the Company shall give notice in writing to the Municipal Engineer that the work and restoration have been completed and inspected. The Municipal Engineer acting reasonably shall advise the Company in writing of any deficiencies in connection with the construction work or restoration. If the Municipality fails to provide such advice within six (6) months of the Company's notice to the Municipality and unless an extension of time has been mutually agreed, the Municipality will be deemed to have accepted the restoration work;

- (d) in the execution of the power granted hereby, it shall construct, locate and operate its Gas Distribution System in such manner as will not endanger the public health or safety;
- (e) any pipe line found not in accordance with the depth of cover requirements established by the Board pursuant to *The Gas Pipe Line Act* (Manitoba) as a result of improper installation shall be lowered, relocated or suitably protected by, and at the expense of the Company;
- (f) all costs in connection with the removal or relocation of any part of the Gas Distribution System, including the cost of repairs to any Highways, shall be the Company's responsibility except where such removal or relocation is required by the Municipality; and,
- (g) notwithstanding paragraph (f) above, where the removal or relocation of any part of the Gas Distribution System is required by the Municipality, the costs and expenses incurred in the removal and replacement or the relocation shall be as follows:
  - (i) the Municipality shall pay to the Company an amount equal to the cost of labour and material required in the original construction of that part of the Gas Distribution System that the Municipality requests to be relocated, less depreciation and the value of any material salvaged; and
  - (ii) the Company shall bear the entire cost of constructing the required Gas Distribution System infrastructure in the new location.

6.(1) The Company shall protect and indemnify the Municipality against any damages or expenses in connection with the execution of the powers granted hereby and under *The Gas Pipe Line Act* (Manitoba), and from and against all claims, demands, and actions by

third persons in respect of damages sustained by reason of any operations of the Company and in relation to its distribution system.

6.(2) The Company shall satisfy the Board that it has in place at all times liability insurance coverage sufficient to satisfy any potential claim, demand or action against the Company or the Municipality for such damages.

7.(1) Before the Municipality makes any repairs of, or alterations to, any of its public services which will involve excavations or which may in any way affect any of the Company's lines plant or equipment, the Municipality shall give notice as set forth in the regulations in effect at that time and made pursuant to *The Gas Pipe Line Act* (Manitoba).

7.(2) Where practicable, the Municipality shall have regard to the reasonable directions of the Company concerning any such repairs and alterations, but, in any event, the Municipality is free of all liability in connection with any damage done by reason of any such repairs or alterations.

8. Natural gas shall be supplied to customers in the Territory at the rates and on the terms and conditions approved or fixed from time to time by the Board or other regulatory authority having jurisdiction.

9. This Agreement shall not prevent the sale or delivery within the Territory by any other person, firm or corporation of liquefied petroleum gas, propane or other product delivered in tanks or containers and not transmitted by pipeline.

10. Subject to any applicable legislation now or hereafter enacted in that regard, the Company shall pay to the Municipality any taxes that may be legally and properly levied by the Municipality against the Company.

11. The Company shall maintain in force during the currency hereof, a policy of insurance provided by an insurance company licensed to do business in the Province of Manitoba, insuring against public liability and property damage in connection with the operations of the Gas Distribution System within the Territory.

12. The Municipality agrees that it will not, for a period of thirty (30) years or longer, if this Agreement is renewed in accordance with the provision of paragraph 13 hereof, grant to any other person, firm or corporation the right to deliver natural gas within the franchise area of the Municipality or to erect or maintain a Gas Distribution System in, upon, over, across, under, or along its Highways within the franchise area for the purpose of supplying and distributing natural gas.

13.(1) It is further agreed that at the expiration of the term hereof and at the expiration of each renewal hereof, the Municipality may, after giving one (1) year's written notice prior to the date of the termination of this Agreement or of any renewal hereof, at its option (to be expressed by by-law of the Municipality), elect to purchase that portion of the Gas Distribution System with respect to its operations within the Municipality that is used exclusively for the distribution of natural gas in the Territory, pursuant to this Agreement, but not any portion of the Gas Distribution System that is used for transmission of natural gas through the Municipality, for such price and on such terms as may be agreed upon between the parties hereto, or failing such agreement then at such price and on such terms including that portion of the Gas Distribution System the Municipality is entitled to purchase as may be fixed and settled by the Board, or if the Board shall refuse to so fix and settle the price then the said price and terms shall be such as may be fixed and determined by arbitration under the provisions of *The Arbitration Act* (Manitoba) and each of the parties shall appoint an arbitrator and the arbitrators so appointed shall appoint a third arbitrator to act as chairman who shall be versed in this special branch of engineering economics, and in the event the arbitrators appointed by each party are unable to appoint a third arbitrator, the third arbitrator shall be appointed by the Chief Justice of the Court of Queen's Bench of the Province of Manitoba. The decision of the

Board or of a majority of the said arbitrators shall be binding upon the parties in arriving at the price. The Board or the said arbitrators shall make allowance for severance of the property and operation from other properties and operations of the Company in Manitoba.

In the event of such purchase, the Company and the Municipality will enter into an agreement respecting the use of and payment for such use by the Municipality of Company-owned facilities which are not being purchased hereunder and for the sale of natural gas to the Municipality for resale by the Municipality to the inhabitants of the Municipality, at such rates as may be agreed upon between the Company and the Municipality and approved by the Board. If the Municipality does not notify the Company in writing of its intention to purchase the property of the Company as aforesaid at least one (1) year before the expiration of this Agreement or any renewal thereof, this Agreement will be deemed to be automatically renewed for an additional term of ten (10) years, and at the end of the said ten (10) year renewal term, the said Agreement will be further automatically extended in absence of notice aforesaid for additional terms of ten (10) years from time to time. Provided further that at the time of any such renewal, changes in the terms of this Agreement may be made at the request of either party with the approval of the other, and in the absence of such approval such changes may be made by reference to, under the authority of, and with the approval of the Board. Notwithstanding anything contained elsewhere in this Agreement, it is understood and agreed that if the Municipality exercises its option to purchase the property of the Company with respect to its distribution operations within the area designated in this Agreement, such exercise shall not affect the right of the Company to continue to operate its transmission facilities in such area for so long as the same may be required by the Company.

13.(2) The Company agrees that it shall provide written notice to the Municipality at least two (2) years prior to the expiration of the term hereof and of each renewal hereof, of the Municipality's election as set forth in paragraph 13.(1) hereof.



14. Notwithstanding any other term or condition contained herein, neither party shall be liable to the other for failure to carry out its obligations hereunder when such failure is caused by force majeure as hereinafter defined. The term force majeure means civil disturbances, industrial disturbances (including strikes and lock-outs), interruptions by government or Court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, failure or inability to secure materials, permits or labourers by reason of priority regulations or orders of government, landslides, lightning, earthquakes, fires, storm, floods, wash-outs, explosions, breakage or accident to machinery or the Gas Distribution System, temporary or permanent failure of gas supply, an act or omission (including failure to deliver gas) reducing supply of gas to the Company's supplier, or any other causes or circumstances to the extent such cause or circumstances was beyond the control of the party prevented from carrying out its obligations by the act of force majeure.

15. Subject to the provisions of *The Public Utilities Board Act* (Manitoba), the Company shall not without the consent of the Municipality, such consent not to be unreasonably withheld, assign this Agreement or the rights, franchises, powers and privileges granted hereby or any of them; provided however the Company may assign this Agreement to any corporation with which the Company may then be associated or affiliated, as those terms are used in *The Corporations Act* (Manitoba) and the *Income Tax Act* (Canada).

16. This Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.

17. This Agreement is subject to the approval of the Manitoba Public Utilities Board.

18. Upon execution of this agreement following receipt of approval from the Public Utilities Board and the By-law being passed all of the Franchise Agreements and the Crossing Agreement referred to herein shall cease to be of any force or effect.

**IN WITNESS WHEREOF** the parties have duly executed this Agreement as of the day and year first above written.

**RURAL MUNICIPALITY OF STANLEY**

Per:

\_\_\_\_\_  
Reeve

Per:

\_\_\_\_\_  
Chief Administrative Officer

**CENTRA GAS MANITOBA INC.**

Per:

\_\_\_\_\_  
Authorized Signing Officer

Per:

\_\_\_\_\_  
Authorized Signing Officer

No. 100

# R.M. OF STANLEY

MAP REVISED:-

## APPENDIX 1

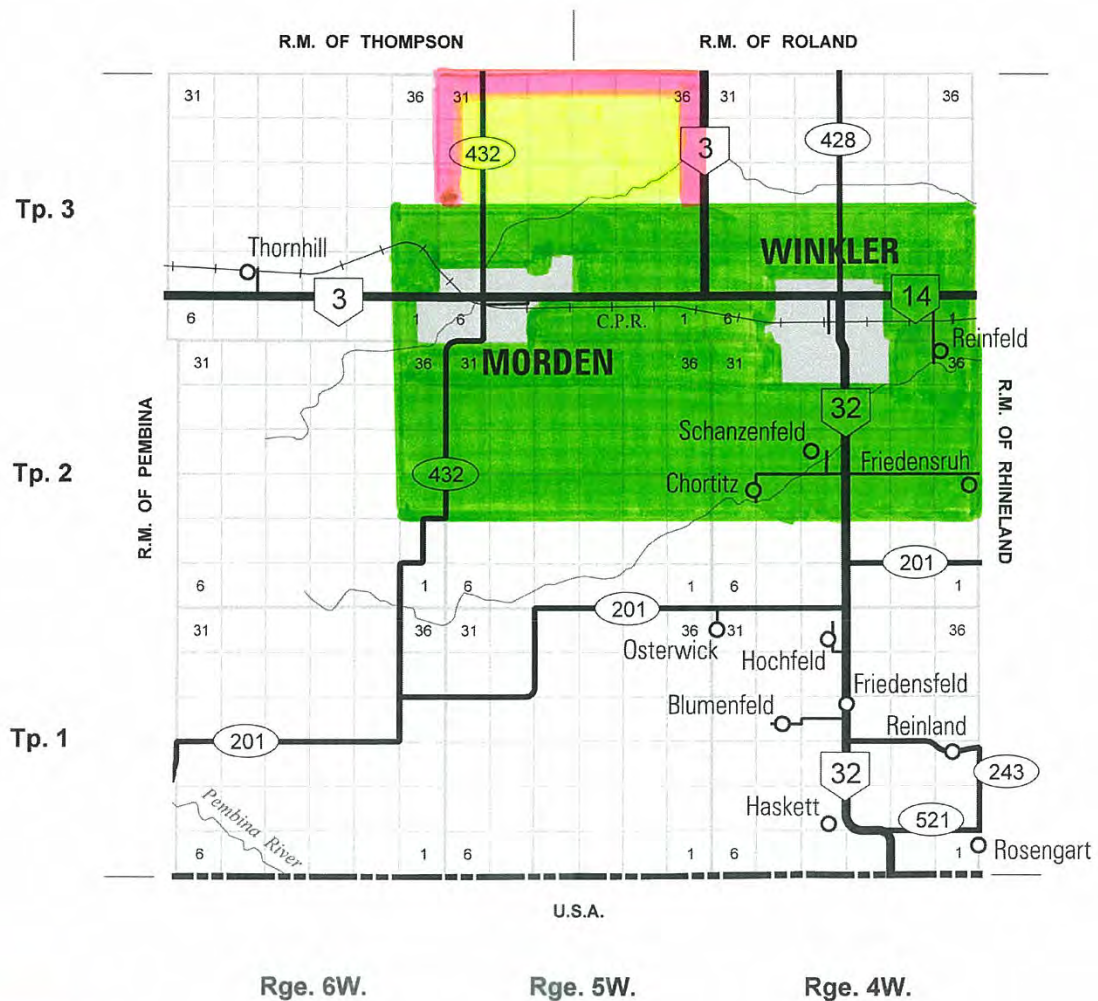


0 5  
SCALE IN KILOMETRES

MANITOBA  
TRANSPORTATION AND GOVERNMENT SERVICES  
HIGHWAY PLANNING AND DESIGN BRANCH  
DRAFTING SECTION  
WINNIPEG  
DECEMBER, 2003

### LEGEND

PROVINCIAL TRUNK HIGHWAYS		ACCESS ROADS	
PROVINCIAL ROADS		RAILWAYS	



- Existing Franchise Area
- Existing Crossing Area
- Proposed Additional Franchise Area





PO Box 815 • Winnipeg, Manitoba Canada • R3C 2P4  
Street Location for DELIVERY: 22<sup>nd</sup> floor – 360 Portage Avenue  
Telephone / N<sup>o</sup> de téléphone : (204) 360-3257 • Fax / N<sup>o</sup> de télécopieur : (204) 360-6147 • [baczarniecki@hydro.mb.ca](mailto:baczarniecki@hydro.mb.ca)

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September 26, 2013

THE PUBLIC UTILITIES BOARD OF MANITOBA  
400-330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4

ATTENTION: Mr. H. M. Singh, Board Secretary and Executive Director

Dear Mr. Singh:

**RE: CENTRA GAS MANITOBA Inc.  
FRANCHISE APPLICATION for the  
RURAL MUNICIPALITY OF STANLEY**

---

Enclosed are nine (9) copies of an Application by Centra Gas Manitoba Inc. (“Centra”) to the Public Utilities Board of Manitoba (“PUB”) for an interim ex-parte Order pursuant to Section 45 of *The Public Utilities Board Act*, requesting:

1. The PUB approve and authorize an amending agreement between Centra and the Rural Municipality of Stanley; and
2. The PUB approve the financial feasibility test for the expansion of natural gas to service a customer within the proposed expansion area located within the RM of Stanley.

The proposed new franchise area comprises the following:

- Section 1 through 36, Township 1 Range 4, 5 and 6 WPM;
- Sections 1 through 12, Township 2, Range 4 and 5 WPM;
- Sections 1 through 12, 14 through 23, and 26 through 35, Township 2 Range 6 WPM;
- Sections 19 through 36, Township 3, Range 4 WPM; and
- Sections 2 through 11, and 14 through 36, Township 3, Range 6 WPM

Centra has determined that the project is feasible as it passes the 30-Year Net Present Value test with a positive 30-Year NPV of \$8,997 and generates a revenue-to-cost ratio of at least 1.0 by the end of the fifth year. Based on total capital costs of \$85,852 and the assumptions in the feasibility test, the total contribution required from the customer is \$36,699.

Public Utilities Board of Manitoba  
Franchise Application RM of Stanley

September 26, 2013  
Page 2 of 2

In order to accommodate the customer's required in-service timelines and to allow for the timely construction of this project, Centra is requesting approval of the Application on an interim ex-parte basis at the earliest possible convenience. Centra will seek final approval of the interim ex-parte Order flowing from this Application at the next appropriate regulatory proceeding.


Copies of this submission have also been provided to the PUB Advisors. If you have any questions with respect to this submission or require paper copies, please contact the writer at 204-360-3257 or Greg Barnlund at 204-360-5243.

Yours truly,

**MANITOBA HYDRO LAW DEPARTMENT**

Per:



 Brent A. Czarnecki  
Barrister & Solicitor

cc: Mr. B. Peters, Fillmore Riley  
Mr. R. Cathcart, Cathcart Advisors Inc.  
Mr. B. Ryall, Ryall Engineering

Att.

September 26, 2013  
Page 1 of 6

**CENTRA GAS MANITOBA INC.**  
**RURAL MUNICIPALITY OF STANLEY**  
**FRANCHISE APPLICATION**

---

1   **1.0   APPLICATION**

2

3   Centra Gas Manitoba Inc. (“Centra”), on its own behalf and on behalf of the Rural  
4   Municipality of Stanley (“RM of Stanley”) is applying to the Public Utilities Board of  
5   Manitoba (“PUB”), for an interim ex-parte Order pursuant to Section 45 of The Public  
6   Utilities Board Act:

7       1. To approve and authorize an amending agreement between Centra and the  
8       RM of Stanley; and

9       2. To approve the financial feasibility tests for the expansion of natural gas to  
10      service a customer in the proposed expansion area located in the RM of  
11      Stanley.

12

13   **2.0   EXPANSION AREA**

14

15   A map of the RM of Stanley is included as Attachment 1.0 to this Application. This  
16   attachment indicates the area in the municipality that is an existing franchise area as  
17   established in PUB Order 82/13, and the area to be covered by the proposed franchise  
18   agreement.

19

20   The proposed new franchise area in the RM of Stanley will allow for the provision of

Centra Gas Manitoba Inc.  
Franchise Application for the Rural Municipality of Stanley

September 26, 2013  
Page 2 of 6

1 natural gas service to a new customer located in SW Section 30 Township 3 Range 4  
2 WPM in the RM of Stanley.

3 The proposed new franchise area includes:

- 4 • Section 1 through 36, Township 1 Range 4, 5 and 6 WPM;
- 5 • Sections 1 through 12, Township 2, Range 4 and 5 WPM;
- 6 • Sections 1 through 12, 14 through 23, and 26 through 35, Township 2 Range 6  
7 WPM;
- 8 • Sections 19 through 36, Township 3, Range 4 WPM; and
- 9 • Sections 2 through 11, and 14 through 36, Township 3, Range 6 WPM

10

11 First reading of the By-law approving the RM of Stanley to enter into an amending  
12 agreement with Centra granting franchise for the above-noted area has been given by  
13 the RM of Stanley on September 26, 2013.

14

15 **3.0 CUSTOMER, VOLUME AND REVENUE ESTIMATES**

16

17 The customer, located in SW Section 30 Township 3 Range 4 WPM in the RM of  
18 Stanley, originally approached Centra in May 2013 requesting natural gas service for  
19 addition to its bible camp and subsequently also decided to convert its existing boiler to  
20 natural gas. This customer is currently heating with coal and intends to convert to natural  
21 gas as soon as it becomes available.

22

23 No other potential customers in the vicinity of the proposed pipeline have approached



1 Centra for natural gas service at this time. In the event that any additional customers  
2 request natural gas service in this vicinity within the first five years of construction, a  
3 feasibility test will be completed for those future customer additions and those customers  
4 will be required to pay any resulting shortfall.

5

6 The estimated total annual consumption for this customer is 103,169 m<sup>3</sup>. This estimate is  
7 based on equipment input, square footage method and actual historic coal records.

8

9 The total customer volume of 103,169 m<sup>3</sup> has been included for the first and subsequent  
10 years of the feasibility test. For the purposes of the feasibility test, Year 1 has been  
11 identified as 2014.

12

13 The revenues were projected using August 1, 2013 base rates approved by the PUB in  
14 Order 89/13.

15

#### 16 **4.0 SYSTEM DESIGN AND CAPITAL COST ESTIMATE**

17

18 A proposed pressure reducing farm tap and approximately 2,220 meters of 60.3 mm  
19 (NPS 2) polyethylene (PE) main will connect to the existing 114.3 mm (NPS 4) steel  
20 transmission pipe located at SE Section 23, Township 3, Range 5 WPM in the RM of  
21 Stanley. The proposed distribution pipeline is planned to be installed within the existing  
22 government road allowance and on Manitoba Hydro land easement. The routing of the  
23 main was determined based on legal plans and a field site investigation.

24

25 The installation of the farm tap, main and service lines will be accomplished by a variety  
26 of techniques including open cut trenching, ploughing and boring as appropriate. A

1 sketch of the proposed path of the service extension is included as Attachment 2.0.  
2 Centra will not be required to perform any system upgrades upstream of the pressure  
3 reducing farm tap in conjunction with this project.

4

5 This proposed natural gas expansion project is less than 10 km in length and  
6 environmental screening indicated no sensitive areas, therefore no environmental  
7 license is required.

8

9 Construction drawings will be submitted to the RM of Stanley for approval.

10

11 The estimated capital cost for this project is \$85,852. The capital cost estimate was  
12 prepared using the following inputs and assumptions:

13

- 14 • Project capital costs in 2013 Canadian dollars;
- 15 • General Freight included;
- 16 • 5% Contingency applied to contractor labour and materials; and
- 17 • 15% Overhead applied to contractor labour and materials.

18

19 These assumptions are consistent with other recent expansions.

20

## 21 **5.0 FEASIBILITY TEST RESULTS AND ASSUMPTIONS**

22

23 Centra has determined that the project is feasible. Based on total capital costs of  
24 \$85,852 and a customer contribution of \$36,699 the feasibility study returns a positive  
25 30-Year Net Present Value ("NPV") of \$8,997 and achieves a revenue to cost ratio of at  
26 least 1.0 by the end of the fifth year. The financial feasibility test for this expansion is

1 included as Attachment 3.0. Centra's investment in this project is \$49,153.

2

3 The feasibility test for this customer was completed using the following assumptions:

- 4 • Gas costs and base sales rates for Supplemental Gas, Transportation to Centra,  
5 Distribution to Customer and Basic Monthly Charge for the Large General  
6 Service (LGS) customer as approved in Order 89/13;
- 7 • Primary Gas base sales rates as approved in Order 89/13;
- 8 • Annual operating and maintenance expenses of \$40 per customer;
- 9 • A depreciation rate of 2.88% based on Centra's 2010/11 weighted average  
10 depreciation rate for distribution plant;
- 11 • Municipal property tax based on 2012 mill rates and assessment rates;
- 12 • Corporate capital tax calculated at the rate of 0.5% of net plant, before any  
13 contributions received by Centra;
- 14 • The Net Present Value of revenue deficiency is discounted at the weighted  
15 average cost of capital of 6.08%; and
- 16 • Centra's capital structure and cost of capital of 6.08% as approved in Order  
17 46/10.

18

19 A recalculation for the project will be completed at the end of five years (effective as of  
20 December 31, 2018).

21

## 22 **6.0 AGREEMENTS**

23

24 First reading of the By-law approving the municipality to enter into an Amending  
25 Agreement with Centra has been given by the Rural Municipality of Stanley Council and  
26 is provided as Attachment 4.0. The Franchise Agreement is included as Schedule A to

Centra Gas Manitoba Inc.  
Franchise Application for the Rural Municipality of Stanley

September 26, 2013  
Page 6 of 6

1 Attachment 4.0.

2

3 The commercial customer has paid Centra the entire contribution amount required plus  
4 GST.

5

6 **7.0 APPROVALS**

7

8 Centra is requesting that the PUB approve this amending agreement on an interim ex-  
9 parte basis. In order to accommodate the customer's required in-service timelines and to  
10 allow for the timely construction of this project, Centra is seeking an Order on this  
11 Application at the earliest possible convenience. Consistent with past regulatory  
12 practice, Centra will seek final approval of any interim Orders flowing from this  
13 Application at the next appropriate regulatory proceeding.



0 5  
 SCALE IN KILOMETRES

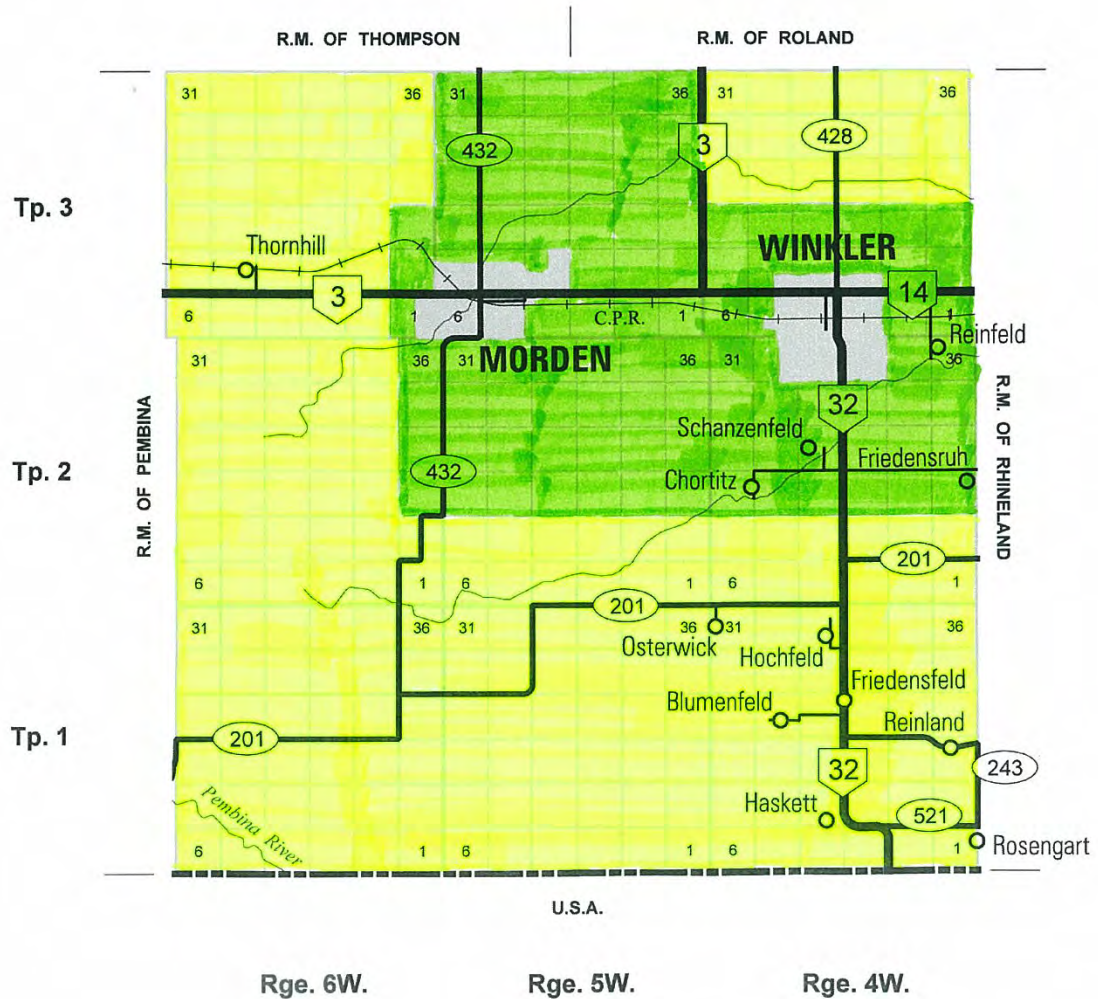
# R.M. OF STANLEY

MAP REVISED:-

MANITOBA  
 TRANSPORTATION AND GOVERNMENT SERVICES  
 HIGHWAY PLANNING AND DESIGN BRANCH  
 DRAFTING SECTION  
 WINNIPEG  
 DECEMBER, 2003

**LEGEND**

- PROVINCIAL TRUNK HIGHWAYS ..... .....
- PROVINCIAL ROADS ..... .....
- ACCESS ROADS ..... .....
- RAILWAYS ..... .....



- Existing Franchise Area
- Proposed Franchise Area



Centra Gas Manitoba Inc.  
Franchise Application  
RM of Stanley

NOTE :This plot is to be used for general pipe routing information only.  
All other data to be confirmed by the Gas Distribution Planning & Design Dept.

Attachment 2.0



NOTE: Maximum Operating Pressure (MOP) is 420 kpa unless otherwise noted.  
Outside Diameter (O.D.) of pipe in millimeters unless otherwise noted.







## Financial Feasibility Test

**1 RM of Stanley**

	<u>YEAR 11</u>	<u>YEAR 12</u>	<u>YEAR 13</u>	<u>YEAR 14</u>	<u>YEAR 15</u>	<u>YEAR 16</u>	<u>YEAR 17</u>	<u>YEAR 18</u>	<u>YEAR 19</u>	<u>YEAR 20</u>	<u>YEAR 21</u>
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034

**4 OPERATING ASSUMPTIONS**

5 Number of Customers	1	1	1	1	1	1	1	1	1	1	1
6 Annual Volume (Mcf)	3,642	3,642	3,642	3,642	3,642	3,642	3,642	3,642	3,642	3,642	3,642
7 Annual Volume (10 <sup>3</sup> m <sup>3</sup> )	103	103	103	103	103	103	103	103	103	103	103
8 Projected Revenues	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871

**9 RATE BASE**

10 Gross Fixed Assets	\$85,852	\$85,852	\$85,852	\$85,852	\$85,852	\$85,852	\$85,852	\$85,852	\$85,852	\$85,852	\$85,852
11 Accumulated Depreciation	\$27,198	\$29,670	\$32,143	\$34,615	\$37,088	\$39,560	\$42,033	\$44,505	\$46,978	\$49,451	\$51,923
12 Net Plant Closing	\$58,654	\$56,181	\$53,709	\$51,236	\$48,764	\$46,291	\$43,819	\$41,346	\$38,874	\$36,401	\$33,929
13 Net Plant at Mid-Year	\$59,890	\$57,418	\$54,945	\$52,472	\$50,000	\$47,527	\$45,055	\$42,582	\$40,110	\$37,637	\$35,165
14 Contributions	\$25,073	\$24,016	\$22,959	\$21,902	\$20,845	\$19,788	\$18,731	\$17,674	\$16,617	\$15,560	\$14,503
15 Contribution at Mid-Year	\$25,601	\$24,544	\$23,487	\$22,430	\$21,373	\$20,316	\$19,259	\$18,203	\$17,146	\$16,089	\$15,032
16 Working Capital Allowance	\$885	\$884	\$884	\$883	\$883	\$882	\$881	\$881	\$880	\$880	\$879
17 Rate Base at Mid-year	\$35,174	\$33,758	\$32,342	\$30,925	\$29,509	\$28,093	\$26,677	\$25,261	\$23,845	\$22,428	\$21,012

**18 REVENUE DEFICIENCY CALCULATION**

19 Cost of Gas	\$17,499	\$17,499	\$17,499	\$17,499	\$17,499	\$17,499	\$17,499	\$17,499	\$17,499	\$17,499	\$17,499
20 Operating & Maintenance Expenses	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40
21 Depreciation Expense	\$2,473	\$2,473	\$2,473	\$2,473	\$2,473	\$2,473	\$2,473	\$2,473	\$2,473	\$2,473	\$2,473
22 Amortization of Contributions	(\$1,057)	(\$1,057)	(\$1,057)	(\$1,057)	(\$1,057)	(\$1,057)	(\$1,057)	(\$1,057)	(\$1,057)	(\$1,057)	(\$1,057)
23 Municipal Tax & Corp.Cap. Tax	\$1,187	\$1,175	\$1,163	\$1,150	\$1,138	\$1,126	\$1,113	\$1,101	\$1,089	\$1,076	\$1,064
24 Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25 Overall Return	\$2,139	\$2,053	\$1,967	\$1,880	\$1,794	\$1,708	\$1,622	\$1,536	\$1,450	\$1,364	\$1,278
26 Total Revenue Requirement	\$22,281	\$22,182	\$22,084	\$21,985	\$21,887	\$21,788	\$21,690	\$21,591	\$21,493	\$21,394	\$21,296
27 Projected Revenues	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871
28 Revenue Sufficiency (Deficiency)	\$591	\$689	\$788	\$886	\$985	\$1,083	\$1,182	\$1,280	\$1,379	\$1,477	\$1,576
29 Revenue to Cost Ratio	102.7%	103.1%	103.6%	104.0%	104.5%	105.0%	105.4%	105.9%	106.4%	106.9%	107.4%
30 Net Present Value											

**31 CONTRIBUTION REQUIREMENT**

32 Total Contribution Required



## Financial Feasibility Test

**1 RM of Stanley**

2	<u>YEAR 21</u>	<u>YEAR 22</u>	<u>YEAR 23</u>	<u>YEAR 24</u>	<u>YEAR 25</u>	<u>YEAR 26</u>	<u>YEAR 27</u>	<u>YEAR 28</u>	<u>YEAR 29</u>	<u>YEAR 30</u>
3	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043

**4 OPERATING ASSUMPTIONS**

5 Number of Customers	1	1	1	1	1	1	1	1	1	1
6 Annual Volume (Mcf)	3,642	3,642	3,642	3,642	3,642	3,642	3,642	3,642	3,642	3,642
7 Annual Volume (10 <sup>3</sup> m <sup>3</sup> )	103	103	103	103	103	103	103	103	103	103
8 Projected Revenues	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871

**9 RATE BASE**

10 Gross Fixed Assets	\$85,852	\$85,852	\$85,852	\$85,852	\$85,852	\$85,852	\$85,852	\$85,852	\$85,852	\$85,852
11 Accumulated Depreciation	\$51,923	\$54,396	\$56,868	\$59,341	\$61,813	\$64,286	\$66,758	\$69,231	\$71,703	\$74,176
12 Net Plant Closing	\$33,929	\$31,456	\$28,983	\$26,511	\$24,038	\$21,566	\$19,093	\$16,621	\$14,148	\$11,676
13 Net Plant at Mid-Year	\$35,165	\$32,692	\$30,220	\$27,747	\$25,275	\$22,802	\$20,330	\$17,857	\$15,385	\$12,912
14 Contributions	\$14,503	\$13,446	\$12,389	\$11,333	\$10,276	\$9,219	\$8,162	\$7,105	\$6,048	\$4,991
15 Contribution at Mid-Year	\$15,032	\$13,975	\$12,918	\$11,861	\$10,804	\$9,747	\$8,690	\$7,633	\$6,576	\$5,519
16 Working Capital Allowance	\$879	\$879	\$878	\$877	\$877	\$876	\$876	\$875	\$874	\$874
17 Rate Base at Mid-year	\$21,012	\$19,596	\$18,180	\$16,764	\$15,347	\$13,931	\$12,515	\$11,099	\$9,683	\$8,266

**18 REVENUE DEFICIENCY CALCULATION**

19 Cost of Gas	\$17,499	\$17,499	\$17,499	\$17,499	\$17,499	\$17,499	\$17,499	\$17,499	\$17,499	\$17,499
20 Operating & Maintenance Expenses	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40
21 Depreciation Expense	\$2,473	\$2,473	\$2,473	\$2,473	\$2,473	\$2,473	\$2,473	\$2,473	\$2,473	\$2,473
22 Amortization of Contributions	(\$1,057)	(\$1,057)	(\$1,057)	(\$1,057)	(\$1,057)	(\$1,057)	(\$1,057)	(\$1,057)	(\$1,057)	(\$1,057)
23 Municipal Tax & Corp.Cap. Tax	\$1,064	\$1,052	\$1,039	\$1,027	\$1,014	\$1,002	\$990	\$977	\$965	\$953
24 Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25 Overall Return	\$1,278	\$1,192	\$1,105	\$1,019	\$933	\$847	\$761	\$675	\$589	\$503
26 Total Revenue Requirement	\$21,296	\$21,197	\$21,099	\$21,000	\$20,902	\$20,803	\$20,705	\$20,606	\$20,508	\$20,410
27 Projected Revenues	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871	\$22,871
28 Revenue Sufficiency (Deficiency)	\$1,576	\$1,674	\$1,773	\$1,871	\$1,969	\$2,068	\$2,166	\$2,265	\$2,363	\$2,462
29 Revenue to Cost Ratio	107.4%	107.9%	108.4%	108.9%	109.4%	109.9%	110.5%	111.0%	111.5%	112.1%
30 Net Present Value										

**31 CONTRIBUTION REQUIREMENT**

32 Total Contribution Required

**THE RURAL MUNICIPALITY OF STANLEY**

**BY-LAW NO. 18-13**

**BEING A BY-LAW** of the Rural Municipality of Stanley (the "Municipality"), in Manitoba, authorizing the Municipality to enter into an Amending Agreement with Centra Gas Manitoba Inc. ("Centra") to extend the area of the Natural Gas Franchise Agreement.

**WHEREAS** the Municipality gave 2<sup>nd</sup> and 3<sup>rd</sup> reading of By-Law No. 8-12 to enter into a franchise agreement (hereinafter the "Franchise Agreement") with Centra Gas Manitoba Inc., on August 9<sup>th</sup>, 2013 which grants the company the franchise to supply and deliver natural gas to the Municipality and inhabitants within the areas set forth in "Attachment 1" to the said Franchise Agreement;

**AND WHEREAS** By-Law No. 8-12 of the Municipality authorizing the Municipality to enter into the Franchise Agreement was approved by the Public Utilities Board of Manitoba (the "PUB") by Order # 82/13;

**AND WHEREAS** Section 232(1)(1) of *The Municipal Act* provides that a Council may pass By-Laws for municipal purposes respecting public utilities.

**AND WHEREAS** Section 250(2)(d) and 253(1) of *The Municipal Act* provides that a municipality may for municipal purposes:

- (c) acquire, establish, maintain and operate services, facilities and utilities;
- (d) enter into agreements with another party to do on behalf of the municipality anything the municipality has the power to do within the municipality;

**AND WHEREAS** the Municipality has agreed that it is in its interest to grant Centra a further franchise for the supply of natural gas to all those portions of Sections 2-11, 14-36, Township 3, Range 6 WPM; Sections 19-36, Township 3, Range 4 WPM; Sections 1-12, 14-23, 26-35, Township 2 Range 6 WPM; Sections 1-12, Township 2, Range 5 WPM; Sections 1-12, Township 2, Range 4 WPM; and all of Township 1 Range 4, 5 and 6 WPM contained within the limits of the Municipality as a further addition to its existing franchise territory;

**AND WHEREAS** it is deemed expedient and in the public interest that the Municipality enter into a further Amending Agreement (the "Amending Agreement") with Centra for the supply of natural gas to the Municipality pursuant to said Section 250(2);

**NOW THEREFORE**, the Council of the Rural Municipality of Stanley, in regular session assembled, enacts as follows:

1. That the Rural Municipality of Stanley enter into an Amending Agreement with Centra in the form attached hereto as Schedule "A" to this By-Law, for the purpose of granting an additional franchise for the supplying and distributing of natural gas to certain portions of the Rural Municipality of Stanley.
2. That the Reeve and Chief Administrative Officer of the Rural Municipality of Stanley shall be authorized to execute said Amending Agreement on behalf of the Rural Municipality of Stanley.
3. That this By-Law shall, after being read a first time by the Council, be submitted to or receive the authorization or approval of the PUB;
4. That Centra be authorized to represent the Rural Municipality of Stanley to apply to the PUB for approval of the Amending Agreement.
5. That this By-law shall not take effect until it has received approval of the PUB and Third Reading.

**THE RURAL MUNICIPALITY OF STANLEY**

**BY-LAW NO. 18-13**

**DONE AND PASSED** by the Council of the Rural Municipality of Stanley, in the Province of Manitoba, in regular session assembled this \_\_\_\_\_ day of \_\_\_\_\_, A.D. 2013.

**THE RURAL MUNICIPALITY OF STANLEY**

\_\_\_\_\_  
REEVE

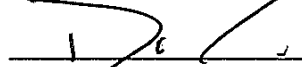
\_\_\_\_\_  
CHIEF ADMINISTRATIVE OFFICER

GIVEN First Reading this 26th day of September, 2013.

GIVEN Second Reading this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

GIVEN Third Reading this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

**CERTIFIED to be a true copy of 1<sup>st</sup> Reading of  
By-Law 18-13 PASSED by the Council of the  
R.M. of Stanley at their meeting held on  
September 26, 2013.**

  
\_\_\_\_\_  
**Dale Toews, C.M.M.A.  
Chief Administrative Officer**

**SCHEDULE “A”**

THIS AMENDING AGREEMENT made as of the \_\_\_\_\_ day of \_\_\_\_\_, 2013.

BETWEEN:

**RURAL MUNICIPALITY OF STANLEY,**

(hereinafter called the “Municipality”),

OF THE FIRST PART,

- and -

**CENTRA GAS MANITOBA INC.,**

(hereinafter called “Centra”),

OF THE SECOND PART.

**WHEREAS** the Municipality gave 2<sup>nd</sup> and 3<sup>rd</sup> reading of By-Law No. 8-12 to enter into a franchise agreement (hereinafter the “Franchise Agreement”) with Centra Gas Manitoba Inc., on August 9<sup>th</sup>, 2013 which grants the company the franchise to supply and deliver natural gas to the Municipality and inhabitants within the areas set forth in the said Franchise Agreement;

**AND WHEREAS** the Municipality has agreed that it is in its interest to enter into an Amending Agreement (hereinafter the “Amending Agreement”) with Centra to grant a further franchise agreement for the supply and delivery of natural gas to all those portions of Sections 2-11, 14-36, Township 3, Range 6 WPM; Sections 19-36, Township 3, Range 4 WPM; Sections 1-12, 14-23, 26-35, Township 2 Range 6 WPM; Sections 1-12, Township 2, Range 5 WPM; Sections 1-12, Township 2, Range 4 WPM; and all of Township 1 Range 4, 5 and 6 WPM contained within the limits of the Municipality, as a further addition to its existing franchise territory;

**AND WHEREAS** by by-law duly passed by the Council of the Municipality, the Reeve and the Chief Administrative Officer have been authorized and directed to execute the Amending Agreement on behalf of the Municipality;

**NOW THEREFORE** pursuant to the premises and in consideration of the sum of TEN (\$10.00) DOLLARS now paid by Centra to the Municipality, and in further consideration of the mutual covenants hereinafter set forth, it is mutually covenanted and agreed by the parties as follows:

1. That Paragraph 1 of the Franchise Agreement is hereby amended by extending the franchise area designated therein to include all those portions of Sections 2-11, 14-36, Township 3, Range 6 WPM; Sections 19-36, Township 3, Range 4 WPM; Sections 1-12, 14-23, 26-35, Township 2 Range 6 WPM; Sections 1-12, Township 2, Range 5 WPM; Sections 1-12, Township 2, Range 4 WPM; and all of Township 1 Range 4, 5 and 6 WPM contained within the limits of the Municipality (as set out in the map attached as Appendix 1).
  
2. The parties hereby confirm that all other terms and conditions of the Franchise Agreement, as amended from time to time through Orders of the Public Utilities Board remain in full force and effect and continue to be binding upon the successors and assigns of each of the parties hereto.
  
3. This Amending Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.

IN WITNESS WHEREOF the parties have affixed their corporate seals, attested to by the signatures of their proper officers, as of the day and year first above written.

**RURAL MUNICIPALITY OF STANLEY**

Per: \_\_\_\_\_  
Reeve

Per: \_\_\_\_\_  
Chief Administrative Officer

**CENTRA GAS MANITOBA INC.**

Per: \_\_\_\_\_  
Authorized Signing Officer

Per: \_\_\_\_\_  
Authorized Signing Officer

No. 100



# R.M. OF STANLEY





MAP REVISED:-

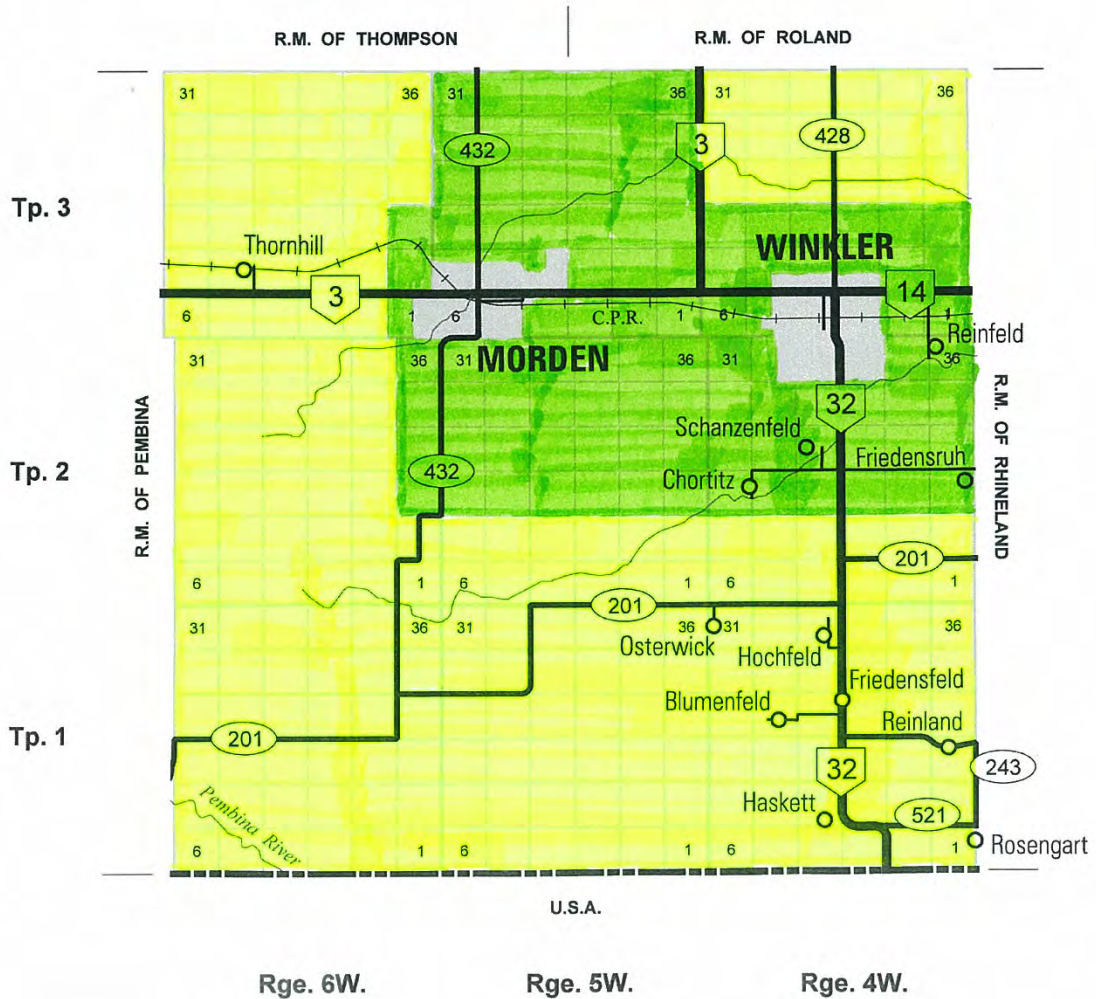
## APPENDIX 1

MANITOBA  
TRANSPORTATION AND GOVERNMENT SERVICES  
HIGHWAY PLANNING AND DESIGN BRANCH  
DRAFTING SECTION  
WINNIPEG  
DECEMBER, 2003

0 5  
SCALE IN KILOMETRES

### LEGEND

- PROVINCIAL TRUNK HIGHWAYS .....  ACCESS ROADS ..... 
- PROVINCIAL ROADS .....  RAILWAYS ..... 



-  Existing Franchise Area
-  Proposed Franchise Area





PO Box 815 • Winnipeg, Manitoba Canada • R3C 2P4  
Street Location for DELIVERY: 22<sup>nd</sup> floor – 360 Portage Avenue  
Telephone / N<sup>o</sup> de téléphone : (204) 360-3257 • Fax / N<sup>o</sup> de télécopieur : (204) 360-6147 • baczarnecki@hydro.mb.ca

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September 17, 2013

THE PUBLIC UTILITIES BOARD OF MANITOBA  
400-330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4

ATTENTION: Mr. H. M. Singh, Board Secretary and Executive Director

Dear Mr. Singh:

**RE: CENTRA GAS MANITOBA Inc.  
FRANCHISE APPLICATION for the  
RURAL MUNICIPALITYS OF NORTH CYPRESS AND SOUTH CYPRESS**

---

Enclosed are nine (9) copies of an Application by Centra Gas Manitoba Inc. (“Centra”) to the Public Utilities Board of Manitoba (“PUB”) for an interim ex-parte Order pursuant to Section 45 of *The Public Utilities Board Act*, requesting:

1. The PUB approve and authorize a new franchise agreement between Centra and the Rural Municipality of North Cypress (“RM of North Cypress”);
2. The PUB approve and authorize a new franchise agreement between Centra and the Rural Municipality of South Cypress (“RM of South Cypress”); and
3. The PUB approve the financial feasibility test for the expansion of natural gas to service a customer within the proposed expansion area located within the RM of South Cypress.

The proposed new franchise area comprises the following:

- Sections 4, 5 and 6, Township 10, Range 14 WPM, RM of North Cypress; and
- Sections 30-33, Township 9, Range 14 WPM, RM of South Cypress

Centra has determined that the project is feasible as it passes the 30-Year Net Present Value test with a positive 30-Year NPV of \$16,153 and generates a revenue-to-cost ratio of at least 1.0 by the end of the fifth year. Based on total capital costs of \$474,909 and the assumptions in the feasibility test, the total contribution required from the customer is \$344,801.

In order to accommodate the customer’s required in-service timelines and to allow for the timely construction of this project, Centra is requesting approval of the Application on an



Public Utilities Board of Manitoba  
Franchise Application RMs of North Cypress and South Cypress

September 17, 2013  
Page 2 of 2

interim ex-parte basis by October 3, 2013. Centra will seek final approval of the interim ex-parte Order flowing from this Application at the next appropriate regulatory proceeding.

Copies of this submission have also been provided to the PUB Advisors. If you have any questions with respect to this submission or require paper copies, please contact the writer at 204-360-3257 or Greg Barnlund at 204-360-5243.

Yours truly,

**MANITOBA HYDRO LAW DEPARTMENT**

Per:



Brent A. Czarnecki  
Barrister & Solicitor

cc: Mr. B. Peters, Fillmore Riley  
Mr. R. Cathcart, Cathcart Advisors Inc.  
Mr. B. Ryall, Ryall Engineering

Att.

September 17, 2013  
Page 1 of 7

**CENTRA GAS MANITOBA INC.**  
**RURAL MUNICIPALITY OF NORTH CYPRESS**  
**RURAL MUNICIPALITY OF SOUTH CYPRESS**  
**FRANCHISE APPLICATION**

---

1   **1.0   APPLICATION**

2

3   Centra Gas Manitoba Inc. (“Centra”), on its own behalf and on behalf of the Rural  
4   Municipality of North Cypress (“RM of North Cypress”) and the Rural Municipality of  
5   South Cypress (“RM of South Cypress”) is applying to the Public Utilities Board of  
6   Manitoba (“PUB”), for an interim ex-parte Order pursuant to Section 45 of *The Public*  
7   *Utilities Board Act*:

8           1. To approve and authorize a new franchise agreement between Centra and the  
9           RM of North Cypress;

10          2. To approve and authorize a new franchise agreement between Centra and the  
11          RM of South Cypress; and

12          3. To approve the financial feasibility test for the expansion of natural gas to  
13          service one customer in the proposed expansion area located within the RM of  
14          South Cypress on the Swan Lake Indian Reserve No. 7A.

15

16   **2.0   EXPANSION AREA**

17

18   RM of North Cypress

19   A map of the RM of North Cypress is included as Attachment 1.0 to this Application.

20   This attachment indicates the area in the municipality to be added to the existing

Centra Gas Manitoba Inc.  
Franchise Application for the Rural Municipality of North Cypress  
Franchise Application for the Rural Municipality of South Cypress

September 17, 2013  
Page 2 of 7

1 franchise area and covered by the proposed new franchise agreement. The proposed  
2 new franchise area in the RM of North Cypress will allow the construction of a  
3 distribution pipeline required for the provision of natural gas service to a new large  
4 commercial customer located in the adjacent RM of South Cypress. The proposed new  
5 franchise area includes:

- 6 • Sections 4, 5 and 6, Township 10, Range 14 WPM.

7 The full legal description of all lands subject to this franchise agreement are identified in  
8 the By-Law found at Attachment 5.0.

9

10 First reading of the By-law approving the RM of North Cypress to enter into a new  
11 franchise agreement with Centra granting franchise for the above-noted area and all  
12 existing franchise area, has been given by the RM of North Cypress on July 8, 2013.

13

14 RM of South Cypress

15 A map of the RM of South Cypress is included as Attachment 2.0 to this Application.  
16 This attachment indicates the area in the municipality to be covered by the proposed  
17 franchise agreement. The proposed franchise area in the RM of South Cypress would  
18 allow for the provision of natural gas service to a large customer located within the RM of  
19 South Cypress on the Swan Lake Indian Reserve No. 7A. The proposed new franchise  
20 area includes:

- 21 • Sections 30 - 33, Township 9, Range 14 WPM.

22 First reading of the By-law approving the RM of South Cypress to enter into a new  
23 franchise agreement with Centra granting franchise for the above-noted area was given  
24 by the RM of South Cypress on July 9, 2013.

Centra Gas Manitoba Inc.  
Franchise Application for the Rural Municipality of North Cypress  
Franchise Application for the Rural Municipality of South Cypress

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September 17, 2013  
Page 3 of 7

1    **3.0    CUSTOMER, VOLUME AND REVENUE ESTIMATES**

2

3    The customer on the Swan Lake Indian Reserve No. 7A originally approached Centra in  
4    the spring of 2011 to request natural gas service. This customer intends to construct a  
5    building for a large-scale tourism destination business. The customer intends to connect  
6    space heating equipment to natural gas in the winter of 2013/14.

7

8    No other potential customers in the vicinity of the proposed pipeline have approached  
9    Centra for natural gas service at this time. In the event that any additional customers  
10   request natural gas service in this vicinity within the first five years of construction, a  
11   feasibility test will be completed for those future customer additions and those customers  
12   will be required to pay any resulting shortfall.

13

14   The estimated total annual consumption for this customer is 137,107 m<sup>3</sup> in Year 1,  
15   growing to 445,625m<sup>3</sup> by Year 8. This estimate is based on actual historic propane  
16   consumption information from a similar operation in a building of similar size.

17

18   The total customer volume above has been included at 100% for the first and  
19   subsequent years of the feasibility test. For the purposes of the feasibility test, Year 1  
20   has been identified as 2014.

21

22   The revenues were projected using May 1, 2013 base rates approved by the PUB in  
23   Order 40/13.

24

25

---

1    **4.0    SYSTEM DESIGN AND CAPITAL COST ESTIMATE**

2

3    The proposed system extension will connect to an existing 114.3 mm (NPS 4")  
4    polyethylene (PE) distribution main at the corner of Third Avenue and PTH 5 in the Town  
5    of Carberry and will be serviced by pressure reducing station GS-128, located at SW  
6    Section 32, Township 10, Range 14 WPM near the Town of Carberry. The proposed  
7    distribution pipeline of approximately 12,700 metres of 114.3 mm (NPS 4") polyethylene  
8    (PE) distribution main is planned to be installed within the existing government road  
9    allowance and on Manitoba Hydro land easement. The routing of the main was  
10    determined based on legal plans and a field site investigation.

11

12    The installation of the main and service lines will be accomplished by a variety of  
13    techniques including open cut, ploughing, and boring as appropriate. A map showing  
14    the proposed path of the main extension is included as Attachment 3.0. Centra will not  
15    be required to perform any system upgrades at or upstream of GS-128 in conjunction  
16    with this project.

17

18    This proposed natural gas expansion project is classified as a Class 2 development  
19    under section III of *The Manitoba Environment Act* (Manitoba Regulation 164/88). Class  
20    2 developments greater than 10 km in length generally require the proponent to submit a  
21    written proposal to Manitoba Conservation to obtain a license and approval from the  
22    Director. Centra has informed Manitoba Conservation of this project and confirmed that  
23    because no environmentally sensitive areas have been identified, an environmental  
24    license is not required.

25

Centra Gas Manitoba Inc.  
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September 17, 2013  
Page 5 of 7

1 Construction drawings will be submitted to the RM of North Cypress and the RM of  
2 South Cypress for approval.

3

4 The estimated capital cost for this project is \$474,909. The capital cost estimate was  
5 prepared using the following inputs and assumptions:

- 6 • Project capital costs in 2013 Canadian dollars;
- 7 • General Freight included;
- 8 • 5% Contingency applied to contractor labour and materials; and
- 9 • 15% Overhead applied to contractor labour and materials.

10

11 These assumptions are consistent with other recent expansions.

12

## 13 **5.0 FEASIBILITY TEST RESULTS AND ASSUMPTIONS**

14

15 Centra has determined that the project is feasible. Based on total capital costs of  
16 \$474,909 and with a customer contribution of \$344,801, the feasibility study returns a  
17 positive 30-Year Net Present Value ("NPV") of \$16,153 and achieves a revenue to cost  
18 ratio of at least 1.0 by the end of the fifth year. The financial feasibility test for this  
19 expansion is included as Attachment 4.0. Centra's investment in this project is  
20 \$130,108.

21

22 The feasibility test was completed using the following assumptions:

- 23 • Gas costs and base sales rates for Supplemental Gas, Transportation to Centra,  
24 Distribution to Customer and Basic Monthly Charge for the Large General Service

Centra Gas Manitoba Inc.  
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- 1 (LGS) customers as approved in Order 40/13;
- 2 • Primary Gas base sales rates as approved in Order 40/13;
- 3 • Annual operating and maintenance expenses of \$100 per customer;
- 4 • A depreciation rate of 2.88% based on Centra's 2010/11 weighted average
- 5 depreciation rate for distribution plant;
- 6 • Municipal property tax based on 2012 mill rates and assessment rates;
- 7 • Corporate capital tax calculated at the rate of 0.5% of net plant, before any
- 8 contributions received by Centra;
- 9 • The Net Present Value of revenue deficiency is discounted at the weighted average
- 10 cost of capital of 6.08%; and
- 11 • Centra's capital structure and cost of capital of 6.08% as approved in Order 46/10.
- 12

13 A recalculation for the project will be completed at the end of five years (effective as of

14 December 31, 2018).

15

## 16 **6.0 AGREEMENTS**

17

### 18 RM of North Cypress

19 First reading of the By-law approving the municipality to enter into a new Franchise

20 Agreement with Centra has been given by the Rural Municipality of North Cypress

21 Council and is provided as Attachment 5.0. Centra and the RM of North Cypress have

22 agreed to replace the existing franchise agreement, approved by the PUB by Order

23 28/06, with a new franchise agreement in the form approved by the PUB in Order

24 159/11. The new Franchise Agreement is included as Schedule A to Attachment 5.0.

25

Centra Gas Manitoba Inc.  
Franchise Application for the Rural Municipality of North Cypress  
Franchise Application for the Rural Municipality of South Cypress

---

September 17, 2013  
Page 7 of 7

1 RM of South Cypress

2 First reading of the By-law approving the municipality to enter into a new Franchise  
3 Agreement with Centra has been given by the Rural Municipality of South Cypress  
4 Council and is provided as Attachment 6.0. The Franchise Agreement is included as  
5 Schedule A to Attachment 6.0.

6

7 The customer has paid Centra the entire contribution in the amount of \$344,801 plus  
8 GST (totaling \$362,041).

9

10 Swan Lake Indian Reserve No. 7A

11 A Gas Permit issued by the Swan Lake First Nation is required to extend gas service  
12 into the Swan Lake Indian Reserve No. 7A. Centra has informed Swan Lake First  
13 Nation of the project and will follow all applicable requirements.

14

15 **7.0 APPROVALS**

16

17 In order to accommodate the customer's required in-service timelines and to allow for  
18 the timely construction of this project, Centra is respectfully requesting an Order on this  
19 Application by October 3, 2013. An approval by that date would enable the RM of North  
20 Cypress and the RM of South Cypress to address second and third readings of the  
21 respective by-laws at their next municipal council meetings to be held in early October.

22

23 Consistent with past regulatory practice, Centra will seek final approval of any interim  
24 Orders flowing from this Application at the next appropriate regulatory proceeding.



Centra Gas Manitoba Inc.  
Franchise Application  
RM of North Cypress & RM of South Cypress

Attachment 1.0  
Page 1 of 1

# MUN. OF NORTH CYPRESS

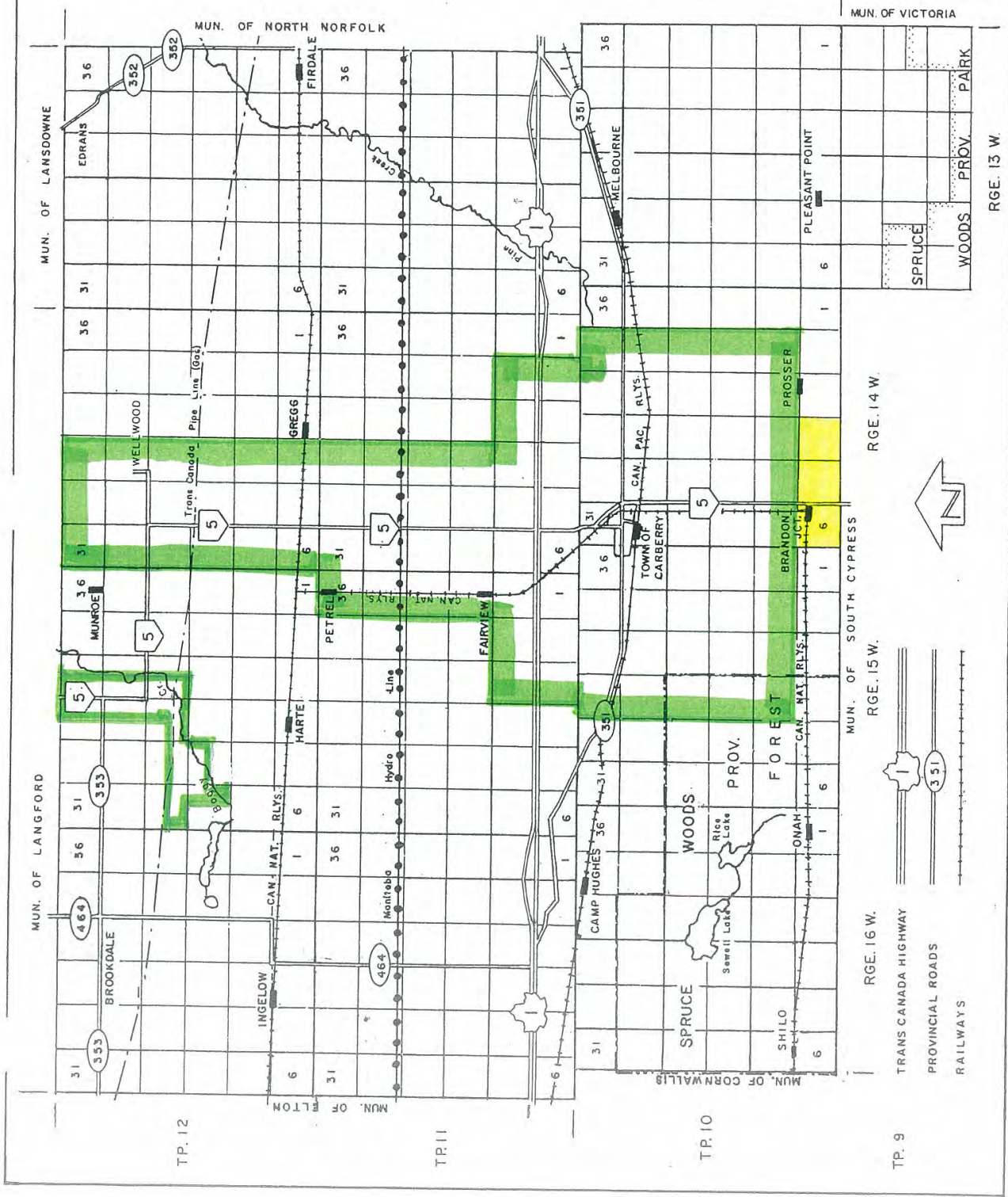
REVISED:-- MAY 1986  
AUG. 1987  
OCT. 1990  
JAN. 1992


PROVINCE OF MANITOBA  
HIGHWAYS DEPARTMENT  
DESIGN OFFICE


Scale 1 inch = 3 miles

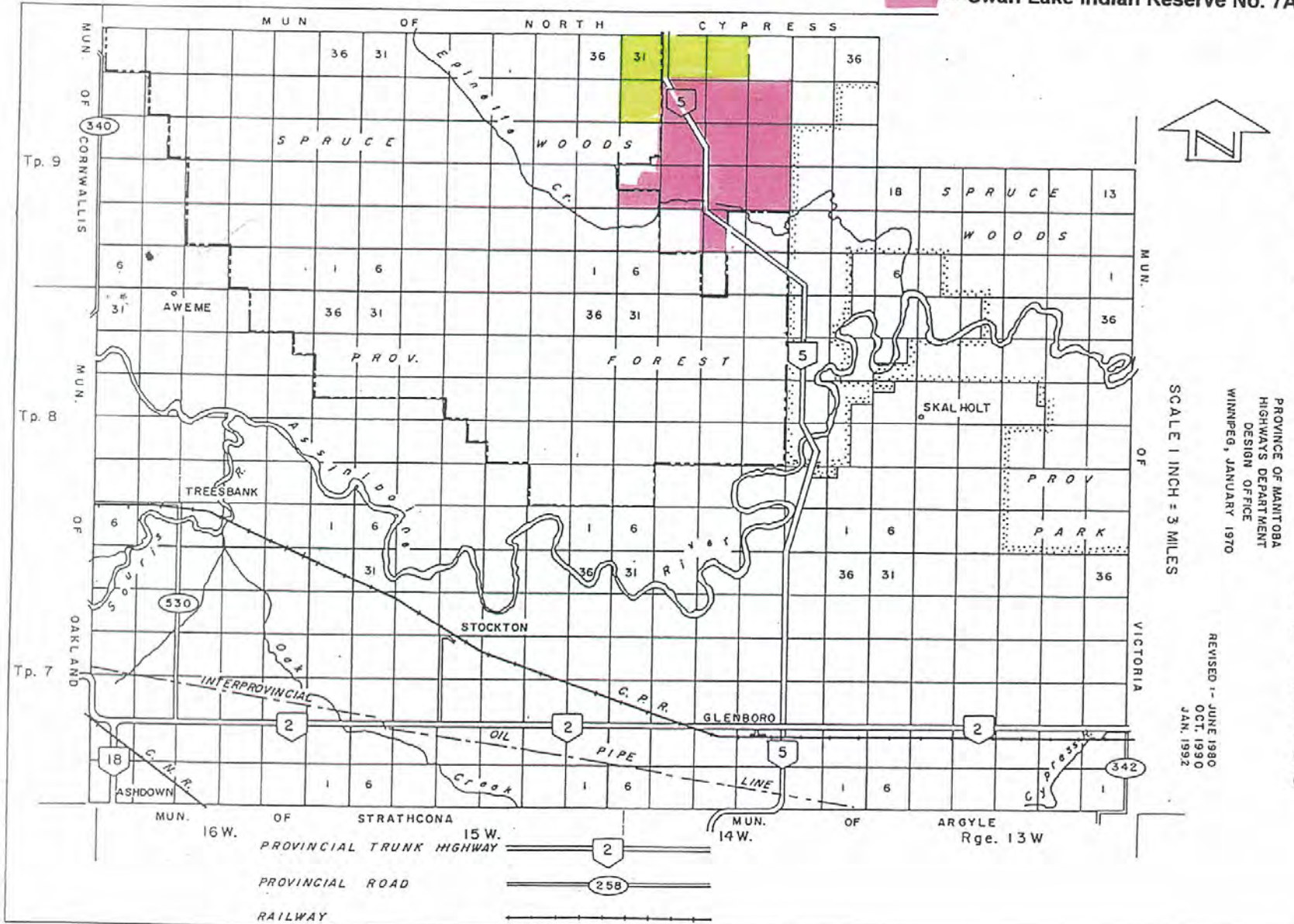
 -- Existing Franchise Area

 -- Proposed New Franchise Area



 --- Proposed New Franchise Area

 --- Swan Lake Indian Reserve No. 7A

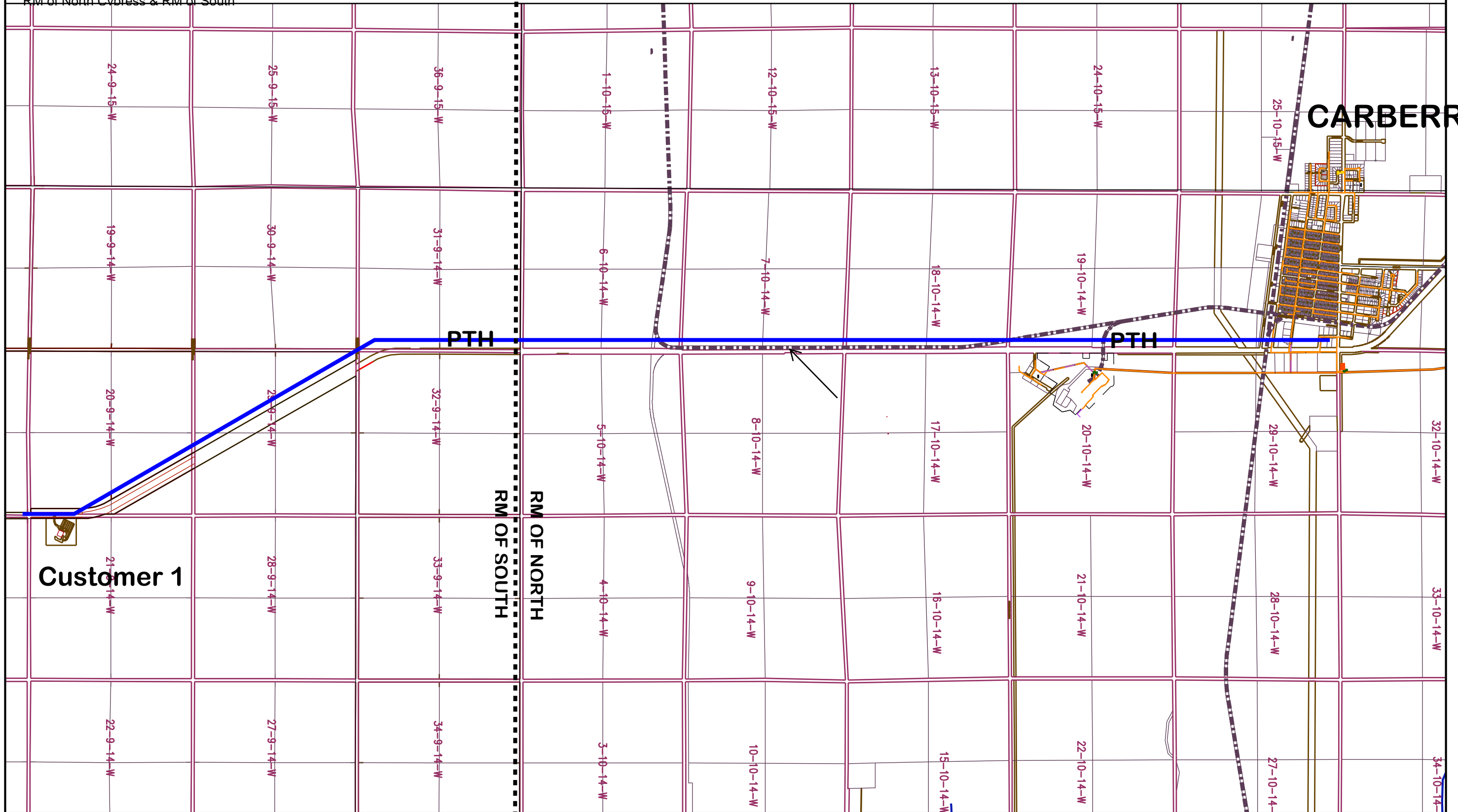




Centra Gas Manitoba Inc.  
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**NOTE :This plot is to be used for general pipe routing information only.  
All other data to be confirmed by the Gas Distribution Planning & Design Dept.**

Attachment 3.0  
Page 1 of 1



NOTE: Maximum Operating Pressure (MOP) is 420 kpa unless otherwise noted.  
Outside Diameter (O.D.) of pipe in millimeters unless otherwise noted.



THIS PLAN IS FOR GENERAL INFORMATION ONLY. ALL DIMENSIONS AND LOCATIONS ARE APPROXIMATE. THE USER SHALL VERIFY ALL INFORMATION BEFORE CONSTRUCTION.



**Financial Feasibility Test****1 RM of North Cypress and RM of South Cypress**

2

	<u>YEAR 11</u>	<u>YEAR 12</u>	<u>YEAR 13</u>	<u>YEAR 14</u>	<u>YEAR 15</u>	<u>YEAR 16</u>	<u>YEAR 17</u>	<u>YEAR 18</u>	<u>YEAR 19</u>	<u>YEAR 20</u>
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>3</b>										
<b>4</b>										
<b>5</b>	<b><u>OPERATING ASSUMPTIONS</u></b>									
Number of Customers	1	1	1	1	1	1	1	1	1	1
Annual Volume (Mcf)	15,731	15,731	15,731	15,731	15,731	15,731	15,731	15,731	15,731	15,731
Annual Volume (10 <sup>3</sup> m <sup>3</sup> )	446	446	446	446	446	446	446	446	446	446
Projected Revenues	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797
<b>9</b>	<b><u>RATE BASE</u></b>									
Gross Fixed Assets	\$474,909	\$474,909	\$474,909	\$474,909	\$474,909	\$474,909	\$474,909	\$474,909	\$474,909	\$474,909
Accumulated Depreciation	\$150,451	\$164,128	\$177,806	\$191,483	\$205,161	\$218,838	\$232,515	\$246,193	\$259,870	\$273,547
Net Plant Closing	\$324,458	\$310,780	\$297,103	\$283,425	\$269,748	\$256,071	\$242,393	\$228,716	\$215,039	\$201,361
Net Plant at Mid-Year	\$331,296	\$317,619	\$303,942	\$290,264	\$276,587	\$262,909	\$249,232	\$235,555	\$221,877	\$208,200
Contributions	\$235,568	\$225,637	\$215,707	\$205,777	\$195,847	\$185,916	\$175,986	\$166,056	\$156,126	\$146,195
Contribution at Mid-Year	\$240,533	\$230,603	\$220,672	\$210,742	\$200,812	\$190,882	\$180,951	\$171,021	\$161,091	\$151,161
Working Capital Allowance	\$3,892	\$3,889	\$3,885	\$3,882	\$3,879	\$3,876	\$3,872	\$3,869	\$3,866	\$3,863
Rate Base at Mid-Year	\$94,655	\$90,905	\$87,155	\$83,404	\$79,654	\$75,903	\$72,153	\$68,403	\$64,652	\$60,902
<b>18</b>	<b><u>REVENUE DEFICIENCY CALCULATION</u></b>									
<b>19</b>										
Cost of Gas	\$75,582	\$75,582	\$75,582	\$75,582	\$75,582	\$75,582	\$75,582	\$75,582	\$75,582	\$75,582
Operating & Maintenance Expenses	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Depreciation Expense	\$13,677	\$13,677	\$13,677	\$13,677	\$13,677	\$13,677	\$13,677	\$13,677	\$13,677	\$13,677
Amortization of Contributions	(\$9,930)	(\$9,930)	(\$9,930)	(\$9,930)	(\$9,930)	(\$9,930)	(\$9,930)	(\$9,930)	(\$9,930)	(\$9,930)
Municipal Tax & Corp.Cap. Tax	\$6,665	\$6,597	\$6,528	\$6,460	\$6,391	\$6,323	\$6,255	\$6,186	\$6,118	\$6,050
Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Overall Return	\$5,755	\$5,527	\$5,299	\$5,071	\$4,843	\$4,615	\$4,387	\$4,159	\$3,931	\$3,703
Total Revenue Requirement	\$91,850	\$91,553	\$91,257	\$90,960	\$90,664	\$90,367	\$90,071	\$89,775	\$89,478	\$89,182
Projected Revenues	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797
Revenue Sufficiency (Deficiency)	\$2,948	\$3,244	\$3,540	\$3,837	\$4,133	\$4,430	\$4,726	\$5,023	\$5,319	\$5,615
Revenue to Cost Ratio	103.2%	103.5%	103.9%	104.2%	104.6%	104.9%	105.2%	105.6%	105.9%	106.3%

**Financial Feasibility Test**

1 **RM of North Cypress and RM of South Cypress**  
2

	<u>YEAR 21</u>	<u>YEAR 22</u>	<u>YEAR 23</u>	<u>YEAR 24</u>	<u>YEAR 25</u>	<u>YEAR 26</u>	<u>YEAR 27</u>	<u>YEAR 28</u>	<u>YEAR 29</u>	<u>YEAR 30</u>
	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
<b><u>OPERATING ASSUMPTIONS</u></b>										
5 Number of Customers	1	1	1	1	1	1	1	1	1	1
6 Annual Volume (Mcf)	15,731	15,731	15,731	15,731	15,731	15,731	15,731	15,731	15,731	15,731
7 Annual Volume (10 <sup>3</sup> m <sup>3</sup> )	446	446	446	446	446	446	446	446	446	446
8 Projected Revenues	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797
<b><u>RATE BASE</u></b>										
9 Gross Fixed Assets	\$474,909	\$474,909	\$474,909	\$474,909	\$474,909	\$474,909	\$474,909	\$474,909	\$474,909	\$474,909
10 Accumulated Depreciation	\$287,225	\$300,902	\$314,580	\$328,257	\$341,934	\$355,612	\$369,289	\$382,966	\$396,644	\$410,321
11 Net Plant Closing	\$187,684	\$174,007	\$160,329	\$146,652	\$132,974	\$119,297	\$105,620	\$91,942	\$78,265	\$64,588
12 Net Plant at Mid-Year	\$194,523	\$180,845	\$167,168	\$153,490	\$139,813	\$126,136	\$112,458	\$98,781	\$85,104	\$71,426
13 Contributions	\$136,265	\$126,335	\$116,405	\$106,474	\$96,544	\$86,614	\$76,684	\$66,753	\$56,823	\$46,893
14 Contribution at Mid-Year	\$141,230	\$131,300	\$121,370	\$111,440	\$101,509	\$91,579	\$81,649	\$71,719	\$61,788	\$51,858
15 Working Capital Allowance	\$3,859	\$3,856	\$3,853	\$3,850	\$3,846	\$3,843	\$3,840	\$3,837	\$3,834	\$3,830
16 Rate Base at Mid-Year	\$57,152	\$53,401	\$49,651	\$45,901	\$42,150	\$38,400	\$34,650	\$30,899	\$27,149	\$23,399
<b><u>REVENUE DEFICIENCY CALCULATION</u></b>										
17 Cost of Gas	\$75,582	\$75,582	\$75,582	\$75,582	\$75,582	\$75,582	\$75,582	\$75,582	\$75,582	\$75,582
18 Operating & Maintenance Expenses	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
19 Depreciation Expense	\$13,677	\$13,677	\$13,677	\$13,677	\$13,677	\$13,677	\$13,677	\$13,677	\$13,677	\$13,677
20 Amortization of Contributions	(\$9,930)	(\$9,930)	(\$9,930)	(\$9,930)	(\$9,930)	(\$9,930)	(\$9,930)	(\$9,930)	(\$9,930)	(\$9,930)
21 Municipal Tax & Corp.Cap. Tax	\$5,981	\$5,913	\$5,844	\$5,776	\$5,708	\$5,639	\$5,571	\$5,502	\$5,434	\$5,366
22 Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23 Overall Return	\$3,475	\$3,247	\$3,019	\$2,791	\$2,563	\$2,335	\$2,107	\$1,879	\$1,651	\$1,423
24 Total Revenue Requirement	\$88,885	\$88,589	\$88,292	\$87,996	\$87,700	\$87,403	\$87,107	\$86,810	\$86,514	\$86,217
25 Projected Revenues	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797	\$94,797
26 Revenue Sufficiency (Deficiency)	\$5,912	\$6,208	\$6,505	\$6,801	\$7,098	\$7,394	\$7,690	\$7,987	\$8,283	\$8,580
27 Revenue to Cost Ratio	106.7%	107.0%	107.4%	107.7%	108.1%	108.5%	108.8%	109.2%	109.6%	110.0%

**THE RURAL MUNICIPALITY OF NORTH CYPRESS****BY-LAW NO. 4/2013**

**BEING A BY-LAW OF THE RURAL MUNICIPALITY OF NORTH CYPRESS** (the "Municipality"), in Manitoba, authorizing the Municipality to enter into a new franchise agreement with **CENTRA GAS MANITOBA INC.** ("Centra") to extend the area of the 2006 Natural Gas Franchise Agreement;

**WHEREAS** the Municipality entered into a franchise agreement (hereinafter the "2006 Franchise Agreement") dated March 14, 2006 with Centra granting the company the franchise to supply and deliver natural gas to the Municipality and inhabitants within the areas set forth in "Appendix 1" to the said 2006 Franchise Agreement;

**AND WHEREAS** By-Law No. 4/2005 of the Municipality authorizing the Municipality to enter into the 2006 Franchise Agreement was approved by the Public Utilities Board of Manitoba by Order No. 28/06;

**AND WHEREAS** Section 232(1)(l) of *The Municipal Act* provides that a Council may pass by-laws for municipal purposes respecting public utilities.

**AND WHEREAS** Section 250(2)(d) and 253(1) of *The Municipal Act* provides that a municipality may for municipal purposes:

- (c) acquire, establish, maintain and operate services, facilities and utilities;
- (d) enter into agreements with another party to do on behalf of the municipality anything the municipality has the power to do within the municipality.

**AND WHEREAS** it is agreed that it is in its interest to grant Centra a further franchise for the supply and distribution of natural gas to those portions of Sections 4, 5, and 6, Township 10, Range 14 WPM contained within the limits of the Municipality as a further addition to its existing franchise territory;

**AND WHEREAS** the PUB approved a new form of generic franchise agreement (2011 Generic Franchise Agreement) by Order 159/11 dated November 16, 2011;

**AND WHEREAS** it is deemed expedient and in the public interest that the Municipality enter into a new franchise agreement in the form approved by PUB Order 159/11 with Centra pursuant to Section 250(2) to replace the existing 2006 Franchise Agreement and to include new franchise area;

**NOW THEREFORE**, the Council of the Municipality in regular session assembled enacts as follows:

1. That the Municipality enter into a new franchise agreement with Centra in the form attached hereto as Schedule "A" to this By-Law, for the purpose of granting a franchise for the supply and distribution of natural gas to:
  - Sections 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, Township 10, Range 14 WPM;
  - Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 16, 17, 18, 19, 20, 21, 28, 29, 30, 31, 32, 33, Township 11, Range 14 WPM;
  - Sections 4, 5, 6, 7, 8, 9, 16, 17, 18, 19, 20, 21, 28, 29, 30, 31, 32, 33, Township 12, Range 14 WPM;
  - Sections 9, 10, 11, 12, 13, 14, 15, 16, 21, 22, 23, 24, 25, 26, 27, 28, 33, 34, 35, 36, Township 10, Range 15 WPM;
  - Sections 1, 2, 3, 10, 11, 12, 13, 24, 25, 36, Township 11, Range 15 WPM;
  - North ½ of Section 17, East ½ Section 18, South ½ Section 19, South ½ Section 20, South ½ Section and North East ¼ Section 21, West ½ Section 22, West ½ Section 27, East ½ Section 28, East ½ Section 33, West ½ Section 34, Township, 12, Range 15 WPM;
 of the Rural Municipality of North Cypress.
2. That the Reeve and Chief Administrative Officer of the Municipality shall be authorized to execute said franchise agreement on behalf of the Municipality.
3. That this By-Law shall, after being read a first time by the Council be submitted to, or receive the authorization or approval of, the Public Utilities Board of Manitoba;
4. That Centra be authorized to represent the Municipality to apply to the Public Utilities Board of Manitoba for approval of the Amending Agreement.
5. That this By-law shall not take effect until it has received approval of the Public Utilities Board of Manitoba and third reading.
6. That this By-Law shall supercede all previous By-Laws granting natural gas franchises in the Municipality.

Centra Gas Manitoba Inc.  
Franchise Application  
RM of North Cypress & RM of South Cypress

Attachment 5.0  
Page 2 of 15

**DONE AND PASSED** by the Council of the Rural Municipality of North Cypress, in Manitoba, in regular session assembled this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

**RM OF NORTH CYPRESS**

\_\_\_\_\_  
Reeve

\_\_\_\_\_  
Chief Administrative Officer

Read a first time this 8 day of July, 2013.

Read a second time this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

Read a third time this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

Certified to be a true and correct copy of By-Law No. 4/2013 read a first time on the 8 day of July, 2013.

Brent McMillan  
Brent McMillan, CAO  
RM of North Cypress



## Schedule A

**MEMORANDUM OF AGREEMENT** made this \_\_\_\_ day of \_\_\_\_\_, 2013.

BETWEEN:

**THE RURAL MUNICIPALITY OF NORTH CYPRESS,**

(hereinafter called the "Municipality"),

- and -

**CENTRA GAS MANITOBA INC.,**

(hereinafter called the "Company").

**WHEREAS** the Municipality entered into a franchise agreement (hereinafter the "2006 Franchise Agreement") dated March 14, 2006 with Centra granting the company the franchise to supply and deliver natural gas to the Municipality and inhabitants within the areas set forth in "Appendix 1" to the said 2006 Franchise Agreement;

**AND WHEREAS** By-Law No. 4/2005 of the Municipality authorizing the Municipality to enter into the 2006 Franchise Agreement was approved by the Public Utilities Board of Manitoba by Order No. 28/06;

**AND WHEREAS** it is agreed that it is in its interest to grant Centra a further franchise for the supply and distribution of natural gas to those portions of Sections 4, 5, and 6, Township 10, Range 14 WPM contained within the limits of the Municipality as a further addition to its existing franchise territory;

**AND WHEREAS** the PUB approved a new form of generic franchise agreement (2011 Generic Franchise Agreement) by Order 159/11 dated November 16, 2011;

**AND WHEREAS** it is deemed expedient and in the public interest that the Municipality enter into a new franchise agreement in the form approved by PUB Order 159/11 with

- 2 -

Centra pursuant to Section 250(2) to replace the existing 2006 Franchise Agreement and to include new franchise area;

**AND WHEREAS** it is agreed between the Municipality and the Company that the Company supply and distribute natural gas to the Municipality and its inhabitants in the Rural Municipality of North Norfolk, in Manitoba and as set out in the map attached as Appendix 1 hereto (the "Territory"), upon the terms and conditions set out herein;

**AND WHEREAS** by by-law duly passed by the Council of the Municipality (the "By-law"), the Reeve and the Chief Administrative Officer (CAO) have been authorized and directed to execute this Agreement on behalf of the Municipality;

**NOW THEREFORE** pursuant to the premises and in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Company to the Municipality (the receipt of which is hereby acknowledged), and in further consideration of the mutual covenants hereinafter set forth it is mutually covenanted and agreed by the parties as follows:

1. Subject to compliance with the provisions of *The Municipal Act* (Manitoba), *The Public Utilities Board Act* (Manitoba) and *The Gas Pipe Line Act* (Manitoba), the Municipality hereby grants to the Company, its successors and assigns, subject to the terms, conditions and provisions herein contained, the sole and exclusive franchise to distribute natural gas to:

- Sections 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, Township 10, Range 14 WPM;
- Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 16, 17, 18, 19, 20, 21, 28, 29, 30, 31, 32, 33, Township 11, Range 14 WPM;
- Sections 4, 5, 6, 7, 8, 9, 16, 17, 18, 19, 20, 21, 28, 29, 30, 31, 32, 33, Township 12, Range 14 WPM;
- Sections 9, 10, 11, 12, 13, 14, 15, 16, 21, 22, 23, 24, 25, 26, 27, 28, 33, 34, 35, 36, Township 10, Range 15 WPM;

- 3 -

- Sections 1, 2, 3, 10, 11, 12, 13, 24, 25, 36, Township 11, Range 15 WPM;
- North ½ of Section 17, East ½ Section 18, South ½ Section 19, South ½ Section 20, South ½ Section and North East ¼ Section 21, West ½ Section 22, West ½ Section 27, East ½ Section 28, East ½ Section 33, West ½ Section 34, Township, 12, Range 15 WPM;

(herein called the Territory) and its inhabitants in the Territory, for a term of thirty (30) years from the date hereof. The Municipality further grants to the Company the full power, right, licence and liberty to enter upon property of the Municipality and to break the surface and make necessary excavations to lay down, take up, relay, connect, disconnect, repair, remove, maintain, replace and operate a gas distribution system and any and all necessary or convenient mains, pipes, services, and all other equipment and appliances as the Company may deem desirable for the supply, transmission and distribution of gas (collectively the "Gas Distribution System") in, upon, over, across, under and along the public highways, streets, roads, bridges, walkways, sidewalks, road allowances, squares, lanes, alleys, ditches, drainage systems and other public places (collectively the "Highways") within the boundaries of the Municipality as the same may from time to time exist, as may be necessary for the purpose of transporting, supplying, and delivering natural gas to the consumers thereof.

2.(1) Subject to the provisions hereof, the Company agrees that during the term of this Agreement, it will install and maintain an adequate natural gas distribution system within the Territory and will provide such quantities of natural gas as will meet the requirements of the inhabitants, businesses and industries located in the Territory.

2.(2) The Company agrees that with respect to any portion of the Territory which the Company does not supply natural gas to, in the event the Municipality, acting reasonably, requests the Company to supply natural gas upon the same terms and conditions as provided in this Agreement, the Company will work together with the Municipality with a view of developing a viable business model in relation to that portion of the Territory. All such extensions for service shall be subject to the Company's feasibility test as approved

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by The Public Utilities Board of Manitoba (the Board) from time to time. The Company further agrees that if the Company is unable to develop a viable business model with the Municipality, the Company shall relinquish that portion of the Territory from the franchise previously granted if asked to do so by the Municipality.

2.(3) For the purpose of implementing a distribution system expansion for the attachment of new customers pursuant to clause 2(1), the Company shall, whenever a request is made for gas service by any inhabitant or industry of the Municipality in a location not served by the existing system of the Company, comply with the request provided the request meets criteria filed with and approved by the Board for expansion of the distribution system and does not unduly affect customers on the existing system. Such criteria may include but not be limited to estimates of customers, sales, volumes, revenues, costs, and return on investment, the effect upon existing customers and any customer contribution in aid of construction. The criteria shall be reviewed by the Board from time to time as the Board deems necessary or as may be requested by the Company.

2.(4) The Company shall not be bound to construct or extend its mains or provide natural gas or gas service if the Company is, for any reason, unable to obtain delivery of natural gas at or near the limits of the Territory, or an adequate supply thereof to warrant the construction or extension of its mains for the provision of natural gas.

2.(5) In the event the amount of natural gas supplied to the Company at or near the limits of the Territory is insufficient to meet the requirements of connected customers, the Company shall have the right to prescribe reasonable rules and regulations for allocating the available supply of natural gas to domestic, commercial and industrial customers in that order of priority. The allocation of natural gas shall also be subject to the provisions of *The Gas Allocation Act (Manitoba)* and Regulations thereto and any orders made pursuant to *The Emergency Measures Act (Manitoba)*.

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2.(6) In the event that either of the conditions referred to in subsections (4) and (5) occur or are likely to occur, the Company will advise the Municipality thereof as soon as the conditions become apparent to the Company.

3.(1). Prior to the installation of any part of the Gas Distribution System, the Company shall file plans with the municipal engineer, which shall mean a professional engineer employed directly or indirectly by the Municipality or such other person as may be designated by the council of the Municipality to carry out the functions and duties of the Municipal Engineer as herein described ("Municipal Engineer"), showing the location, depth and size of all mains, pipes or conduits and any other equipment or structures (but not including geodetic information) intended to be installed or constructed and shall comply with all by-laws of the Municipality relating to the construction of such works. The Municipality, by its Municipal Engineer, shall approve the plans as to the location of the Gas Distribution System and any changes thereto arising in course of construction within the Municipality, which approval shall not be unreasonably withheld or unduly delayed. The Gas Distribution System shall be placed in such locations as agreed by the Municipal Engineer and the Company in boulevards and under other unpaved surfaces rather than in streets when reasonably practicable and where the cost of installation and maintenance will not be unreasonably high.

3.(2) The Company shall supply to the Municipality plans showing the location of its Gas Distribution System within the Municipality on an as-built basis, as requested by the Municipality, but in no event shall such plans be provided more than twice in any 12-month period. Such plans shall be provided either on paper or in a mutually agreeable format. All of the conditions for the supply of as-builts are to be mutually agreed upon.

3.(3) The pipe, materials and other equipment to be used in the distribution system shall be of the kinds and qualities satisfactory to the Board, and shall be in compliance with *The Gas Pipe Line Act* (Manitoba) and the regulations thereunder.

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4. Unless another process is established through municipal bylaw, the Company shall give notice to the CAO or designate of the Municipality, of its intention to open or break up any of the Highways of the Municipality not less than seven (7) days before the beginning of such work, except in cases of emergency arising from defects or breaking of the pipe or other works, when immediate notice shall suffice; and, subject to the same exception and as otherwise provided in this Agreement, the Company shall not begin any such work unless it has obtained approval therefore in writing from the Municipal Engineer.

5. The Company agrees:

- (a) in the execution of the rights and powers granted hereby and in the performance of the work in connection therewith, it shall do as little damage as possible and shall keep passage of the Highways as far as may be practicable free and uninterrupted;
- (b) it shall not interfere with, disturb or damage any existing pipes or lines of other utilities, unless the express consent of such other utilities is first had and received;
- (c) it shall, within a reasonable time after any construction work, restore the Highways and other areas where construction has occurred to a state of repair as nearly as possible equal to their former state, unless another process is established by municipal bylaw. Within thirty (30) days of completion of the restoration work the Company shall give notice in writing to the Municipal Engineer that the work and restoration have been completed and inspected. The Municipal Engineer acting reasonably shall advise the Company in writing of any deficiencies in connection with the construction work or restoration. If the Municipality fails to provide such advice within six (6) months of the Company's notice to the Municipality and unless an extension of time has been mutually agreed, the Municipality will be deemed to have accepted the restoration work;

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- (d) in the execution of the power granted hereby, it shall construct, locate and operate its Gas Distribution System in such manner as will not endanger the public health or safety;
- (e) any pipe line found not in accordance with the depth of cover requirements established by the Board pursuant to *The Gas Pipe Line Act (Manitoba)* as a result of improper installation shall be lowered, relocated or suitably protected by, and at the expense of the Company;
- (f) all costs in connection with the removal or relocation of any part of the Gas Distribution System, including the cost of repairs to any Highways, shall be the Company's responsibility except where such removal or relocation is required by the Municipality; and,
- (g) notwithstanding paragraph (f) above, where the removal or relocation of any part of the Gas Distribution System is required by the Municipality, the costs and expenses incurred in the removal and replacement or the relocation shall be as follows:
  - (i) the Municipality shall pay to the Company an amount equal to the cost of labour and material required in the original construction of that part of the Gas Distribution System that the Municipality requests to be relocated, less depreciation and the value of any material salvaged; and
  - (ii) the Company shall bear the entire cost of constructing the required Gas Distribution System infrastructure in the new location.

6.(1) The Company shall protect and indemnify the Municipality against any damages or expenses in connection with the execution of the powers granted hereby and under *The*

*Gas Pipe Line Act (Manitoba)*, and from and against all claims, demands, and actions by third persons in respect of damages sustained by reason of any operations of the Company and in relation to its distribution system.

6.(2) The Company shall satisfy the Board that it has in place at all times liability insurance coverage sufficient to satisfy any potential claim, demand or action against the Company or the Municipality for such damages.

7.(1) Before the Municipality makes any repairs of, or alterations to, any of its public services which will involve excavations or which may in any way affect any of the Company's lines, plant or equipment, the Municipality shall give notice as set forth in the regulations in effect at that time and made pursuant to *The Gas Pipe Line Act (Manitoba)*.

7.(2) Where practicable, the Municipality shall have regard to the reasonable directions of the Company concerning any such repairs and alterations, but, in any event, the Municipality is free of all liability in connection with any damage done by reason of any such repairs or alterations.

8. Natural gas shall be supplied to customers in the Territory at the rates and on the terms and conditions approved or fixed from time to time by the Board or other regulatory authority having jurisdiction.

9. This Agreement shall not prevent the sale or delivery within the Territory by any other person, firm or corporation of liquefied petroleum gas, propane or other product delivered in tanks or containers and not transmitted by pipeline.

10. Subject to any applicable legislation now or hereafter enacted in that regard, the Company shall pay to the Municipality any taxes that may be legally and properly levied by the Municipality against the Company.



11. The Company shall maintain in force during the currency hereof, a policy of insurance provided by an insurance company licensed to do business in the Province of Manitoba, insuring against public liability and property damage in connection with the operations of the Gas Distribution System within the Territory.

12. The Municipality agrees that it will not, for a period of thirty (30) years or longer, if this Agreement is renewed in accordance with the provision of paragraph 13 hereof, grant to any other person, firm or corporation the right to deliver natural gas within the franchise area of the Municipality or to erect or maintain a Gas Distribution System in, upon, over, across, under, or along its Highways within the franchise area for the purpose of supplying and distributing natural gas.

13.(1) It is further agreed that at the expiration of the term hereof and at the expiration of each renewal hereof, the Municipality may, after giving one (1) year's written notice prior to the date of the termination of this Agreement or of any renewal hereof, at its option (to be expressed by by-law of the Municipality), elect to purchase that portion of the Gas Distribution System with respect to its operations within the Municipality that is used exclusively for the distribution of natural gas in the Territory, pursuant to this Agreement, but not any portion of the Gas Distribution System that is used for transmission of natural gas through the Municipality, for such price and on such terms as may be agreed upon between the parties hereto, or failing such agreement then at such price and on such terms including that portion of the Gas Distribution System the Municipality is entitled to purchase as may be fixed and settled by the Board, or if the Board shall refuse to so fix and settle the price then the said price and terms shall be such as may be fixed and determined by arbitration under the provisions of *The Arbitration Act (Manitoba)* and each of the parties shall appoint an arbitrator and the arbitrators so appointed shall appoint a third arbitrator to act as chairman who shall be versed in this special branch of engineering economics, and in the event the arbitrators appointed by each party are unable to appoint a third arbitrator, the third arbitrator shall be appointed by the Chief Justice of the Court of Queen's Bench of the Province of Manitoba. The decision of the Board or of a majority of

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the said arbitrators shall be binding upon the parties in arriving at the price. The Board or the said arbitrators shall make allowance for severance of the property and operation from other properties and operations of the Company in Manitoba. In the event of such purchase, the Company and the Municipality will enter into an agreement respecting the use of and payment for such use by the Municipality of Company-owned facilities which are not being purchased hereunder and for the sale of natural gas to the Municipality for resale by the Municipality to the inhabitants of the Municipality, at such rates as may be agreed upon between the Company and the Municipality and approved by the Board. If the Municipality does not notify the Company in writing of its intention to purchase the property of the Company as aforesaid at least one (1) year before the expiration of this Agreement or any renewal thereof, this Agreement will be deemed to be automatically renewed for an additional term of ten (10) years, and at the end of the said ten (10) year renewal term, the said Agreement will be further automatically extended in absence of notice aforesaid for additional terms of ten (10) years from time to time. Provided further that at the time of any such renewal, changes in the terms of this Agreement may be made at the request of either party with the approval of the other, and in the absence of such approval such changes may be made by reference to, under the authority of, and with the approval of the Board. Notwithstanding anything contained elsewhere in this Agreement, it is understood and agreed that if the Municipality exercises its option to purchase the property of the Company with respect to its distribution operations within the area designated in this Agreement, such exercise shall not affect the right of the Company to continue to operate its transmission facilities in such area for so long as the same may be required by the Company.

13.(2) The Company agrees that it shall provide written notice to the Municipality at least two (2) years prior to the expiration of the term hereof and of each renewal hereof, of the Municipality's election as set forth in paragraph 13.(1) hereof.

14. Notwithstanding any other term or condition contained herein, neither party shall be liable to the other for failure to carry out its obligations hereunder when such failure is

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caused by force majeure as hereinafter defined. The term force majeure means civil disturbances, industrial disturbances (including strikes and lock-outs), interruptions by government or Court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, failure or inability to secure materials, permits or labourers by reason of priority regulations or orders of government, landslides, lightning, earthquakes, fires, storm, floods, wash-outs, explosions, breakage or accident to machinery or the Gas Distribution System, temporary or permanent failure of gas supply, an act or omission (including failure to deliver gas) reducing supply of gas to the Company's supplier, or any other causes or circumstances to the extent such cause or circumstances was beyond the control of the party prevented from carrying out its obligations by the act of force majeure.

15. Subject to the provisions of *The Public Utilities Board Act* (Manitoba), the Company shall not without the consent of the Municipality, such consent not to be unreasonably withheld, assign this Agreement or the rights, franchises, powers and privileges granted hereby or any of them; provided however the Company may assign this Agreement to any corporation with which the Company may then be associated or affiliated, as those terms are used in *The Corporations Act* (Manitoba) and the *Income Tax Act* (Canada).

16. This Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.

- 17. This Agreement is subject to the approval of the Manitoba Public Utilities Board.
- 18. Upon execution of this agreement following receipt of approval from the Public Utilities Board and the By-law being passed the Franchise and Amending Agreements referred to herein shall cease to be of any force or effect.

**IN WITNESS WHEREOF** the parties have duly executed this Agreement as of the day and year first above written.

**RURAL MUNICIPALITY OF NORTH CYPRESS**

Per: \_\_\_\_\_  
Reeve

Per: \_\_\_\_\_  
Chief Administrative Officer

**CENTRA GAS MANITOBA INC.**

Per: \_\_\_\_\_  
Authorized Signing Officer

Per: \_\_\_\_\_  
Authorized Signing Officer

Centra Gas Manitoba Inc.  
Franchise Application  
RM of North Cypress & RM of South Cypress

Attachment 5.0  
Page 15 of 15

# MUN. OF NORTH CYPRESS

## APPENDIX 1

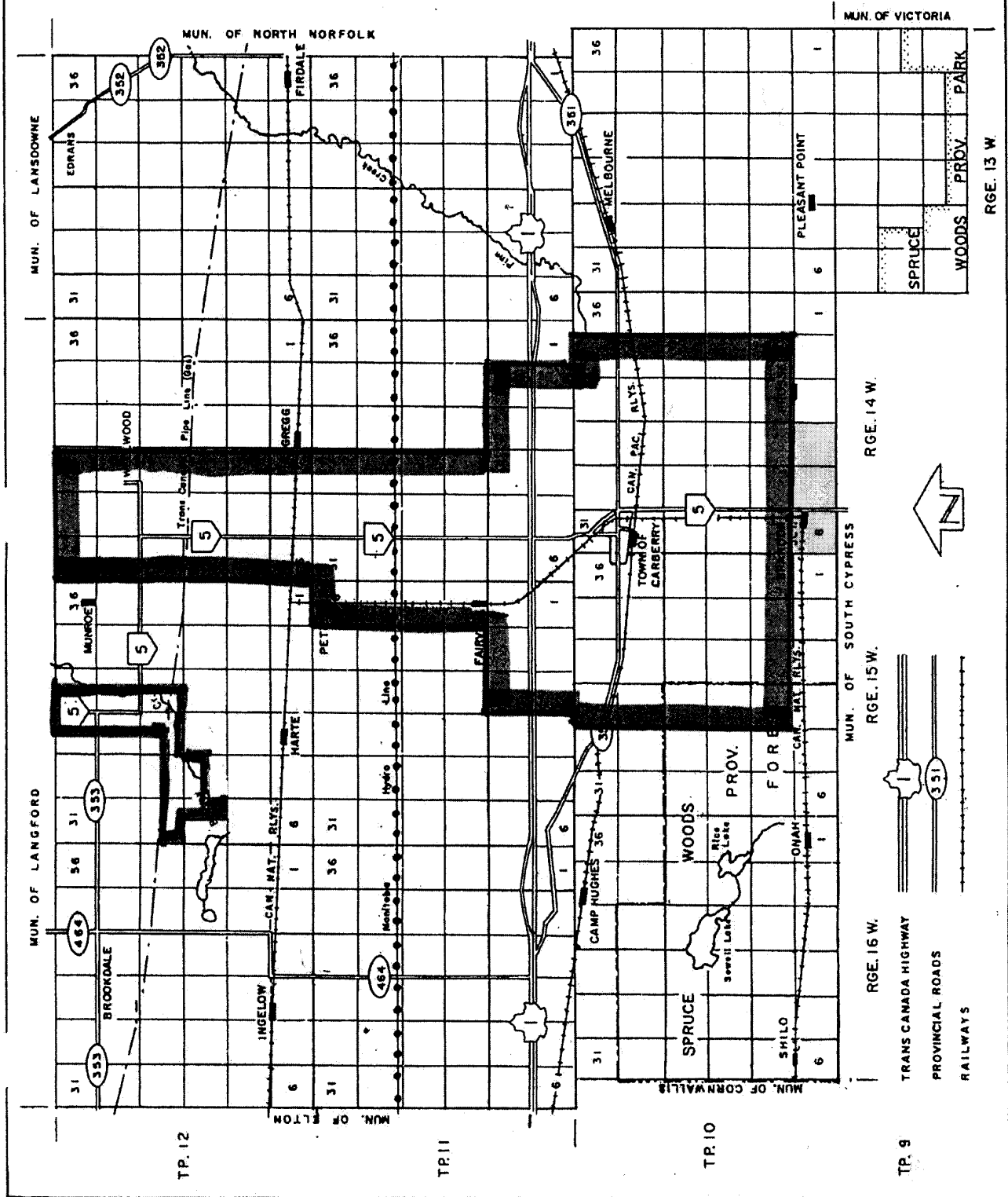
REVISED: - MAY 1986  
AUG. 1987  
OCT. 1990  
JAN. 1992

PROVINCE OF MANITOBA  
HIGHWAYS DEPARTMENT  
DESIGN OFFICE

Scale 1 inch = 3 miles

 -- Existing Franchise Area

 -- Proposed New Franchise Area



## RURAL MUNICIPALITY OF SOUTH CYPRESS

### BY-LAW NUMBER 1870

BEING A BY-LAW of the Rural Municipality of South Cypress (the "Municipality"), in Manitoba, to authorize the granting of a franchise to Centra Gas Manitoba Inc. ("Centra") to supply and distribute natural gas to a portion of the Municipality.

WHEREAS Section 232(1)(l) of The Municipal Act provides that a Council may pass by-laws for municipal purposes respecting public utilities.

AND WHEREAS Section 250(2)(d) and 253 (1) of The Municipal Act provides that a municipality may for municipal purposes:

- (c) acquire, establish, maintain and operate services, facilities and utilities; and
- (d) enter into agreements with another party to do on behalf of the municipality anything the municipality has the power to do within the municipality.

AND WHEREAS the Municipality has agreed that it is in its interest to grant Centra a franchise to supply and distribute natural gas to certain portions of the Municipality;

AND WHEREAS it is deemed expedient and in the public interest that the Municipality enter into a franchise agreement ("Franchise Agreement") with Centra to supply and distribute natural gas to the Municipality pursuant to said Section 250(2) and 253(1);

NOW THEREFORE the Council of the Municipality in regular session assembled enacts as follows:

1. That the Municipality enter into a Franchise Agreement, in the form attached hereto as Schedule "A" to this By-Law, with Centra for the purpose of granting a franchise to supply and distribute natural gas to Sections 30 - 33, in Township 9, Range 14 WPM.
2. That the Reeve and Chief Administrative Officer of the Municipality shall be authorized to execute said Franchise Agreement with Centra, in the form attached hereto as Schedule "A" to this By-Law, on behalf of the Municipality.
3. That this By-Law shall, after being read a first time by the Council be submitted to or receive the authorization or approval of The Public Utilities Board of Manitoba.
4. That Centra be authorized to represent the Municipality in applying to The Public Utilities Board of Manitoba for approval of the Franchise Agreement.
5. That this By-Law shall not take effect until it has received approval of The Public Utilities Board of Manitoba and third reading.

DONE AND PASSED by the Council of the Rural Municipality of South Cypress, in Manitoba, in regular session assembled this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

I, ERIC PLAETINCK, SECRETARY-TREASURER OF THE RURAL MUNICIPALITY OF SOUTH CYPRESS DO HEREBY CERTIFY THAT THE ABOVE IS A TRUE AND CORRECT COPY OF *BY-LAW #1870*

\_\_\_\_\_

Reeve

Chief Administrative Officer

Read a first time this 9<sup>th</sup> day of July, 2013.

Read a second time this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

Read a third time this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

## Schedule A

**MEMORANDUM OF AGREEMENT** made this \_\_\_\_ day of \_\_\_\_\_, 2013.

BETWEEN:

**THE RURAL MUNICIPALITY OF SOUTH CYPRESS,**

(hereinafter called the "Municipality"),

- and -

**CENTRA GAS MANITOBA INC.,**

(hereinafter called the "Company").

**WHEREAS** the Municipality is desirous of obtaining a supply of natural gas for the Municipality and the inhabitants thereof not currently receiving natural gas;

**AND WHEREAS** it is agreed between the Municipality and the Company that the Company supply and distribute natural gas to the Municipality and its inhabitants in the Rural Municipality of South Cypress, in Manitoba and as set out in the map attached as Appendix 1 hereto (the "Territory"), upon the terms and conditions set out herein;

**AND WHEREAS** by by-law duly passed by the Council of the Municipality (the "By-law"), the Reeve and the Chief Administrative Officer (CAO) have been authorized and directed to execute this Agreement on behalf of the Municipality;

**NOW THEREFORE** pursuant to the premises and in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Company to the Municipality (the receipt of which is hereby acknowledged), and in further consideration of the mutual covenants hereinafter set forth it is mutually covenanted and agreed by the parties as follows:

1. Subject to compliance with the provisions of *The Municipal Act* (Manitoba), *The Public Utilities Board Act* (Manitoba) and *The Gas Pipe Line Act* (Manitoba), the Municipality hereby grants to the Company, its successors and assigns, subject to the

terms, conditions and provisions herein contained, the sole and exclusive franchise to distribute natural gas to Sections 30 - 33, in Township 9, Range 14 WPM (herein called the Territory) and its inhabitants in the Territory, for a term of thirty (30) years from the date hereof. The Municipality further grants to the Company the full power, right, licence and liberty to enter upon property of the Municipality and to break the surface and make necessary excavations to lay down, take up, relay, connect, disconnect, repair, remove, maintain, replace and operate a gas distribution system and any and all necessary or convenient mains, pipes, services, and all other equipment and appliances as the Company may deem desirable for the supply, transmission and distribution of gas (collectively the "Gas Distribution System") in, upon, over, across, under and along the public highways, streets, roads, bridges, walkways, sidewalks, road allowances, squares, lanes, alleys, ditches, drainage systems and other public places (collectively the "Highways") within the boundaries of the Municipality as the same may from time to time exist, as may be necessary for the purpose of transporting, supplying, and delivering natural gas to the consumers thereof.

2.(1) Subject to the provisions hereof, the Company agrees that during the term of this Agreement, it will install and maintain an adequate natural gas distribution system within the Territory and will provide such quantities of natural gas as will meet the requirements of the inhabitants, businesses and industries located in the Territory.

2.(2) The Company agrees that with respect to any portion of the Territory which the Company does not supply natural gas to, in the event the Municipality, acting reasonably, requests the Company to supply natural gas upon the same terms and conditions as provided in this Agreement, the Company will work together with the Municipality with a view of developing a viable business model in relation to that portion of the Territory. All such extensions for service shall be subject to the Company's feasibility test as approved by The Public Utilities Board of Manitoba (the Board) from time to time. The Company further agrees that if the Company is unable to develop a viable business model with the



Municipality, the Company shall relinquish that portion of the Territory from the franchise previously granted if asked to do so by the Municipality.

2.(3) For the purpose of implementing a distribution system expansion for the attachment of new customers pursuant to clause 2(1), the Company shall, whenever a request is made for gas service by any inhabitant or industry of the Municipality in a location not served by the existing system of the Company, comply with the request provided the request meets criteria filed with and approved by the Board for expansion of the distribution system and does not unduly affect customers on the existing system. Such criteria may include but not be limited to estimates of customers, sales, volumes, revenues, costs, and return on investment, the effect upon existing customers and any customer contribution in aid of construction. The criteria shall be reviewed by the Board from time to time as the Board deems necessary or as may be requested by the Company.

2.(4) The Company shall not be bound to construct or extend its mains or provide natural gas or gas service if the Company is, for any reason, unable to obtain delivery of natural gas at or near the limits of the Territory, or an adequate supply thereof to warrant the construction or extension of its mains for the provision of natural gas.

2.(5) In the event the amount of natural gas supplied to the Company at or near the limits of the Territory is insufficient to meet the requirements of connected customers, the Company shall have the right to prescribe reasonable rules and regulations for allocating the available supply of natural gas to domestic, commercial and industrial customers in that order of priority. The allocation of natural gas shall also be subject to the provisions of *The Gas Allocation Act* (Manitoba) and Regulations thereto and any orders made pursuant to *The Emergency Measures Act* (Manitoba).

2.(6) In the event that either of the conditions referred to in subsections (4) and (5) occur or are likely to occur, the Company will advise the Municipality thereof as soon as the conditions become apparent to the Company.

3.(1). Prior to the installation of any part of the Gas Distribution System, the Company shall file plans with the municipal engineer, which shall mean a professional engineer employed directly or indirectly by the Municipality or such other person as may be designated by the council of the Municipality to carry out the functions and duties of the Municipal Engineer as herein described ("Municipal Engineer"), showing the location, depth and size of all mains, pipes or conduits and any other equipment or structures (but not including geodetic information) intended to be installed or constructed and shall comply with all by-laws of the Municipality relating to the construction of such works. The Municipality, by its Municipal Engineer, shall approve the plans as to the location of the Gas Distribution System and any changes thereto arising in course of construction within the Municipality, which approval shall not be unreasonably withheld or unduly delayed. The Gas Distribution System shall be placed in such locations as agreed by the Municipal Engineer and the Company in boulevards and under other unpaved surfaces rather than in streets when reasonably practicable and where the cost of installation and maintenance will not be unreasonably high.

3.(2) The Company shall supply to the Municipality plans showing the location of its Gas Distribution System within the Municipality on an as-built basis, as requested by the Municipality, but in no event shall such plans be provided more than twice in any 12-month period. Such plans shall be provided either on paper or in a mutually agreeable format. All of the conditions for the supply of as-builts are to be mutually agreed upon.

3.(3) The pipe, materials and other equipment to be used in the distribution system shall be of the kinds and qualities satisfactory to the Board, and shall be in compliance with *The Gas Pipe Line Act* (Manitoba) and the regulations thereunder.

4. Unless another process is established through municipal bylaw, the Company shall give notice to the CAO or designate of the Municipality, of its intention to open or break up any of the Highways of the Municipality not less than seven (7) days before the beginning of such work, except in cases of emergency arising from defects or breaking of the pipe or other works, when immediate notice shall suffice; and, subject to the same exception and as otherwise provided in this Agreement, the Company shall not begin any such work unless it has obtained approval therefore in writing from the Municipal Engineer.

5. The Company agrees:

- (a) in the execution of the rights and powers granted hereby and in the performance of the work in connection therewith, it shall do as little damage as possible and shall keep passage of the Highways as far as may be practicable free and uninterrupted;
- (b) it shall not interfere with, disturb or damage any existing pipes or lines of other utilities, unless the express consent of such other utilities is first had and received;
- (c) it shall, within a reasonable time after any construction work, restore the Highways and other areas where construction has occurred to a state of repair as nearly as possible equal to their former state, unless another process is established by municipal bylaw. Within thirty (30) days of completion of the restoration work the Company shall give notice in writing to the Municipal Engineer that the work and restoration have been completed and inspected. The Municipal Engineer acting reasonably shall advise the Company in writing of any deficiencies in connection with the construction work or restoration. If the Municipality fails to provide such advice within six (6) months of the Company's notice to the Municipality and unless an extension of time has been mutually agreed, the Municipality will be deemed to have accepted the restoration work;

- (d) in the execution of the power granted hereby, it shall construct, locate and operate its Gas Distribution System in such manner as will not endanger the public health or safety;
- (e) any pipe line found not in accordance with the depth of cover requirements established by the Board pursuant to *The Gas Pipe Line Act* (Manitoba) as a result of improper installation shall be lowered, relocated or suitably protected by, and at the expense of the Company;
- (f) all costs in connection with the removal or relocation of any part of the Gas Distribution System, including the cost of repairs to any Highways, shall be the Company's responsibility except where such removal or relocation is required by the Municipality; and,
- (g) notwithstanding paragraph (f) above, where the removal or relocation of any part of the Gas Distribution System is required by the Municipality, the costs and expenses incurred in the removal and replacement or the relocation shall be as follows:
  - (i) the Municipality shall pay to the Company an amount equal to the cost of labour and material required in the original construction of that part of the Gas Distribution System that the Municipality requests to be relocated, less depreciation and the value of any material salvaged; and
  - (ii) the Company shall bear the entire cost of constructing the required Gas Distribution System infrastructure in the new location.

6.(1) The Company shall protect and indemnify the Municipality against any damages or expenses in connection with the execution of the powers granted hereby and under *The*

*Gas Pipe Line Act* (Manitoba), and from and against all claims, demands, and actions by third persons in respect of damages sustained by reason of any operations of the Company and in relation to its distribution system.

6.(2) The Company shall satisfy the Board that it has in place at all times liability insurance coverage sufficient to satisfy any potential claim, demand or action against the Company or the Municipality for such damages.

7.(1) Before the Municipality makes any repairs of, or alterations to, any of its public services which will involve excavations or which may in any way affect any of the Company's lines, plant or equipment, the Municipality shall give notice as set forth in the regulations in effect at that time and made pursuant to *The Gas Pipe Line Act* (Manitoba).

7.(2) Where practicable, the Municipality shall have regard to the reasonable directions of the Company concerning any such repairs and alterations, but, in any event, the Municipality is free of all liability in connection with any damage done by reason of any such repairs or alterations.

8. Natural gas shall be supplied to customers in the Territory at the rates and on the terms and conditions approved or fixed from time to time by the Board or other regulatory authority having jurisdiction.

9. This Agreement shall not prevent the sale or delivery within the Territory by any other person, firm or corporation of liquefied petroleum gas, propane or other product delivered in tanks or containers and not transmitted by pipeline.

10. Subject to any applicable legislation now or hereafter enacted in that regard, the Company shall pay to the Municipality any taxes that may be legally and properly levied by the Municipality against the Company.

11. The Company shall maintain in force during the currency hereof, a policy of insurance provided by an insurance company licensed to do business in the Province of Manitoba, insuring against public liability and property damage in connection with the operations of the Gas Distribution System within the Territory.

12. The Municipality agrees that it will not, for a period of thirty (30) years or longer, if this Agreement is renewed in accordance with the provision of paragraph 13 hereof, grant to any other person, firm or corporation the right to deliver natural gas within the franchise area of the Municipality or to erect or maintain a Gas Distribution System in, upon, over, across, under, or along its Highways within the franchise area for the purpose of supplying and distributing natural gas.

13.(1) It is further agreed that at the expiration of the term hereof and at the expiration of each renewal hereof, the Municipality may, after giving one (1) year's written notice prior to the date of the termination of this Agreement or of any renewal hereof, at its option (to be expressed by by-law of the Municipality), elect to purchase that portion of the Gas Distribution System with respect to its operations within the Municipality that is used exclusively for the distribution of natural gas in the Territory, pursuant to this Agreement, but not any portion of the Gas Distribution System that is used for transmission of natural gas through the Municipality, for such price and on such terms as may be agreed upon between the parties hereto, or failing such agreement then at such price and on such terms including that portion of the Gas Distribution System the Municipality is entitled to purchase as may be fixed and settled by the Board, or if the Board shall refuse to so fix and settle the price then the said price and terms shall be such as may be fixed and determined by arbitration under the provisions of *The Arbitration Act* (Manitoba) and each of the parties shall appoint an arbitrator and the arbitrators so appointed shall appoint a third arbitrator to act as chairman who shall be versed in this special branch of engineering economics, and in the event the arbitrators appointed by each party are unable to appoint a third arbitrator, the third arbitrator shall be appointed by the Chief Justice of the Court of Queen's Bench of the Province of Manitoba. The decision of the Board or of a majority of

the said arbitrators shall be binding upon the parties in arriving at the price. The Board or the said arbitrators shall make allowance for severance of the property and operation from other properties and operations of the Company in Manitoba. In the event of such purchase, the Company and the Municipality will enter into an agreement respecting the use of and payment for such use by the Municipality of Company-owned facilities which are not being purchased hereunder and for the sale of natural gas to the Municipality for resale by the Municipality to the inhabitants of the Municipality, at such rates as may be agreed upon between the Company and the Municipality and approved by the Board. If the Municipality does not notify the Company in writing of its intention to purchase the property of the Company as aforesaid at least one (1) year before the expiration of this Agreement or any renewal thereof, this Agreement will be deemed to be automatically renewed for an additional term of ten (10) years, and at the end of the said ten (10) year renewal term, the said Agreement will be further automatically extended in absence of notice aforesaid for additional terms of ten (10) years from time to time. Provided further that at the time of any such renewal, changes in the terms of this Agreement may be made at the request of either party with the approval of the other, and in the absence of such approval such changes may be made by reference to, under the authority of, and with the approval of the Board. Notwithstanding anything contained elsewhere in this Agreement, it is understood and agreed that if the Municipality exercises its option to purchase the property of the Company with respect to its distribution operations within the area designated in this Agreement, such exercise shall not affect the right of the Company to continue to operate its transmission facilities in such area for so long as the same may be required by the Company.

13.(2) The Company agrees that it shall provide written notice to the Municipality at least two (2) years prior to the expiration of the term hereof and of each renewal hereof, of the Municipality's election as set forth in paragraph 13.(1) hereof.

14. Notwithstanding any other term or condition contained herein, neither party shall be liable to the other for failure to carry out its obligations hereunder when such failure is

caused by force majeure as hereinafter defined. The term force majeure means civil disturbances, industrial disturbances (including strikes and lock-outs), interruptions by government or Court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, failure or inability to secure materials, permits or labourers by reason of priority regulations or orders of government, landslides, lightning, earthquakes, fires, storm, floods, wash-outs, explosions, breakage or accident to machinery or the Gas Distribution System, temporary or permanent failure of gas supply, an act or omission (including failure to deliver gas) reducing supply of gas to the Company's supplier, or any other causes or circumstances to the extent such cause or circumstances was beyond the control of the party prevented from carrying out its obligations by the act of force majeure.

15. Subject to the provisions of *The Public Utilities Board Act* (Manitoba), the Company shall not without the consent of the Municipality, such consent not to be unreasonably withheld, assign this Agreement or the rights, franchises, powers and privileges granted hereby or any of them; provided however the Company may assign this Agreement to any corporation with which the Company may then be associated or affiliated, as those terms are used in *The Corporations Act* (Manitoba) and the *Income Tax Act* (Canada).

16. This Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.



17. This Agreement is subject to the approval of the Manitoba Public Utilities Board.

**IN WITNESS WHEREOF** the parties have duly executed this Agreement as of the day and year first above written.

**RURAL MUNICIPALITY OF SOUTH CYPRESS**

Per:

\_\_\_\_\_  
Reeve

Per:

\_\_\_\_\_  
Chief Administrative Officer



**CENTRA GAS MANITOBA INC.**

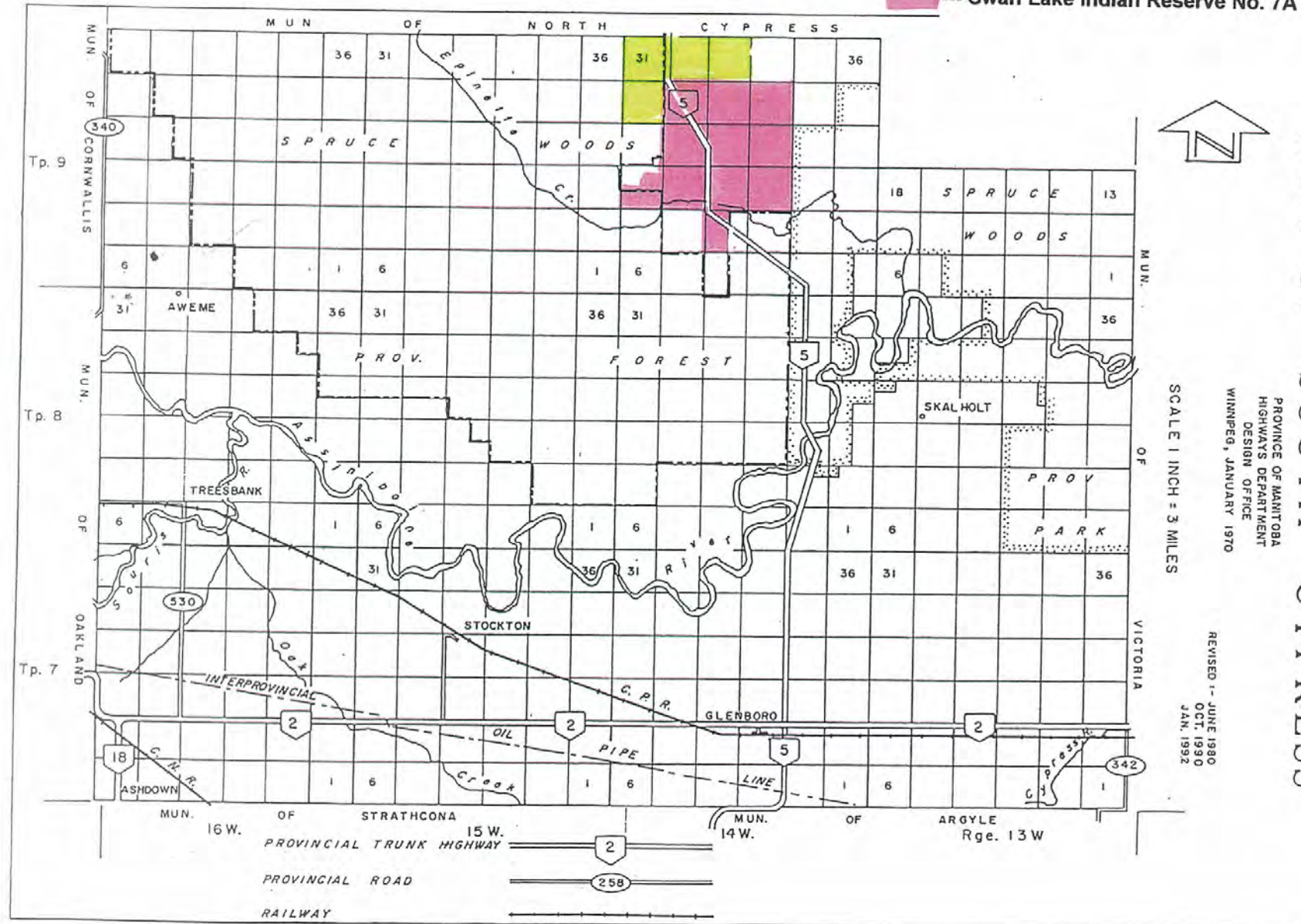
Per:

\_\_\_\_\_  
Authorized Signing Officer

Per:

\_\_\_\_\_  
Authorized Signing Officer

 --- Proposed New Franchise Area  
 --- Swan Lake Indian Reserve No. 7A







PO Box 815 • Winnipeg Manitoba Canada • R3C 2P4  
Street Location for DELIVERY: 22<sup>nd</sup> floor – 360 Portage Avenue  
Telephone / N<sup>o</sup> de téléphone : (204) 360-3257 • Fax / N<sup>o</sup> de télécopieur : (204) 360-6147 • [baczarniecki@hydro.mb.ca](mailto:baczarniecki@hydro.mb.ca)

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November 13, 2013

THE PUBLIC UTILITIES BOARD OF MANITOBA  
400-330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4

ATTENTION: Mr. H. M. Singh, Board Secretary and Executive Director

Dear Mr. Singh:

**RE: Centra Gas Manitoba Inc. (“Centra”)  
Directive 2 of Order 159/11- Rural Municipality of Headingley (“RM of Headingley”)**

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On August 23, 2013, Centra filed a letter with the Public Utilities Board of Manitoba (“PUB”) seeking confirmation of Directive 2 of Order 159/11 with respect to the RM of Headingley. Centra is in receipt of the PUB’s letter of September 25, 2013, which advises that Centra’s submission does not satisfy the requirements of Directive 2 of Order 159/11. In its letter, the PUB suggests that should the RM of Headingley wish to be deemed part of Greater Winnipeg, pursuant to *The Greater Winnipeg Gas Distribution Act* (the “GWGDA” or the “Act”), that it is not required to execute a franchise agreement, just as other municipalities that form part of Greater Winnipeg do not have signed franchise agreements with Centra.

To clarify, all of the municipalities deemed for the purpose of the GWGDA to be included in the area comprising Greater Winnipeg had by-laws approving entering into franchise agreements with the Greater Winnipeg Gas Company. In each case, these franchise agreements were approved by the PUB. The only GWGDA municipalities that are without approved franchise agreements are the City of Winnipeg, East St. Paul and West St. Paul, because these municipalities are expressly included in the definition of “Greater Winnipeg” pursuant to the Act.

Subsection 4(1) of the GWGDA specifies that Centra is not precluded from entering into an agreement, subject to the approval of the PUB, with a municipality that is not expressly named in the definition of “Greater Winnipeg” to operate a distribution system. Subsection 4(3) of the Act provides that where an agreement has been entered into under subsection 4(1), the PUB may order that the municipality is to be included in the area comprising Greater Winnipeg.

Accordingly, the RM of Headingley passed a by-law deeming that it was in the public interest to be considered part of Greater Winnipeg pursuant to Section 4(3) of the GWGDA and approving the municipality to enter into a franchise agreement with Centra, which is in the form of the Negotiated Schedule to the Act. Consistent with the provisions included in the franchise agreements entered into by the other GWGDA municipalities deemed to be part of Greater Winnipeg, sections 14 through 17 of the franchise agreement with the RM of Headingley also sets out renewal provisions.

Public Utilities Board of Manitoba  
Directive 2 of Order 159/11

November 13, 2013  
Page 2 of 2

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Given the forgoing, Centra submits that the by-law passed by the RM of Headingley fulfils the requirements of Directive 2 of Order 159/11. As such, and in accordance with the approvals received by other municipalities in the same circumstances, Centra respectfully requests that the PUB similarly approve the franchise agreement for the RM of Headingley as previously submitted.

Should you have any questions regarding this submission, please contact the writer at 204-360-3257 or Greg Barnlund at 204-360-5243.

Yours truly,  
**MANITOBA HYDRO LAW DEPARTMENT**

Per:



Brent A. Czarnecki  
Barrister & Solicitor



The Public Utilities Board  
400 – 330 Portage Avenue  
Winnipeg, Manitoba, Canada R3C 0C4  
T 204-945-2638 / 1-866-854-3698  
F 204-945-2643  
Email : [publicutilities@gov.mb.ca](mailto:publicutilities@gov.mb.ca)  
Website : [www.pub.gov.mb.ca](http://www.pub.gov.mb.ca)

Régie des services publics  
330, avenue Portage, pièce 400  
Winnipeg (Manitoba) Canada R3C 0C4  
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Courriel : [publicutilities@gov.mb.ca](mailto:publicutilities@gov.mb.ca)  
Site Web: [www.pub.gov.mb.ca](http://www.pub.gov.mb.ca)

September 25, 2013

Manitoba Hydro Law Department  
P.O. Box 815  
Winnipeg, MB R3C 2P4  
**Attention: Brent Czarnecki**

Dear Mr. Czarnecki:

**Re: Directive 2 of Order 159/11 - RM of Headingley**

The Public Utilities Board (“Board”) has received Manitoba Hydro’s August 23, 2013 correspondence seeking confirmation from the Board that Centra Gas Manitoba Inc. (“Centra”) has complied with Directive 2 of Order 159/11 with respect to the RM of Headingley.

Unfortunately, the bylaw and franchise agreement appended to your correspondence do not fulfill the requirements of Directive 2 of Order 159/11. There appears to be confusion by the RM of Headingley and/or Centra as to what is required for the municipality to retain its status as a part of “Greater Winnipeg” pursuant to *The Greater Winnipeg Gas Distribution Act (GWDGA)*.

Directive 2 of Order 159/11 stated as follows:

Centra’s request for an Order designating the Rural Municipality of Headingley as a municipality forming part of Greater Winnipeg pursuant to subsection 4(3) of the GWGDA BE AND HEREBY IS APPROVED on the condition that the Rural Municipality of Headingley passes a by-law stating that Headingley wishes to (1) be deemed part of Greater Winnipeg pursuant to Section 4(3) of the GWGDA and (2) grants a franchise to Centra in the form of the Negotiated Schedule as set out as Appendix “A” to this Order. Centra is to also advise the RM of Headingley that rather than it becoming expressly included as a municipality forming part of Greater Winnipeg pursuant to *The GWGDA*, the RM of Headingley has the option to enter into a Revised Generic Franchise Agreement as approved in this Order as Appendix B.

- 2 -

Pursuant to this Directive, the RM of Headingley, if it wishes to retain its status under *The Greater Winnipeg Gas Distribution Act*, must pass a by-law stating that:

- it wishes to retain its status under the statute; and
- it grants a franchise to Centra in the form of the “Negotiated Schedule” that formed Appendix “A” to Order 159/11.

However, under this mechanism, the RM of Headingley will **not** execute an actual franchise agreement, just as the other municipalities that form part of “Greater Winnipeg” do not have signed franchise agreements with Centra.

In light of your advice to the Board that the RM of Headingley has expressed its intent to retain its special status under *The Greater Winnipeg Gas Distribution Act*, rather than execute a generic franchise agreement, the Board recommends that the municipality amend its bylaw as set out in this letter to meet the requirement of Directive 2 of Order 159/11. The Board trusts that you will advise the RM of Headingley accordingly.

Yours truly,

“ORIGINAL SIGNED BY”

Kurt Simonsen, P.Eng.  
Associate Secretary

KS/nac

c.c. R. F. Peters, Board Counsel



PO Box 815 • Winnipeg, Manitoba Canada • R3C 2P4  
Street Location for DELIVERY: 22<sup>nd</sup> floor – 360 Portage Avenue  
Telephone / N<sup>o</sup> de téléphone: 204-360-3257 • Fax / N<sup>o</sup> de télécopieur: 204-360-6147 • [BACzarnecki@hydro.mb.ca](mailto:BACzarnecki@hydro.mb.ca)

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August 23, 2013

THE PUBLIC UTILITIES BOARD OF MANITOBA  
400-330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4

ATTENTION: Mr. H. M. Singh, Board Secretary and Executive Director

Dear Mr. Singh:

**RE: CENTRA GAS MANITOBA INC. (“CENTRA”)  
DIRECTIVE 2 OF ORDER 159/11- RM OF HEADINGLEY**

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On November 16, 2011, the Public Utilities Board of Manitoba (“PUB”) issued Order 159/11 with respect to the Franchise Agreement Application filed by Centra (the “Order”).

In Directive 2 of the Order, the PUB approved Centra’s request to designate the Rural Municipality of Headingley (“RM of Headingley”) as a municipality forming part of Greater Winnipeg pursuant to subsection 4(3) of *The Greater Winnipeg Gas Distribution Act* (the “GWGDA”) on the condition that the RM of Headingley passed a by-law stating that it (1) wanted to be deemed part of Greater Winnipeg pursuant to Section 4(3) of the GWGDA and (2) would grant a franchise to Centra in the form of the Negotiated Schedule as approved in the Order.

The PUB also directed Centra to advise the RM of Headingley that instead of becoming expressly included as a municipality forming part of Greater Winnipeg pursuant to the GWGDA, it had the option to enter into a Revised Generic Franchise Agreement in the form approved by the PUB in the Order.

Centra has complied with the PUB’s direction and advises that the RM of Headingley has elected to be deemed part of Greater Winnipeg pursuant to Section 4(3) of the GWGDA. First reading of the By-law has been given by the Rural Municipality of Headingley and is provided as Attachment 1.0. The Franchise Agreement is provided as Attachment 2.0 herein.

Centra is requesting the PUB’s confirmation that Directive 2 from Order 159/11 has now been satisfied. Should you have any questions regarding this submission, please contact the writer at 204-360-3257 or Greg Barnlund at 204-360-5243.



Public Utilities Board of Manitoba  
Directive 2 of Order 159/11- RM of Headingley

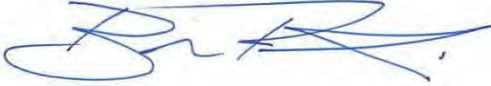
August 23, 2013  
Page 2 of 2

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Yours truly,

**MANITOBA HYDRO LAW DEPARTMENT**

Per:



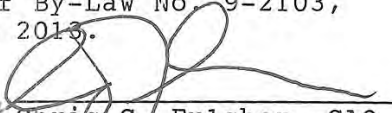
Brent A. Czarnecki  
Barrister and Solicitor

Att.

cc: Mr. B. Peters, Fillmore Riley  
Mr. R. Cathcart, Cathcart Advisors Inc.  
Mr. B. Ryall, Ryall Engineering

I, Chris C. Fulsher, Chief Administrative Officer, of the RM of Headingley do hereby certify that the foregoing is a true copy of By-Law No. 9-2103, which received first reading on the 25th day of July, 2013.

RURAL MUNICIPALITY OF HEADINGLEY

  
Chris C. Fulsher, CAO

BY-LAW NO. 9-2013

BEING A BY-LAW of the Rural Municipality of Headingley (the "Municipality"), in Manitoba, to authorize the granting of a franchise to Centra Gas Manitoba Inc. ("Centra") to supply natural gas to the Municipality.

WHEREAS Centra has established franchise rights and obligations to supply and deliver natural gas in the Municipality pursuant to The Greater Winnipeg Gas Distribution Act (the "Act"), S.M. 1959, c. 21 and amended in 1982, S.M. 1988-89, c. 40.

AND WHEREAS the Municipality seceded from the City of Winnipeg in 1992;

AND WHEREAS the definition of Greater Winnipeg in the Act is "the area comprising The City of Winnipeg, The Rural Municipality of East St. Paul and the Rural Municipality of West St. Paul";

AND WHEREAS the Municipality is not mentioned in the definition of Greater Winnipeg;

AND WHEREAS pursuant to Sub-section 4(1) of the Act the Company may enter into an agreement, subject to the approval of the Public Utilities Board of Manitoba ("the Board"), with any municipality not mentioned in the definition of Greater Winnipeg to operate a distribution system;

AND WHEREAS the Board in accordance with Subsection 4(3) of the Act may order that the RM of Headingley be included in the definition of Greater Winnipeg for the purposes of the Act;

AND WHEREAS Section 232(1)(1) of The Municipal Act provides that a Council may pass by-laws for municipal purposes respecting public utilities.

AND WHEREAS Section 250(2)(d) and 253(1) of The Municipal Act provides that a municipality may for municipal purposes:

- (c) acquire, establish, maintain and operate services, facilities and utilities; and
- (d) enter into agreements with another party to do on behalf of the municipality anything the municipality has the power to do within the municipality.

AND WHEREAS the Municipality has agreed that it is in its interest to continue Centra's franchise rights and obligations to supply and deliver natural gas to the Municipality;

AND WHEREAS it is deemed expedient and in the public interest that the Municipality enter into a franchise agreement ("Franchise Agreement") with Centra to supply natural gas to the Municipality pursuant to said Section 250(2) of The Municipal Act, and be deemed a municipality of Greater Winnipeg pursuant to Section 4(3) of The Greater Winnipeg Gas Distribution Act;

NOW THEREFORE the Council of the Municipality in regular session assembled enacts as follows:

1. That the Municipality enter into a Franchise Agreement, in the form attached hereto as Schedule "A" to this By-Law, with Centra for the purpose of granting a franchise to supply and deliver natural gas to the Municipality.
2. That the Mayor and Chief Administrative Officer of the Municipality shall be authorized to execute said Franchise Agreement with Centra, in the form attached hereto as Schedule "A" to this By-Law, on behalf of the Municipality.
3. That this By-Law shall, after being read a first time by the Council be submitted to or receive the authorization or approval of The Public Utilities Board of Manitoba.
4. That Centra be authorized to represent the Municipality in applying to The Public Utilities Board of Manitoba for approval of the Franchise Agreement.
5. That this By-Law shall not take effect until it has received approval of The Public Utilities Board of Manitoba and third reading.

DONE AND PASSED by the Council of the Rural Municipality of Headingley, in Manitoba, in regular session assembled this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CHIEF ADMINISTRATIVE OFFICER

Read a first time this 23rd day of July; 2013.  
 Read a second time this \_\_\_\_\_ day of \_\_\_\_\_, 2013.  
 Read a third time this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

**MEMORANDUM OF AGREEMENT** made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

BETWEEN:

**THE RURAL MUNICIPALITY OF HEADINGLEY,**

(hereinafter called the "Municipality"),

- and -

**CENTRA GAS MANITOBA INC.,**

(hereinafter called the "Company").

WHEREAS the Company has established franchise rights and obligations to supply and deliver natural gas in the Municipality pursuant to The Greater Winnipeg Gas Distribution Act (the "Act"), S.M. 1959, c. 21 and amended in 1982, S.M. 1988-89, c. 40.

AND WHEREAS the Municipality seceded from the City of Winnipeg in 1992;

AND WHEREAS the definition of Greater Winnipeg in the Act is "the area comprising The City of Winnipeg, The Rural Municipality of East St. Paul and the Rural Municipality of West St. Paul";

AND WHEREAS the Municipality is not presently included in the definition of Greater Winnipeg;

AND WHEREAS pursuant to Sub-section 4(1) of the Act the Company may enter into an agreement, subject to the approval of the Public Utilities Board of Manitoba (the "Board"), with any municipality not mentioned in the definition of Greater Winnipeg to operate a distribution system;

AND WHEREAS the Board in accordance with Subsection 4(3) of the Act may order that the RM of Headingley be included in the definition of Greater Winnipeg for the purposes of the Act;

AND WHEREAS it is agreed between the Municipality and the Company that the Company continue to supply and deliver natural gas to the Municipality and its inhabitants in the Rural Municipality of Headingley, in Manitoba and as set out in the map attached as Appendix 1 hereto upon the terms and conditions set out herein;

AND WHEREAS by by-law duly passed by the Council of the Municipality (the "By-law"), the Reeve and the Chief Administrative Officer ("CAO") have been authorized and directed to execute this Agreement on behalf of the Municipality;

NOW THEREFORE pursuant to the premises and in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Company to the Municipality (the receipt of which is hereby acknowledged), and in further consideration of the mutual covenants hereinafter set forth it is mutually covenanted and agreed by the parties as follows:

1 Subject to the terms and conditions contained in this franchise and in the Act, the Company and its successors and assigns have the full power, right, licence and liberty to enter upon property of the Municipality and to break the surface and make the necessary excavations to lay down, take up, relay, connect, disconnect, repair, remove, maintain, replace and operate a gas distribution system and any and all necessary or convenient mains, pipes, services, and all other equipment and appliances as the Company may deem desirable for the supply, transmission and distribution of gas (collectively the "Gas Distribution System") in, upon, over, across, under and along the public highways, streets, roads, bridges, walkways, sidewalks, road allowances, squares, lanes, alleys, ditches, drainage systems and other public places (collectively the "Highways") within the boundaries of the Municipality as the same may from time to time exist for a period ending on December 31, 2036, and during any extension thereof as provided in the Act, as may be necessary for the purpose of transporting, supplying, and delivering natural gas to the consumers thereof.

2(1) Subject to the provisions hereof, the Company agrees that during the term of the franchise, it will install and maintain an adequate natural gas distribution system within the Municipality and will provide such quantities of natural gas as will meet the requirements of the inhabitants, businesses and industries located in the Municipality.

2(2) The Company agrees that with respect to any portion of the Municipality which the Company does not supply natural gas to, in the event the Municipality, acting reasonably, requests the Company to supply natural gas upon the same terms and conditions as provided in this franchise, the Company will work together with the Municipality with a view to developing a viable business model in relation to that portion of the Municipality. All such extensions for service shall be subject to the Company's feasibility test as approved by The Public Utilities Board from time to time. The Company further agrees that if the Company is unable to develop a viable business model with the Municipality, the Company shall relinquish that portion of the Municipality from the franchise previously granted if asked to do so by the Municipality.

2(3) For the purpose of implementing a distribution system expansion for the attachment of new customers pursuant to clause 2(1), the Company shall, whenever a request is made for gas service by any inhabitant or industry of the Municipality in a location not served by the existing system of the Company, comply with the request provided the request meets criteria filed with and approved by the the Board for expansion of the distribution system and does not unduly affect customers on the existing system. Such criteria may include but not be limited to estimates of customers, sales, volumes, revenues, costs, and return on investment, the effect upon existing customers and any customer contribution in aid of construction. The criteria shall be reviewed by the Board from time to time as the Board deems necessary or as may be requested by the Company.

2(4) The Company shall not be bound to construct or extend its mains or provide natural gas or gas service if the Company is for any reason, unable to obtain delivery of natural gas at or near the limits of the Municipality, or an adequate supply thereof to warrant the construction or extension of its mains for the provision of natural gas.

2(5) In the event the amount of natural gas supplied to the Company at or near the limits of the Municipality is insufficient to meet the requirements of connected customers, the Company shall have the right to prescribe reasonable rules and regulations for allocating the available supply of natural gas to domestic, commercial and industrial customers in that order of priority. The allocation of natural gas shall also be subject to the provisions of The Gas Allocation Act and Regulations thereto and any orders made pursuant to The Emergency Measures Act.

2(6) In the event that either of the conditions referred to in subsections (4) and (5) occur or are likely to occur, the Company will advise the Municipality thereof as soon as the conditions become apparent to the Company.

3(1) Prior to the installation of any part of the Gas Distribution System, the Company shall file plans with the Municipal Engineer showing the location, depth and size of all mains, pipes or conduits and any other equipment or structures intended to be installed or constructed and shall comply with all by-laws of the Municipality relating to the construction of such works. The Municipality, by its Municipal Engineer, shall approve the plans as to location of the Gas Distribution System and any changes thereto arising in course of construction within the Municipality which approval shall not be unreasonably withheld or unduly delayed. The Gas Distribution System shall be placed in such locations as agreed by the Municipal Engineer and the Company in boulevards and under other unpaved surfaces rather than in streets when reasonably practicable and where the cost of installation and maintenance will not be unreasonably high.

3(2) The Company shall supply to the Municipality plans showing the location of its Gas Distribution System within the Municipality on an as-built basis as requested by the Municipality but in no event shall such plans be provided more than twice in any 12-month period. Such plans shall be provided either on paper or in a mutually agreeable format. All of the conditions for the supply of as-builts are to be mutually agreed upon.

3(3) The pipe, materials and other equipment to be used in the distribution system shall be of the kinds and qualities satisfactory to the Board, and shall be in compliance with The Gas Pipe Line Act (Manitoba) and the regulations thereunder.

4 Unless another process is established through municipal bylaw, the Company shall give notice to the Chief Administrative Officer (CAO) or designate of the Municipality, of its intention to open or break up any of the Highways in the Municipality, not less than seven days before the beginning of the work, except in cases of emergency arising from defects or breaking of the pipe or other works, when immediate notice shall suffice; and, subject to the same exception and as otherwise provided in this franchise, the Company shall not begin any such work unless it has obtained approval therefore in writing from the Municipal Engineer.

5 The Company agrees:

(a) in the execution of the rights and powers granted hereby and in the performance of the work in connection therewith, it shall do as little damage as possible and shall keep passage of the Highways as far as may be practicable free and uninterrupted;

(b) it shall not interfere with, disturb or damage any existing pipes or lines of other utilities, unless the express consent of such other utilities is first had and received;

(c) it shall within a reasonable time after completion of any construction work, restore the Highways and other areas where construction has occurred to a state of repair as nearly as possible equal to their former state, unless another process is established by municipal bylaw. Within thirty (30) days of completion of the restoration work the Company shall give notice in writing to the Municipal Engineer that the work and restoration have been completed and inspected. The Municipal Engineer acting reasonably shall advise the Company in writing of any deficiencies in connection with the construction work or restoration. If the Municipality fails to provide such advice within six (6) months of the Company's notice to the Municipality and unless an extension of time has been mutually agreed, the Municipality will be deemed to have accepted the restoration work;

(d) in the execution of the power granted hereby and under the Act, shall construct and locate its gas pipe lines in such a manner as will not endanger the public health or safety;

(e) any pipe line found to be not in accordance with the depth of cover requirements established by the Public Utilities Board pursuant to The Gas Pipe line Act (Manitoba) as a result of improper installation shall be lowered, relocated or suitably protected by, and at the expense of the Company;

(f) all costs in connection with the removal or relocation of any part of the Gas Distribution System, including the cost of repairs to any Highways, shall be the Company's responsibility except where such removal or relocation is required by the Municipality;

(g) notwithstanding paragraph (f) above, where the removal or relocation of any part of the Gas Distribution System is required by the Municipality, the costs and expenses incurred in the removal and replacement or the relocation shall be as follows:

- (i) the Municipality shall pay to the Company an amount equal to the cost of labour and material required in the original construction of that part of the Gas Distribution System that the Municipality requests to be relocated, less depreciation and the value of any material salvaged: and
- (ii) the Company shall bear the entire cost of constructing the required Gas Distribution System infrastructure in the new location.

6(1) The Company shall protect and indemnify the Municipality against any damages or expenses in connection with the execution of the powers granted hereby and under the Act and The Gas Pipe Line Act (Manitoba), and from and against all claims, demands, and actions by third persons in respect of damages sustained by reason of any operations of the Company and in relation to its distribution system.

6(2) The Company shall satisfy the Board that it has in place at all times liability insurance coverage sufficient to satisfy any potential claim, demand or action against the Company or the Municipality for such damages.

7(1) Before the Municipality makes any repairs of, or alterations to, any of its public services which will involve excavations or which may in any way affect any of the Company's lines, plant or equipment, the Municipality shall give notice as set forth in the regulations in effect at that time and made pursuant to The Gas Pipe Line Act (Manitoba).



7(2) Where practicable, the Municipality shall have regard to the reasonable directions of the Company concerning any such repairs and alterations, but, in any event, the Municipality is free of all liability in connection with any damage done by reason of any such repairs or alterations.

8 Natural gas shall be distributed to customers in the Municipality at the rates and on the terms and conditions approved or fixed from time to time by the Board or other regulatory authority having jurisdiction.

9 This franchise shall not prevent the sale or delivery within the Municipality by any other person, firm or corporation of liquefied petroleum gas, propane or other product delivered in tanks or containers and not transmitted by pipeline within the Municipality.

10 Subject to any applicable legislation now or hereafter enacted in that regard, the Company shall pay to the Municipality any tax or taxes that may be legally and properly levied by the Municipality against the Company.

11 All the provisions of this franchise are subject as provided in section 17 of the Act.

12 The Company shall maintain in force during the currency hereof, a policy of insurance provided by an insurance company licensed to do business in the Province of Manitoba, insuring against public liability and property damage in connection with the operations of the Gas Distribution System within the Municipality.

13 Notwithstanding any other term or condition contained herein, neither party shall be liable to the other for failure to carry out its obligations hereunder when such failure is caused by force majeure, as hereinafter defined. The term force majeure means civil disturbances, industrial disturbances (including strikes and lock-outs), interruptions by government or Court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, failure or inability to secure materials, permits or labourers by reason of priority regulations or orders of government, landslides, lightning, earthquakes, fires, storm, floods, wash-outs, explosions, breakage or accident to

machinery of the Gas Distribution System, temporary or permanent failure of gas supply, an act or omission (including failure to deliver gas) reducing supply of gas to the Company's supplier, or any other causes or circumstances to the extent such cause or circumstances was beyond the control of the party prevented from carrying out its obligations by the act of force majeure.

14 The Municipality agrees that it will not, prior to December 31, 2036, grant to any other person, firm or corporation the right to deliver natural gas within the Municipality or to erect or maintain a Gas Distribution System in, upon, over, across, under, or along its Highways for the purpose of supplying and distributing natural gas.

15 The provisions of The Greater Winnipeg Gas Distribution Act, S.M. 1988-89, c. 40, as amended from time to time, shall apply mutatis mutandis to this agreement and to any proposed renewal or renewals thereof, and to any acquisition of the distribution system by the Municipality and any gas distribution system constructed and operated pursuant to this agreement shall be constructed and operated as part of the Company's distribution system of Greater Winnipeg and the franchise area is for such purposes included in the area comprising Greater Winnipeg.

16 Subject to the provisions of The Public Utilities Board Act (Manitoba), the Company shall not without the consent of the Municipality, such consent not to be unreasonably withheld, assign this Agreement or the rights, franchises, powers and privileges granted hereby or any of them; provided however the Company may assign this Agreement to any corporation with which the Company may then be associated or affiliated, as those terms are used in The Corporations Act (Manitoba) and The Income Tax Act (Canada).

17. This Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.

18. This Agreement is subject to the approval of the Board.

19(1) Unless the context otherwise requires or as otherwise defined below, words and expressions used in this franchise have the meanings given to them in the Act.

19(2) "*Municipal Engineer*" shall mean a Professional Engineer employed directly or indirectly by the Municipality or such other person as may be designated by the council of the Municipality to carry out the functions and duties of the municipal engineer as herein described.

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the day and year first above written.

**RURAL MUNICIPALITY OF HEADINGLEY**

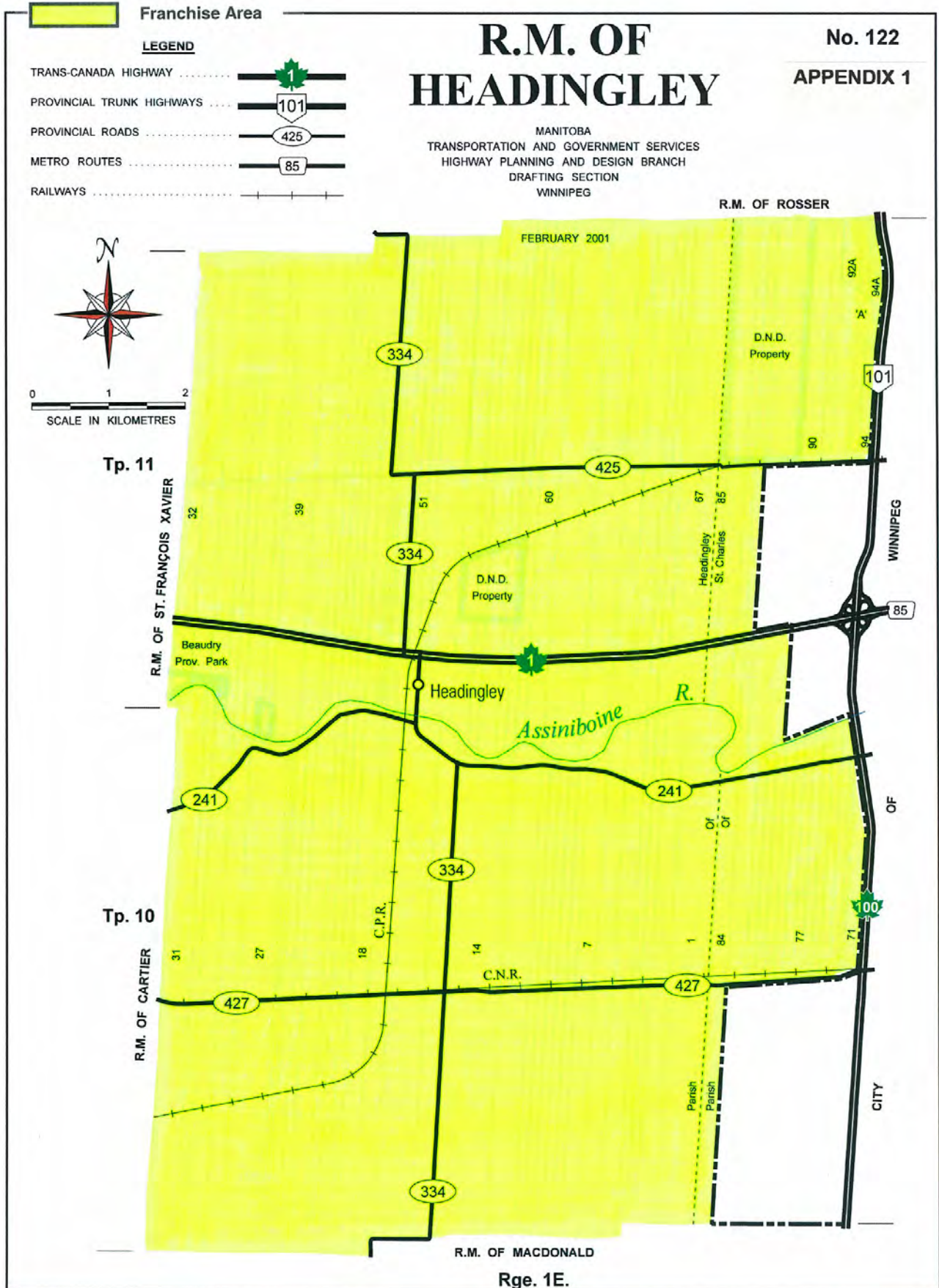
Per: \_\_\_\_\_  
Reeve

Per: \_\_\_\_\_  
Chief Administrative Officer

**CENTRA GAS MANITOBA INC.**

Per: \_\_\_\_\_  
Authorized Signing Officer

Per: \_\_\_\_\_  
Authorized Signing Officer







PO Box 815 • Winnipeg, Manitoba Canada • R3C 2P4  
Street Location for DELIVERY: 22<sup>nd</sup> floor – 360 Portage Avenue  
Telephone / N<sup>o</sup> de téléphone: (204) 360-3257 • Fax / N<sup>o</sup> de télécopieur: (204) 360-6147 • baczarnecki@hydro.mb.ca

---

April 1, 2014

THE PUBLIC UTILITIES BOARD OF MANITOBA  
400-330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4

ATTENTION: Mr. H. M. Singh, Board Secretary and Executive Director

Dear Mr. Singh:

**RE: CENTRA GAS MANITOBA Inc.  
FRANCHISE APPLICATION for the  
RURAL MUNICIPALITY OF PINEY**

---

Enclosed are nine (9) copies of an Application by Centra Gas Manitoba Inc. (“Centra”) to the Public Utilities Board of Manitoba (“PUB”) for an interim ex-parte Order pursuant to Section 45 of *The Public Utilities Board Act*, requesting:

1. The PUB approve and authorize a new franchise agreement between Centra and the Rural Municipality of Piney (“RM of Piney”); and
2. The PUB approve the financial feasibility test for the extension of natural gas service to one customer within the proposed expansion area located in the RM of Piney.

The proposed new franchise area includes Sections 29 and 30, Township 1, Range 13 EPM.

Centra has determined that the project is feasible as it passes the 30-Year Net Present Value test with an NPV of \$13,068 and generates a revenue-to-cost ratio of at least 1.0 by the end of the fifth year. Based on total capital costs of \$166,243 and the assumptions in the feasibility test, the total contribution required from the customer is \$57,302.

In order to accommodate the customer’s required in-service timelines and to allow for the timely construction of this project, Centra is requesting approval of the Application on an interim ex-parte basis at the PUB’s earliest convenience. Centra will seek final approval of the interim ex-parte Order flowing from this Application at the next appropriate regulatory proceeding.



Public Utilities Board of Manitoba  
Franchise Application RM of Piney

April 1, 2014  
Page 2 of 2

---

Copies of this submission have also been provided to the PUB Advisors. If you have any questions with respect to this submission or require paper copies, please contact the writer at 204-360-3257 or Greg Barnlund at 204-360-5243.

Yours truly,

**MANITOBA HYDRO LAW DIVISION**

Per:



Brent A. Czarnecki  
Barrister & Solicitor

cc: Mr. B. Peters, Fillmore Riley  
Mr. R. Cathcart, Cathcart Advisors Inc.  
Mr. B. Ryall, Ryall Engineering

Att.

Page 1 of 6  
April 1, 2014

**CENTRA GAS MANITOBA INC.**  
**RURAL MUNICIPALITY OF PINEY**  
**FRANCHISE APPLICATION**

---

1    **1.0    APPLICATION**

2

3    Centra Gas Manitoba Inc. (“Centra”), on its own behalf and on behalf of the Rural  
4    Municipality of Piney (the “RM of Piney”) is applying to the Public Utilities Board of  
5    Manitoba (the “PUB”), for an interim ex-parte Order pursuant to Section 45 of *The*  
6    *Public Utilities Board Act*:

- 7           1. To approve and authorize a new franchise agreement between Centra and  
8           the RM of Piney; and
- 9           2. To approve the financial feasibility test for the expansion of natural gas to  
10          serve one commercial customer in the proposed expansion area located in  
11          the RM of Piney.

12

13    **2.0    EXPANSION AREA**

14

15    A map of the RM of Piney is included as Attachment 1.0 to this Application. The  
16    proposed new franchise area will allow for the provision of natural gas service to one  
17    commercial customer located in NW Section 29, Township 1, Range 13 EPM in the  
18    RM of Piney. The proposed new franchise area includes Section 29 and 30,  
19    Township 1, Range 13 EPM.

20



Centra Gas Manitoba Inc.  
Franchise Application  
Rural Municipality of Piney

April 1, 2014

Page 2 of 6

1 First reading of the By-law approving the RM of Piney to enter into a franchise  
2 agreement with Centra was given by the RM of Piney Council on February 11, 2014.

3

### 4 **3.0 CUSTOMER, VOLUME AND REVENUE ESTIMATES**

5

6 The commercial customer in the RM of Piney originally approached Centra in  
7 September 2013 to request natural gas service. The customer plans to convert its  
8 existing propane boilers, used for floor and space heat, and install a natural gas fired  
9 oven required to manufacture perlite as soon as natural gas becomes available.

10

11 The estimated total annual consumption for the commercial customer is  
12 approximately 222,260 m<sup>3</sup> and is based on a combination of the customer's historical  
13 propane consumption records and a forecast of usage for the new equipment being  
14 installed. This forecast is based on manufacturer's equipment specifications and  
15 estimated schedule of operation.

16

17 The total customer volume of 222,260 m<sup>3</sup> has been included at 100% for the first and  
18 subsequent years of the feasibility test, discussed in Section 5.0 below. For  
19 purposes of the feasibility test, Year 1 has been identified as 2015.

20

### 21 **4.0 SYSTEM DESIGN AND CAPITAL COST ESTIMATE**

22

23 The proposed system will interconnect with the Centra Transmission Holdings Inc.  
24 ("CTHI") 8" steel transmission pipeline owned by Energy Fundamentals Group LLC

Centra Gas Manitoba Inc.  
Franchise Application  
Rural Municipality of Piney

April 1, 2014

Page 3 of 6

1 ("EFG"). CTHI will construct a 2" tap on this pipeline with approximately one metre of  
2 above ground piping ending with a valve, at which point ownership of the natural gas  
3 will transfer. Construction of the tap up to the valve falls under the National Energy  
4 Board ("NEB") jurisdiction. CTHI is responsible for obtaining all NEB regulatory  
5 approvals and has confirmed that this project meets all the requirements of the  
6 Section 58 Streamlining Order - XG/XO-100-2012, meaning an application to the  
7 NEB prior to construction by CTHI is not required. CTHI will be responsible for  
8 annual reporting to the NEB. CTHI has indicated that construction of the required tap  
9 is best accomplished in early May to coincide with an annual low flow period in the  
10 pipeline.

11

12 Centra will interconnect with CTHI's tap at the transfer point and install a large farm  
13 tap. A single SCADA meter will be installed at the customer's premise, which will  
14 relay usage information back to Centra.

15

16 Approximately 1,400 metres of 60.3 mm (NPS 2") polyethylene distribution pressure  
17 main will be installed from the new farm tap to the customer's property. The new  
18 distribution main will be installed within existing government road allowances and on  
19 private land easements.

20

21 The installation of the main and service lines will be accomplished by a variety of  
22 techniques including open cut, ploughing, and directional drilling as appropriate. A  
23 map of the path of the proposed main extension is shown in Attachment 2.0. No  
24 upstream system upgrades are required in conjunction with this project.

25

Centra Gas Manitoba Inc.  
Franchise Application  
Rural Municipality of Piney

April 1, 2014

Page 4 of 6

1 This proposed natural gas expansion project is less than 10 km in length and  
2 environmental screening indicated no sensitive areas, therefore no environmental  
3 license is required.

4

5 Construction drawings will be submitted to the RM of Piney for approval. The  
6 proposed route was determined based on legal plans and GIS data.

7

8 The estimated capital cost for this project is \$166,243. The capital cost estimate was  
9 prepared using the following inputs and assumptions:

- 10 • Project capital costs in 2014 dollars;
- 11 • General freight included;
- 12 • 5% contingency applied to contractor labour and materials; and
- 13 • 15% overhead applied to contractor labour and materials.

14 These assumptions are consistent with other recent expansions.

15

## 16 **5.0 FEASIBILITY TEST RESULTS AND ASSUMPTIONS**

17

18 Based upon the PUB approved feasibility test, Centra has determined that the  
19 project is feasible. Based on total capital costs of \$166,243, which includes a  
20 contribution from Centra to CTHI of \$45,000 for the upstream facilities, and with a  
21 customer contribution of \$57,302, the feasibility study returns a positive 30-Year Net  
22 Present Value (“NPV”) of \$13,068 and achieves a revenue-to-cost ratio of 1.0 by the  
23 end of the fifth year. The financial feasibility test for this expansion is included as  
24 Attachment 3.0. Centra’s investment in this expansion project is \$108,941.

Centra Gas Manitoba Inc.  
Franchise Application  
Rural Municipality of Piney

April 1, 2014

Page 5 of 6

- 1 The feasibility test was completed using the following assumptions:
- 2 • Gas costs and base sales rates for Supplemental Gas, Transportation to Centra,  
3 Distribution to Customer and Basic Monthly Charge for the Large General  
4 Service (LGS) customer as approved in Order 89/13;
  - 5 • Primary Gas base sales rates as approved in Order 6/14;
  - 6 • Annual operating and maintenance expenses of \$100 per customer;
  - 7 • A depreciation rate of 2.04% based on Centra's 2013/14 weighted average  
8 depreciation rate for distribution plant;
  - 9 • Municipal property tax based on 2013 mill rates and 2012 assessment rates;
  - 10 • Corporate capital tax calculated at the rate of 0.5% of net plant, before any  
11 contributions received by Centra;
  - 12 • The NPV of revenue deficiency is discounted at the weighted average cost of  
13 capital of 6.08%; and,
  - 14 • Centra's capital structure and cost of capital of 6.08% as approved in Order  
15 46/10.

16 A recalculation for the project will be completed after five years (effective as of  
17 December 31, 2019).

18

19 In the event that any additional customers request natural gas service in this vicinity  
20 within the first five years of construction, a feasibility test will be completed for those  
21 future customer additions and those customers will be required to pay any resulting  
22 shortfall.

23

24

25

Centra Gas Manitoba Inc.  
Franchise Application  
Rural Municipality of Piney

April 1, 2014

Page 6 of 6

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1   **6.0   AGREEMENTS**

2

3   First reading of the By-law approving the municipality entering into a new Franchise  
4   Agreement with Centra has been given by the RM of Piney Council and is provided  
5   as Attachment 4.0. The Franchise Agreement is included as Schedule A to  
6   Attachment 4.0.

7

8   **7.0   APPROVALS**

9   Centra is requesting that this Application be approved by the PUB on an interim ex-  
10  parte basis at its earliest convenience. Centra will seek final approval of the PUB at  
11  the next appropriate regulatory proceeding.

# R.M. OF PINEY

No. 143

Centra Gas Manitoba Inc.  
Franchise Application  
R.M. of Piney

MAP REVISED-

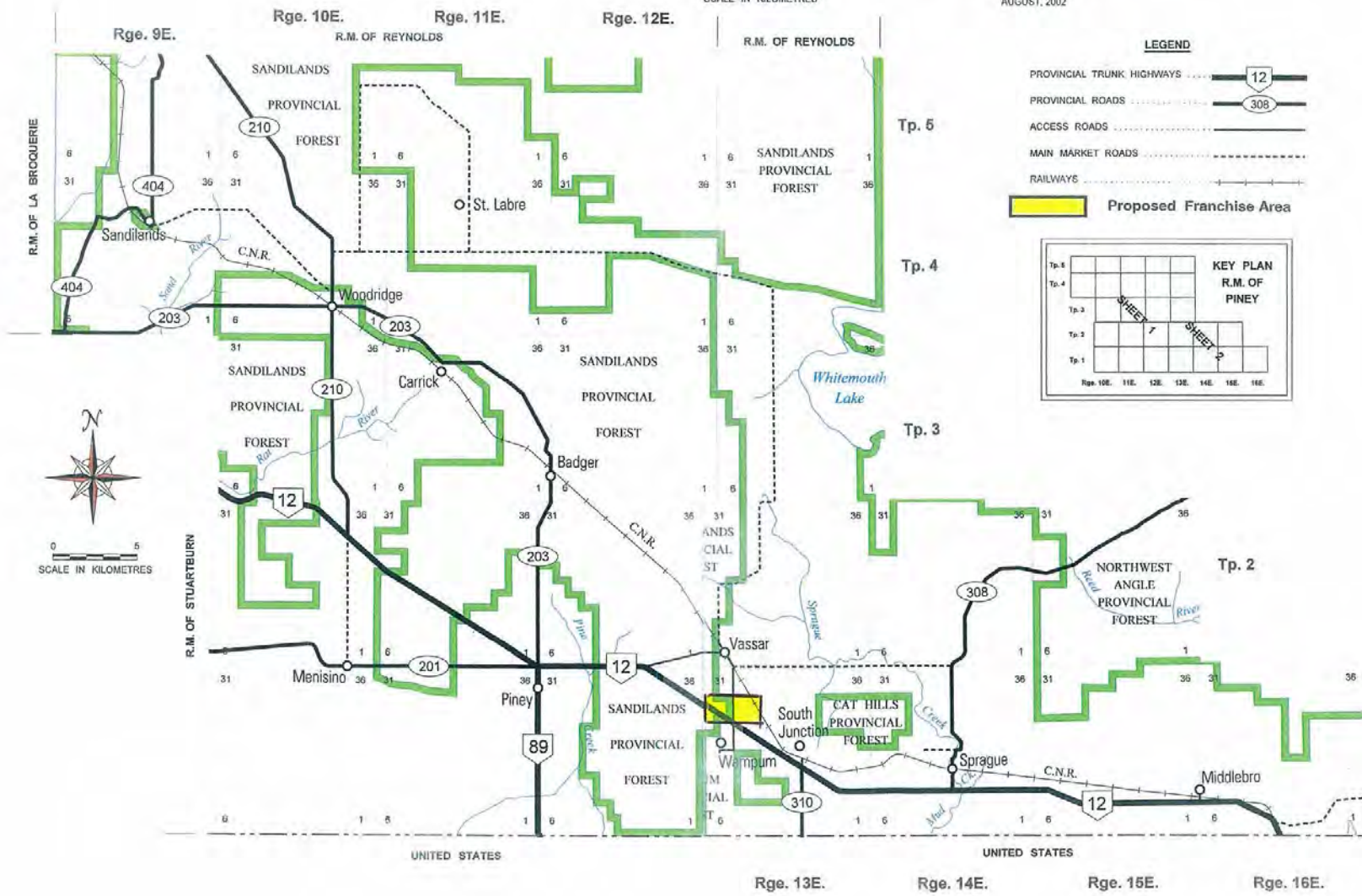
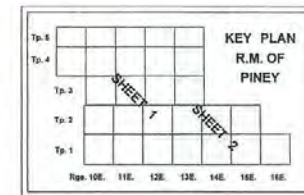
MANITOBA  
TRANSPORTATION AND GOVERNMENT SERVICES  
HIGHWAY PLANNING AND DESIGN BRANCH  
DRAFTING SECTION  
WINNIPEG  
AUGUST, 2002



0 5  
SCALE IN KILOMETRES

### LEGEND

- PROVINCIAL TRUNK HIGHWAYS
- PROVINCIAL ROADS
- ACCESS ROADS
- MAIN MARKET ROADS
- RAILWAYS
- Proposed Franchise Area



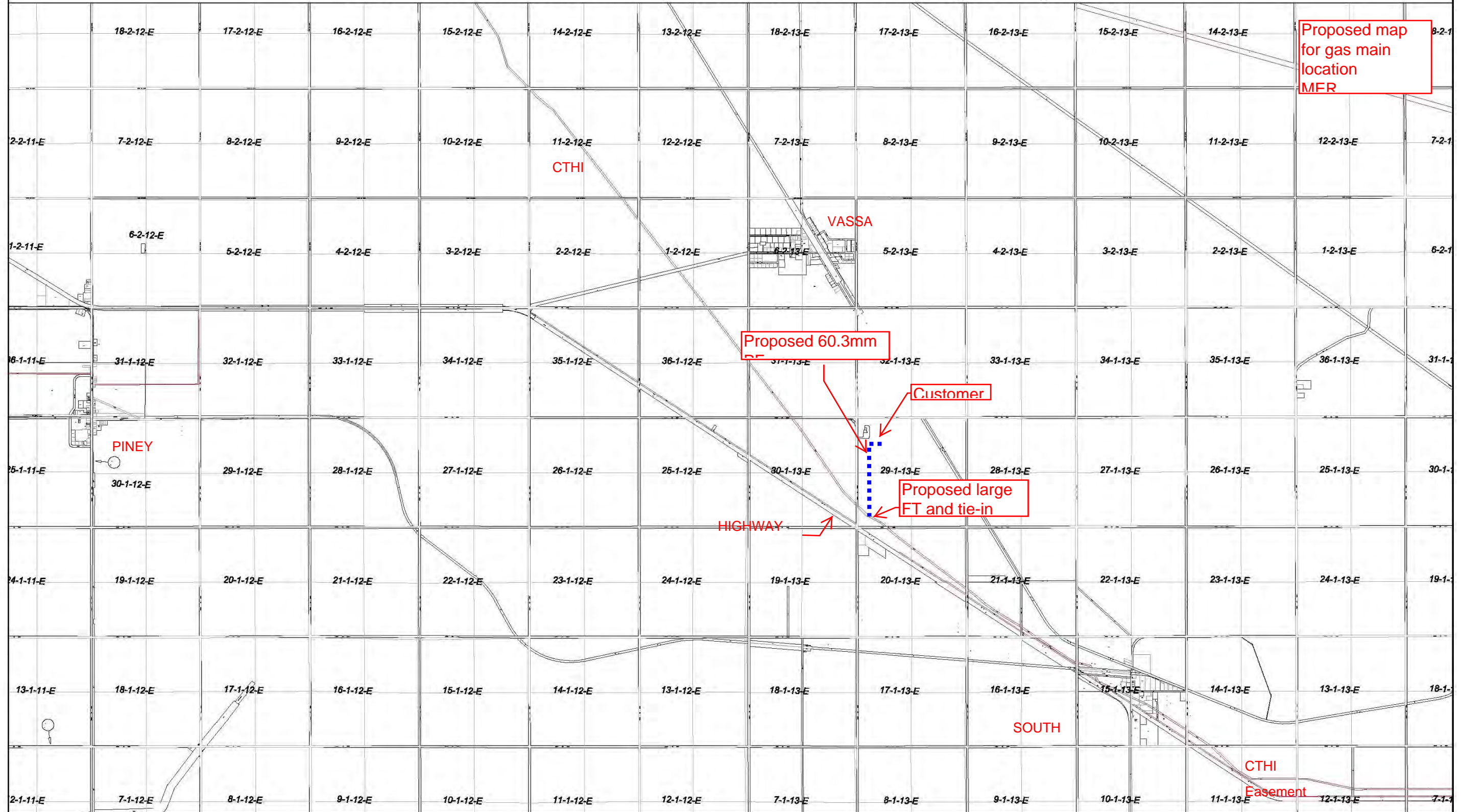
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SCALE IN KILOMETRES

Attachment 1.0  
April 1, 2014



Centra Gas Manitoba Inc.  
Franchise Application  
RM of Piney

**NOTE :This plot is to be used for general pipe routing information only.  
All other data to be confirmed by the Gas Distribution Planning & Design Dept.**



NOTE: Maximum Operating Pressure (MOP) is 420 kpa unless otherwise noted.  
Outside Diameter (O.D.) of pipe in millimeters unless otherwise noted.







	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>
	<u>YEAR 11</u>	<u>YEAR 12</u>	<u>YEAR 13</u>	<u>YEAR 14</u>	<u>YEAR 15</u>	<u>YEAR 16</u>	<u>YEAR 17</u>	<u>YEAR 18</u>	<u>YEAR 19</u>	<u>YEAR 20</u>
<b><u>OPERATING ASSUMPTIONS</u></b>										
5	Number of Customers	1	1	1	1	1	1	1	1	1
6	Annual Volume (Mcf)	7,846	7,846	7,846	7,846	7,846	7,846	7,846	7,846	7,846
7	Annual Volume (10 <sup>3</sup> m <sup>3</sup> )	222	222	222	222	222	222	222	222	222
8	Projected Revenues	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914
<b><u>RATE BASE</u></b>										
10	Gross Fixed Assets	\$166,243	\$166,243	\$166,243	\$166,243	\$166,243	\$166,243	\$166,243	\$166,243	\$166,243
11	Accumulated Depreciation	\$37,305	\$40,696	\$44,088	\$47,479	\$50,870	\$54,262	\$57,653	\$61,044	\$64,436
12	Net Plant Closing	\$128,938	\$125,547	\$122,155	\$118,764	\$115,372	\$111,981	\$108,590	\$105,198	\$101,807
13	Net Plant at Mid-Year	\$130,634	\$127,242	\$123,851	\$120,459	\$117,068	\$113,677	\$110,285	\$106,894	\$103,503
14	Contributions	\$44,444	\$43,275	\$42,106	\$40,937	\$39,768	\$38,599	\$37,430	\$36,261	\$35,092
15	Contribution at Mid-Year	\$45,028	\$43,859	\$42,690	\$41,521	\$40,352	\$39,183	\$38,014	\$36,845	\$35,676
16	Working Capital Allowance	\$2,006	\$2,005	\$2,005	\$2,004	\$2,003	\$2,002	\$2,001	\$2,001	\$2,000
17	Rate Base at Mid-Year	\$87,612	\$85,388	\$83,165	\$80,942	\$78,719	\$76,496	\$74,272	\$72,049	\$69,826
<b><u>REVENUE DEFICIENCY CALCULATION</u></b>										
20	Cost of Gas	\$40,069	\$40,069	\$40,069	\$40,069	\$40,069	\$40,069	\$40,069	\$40,069	\$40,069
21	Operating & Maintenance Expenses	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
22	Depreciation Expense	\$3,391	\$3,391	\$3,391	\$3,391	\$3,391	\$3,391	\$3,391	\$3,391	\$3,391
23	Amortization of Contributions	(\$1,169)	(\$1,169)	(\$1,169)	(\$1,169)	(\$1,169)	(\$1,169)	(\$1,169)	(\$1,169)	(\$1,169)
24	Municipal Tax & Corp.Cap. Tax	\$2,283	\$2,266	\$2,249	\$2,232	\$2,215	\$2,198	\$2,181	\$2,164	\$2,147
25	Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Overall Return	\$5,327	\$5,192	\$5,057	\$4,922	\$4,786	\$4,651	\$4,516	\$4,381	\$4,246
27	Total Revenue Requirement	\$50,001	\$49,849	\$49,697	\$49,545	\$49,393	\$49,241	\$49,089	\$48,937	\$48,784
28	Projected Revenues	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914
29	Revenue Sufficiency (Deficiency)	\$913	\$1,065	\$1,217	\$1,369	\$1,521	\$1,674	\$1,826	\$1,978	\$2,130
30	Revenue to Cost Ratio	101.8%	102.1%	102.4%	102.8%	103.1%	103.4%	103.7%	104.0%	104.4%

	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>2043</u>	<u>2044</u>
	<u>YEAR 21</u>	<u>YEAR 22</u>	<u>YEAR 23</u>	<u>YEAR 24</u>	<u>YEAR 25</u>	<u>YEAR 26</u>	<u>YEAR 27</u>	<u>YEAR 28</u>	<u>YEAR 29</u>	<u>YEAR 30</u>
<b><u>OPERATING ASSUMPTIONS</u></b>										
Number of Customers	1	1	1	1	1	1	1	1	1	1
Annual Volume (Mcf)	7,846	7,846	7,846	7,846	7,846	7,846	7,846	7,846	7,846	7,846
Annual Volume (10 <sup>3</sup> m <sup>3</sup> )	222	222	222	222	222	222	222	222	222	222
Projected Revenues	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914
<b><u>RATE BASE</u></b>										
Gross Fixed Assets	\$166,243	\$166,243	\$166,243	\$166,243	\$166,243	\$166,243	\$166,243	\$166,243	\$166,243	\$166,243
Accumulated Depreciation	\$71,218	\$74,610	\$78,001	\$81,392	\$84,784	\$88,175	\$91,566	\$94,958	\$98,349	\$101,741
Net Plant Closing	\$95,024	\$91,633	\$88,242	\$84,850	\$81,459	\$78,068	\$74,676	\$71,285	\$67,894	\$64,502
Net Plant at Mid-Year	\$96,720	\$93,329	\$89,937	\$86,546	\$83,155	\$79,763	\$76,372	\$72,981	\$69,589	\$66,198
Contributions	\$32,754	\$31,585	\$30,416	\$29,247	\$28,078	\$26,909	\$25,740	\$24,571	\$23,402	\$22,233
Contribution at Mid-Year	\$33,339	\$32,170	\$31,001	\$29,832	\$28,663	\$27,494	\$26,325	\$25,156	\$23,987	\$22,818
Working Capital Allowance	\$1,998	\$1,997	\$1,997	\$1,996	\$1,995	\$1,994	\$1,993	\$1,993	\$1,992	\$1,991
Rate Base at Mid-Year	\$65,380	\$63,157	\$60,933	\$58,710	\$56,487	\$54,264	\$52,041	\$49,817	\$47,594	\$45,371
<b><u>REVENUE DEFICIENCY CALCULATION</u></b>										
Cost of Gas	\$40,069	\$40,069	\$40,069	\$40,069	\$40,069	\$40,069	\$40,069	\$40,069	\$40,069	\$40,069
Operating & Maintenance Expenses	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Depreciation Expense	\$3,391	\$3,391	\$3,391	\$3,391	\$3,391	\$3,391	\$3,391	\$3,391	\$3,391	\$3,391
Amortization of Contributions	(\$1,169)	(\$1,169)	(\$1,169)	(\$1,169)	(\$1,169)	(\$1,169)	(\$1,169)	(\$1,169)	(\$1,169)	(\$1,169)
Municipal Tax & Corp.Cap. Tax	\$2,114	\$2,097	\$2,080	\$2,063	\$2,046	\$2,029	\$2,012	\$1,995	\$1,978	\$1,961
Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Overall Return	\$3,975	\$3,840	\$3,705	\$3,570	\$3,435	\$3,299	\$3,164	\$3,029	\$2,894	\$2,759
Total Revenue Requirement	\$48,480	\$48,328	\$48,176	\$48,024	\$47,872	\$47,719	\$47,567	\$47,415	\$47,263	\$47,111
Projected Revenues	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914	\$50,914
Revenue Sufficiency (Deficiency)	\$2,434	\$2,586	\$2,738	\$2,891	\$3,043	\$3,195	\$3,347	\$3,499	\$3,651	\$3,803
Revenue to Cost Ratio	105.0%	105.4%	105.7%	106.0%	106.4%	106.7%	107.0%	107.4%	107.7%	108.1%

**THE RURAL MUNICIPALITY OF PINEY**

**BY-LAW NO. 98/2014**

BEING A BY-LAW of the Rural Municipality of Piney (the "Municipality"), in Manitoba, to authorize the granting of a franchise to Centra Gas Manitoba Inc. ("Centra") to supply and distribute natural gas to a portion of the Municipality.

WHEREAS Section 232(1)(l) of The Municipal Act provides that a Council may pass by-laws for municipal purposes respecting public utilities;

AND WHEREAS Section 250(2)(d) and 253 (1) of The Municipal Act provides that a municipality may for municipal purposes:

- (c) acquire, establish, maintain and operate services, facilities and utilities; and
- (d) enter into agreements with another party to do on behalf of the municipality anything the municipality has the power to do within the municipality;

AND WHEREAS the Municipality has agreed that it is in its interest to grant Centra a franchise to supply and distribute natural gas to certain portions of the Municipality;

AND WHEREAS it is deemed expedient and in the public interest that the Municipality enter into a franchise agreement ("Franchise Agreement") with Centra to supply natural gas to the Municipality pursuant to said Section 250(2) and 253(1);

NOW THEREFORE the Council of the Municipality in regular session assembled enacts as follows:

1. That the Municipality enter into a Franchise Agreement, in the form attached hereto as Schedule "A" to this By-Law, with Centra for the purpose of granting a franchise to supply and distribute natural gas to Sections 29 and 30, Township 1, Range 13 EPM.
2. That the Reeve and Chief Administrative Officer of the Municipality shall be authorized to execute said Franchise Agreement with Centra, in the form attached hereto as Schedule "A" to this By-Law, on behalf of the Municipality.
3. That this By-Law shall, after being read a first time by the Council be submitted to or receive the authorization or approval of The Public Utilities Board of Manitoba.
4. That Centra be authorized to represent the Municipality in applying to The Public Utilities Board of Manitoba for approval of the Franchise Agreement.
5. That this By-Law shall not take effect until it has received approval of The Public Utilities Board of Manitoba and third reading.

DONE AND PASSED by the Council of the Rural Municipality of Piney, in Manitoba, in regular session assembled this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Reeve

\_\_\_\_\_  
CHIEF ADMINISTRATIVE OFFICER

Read a first time this 11<sup>th</sup> day of February, 2014.

Read a second time this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

Read a third time this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

**MEMORANDUM OF AGREEMENT** made this \_\_\_\_ day of \_\_\_\_\_, 2014.

BETWEEN:

**THE RURAL MUNICIPALITY OF PINEY,**  
(hereinafter called the "Municipality"),

- and -

**CENTRA GAS MANITOBA INC.,**  
(hereinafter called the "Company").

**WHEREAS** the Municipality is desirous of obtaining a supply of natural gas for the Municipality and the inhabitants thereof not currently receiving natural gas;

**AND WHEREAS** it is agreed between the Municipality and the Company that the Company supply and distribute natural gas to the Municipality and its inhabitants in the Rural Municipality of Piney, in Manitoba and as set out in the maps attached as Appendix 1 and Appendix 2 hereto (the "Territory"), upon the terms and conditions set out herein;

**AND WHEREAS** by by-law duly passed by the Council of the Municipality (the "By-law"), the Reeve and the Chief Administrative Officer (CAO) have been authorized and directed to execute this Agreement on behalf of the Municipality;

**NOW THEREFORE** pursuant to the premises and in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Company to the Municipality (the receipt of which is hereby acknowledged), and in further consideration of the mutual covenants hereinafter set forth it is mutually covenanted and agreed by the parties as follows:

1. Subject to compliance with the provisions of *The Municipal Act* (Manitoba), *The Public Utilities Board Act* (Manitoba) and *The Gas Pipe Line Act* (Manitoba), the Municipality hereby grants to the Company, its successors and assigns, subject to the

terms, conditions and provisions herein contained, the sole and exclusive franchise to distribute natural gas to Sections 29 and 30, Township 1, Range 13 EPM of the Municipality and its inhabitants in the Territory, for a term of thirty (30) years from the date hereof. The Municipality further grants to the Company the full power, right, licence and liberty to enter upon property of the Municipality and to break the surface and make necessary excavations to lay down, take up, relay, connect, disconnect, repair, remove, maintain, replace and operate a gas distribution system and any and all necessary or convenient mains, pipes, services, and all other equipment and appliances as the Company may deem desirable for the supply, transmission and distribution of gas (collectively the "Gas Distribution System") in, upon, over, across, under and along the public highways, streets, roads, bridges, walkways, sidewalks, road allowances, squares, lanes, alleys, ditches, drainage systems and other public places (collectively the "Highways") within the boundaries of the Municipality as the same may from time to time exist, as may be necessary for the purpose of transporting, supplying, and delivering natural gas to the consumers thereof.

2.(1) Subject to the provisions hereof, the Company agrees that during the term of this Agreement, it will install and maintain an adequate natural gas distribution system within the Territory and will provide such quantities of natural gas as will meet the requirements of the inhabitants, businesses and industries located in the Territory.

2.(2) The Company agrees that with respect to any portion of the Territory which the Company does not supply natural gas to, in the event the Municipality, acting reasonably, requests the Company to supply natural gas upon the same terms and conditions as provided in this Agreement, the Company will work together with the Municipality with a view of developing a viable business model in relation to that portion of the Territory. All such extensions for service shall be subject to the Company's feasibility test as approved by The Public Utilities Board of Manitoba (the Board) from time to time. The Company further agrees that if the Company is unable to develop a viable business model with the

Municipality, the Company shall relinquish that portion of the Territory from the franchise previously granted if asked to do so by the Municipality.

2.(3) For the purpose of implementing a distribution system expansion for the attachment of new customers pursuant to clause 2(1), the Company shall, whenever a request is made for gas service by any inhabitant or industry of the Municipality in a location not served by the existing system of the Company, comply with the request provided the request meets criteria filed with and approved by the Board for expansion of the distribution system and does not unduly affect customers on the existing system. Such criteria may include but not be limited to estimates of customers, sales, volumes, revenues, costs, and return on investment, the effect upon existing customers and any customer contribution in aid of construction. The criteria shall be reviewed by the Board from time to time as the Board deems necessary or as may be requested by the Company.

2.(4) The Company shall not be bound to construct or extend its mains or provide natural gas or gas service if the Company is, for any reason, unable to obtain delivery of natural gas at or near the limits of the Territory, or an adequate supply thereof to warrant the construction or extension of its mains for the provision of natural gas.

2.(5) In the event the amount of natural gas supplied to the Company at or near the limits of the Territory is insufficient to meet the requirements of connected customers, the Company shall have the right to prescribe reasonable rules and regulations for allocating the available supply of natural gas to domestic, commercial and industrial customers in that order of priority. The allocation of natural gas shall also be subject to the provisions of *The Gas Allocation Act* (Manitoba) and Regulations thereto and any orders made pursuant to *The Emergency Measures Act* (Manitoba).

2.(6) In the event that either of the conditions referred to in subsections (4) and (5) occur or are likely to occur, the Company will advise the Municipality thereof as soon as the conditions become apparent to the Company.

3.(1). Prior to the installation of any part of the Gas Distribution System, the Company shall file plans with the municipal engineer, which shall mean a professional engineer employed directly or indirectly by the Municipality or such other person as may be designated by the council of the Municipality to carry out the functions and duties of the Municipal Engineer as herein described ("Municipal Engineer"), showing the location, depth and size of all mains, pipes or conduits and any other equipment or structures (but not including geodetic information) intended to be installed or constructed and shall comply with all by-laws of the Municipality relating to the construction of such works. The Municipality, by its Municipal Engineer, shall approve the plans as to the location of the Gas Distribution System and any changes thereto arising in course of construction within the Municipality, which approval shall not be unreasonably withheld or unduly delayed. The Gas Distribution System shall be placed in such locations as agreed by the Municipal Engineer and the Company in boulevards and under other unpaved surfaces rather than in streets when reasonably practicable and where the cost of installation and maintenance will not be unreasonably high.

3.(2) The Company shall supply to the Municipality plans showing the location of its Gas Distribution System within the Municipality on an as-built basis, as requested by the Municipality, but in no event shall such plans be provided more than twice in any 12-month period. Such plans shall be provided either on paper or in a mutually agreeable format. All of the conditions for the supply of as-builts are to be mutually agreed upon.

3.(3) The pipe, materials and other equipment to be used in the distribution system shall be of the kinds and qualities satisfactory to the Board, and shall be in compliance with *The Gas Pipe Line Act* (Manitoba) and the regulations thereunder.

4. Unless another process is established through municipal bylaw, the Company shall give notice to the CAO or designate of the Municipality, of its intention to open or break up any of the Highways of the Municipality not less than seven (7) days before the beginning of such work, except in cases of emergency arising from defects or breaking of the pipe or other works, when immediate notice shall suffice; and, subject to the same exception and as otherwise provided in this Agreement, the Company shall not begin any such work unless it has obtained approval therefore in writing from the Municipal Engineer.

5. The Company agrees:

- (a) in the execution of the rights and powers granted hereby and in the performance of the work in connection therewith, it shall do as little damage as possible and shall keep passage of the Highways as far as may be practicable free and uninterrupted;
- (b) it shall not interfere with, disturb or damage any existing pipes or lines of other utilities, unless the express consent of such other utilities is first had and received;
- (c) it shall, within a reasonable time after any construction work, restore the Highways and other areas where construction has occurred to a state of repair as nearly as possible equal to their former state, unless another process is established by municipal bylaw. Within thirty (30) days of completion of the restoration work the Company shall give notice in writing to the Municipal Engineer that the work and restoration have been completed and inspected. The Municipal Engineer acting reasonably shall advise the Company in writing of any deficiencies in connection with the construction work or restoration. If the Municipality fails to provide such advice within six (6) months of the Company's notice to the Municipality and unless an extension of time has been mutually agreed, the Municipality will be deemed to have accepted the restoration work;



- (d) in the execution of the power granted hereby, it shall construct, locate and operate its Gas Distribution System in such manner as will not endanger the public health or safety;
- (e) any pipe line found not in accordance with the depth of cover requirements established by the Board pursuant to *The Gas Pipe Line Act* (Manitoba) as a result of improper installation shall be lowered, relocated or suitably protected by, and at the expense of the Company;
- (f) all costs in connection with the removal or relocation of any part of the Gas Distribution System, including the cost of repairs to any Highways, shall be the Company's responsibility except where such removal or relocation is required by the Municipality; and,
- (g) notwithstanding paragraph (f) above, where the removal or relocation of any part of the Gas Distribution System is required by the Municipality, the costs and expenses incurred in the removal and replacement or the relocation shall be as follows:
  - (i) the Municipality shall pay to the Company an amount equal to the cost of labour and material required in the original construction of that part of the Gas Distribution System that the Municipality requests to be relocated, less depreciation and the value of any material salvaged; and
  - (ii) the Company shall bear the entire cost of constructing the required Gas Distribution System infrastructure in the new location.

6.(1) The Company shall protect and indemnify the Municipality against any damages or expenses in connection with the execution of the powers granted hereby and under *The*

*Gas Pipe Line Act* (Manitoba), and from and against all claims, demands, and actions by third persons in respect of damages sustained by reason of any operations of the Company and in relation to its distribution system.

6.(2) The Company shall satisfy the Board that it has in place at all times liability insurance coverage sufficient to satisfy any potential claim, demand or action against the Company or the Municipality for such damages.

7.(1) Before the Municipality makes any repairs of, or alterations to, any of its public services which will involve excavations or which may in any way affect any of the Company's lines, plant or equipment, the Municipality shall give notice as set forth in the regulations in effect at that time and made pursuant to *The Gas Pipe Line Act* (Manitoba).

7.(2) Where practicable, the Municipality shall have regard to the reasonable directions of the Company concerning any such repairs and alterations, but, in any event, the Municipality is free of all liability in connection with any damage done by reason of any such repairs or alterations.

8. Natural gas shall be supplied to customers in the Territory at the rates and on the terms and conditions approved or fixed from time to time by the Board or other regulatory authority having jurisdiction.

9. This Agreement shall not prevent the sale or delivery within the Territory by any other person, firm or corporation of liquefied petroleum gas, propane or other product delivered in tanks or containers and not transmitted by pipeline.

10. Subject to any applicable legislation now or hereafter enacted in that regard, the Company shall pay to the Municipality any taxes that may be legally and properly levied by the Municipality against the Company.

11. The Company shall maintain in force during the currency hereof, a policy of insurance provided by an insurance company licensed to do business in the Province of Manitoba, insuring against public liability and property damage in connection with the operations of the Gas Distribution System within the Territory.

12. The Municipality agrees that it will not, for a period of thirty (30) years or longer, if this Agreement is renewed in accordance with the provision of paragraph 13 hereof, grant to any other person, firm or corporation the right to deliver natural gas within the franchise area of the Municipality or to erect or maintain a Gas Distribution System in, upon, over, across, under, or along its Highways within the franchise area for the purpose of supplying and distributing natural gas.

13.(1) It is further agreed that at the expiration of the term hereof and at the expiration of each renewal hereof, the Municipality may, after giving one (1) year's written notice prior to the date of the termination of this Agreement or of any renewal hereof, at its option (to be expressed by by-law of the Municipality), elect to purchase that portion of the Gas Distribution System with respect to its operations within the Municipality that is used exclusively for the distribution of natural gas in the Territory, pursuant to this Agreement, but not any portion of the Gas Distribution System that is used for transmission of natural gas through the Municipality, for such price and on such terms as may be agreed upon between the parties hereto, or failing such agreement then at such price and on such terms including that portion of the Gas Distribution System the Municipality is entitled to purchase as may be fixed and settled by the Board, or if the Board shall refuse to so fix and settle the price then the said price and terms shall be such as may be fixed and determined by arbitration under the provisions of *The Arbitration Act* (Manitoba) and each of the parties shall appoint an arbitrator and the arbitrators so appointed shall appoint a third arbitrator to act as chairman who shall be versed in this special branch of engineering economics, and in the event the arbitrators appointed by each party are unable to appoint a third arbitrator, the third arbitrator shall be appointed by the Chief Justice of the Court of Queen's Bench of the Province of Manitoba. The decision of the Board or of a majority of

the said arbitrators shall be binding upon the parties in arriving at the price. The Board or the said arbitrators shall make allowance for severance of the property and operation from other properties and operations of the Company in Manitoba. In the event of such purchase, the Company and the Municipality will enter into an agreement respecting the use of and payment for such use by the Municipality of Company-owned facilities which are not being purchased hereunder and for the sale of natural gas to the Municipality for resale by the Municipality to the inhabitants of the Municipality, at such rates as may be agreed upon between the Company and the Municipality and approved by the Board. If the Municipality does not notify the Company in writing of its intention to purchase the property of the Company as aforesaid at least one (1) year before the expiration of this Agreement or any renewal thereof, this Agreement will be deemed to be automatically renewed for an additional term of ten (10) years, and at the end of the said ten (10) year renewal term, the said Agreement will be further automatically extended in absence of notice aforesaid for additional terms of ten (10) years from time to time. Provided further that at the time of any such renewal, changes in the terms of this Agreement may be made at the request of either party with the approval of the other, and in the absence of such approval such changes may be made by reference to, under the authority of, and with the approval of the Board. Notwithstanding anything contained elsewhere in this Agreement, it is understood and agreed that if the Municipality exercises its option to purchase the property of the Company with respect to its distribution operations within the area designated in this Agreement, such exercise shall not affect the right of the Company to continue to operate its transmission facilities in such area for so long as the same may be required by the Company.

13.(2) The Company agrees that it shall provide written notice to the Municipality at least two (2) years prior to the expiration of the term hereof and of each renewal hereof, of the Municipality's election as set forth in paragraph 13.(1) hereof.

14. Notwithstanding any other term or condition contained herein, neither party shall be liable to the other for failure to carry out its obligations hereunder when such failure is

caused by force majeure as hereinafter defined. The term force majeure means civil disturbances, industrial disturbances (including strikes and lock-outs), interruptions by government or Court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, failure or inability to secure materials, permits or labourers by reason of priority regulations or orders of government, landslides, lightning, earthquakes, fires, storm, floods, wash-outs, explosions, breakage or accident to machinery or the Gas Distribution System, temporary or permanent failure of gas supply, an act or omission (including failure to deliver gas) reducing supply of gas to the Company's supplier, or any other causes or circumstances to the extent such cause or circumstances was beyond the control of the party prevented from carrying out its obligations by the act of force majeure.

15. Subject to the provisions of *The Public Utilities Board Act* (Manitoba), the Company shall not without the consent of the Municipality, such consent not to be unreasonably withheld, assign this Agreement or the rights, franchises, powers and privileges granted hereby or any of them; provided however the Company may assign this Agreement to any corporation with which the Company may then be associated or affiliated, as those terms are used in *The Corporations Act* (Manitoba) and the *Income Tax Act* (Canada).

16. This Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.

17. This Agreement is subject to the approval of the Manitoba Public Utilities Board.

**IN WITNESS WHEREOF** the parties have duly executed this Agreement as of the day and year first above written.

**RURAL MUNICIPALITY OF PINEY**

Per:

\_\_\_\_\_  
Reeve

Per:

\_\_\_\_\_  
Chief Administrative Officer

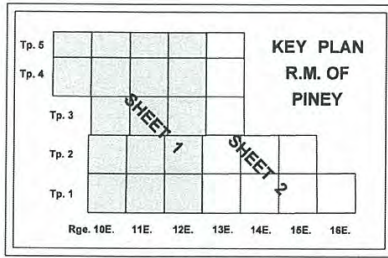
**CENTRA GAS MANITOBA INC.**

Per:

\_\_\_\_\_  
Authorized Signing Officer

Per:

\_\_\_\_\_  
Authorized Signing Officer



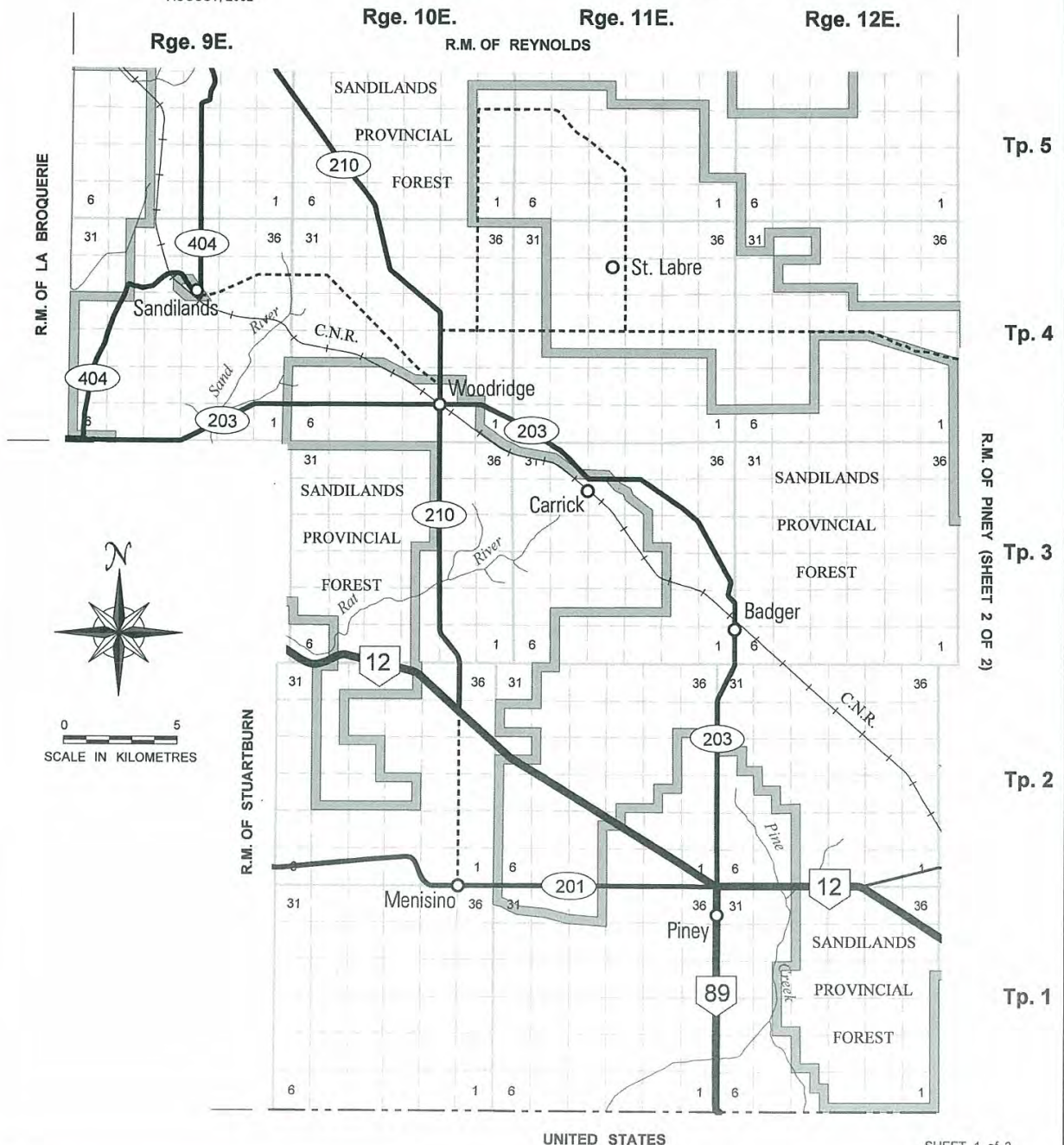
# R.M. OF PINEY

APPENDIX 1 No. 143

MAP REVISED:-

MANITOBA  
TRANSPORTATION AND GOVERNMENT SERVICES  
HIGHWAY PLANNING AND DESIGN BRANCH  
DRAFTING SECTION  
WINNIPEG  
AUGUST, 2002

- LEGEND**
- Proposed Franchise Area
  - PROVINCIAL TRUNK HIGHWAYS ..... 26
  - PROVINCIAL ROADS ..... 201
  - ACCESS ROADS .....
  - MAIN MARKET ROADS .....
  - RAILWAYS .....



UNITED STATES

SHEET 1 of 2



# R.M. OF PINEY

APPENDIX 2

No. 143

MAP REVISED:-








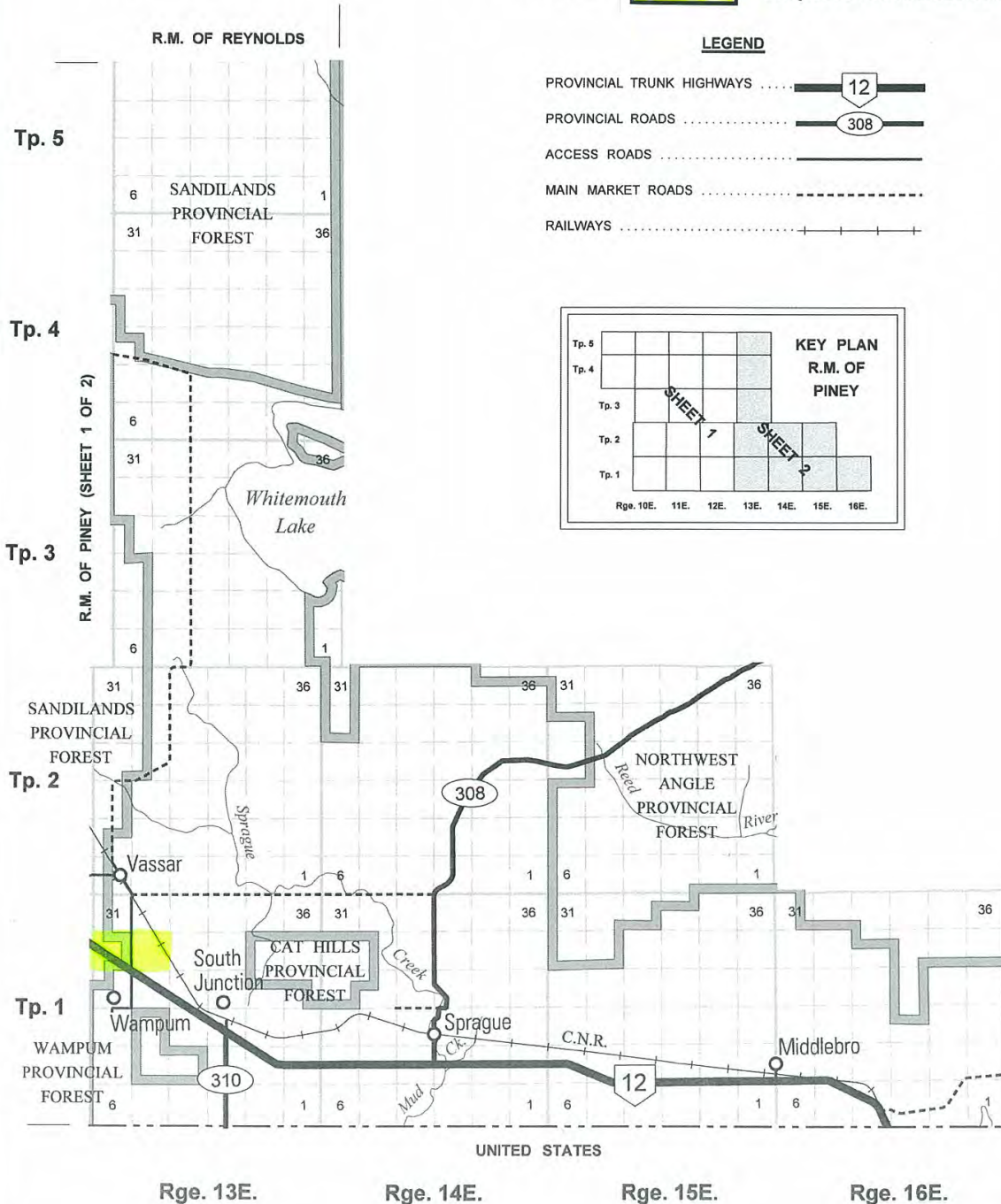
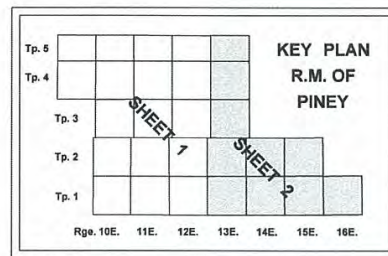
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SCALE IN KILOMETRES

MANITOBA  
TRANSPORTATION AND GOVERNMENT SERVICES  
HIGHWAY PLANNING AND DESIGN BRANCH  
DRAFTING SECTION  
WINNIPEG  
AUGUST, 2002

 Proposed Franchise Area

### LEGEND

- PROVINCIAL TRUNK HIGHWAYS ..... 
- PROVINCIAL ROADS ..... 
- ACCESS ROADS ..... 
- MAIN MARKET ROADS ..... 
- RAILWAYS ..... 









PO Box 815 • Winnipeg, Manitoba Canada • R3C 2P4  
Street Location for DELIVERY: 22<sup>nd</sup> floor – 360 Portage Avenue  
Telephone / N° de téléphone: (204) 360-3468 • Email: mboyd@hydro.mb.ca

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September 16, 2014

THE PUBLIC UTILITIES BOARD OF MANITOBA  
400-330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4

ATTENTION: Mr. H. M. Singh, Board Secretary and Executive Director

Dear Mr. Singh:

**RE: CENTRA GAS MANITOBA INC.  
FRANCHISE APPLICATION for the RURAL MUNICIPALITY OF ROSSER**

---

Enclosed are nine (9) copies of an Application by Centra Gas Manitoba Inc. (“Centra”) to the Public Utilities Board of Manitoba (“PUB”) for an interim ex-parte Order pursuant to Section 45 of *The Public Utilities Board Act*, requesting:

1. The PUB approve and authorize an amendment to the existing franchise agreement between Centra and the Rural Municipality of Rosser (“RM of Rosser”); and,
2. The PUB approve the financial feasibility test for the extension of natural gas service to one customer within the proposed expansion area located in the RM of Rosser.

Centra and the RM of Rosser have agreed that Centra would seek franchise for the entire municipality. This has been determined in anticipation of additional customer attachments to occur in the future in order to more quickly respond to customer requests for natural gas service in this area.

The proposed new franchise area includes the following sections:

- Sections W ½ 15, 16 through 22, and 25 through 36, Township 12, Range 2 EPM;
- Sections 14 through 23 and 26 through 35, Township 11, Range 1 EPM;
- Sections 2 through 11 and 13 through 36, Township 12, Range 1 EPM;
- Sections 13, 23 through 27 and 33 through 36, Township 11, Range 1 WPM;
- Sections 1 through 5 and 7 through 36, Township 12, Range 1 WPM;
- Sections 10, 13 through 16 and 20 through 36, Township 12, Range 2 WPM; and,

Public Utilities Board of Manitoba  
Franchise Application RM of Rosser

September 16, 2014  
Page 2 of 2

- All lots of the Parish of St. James adjacent to and located west of Section 15 EPM, Township 11, and Range 2 EPM contained within the limits of the Municipality.

Centra has determined that the project is feasible as it passes the 30-Year Net Present Value (“NPV”) test with an NPV of \$191,750 and generates a revenue-to-cost ratio of at least 1.0 by the end of the fifth year. Based on total capital costs of \$82,078 and the assumptions in the feasibility test, there is no contribution required from the customer.

In order to allow for the timely construction of this project, Centra is requesting approval of this Application on an interim ex-parte basis at the PUB’s earliest convenience. Centra will seek final approval of the interim ex-parte Order flowing from this Application at the next appropriate regulatory proceeding.

Copies of this submission have also been provided to the PUB Advisors. If you have any questions with respect to this submission or require paper copies, please contact the writer at 204-360-3468 or Shannon Gregorashuk at 204-360-4270.

Yours truly,

**MANITOBA HYDRO LAW DIVISION**

Per:



Marla Boyd  
Barrister & Solicitor

cc: Mr. B. Peters, Fillmore Riley  
Mr. R. Cathcart, Cathcart Advisors Inc.  
Mr. B. Ryall, Ryall Engineering

Att.

Page 1 of 6  
September 16, 2014

**CENTRA GAS MANITOBA INC.**  
**RURAL MUNICIPALITY OF ROSSER**  
**FRANCHISE APPLICATION**

---

1    **1.0    APPLICATION**

2    Centra Gas Manitoba Inc. ("Centra"), on its own behalf and on behalf of the Rural  
3    Municipality of Rosser (the "RM of Rosser") is applying to the Public Utilities Board of  
4    Manitoba (the "PUB"), for an interim ex-parte Order pursuant to Section 45 of *The*  
5    *Public Utilities Board Act*:

- 6           1. To approve and authorize an amendment to the existing franchise  
7           agreement between Centra and the RM of Rosser; and
- 8           2. To approve the financial feasibility test for the expansion of natural gas to  
9           serve one commercial customer in the proposed expansion area located in  
10          the RM of Rosser.

11

12    **2.0    EXPANSION AREA**

13    A map of the RM of Rosser is included as Attachment 1.0 to this Application. This  
14    attachment indicates the area in the municipality that is covered by an existing  
15    franchise agreement as approved in Orders 128/65, 140/00 and 54/05, and the area  
16    to be covered by the proposed amending franchise agreement. The proposed  
17    franchise area includes land currently subject to a crossing agreement that was  
18    approved in Order 33/13. Centra and the RM of Rosser have agreed that Centra  
19    would seek franchise for the entire municipality. This has been determined in  
20    anticipation of additional customer attachments to occur in the future in order to more

Centra Gas Manitoba Inc.  
Franchise Application  
Rural Municipality of Rosser

September 16, 2014

Page 2 of 6

---

1 quickly respond to customer requests for natural gas service in this area.

2

3 The proposed new franchise area will allow for the provision of natural gas service to

4 one commercial customer located in the NW ¼ Section 17, Township 11, Range 1

5 EPM in the RM of Rosser. The proposed new franchise area includes:

6 • Sections W ½ 15, 16 through 22, and 25 through 36, Township 12, Range 2

7 EPM;

8 • Sections 14 through 23 and 26 through 35, Township 11, Range 1 EPM;

9 • Sections 2 through 11 and 13 through 36, Township 12, Range 1 EPM;

10 • Sections 13, 23 through 27 and 33 through 36, Township 11, Range 1 WPM;

11 • Sections 1 through 5 and 7 through 36, Township 12, Range 1 WPM;

12 • Sections 10, 13 through 16 and 20 through 36, Township 12, Range 2 WPM;

13 and,

14 • All lots of the Parish of St. James adjacent to and located west of Section 15

15 EPM, Township 11, Range 2 EPM contained within the limits of the

16 Municipality.

17

18 First reading of the By-law approving the RM of Rosser to enter into an amending

19 franchise agreement with Centra was given by the RM of Rosser Council on August

20 12, 2014.

21

22

1    **3.0    CUSTOMER, VOLUME AND REVENUE ESTIMATES**

2    The commercial customer in the RM of Rosser originally approached Centra in  
3    February of 2013 to request natural gas service. The customer plans to immediately  
4    convert six existing boilers that are currently fueled by propane to use natural gas.  
5    These boilers are used for floor, space heat and water heat. In addition, this  
6    customer will convert its two existing coal-fired boilers to high efficiency natural gas  
7    boilers no later than January 1, 2017. The customer intends to convert its propane  
8    load as soon as natural gas becomes available.

9

10   The estimated total annual consumption for the commercial customer is  
11   approximately 119,430 m<sup>3</sup> in years one and two, based on historical propane  
12   consumption records, and approximately 487,494 m<sup>3</sup> in years three to thirty, based  
13   on historical propane and coal records.

14

15   The total customer volume of 119,430 m<sup>3</sup> for years one and two and 487,494 m<sup>3</sup> for  
16   years three to thirty of the feasibility test has been included at 100% as discussed in  
17   Section 5.0 below. For purposes of the feasibility test, Year 1 has been identified as  
18   2015.

19

20   **4.0    SYSTEM DESIGN AND CAPITAL COST ESTIMATE**

21   This customer is located adjacent to Centra's existing high pressure 168.3 mm (NPS  
22   6") steel transmission pipeline. A large farm tap, service line and meterset will be  
23   installed to supply service to this customer. No distribution main is required.

24

25   The new farm tap and service line will be installed within existing government road

1 allowances and on private land easements.

2

3 The installation of the farm tap and service line will be accomplished by various  
4 techniques including open cut and directional drilling as appropriate. A map of the  
5 path of the proposed service extension is shown in Attachment 2.0. No upstream  
6 system upgrades are required in conjunction with this project.

7

8 This proposed natural gas expansion project is less than 10 km in length and  
9 environmental screening indicated no sensitive areas, therefore no environmental  
10 license is required.

11

12 Construction drawings will be submitted to the RM of Rosser for approval. The  
13 proposed route was determined based on legal plans and GIS data.

14

15 The estimated capital cost for this project is \$82,078. The capital cost estimate was  
16 prepared using the following inputs and assumptions:

- 17
- 18 • Project capital costs in 2014 dollars;
  - 19 • General freight included;
  - 20 • 5% contingency applied to contractor labour and materials; and
  - 21 • 15% overhead applied to contractor labour and materials.

22

23 These assumptions are consistent with other recent expansions.

24

## 25 **5.0 FEASIBILITY TEST RESULTS AND ASSUMPTIONS**

Based upon the PUB approved feasibility test, Centra has determined that the

Centra Gas Manitoba Inc.  
Franchise Application  
Rural Municipality of Rosser

September 16, 2014

Page 5 of 6

1 project is feasible. Based on total capital costs of \$82,078, the feasibility study  
2 returns a positive 30-Year Net Present Value ("NPV") of \$191,750 and achieves a  
3 revenue-to-cost ratio of 1.0 by the end of the fifth year. A customer contribution is not  
4 required. The financial feasibility test for this expansion is included as Attachment  
5 3.0. Centra's investment in this expansion project is \$82,078.

6

7 The feasibility test was completed using the following assumptions:

- 8 • Gas costs and base sales rates for Supplemental Gas, Transportation to Centra,  
9 Distribution to Customer and the Basic Monthly Charge for the Large General  
10 Service (LGS) customer as approved in Order 89/13;
- 11 • Primary Gas base sales rates as approved in Order 85/14;
- 12 • Annual operating and maintenance expenses of \$40 per customer;
- 13 • A depreciation rate of 2.04% based on Centra's 2013/14 weighted average  
14 depreciation rate for distribution plant;
- 15 • Municipal property tax based on 2013 mill rates and 2012 assessment rates;
- 16 • Corporate capital tax calculated at the rate of 0.5% of net plant, before any  
17 contributions received by Centra;
- 18 • The NPV of revenue deficiency is discounted at the weighted average cost of  
19 capital of 6.08%; and,
- 20 • Centra's capital structure and cost of capital of 6.08% as approved in Order  
21 46/10.

22

23 A recalculation for the project will be completed after five years (effective as of  
24 December 31, 2019).



Centra Gas Manitoba Inc.  
Franchise Application  
Rural Municipality of Rosser

September 16, 2014

Page 6 of 6

1 In the event that any additional customers request natural gas service in this vicinity  
2 within the first five years of construction, a feasibility test will be completed for those  
3 future customer additions and those customers will be required to pay any resulting  
4 shortfall.

5

## 6 **6.0 AGREEMENTS**

7 First reading of the By-law approving the municipality entering into an amended  
8 Franchise Agreement with Centra has been given by the RM of Rosser Council and  
9 is provided as Attachment 4.0. The Franchise Agreement is included as Schedule A  
10 to Attachment 4.0.

11

## 12 **7.0 APPROVALS**

13 Centra is requesting that this Application be approved by the PUB on an interim ex-  
14 parte basis at its earliest convenience. Centra will seek final approval of the PUB at  
15 the next appropriate regulatory proceeding.

Centra Gas Manitoba Inc.  
Franchise Application  
RM of Rosser

Attachment 1.0  
September 16, 2014  
Page 1 of 1

No. 79



0 5  
SCALE IN KILOMETRES

# R.M. OF ROSSER

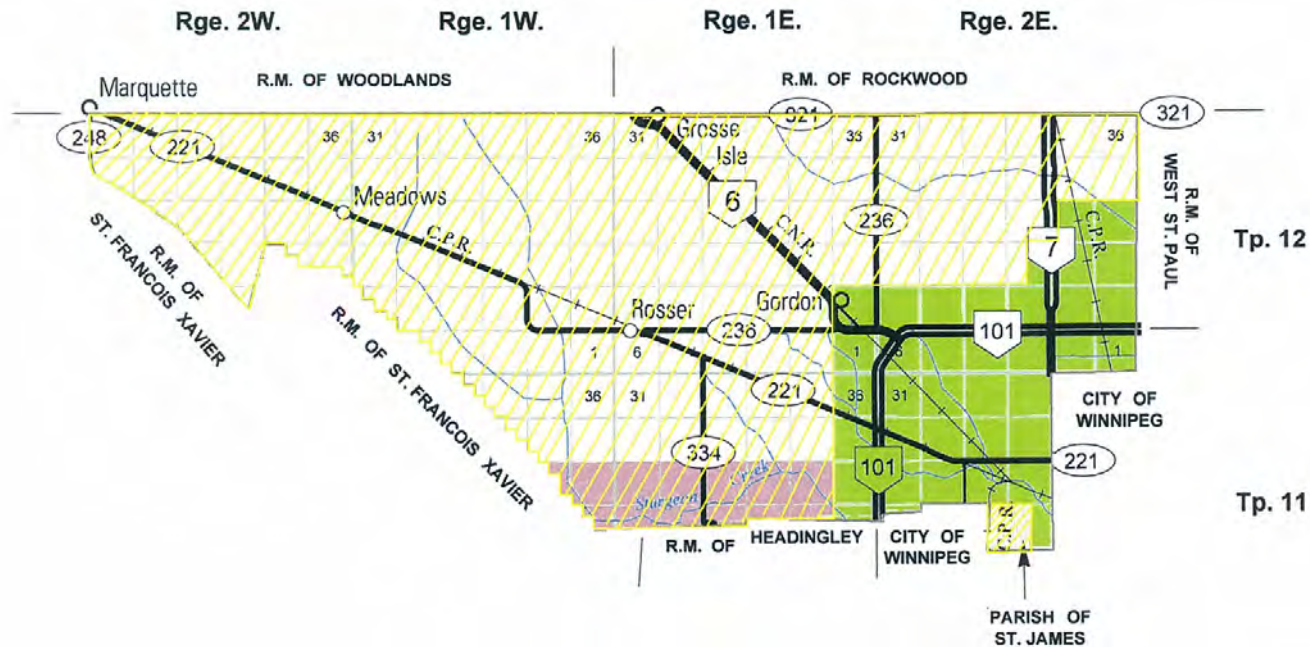
MANITOBA  
TRANSPORTATION AND GOVERNMENT SERVICES  
HIGHWAY PLANNING AND DESIGN BRANCH  
DRAFTING SECTION  
WINNIPEG  
FEBRUARY, 2003

MAP REVISED:-

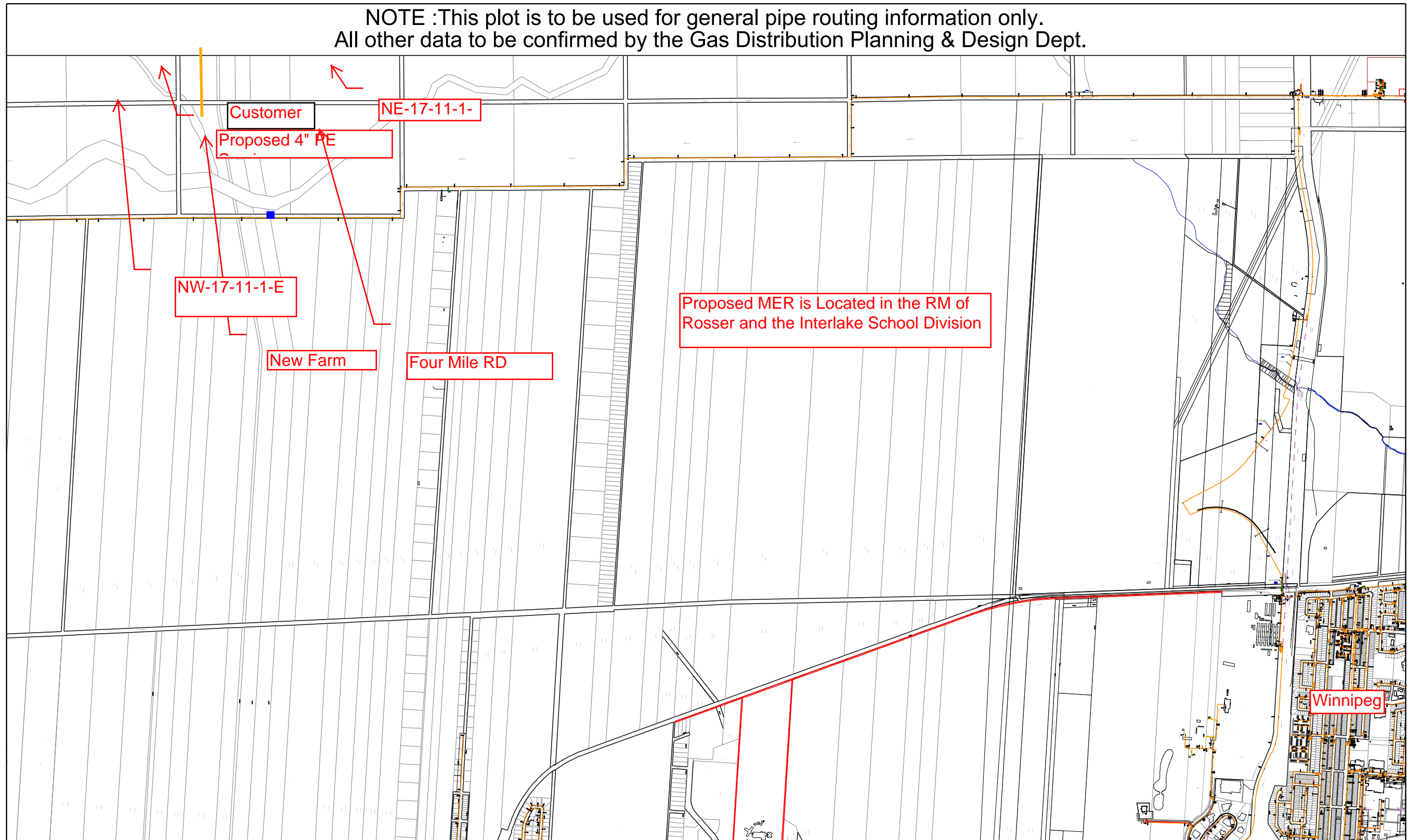
-  -- Existing Franchise Area
-  -- Existing Crossing Area
-  -- Proposed Franchise Area

### LEGEND

- PROVINCIAL TRUNK HIGHWAYS .....  ACCESS ROADS ..... 
- PROVINCIAL ROADS .....  RAILWAYS ..... 



NOTE :This plot is to be used for general pipe routing information only.  
All other data to be confirmed by the Gas Distribution Planning & Design Dept.



Proposed MER is Located in the RM of Rosser and the Interlake School Division

Winnipeg

NOTE: Maximum Operating Pressure (MOP) is 420 kpa unless otherwise noted.  
Outside Diameter (O.D.) of pipe in millimeters unless otherwise noted.





## Financial Feasibility Test

	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15	YEAR 16	YEAR 17	YEAR 18	YEAR 19	YEAR 20
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>1 RM of Rosser</b>										
2										
3										
4										
<b>5 OPERATING ASSUMPTIONS</b>										
6 Number of Customers	1	1	1	1	1	1	1	1	1	1
7 Annual Volume (Mcf)	17,209	17,209	17,209	17,209	17,209	17,209	17,209	17,209	17,209	17,209
8 Annual Volume (10 <sup>3</sup> m <sup>3</sup> )	487	487	487	487	487	487	487	487	487	487
9 Projected Revenues	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242
10										
<b>11 RATE BASE</b>										
12 Gross Fixed Assets	\$82,078	\$82,078	\$82,078	\$82,078	\$82,078	\$82,078	\$82,078	\$82,078	\$82,078	\$82,078
13 Accumulated Depreciation	\$18,418	\$20,093	\$21,767	\$23,441	\$25,116	\$26,790	\$28,465	\$30,139	\$31,813	\$33,488
14 Net Plant Closing	\$63,660	\$61,985	\$60,311	\$58,636	\$56,962	\$55,288	\$53,613	\$51,939	\$50,265	\$48,590
15 Net Plant at Mid-Year	\$64,497	\$62,822	\$61,148	\$59,474	\$57,799	\$56,125	\$54,450	\$52,776	\$51,102	\$49,427
16 Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17 Contribution at Mid-Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18 Working Capital Allowance	\$4,315	\$4,314	\$4,314	\$4,313	\$4,313	\$4,313	\$4,312	\$4,312	\$4,311	\$4,311
19 Rate Base at Mid-year	\$68,811	\$67,137	\$65,462	\$63,787	\$62,112	\$60,437	\$58,763	\$57,088	\$55,413	\$53,738
20										
<b>21 REVENUE SUFFICIENCY CALCULATION</b>										
22 Cost of Gas	\$90,557	\$90,557	\$90,557	\$90,557	\$90,557	\$90,557	\$90,557	\$90,557	\$90,557	\$90,557
23 Operating & Maintenance Expenses	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40
24 Depreciation Expense	\$1,674	\$1,674	\$1,674	\$1,674	\$1,674	\$1,674	\$1,674	\$1,674	\$1,674	\$1,674
25 Amortization of Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26 Municipal Tax & Corp.Cap. Tax	\$697	\$688	\$680	\$671	\$663	\$655	\$646	\$638	\$630	\$621
27 Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28 Overall Return	\$4,184	\$4,082	\$3,980	\$3,879	\$3,777	\$3,675	\$3,573	\$3,471	\$3,369	\$3,268
29 Total Revenue Requirement	\$97,152	\$97,042	\$96,931	\$96,821	\$96,711	\$96,601	\$96,491	\$96,380	\$96,270	\$96,160
30 Projected Revenues	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242
31 Revenue Sufficiency (Annual)	\$16,090	\$16,200	\$16,311	\$16,421	\$16,531	\$16,641	\$16,751	\$16,862	\$16,972	\$17,082
32 Revenue to Cost Ratio	117%	117%	117%	117%	117%	117%	117%	117%	118%	118%

## Financial Feasibility Test

	YEAR 21	YEAR 22	YEAR 23	YEAR 24	YEAR 25	YEAR 26	YEAR 27	YEAR 28	YEAR 29	YEAR 30
	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
<b>1 RM of Rosser</b>										
2										
3										
4										
<b>5 OPERATING ASSUMPTIONS</b>										
6 Number of Customers	1	1	1	1	1	1	1	1	1	1
7 Annual Volume (Mcf)	17,209	17,209	17,209	17,209	17,209	17,209	17,209	17,209	17,209	17,209
8 Annual Volume (10 <sup>3</sup> m <sup>3</sup> )	487	487	487	487	487	487	487	487	487	487
9 Projected Revenues	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242
10										
<b>11 RATE BASE</b>										
12 Gross Fixed Assets	\$82,078	\$82,078	\$82,078	\$82,078	\$82,078	\$82,078	\$82,078	\$82,078	\$82,078	\$82,078
13 Accumulated Depreciation	\$35,162	\$36,837	\$38,511	\$40,185	\$41,860	\$43,534	\$45,209	\$46,883	\$48,557	\$50,232
14 Net Plant Closing	\$46,916	\$45,241	\$43,567	\$41,893	\$40,218	\$38,544	\$36,869	\$35,195	\$33,521	\$31,846
15 Net Plant at Mid-Year	\$47,753	\$46,079	\$44,404	\$42,730	\$41,055	\$39,381	\$37,707	\$36,032	\$34,358	\$32,683
16 Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17 Contribution at Mid-Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18 Working Capital Allowance	\$4,311	\$4,310	\$4,310	\$4,309	\$4,309	\$4,309	\$4,308	\$4,308	\$4,307	\$4,307
19 Rate Base at Mid-year	\$52,064	\$50,389	\$48,714	\$47,039	\$45,364	\$43,690	\$42,015	\$40,340	\$38,665	\$36,990
20										
<b>21 REVENUE SUFFICIENCY CALCULATION</b>										
22 Cost of Gas	\$90,557	\$90,557	\$90,557	\$90,557	\$90,557	\$90,557	\$90,557	\$90,557	\$90,557	\$90,557
23 Operating & Maintenance Expenses	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40
24 Depreciation Expense	\$1,674	\$1,674	\$1,674	\$1,674	\$1,674	\$1,674	\$1,674	\$1,674	\$1,674	\$1,674
25 Amortization of Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26 Municipal Tax & Corp.Cap. Tax	\$613	\$605	\$596	\$588	\$579	\$571	\$563	\$554	\$546	\$538
27 Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28 Overall Return	\$3,166	\$3,064	\$2,962	\$2,860	\$2,758	\$2,657	\$2,555	\$2,453	\$2,351	\$2,249
29 Total Revenue Requirement	\$96,050	\$95,940	\$95,829	\$95,719	\$95,609	\$95,499	\$95,389	\$95,278	\$95,168	\$95,058
30 Projected Revenues	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242	\$113,242
31 Revenue Sufficiency (Annual)	\$17,192	\$17,302	\$17,413	\$17,523	\$17,633	\$17,743	\$17,854	\$17,964	\$18,074	\$18,184
32 Revenue to Cost Ratio	118%	118%	118%	118%	118%	119%	119%	119%	119%	119%

**THE RURAL MUNICIPALITY OF ROSSER****BY-LAW NO. 12 -14**

**BEING A BY-LAW OF THE RURAL MUNICIPALITY OF ROSSER** (the "Municipality"), in Manitoba, authorizing the Municipality to enter into an Amending Agreement with **CENTRA GAS MANITOBA INC.** ("Centra") to extend the area of the natural gas franchise agreement;

**WHEREAS** the Municipality entered into a franchise agreement (hereinafter called the "Franchise Agreement") dated October 15, 1965 with Greater Winnipeg Gas Company granting the company the franchise to supply natural gas to the Municipality and inhabitants within the areas set forth in Exhibit "A" to the said Franchise Agreement;

**AND WHEREAS** By-Law No. 5-1965 of the Municipality authorizing the Municipality to enter into the Franchise Agreement was approved by the Public Utilities Board of Manitoba by Order No. 128/65;

**AND WHEREAS** the Franchise Agreement was renewed pursuant to *The Greater Winnipeg Gas Distribution Act*, S.M. 1988-89 c. 40;

**AND WHEREAS** Centra Gas Manitoba Inc. ("Centra") is the corporate successor to Greater Winnipeg Gas Company;

**AND WHEREAS** the Municipality entered into a franchise amending agreement ("the First Amending Agreement") dated September 27, 2000 with Centra Gas Manitoba Inc. ("Centra") which granted to Centra the further franchise to supply natural gas to Sections 13, 14, 23 and 24, Township 12, Range 2 EPM of the Municipality;

**AND WHEREAS** By-Law No. 7-00 of the Municipality authorizing the Municipality to enter into the franchise amending agreement was approved by the Public Utilities Board of Manitoba by Order No. 140/00;

**AND WHEREAS** the Municipality entered into a second franchise amending agreement (the "Second Amending Agreement") dated April 26, 2005 with Centra Gas Manitoba Inc. ("Centra") which granted to Centra the further franchise to supply natural gas to E ½ of Section 15, Township 12, Range 2 EPM of the Municipality;

**AND WHEREAS** By-Law No. 6-03 of the Municipality authorizing the Municipality to enter into the franchise amending agreement was approved by the Public Utilities Board of Manitoba by Order No. 54/05;

**AND WHEREAS** the Franchise Agreement was renewed again in 2011 pursuant to *The Greater Winnipeg Gas Distribution Act*, S.M. 1988-89 c. 40;

**AND WHEREAS** the Municipality entered into a crossing agreement dated May 14, 2013 with Centra Gas Manitoba Inc. ("Centra") to construct, lay and maintain a pipeline for the conveying of natural gas through all those portions of Sections 14 through 23, Township 11, Range 1 EPM, and Sections 13, 23, and 24, Township 11, Range 1 WPM of the Municipality;

**AND WHEREAS** By-Law No. 1-13 of the Municipality authorizing the Municipality to enter into the crossing agreement was approved by the Public Utilities Board of Manitoba by Order No. 33/13;

**AND WHEREAS** Section 232(1)(1) of *The Municipal Act* provides that a Council may pass by-laws for municipal purposes respecting public utilities.

**AND WHEREAS** Section 250 of *The Municipal Act* provides that a municipality may for municipal purposes:

- (c) acquire, establish, maintain and operate services, facilities and utilities;
- (d) enter into agreements with another party to do on behalf of the municipality anything the municipality has the power to do within the municipality.

**AND WHEREAS** the Municipality has agreed that it is in its interest to grant Centra a further franchise for the supply of natural gas to those portions of Sections W ½ 15, 16 through 22, and 25 through 36, Township 12, Range 2 EPM; Sections 14 through 23 and 26 through 35, Township 11, Range 1 EPM; Sections 2 through 11 and 13 through 36, Township 12, Range 1 EPM, Sections 13, 23 through 27 and 33 through 36, Township 11, Range 1 WPM; Sections 1 through 5 and 7 through 36, Township 12, Range 1 WPM; Sections 10, 13 through 16 and 20 through 36, Township 12, Range 2 WPM; and all those Lots of the Parish of St. James adjacent to and located west of Section 15 EPM, Township 11, Range 2 EPM contained within the limits of the Municipality, as a further addition to its existing franchise territory;

**AND WHEREAS** it is deemed expedient and in the public interest that the Municipality enter into a further amending agreement (the "Amending Agreement") with Centra for the supply of natural gas to the Municipality pursuant to said Section 250;

**NOW THEREFORE**, the Council of the Municipality in regular session assembled enacts as follows:

1. That the Municipality enter into an Amending Agreement with Centra in the form attached hereto as Schedule "A" to this By-Law (the "Agreement"), for the purpose of granting an additional franchise for the supplying of natural gas to the Rural Municipality of Rosser.
2. That the Municipality do all such things necessary or advisable to be done by it in order to carry out the terms and conditions of this By-Law and the terms and conditions of the said Agreement, insofar as the same are to be done, fulfilled or complied with by the Municipality.
2. That the Reeve and Chief Administrative Officer of the Municipality shall be authorized to execute said Amending Agreement on behalf of the Rural Municipality of Rosser.
3. That this By-Law shall, after being read a first time by the Council be submitted to or receive any authorization or approval of The Public Utilities Board of Manitoba;
4. That Centra be authorized to represent the Municipality in submitting this By-Law and applying to The Public Utilities Board of Manitoba for any approval that is required.
5. That this By-law shall not take effect until it has received approval of the Public Utilities Board of Manitoba and third reading by the Council.
5. That this By-Law shall supercede all previous By-Laws granting crossing agreements in the Municipality.

**DONE AND PASSED** as a by-law of The Rural Municipality of Rosser at 0 077E PR 221, Rosser in the Province of Manitoba this \_\_\_\_\_ day of \_\_\_\_\_ A.D. 2014.

RURAL MUNICIPALITY OF ROSSER

\_\_\_\_\_  
Reeve  
Frances Smee

\_\_\_\_\_  
Chief Administrative Officer  
Beverley Wells, CMMA

Read a first time this 12<sup>th</sup> day of August, 2014.

Read a second time this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

Read a third time this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

I, Beverley Wells, Chief Administrative Officer of the Rural Municipality of Rosser, certify this to be a true and correct copy of By-law No. 12-14 given first reading on the 12<sup>th</sup> day of August, 2014 by the Council of the Rural Municipality of Rosser.

*Beverley Wells*



**SCHEDULE A**

THIS AMENDING AGREEMENT made as of the \_\_\_\_ day of \_\_\_\_\_, 2014.

BETWEEN:

**RURAL MUNICIPALITY OF ROSSER,**

(hereinafter called the "Municipality"),

OF THE FIRST PART,

- and -

**CENTRA GAS MANITOBA INC.,**

(hereinafter called "Centra"),

OF THE SECOND PART.

**WHEREAS** the Municipality entered into a franchise agreement (hereinafter called the "Franchise Agreement") dated October 15, 1965 with Greater Winnipeg Gas Company granting the company the franchise to supply natural gas to the Municipality and inhabitants within the areas set forth in Exhibit "A" to the said Franchise Agreement;

**AND WHEREAS** By-Law No. 5-1965 of the Municipality authorizing the Municipality to enter into the Franchise Agreement was approved by the Public Utilities Board of Manitoba by Order No. 128/65;

**AND WHEREAS** the Franchise Agreement was renewed pursuant to *The Greater Winnipeg Gas Distribution Act*, S.M. 1988-89 c. 40;

**AND WHEREAS** Centra Gas Manitoba Inc. ("Centra") is the corporate successor to Greater Winnipeg Gas Company;

**AND WHEREAS** the Municipality entered into a franchise amending agreement ("the First Amending Agreement") dated September 27, 2000 with Centra Gas Manitoba Inc. ("Centra") which granted to Centra the further franchise to supply natural gas to Sections 13, 14, 23 and 24, Township 12, Range 2 EPM of the Municipality;

**AND WHEREAS** By-Law No. 7-00 of the Municipality authorizing the Municipality to enter into the franchise amending agreement was approved by the Public Utilities Board of Manitoba by Order No. 140/00;

**AND WHEREAS** the Municipality entered into a second franchise amending agreement (the "Second Amending Agreement") dated April 26, 2005 with Centra Gas Manitoba Inc. ("Centra") which granted to Centra the further franchise to supply natural gas to E ½ of Section 15, Township 12, Range 2 EPM of the Municipality;

**AND WHEREAS** By-Law No. 6-03 of the Municipality authorizing the Municipality to enter into the franchise amending agreement was approved by the Public Utilities Board of Manitoba by Order No. 54/05;

**AND WHEREAS** the Franchise Agreement was renewed again in 2011 pursuant to *The Greater Winnipeg Gas Distribution Act*, S.M. 1988-89 c. 40;

**AND WHEREAS** the Municipality entered into a crossing agreement dated May 14, 2013 with Centra Gas Manitoba Inc. ("Centra") to construct, lay and maintain a pipeline for the conveying of natural gas through all those portions of Sections 14 through 23, Township 11, Range 1 EPM, and Sections 13, 23, and 24, Township 11, Range 1 WPM of the Municipality;

**AND WHEREAS** By-Law No. 1-13 of the Municipality authorizing the Municipality to enter into the crossing agreement was approved by the Public Utilities Board of Manitoba by Order No. 33/13;

**AND WHEREAS** the Municipality has agreed that it is in its interest to grant Centra a further franchise for the supply of natural gas to those portions of Sections W ½ 15, 16 through 22, and 25 through 36, Township 12, Range 2 EPM; Sections 14 through 23 and 26 through 35, Township 11, Range 1 EPM; Sections 2 through 11 and 13 through 36, Township 12, Range 1 EPM, Sections 13, 23 through 27 and 33 through 36, Township 11, Range 1 WPM; Sections 1 through 5 and 7 through 36, Township 12, Range 1 WPM; Sections 10, 13 through 16 and 20 through 36, Township 12, Range 2 WPM; and all those Lots of the Parish of St. James adjacent to and located west of Section 15 EPM, Township 11, Range 2 EPM contained within the limits of the Municipality, as a further addition to its existing franchise territory;

**AND WHEREAS** by by-law duly passed by the Council of the Municipality, the Reeve and the Chief Administrative Officer have been authorized and directed to execute the Amending Agreement on behalf of the Municipality;

**NOW THEREFORE** pursuant to the premises and in consideration of the sum of TEN (\$10.00) DOLLARS now paid by Centra to the Municipality, and in further consideration of the mutual covenants hereinafter set forth, it is mutually covenanted and agreed by the parties as follows:

1. That Paragraph 1 of the Franchise Agreement is hereby amended by extending the franchise area designated therein to include those portions of:
  - Sections W ½ 15, 16 through 22 and 25 through 36, Township 12, Range 2 EPM;
  - Sections 14 through 23 and 26 through 35, Township 11, Range 1 EPM;
  - Sections 2 through 11 and 13 through 36, Township 12, Range 1 EPM,
  - Sections 13, 23 through 27 and 33 through 36, Township 11, Range 1 WPM;

- Sections 1 through 5 and 7 through 36, Township 12, Range 1 WPM;
  - Sections 10, 13 through 16 and 20 through 36, Township 12, Range 2 WPM; and
  - All those Lots of the Parish of St. James adjacent to and located west of Section 15 EPM, Township 11, Range 2 EPM contained within the limits of the Municipality (as set out in the map attached as Appendix 1).
2. The parties hereby confirm that all other terms and conditions of the Franchise Agreement, as amended from time to time through Orders of the Public Utilities Board and *The Greater Winnipeg Gas Distribution Act*, S.M. 1988-89 c.40, remain in full force and effect and continue to be binding upon the successors and assigns of each of the parties hereto.
3. This Amending Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.

IN WITNESS WHEREOF the parties have affixed their corporate seals, attested to by the signatures of their proper officers, as of the day and year first above written.

**RURAL MUNICIPALITY OF ROSSER**

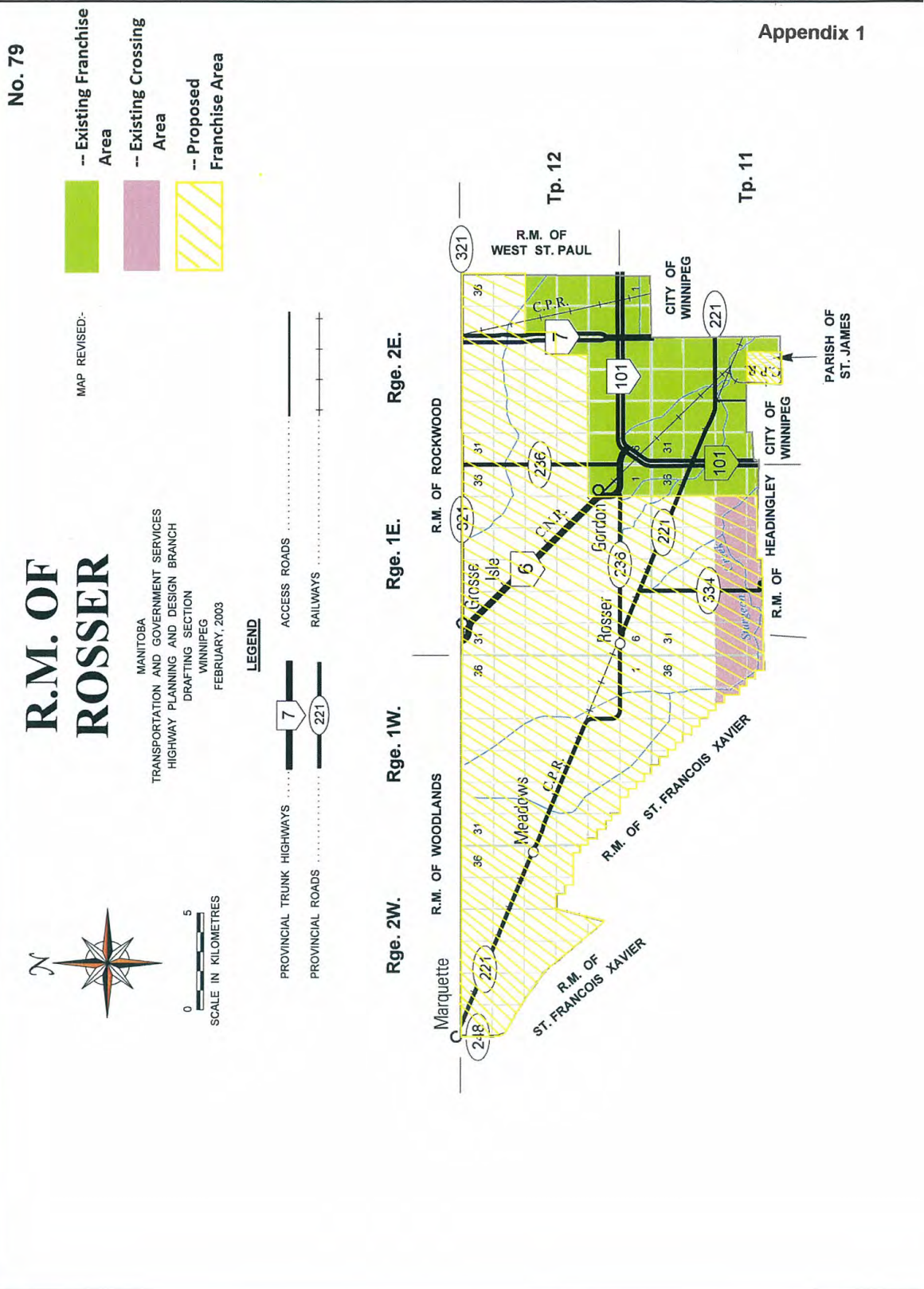
Per: \_\_\_\_\_  
Reeve

Per: \_\_\_\_\_  
Chief Administrative Officer

**CENTRA GAS MANITOBA INC.**

Per: \_\_\_\_\_  
Authorized Signing Officer

Per: \_\_\_\_\_  
Authorized Signing Officer







PO Box 815 • Winnipeg Manitoba Canada • R3C 2P4  
Street Location for DELIVERY: 22<sup>nd</sup> floor – 360 Portage Avenue  
Telephone / N<sup>o</sup> de téléphone: 204-360-3257 • Fax / N<sup>o</sup> de télécopieur: 204-360-6147 • [baczamecki@hydro.mb.ca](mailto:baczamecki@hydro.mb.ca)

April 30, 2015

THE PUBLIC UTILITIES BOARD OF MANITOBA  
400-330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4

ATTENTION: Mr. D. Christle, Board Secretary and Executive Director

Dear Mr. Christle:

**RE: CENTRA GAS MANITOBA INC. (“CENTRA”)  
FRANCHISE APPLICATION for the HAMIOTA MUNICIPALITY and the PRAIRIE  
VIEW MUNICIPALITY**

On April 15, 2015, Centra Gas Manitoba Inc. (“Centra”) filed its Franchise Application for the Hamiota Municipality and Prairie View Municipality with the Public Utilities Board (“PUB”) for approval.

On April 28, 2015, the PUB requested clarification that the proposed franchise area for the Hamiota Municipality includes Sections 1 through 36, Township 15, Range 23 WPM, versus Sections 1 through 36, Township 15, Range 26 WPM as noted in Centra’s Application. Centra hereby amends its Application to request approval of a new franchise agreement between Centra and the Hamiota Municipality to include Sections 1 through 36, Township 15, **Range 23 WPM**. Centra has enclosed a revised page 2 of 8 of its Application reflecting this amendment.

The PUB also requested clarification with respect to Section 18 of the proposed Franchise Agreement with the Prairie View Municipality contained in Schedule A of the Attachment 6.0 of the Application, which provides the following:

*18. Upon execution of this agreement following receipt of approval from The Public Utilities Board and the By-law being passed the Existing Village of Hamiota Franchise Agreement, the Existing RM of Hamiota Franchise Agreement and the Existing RM of Hamiota Crossing Agreement referred to herein shall cease to be of any force or effect.*

This Section refers to the Franchise Agreements with the Village of Hamiota and the Rural Municipality of Hamiota in error. This Section should instead specify that following approval of the proposed Franchise Agreement with the Prairie View Municipality by the PUB, the existing Franchise Agreement with the Rural Municipality of Miniota shall cease to exist. Subject to the approval of this Application by the PUB, Centra will amend this Section of the Franchise Agreement before it is given final reading by the Council of the Prairie View Municipality.

Public Utilities Board of Manitoba  
Franchise Application for the Hamiota and the Prairie View Municipalities

April 30, 2015  
Page 2 of 2

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Should you have any questions with respect to this submission, please contact the writer at 204-360-3257 or Shannon Gregorashuk at 204-360-4270.

Yours truly,

**MANITOBA HYDRO LAW DIVISION**

Per:



Brent Czarnecki  
Barrister & Solicitor

Att.

cc: Mr. B. Peters, Fillmore Riley  
Mr. R. Cathcart, Cathcart Advisors  
Mr. B. Ryall, Ryall Engineering

1 and to be covered by the proposed new franchise agreement. The proposed  
2 franchise area includes land associated with a crossing agreement that was  
3 established in By-law 3/2005 of the former RM of Hamiota. Centra and the Hamiota  
4 Municipality have agreed that Centra would seek franchise for the entire municipality  
5 to facilitate a timely response to anticipated future customer requests for natural gas  
6 service attachments in this area.

7

8 The proposed new franchise area in Hamiota Municipality will allow for the  
9 construction of a distribution pipeline required for the provision of natural gas service  
10 to a new large commercial customer located in the adjacent Prairie View  
11 Municipality. The proposed new franchise area includes:

- 12 • Sections 1 through 31, S ½ and NE ¼ 32, 33 through 36, Township 13,  
13 Range 23 WPM;
- 14 • Sections 1 through 36, Township 13, Range 24 WPM;
- 15 • Sections 1 through 4, E ½ 5, 6, S ½ and NW ¼ 7, S ½ NE ¼ 8, 9 through  
16 16, N ½ and SE ¼ 17, N 1/2 and SW ¼ 18, 19 through 36, Township 14  
17 Range 23 WPM;
- 18 • Sections 1 through 36, Township 14, Range 24 WPM;
- 19 • Sections 1 through 36, Township 15, Range 23 WPM; and,
- 20 • Sections 1 though 36, Township 15, Range 24 WPM.

21

22 First reading of the By-law approving the Hamiota Municipality to enter into a  
23 franchise agreement with Centra was given by the Hamiota Municipality Council on





PO Box 815 • Winnipeg Manitoba Canada • R3C 2P4  
Street Location for DELIVERY: 22<sup>nd</sup> floor – 360 Portage Avenue

Telephone / N° de téléphone : (204) 360-3257 • Fax / N° de télécopieur : (204) 360-6147 • [baczamecki@hydro.mb.ca](mailto:baczamecki@hydro.mb.ca)

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April 15, 2015

THE PUBLIC UTILITIES BOARD OF MANITOBA  
400-330 Portage Avenue  
Winnipeg, Manitoba R3C  
0C4

ATTENTION: Mr. D. Christle, Board Secretary and Executive Director

Dear Mr. Christle:

**RE: CENTRA GAS MANITOBA INC.  
FRANCHISE APPLICATION for the RURAL MUNICIPALITY OF HAMIOTA and  
RURAL MUNICIPALITY OF PRAIRIE VIEW**

---

Enclosed are nine (9) copies of an Application by Centra Gas Manitoba Inc. ("Centra") to the Public Utilities Board of Manitoba ("PUB") for an interim ex-parte Order pursuant to Section 45 of *The Public Utilities Board Act*, requesting:

1. The PUB approve and authorize new franchise agreements between Centra and the Hamiota Municipality and Centra and the Prairie View Municipality; and
2. The PUB approve the financial feasibility test for the extension of natural gas service to one customer within the proposed expansion area located in the Prairie View Municipality.

On January 1 2015, the Town of Hamiota and the Rural Municipality of Hamiota amalgamated to establish the Hamiota Municipality. Also on January 1, 2015, the Town of Birtle, the Rural Municipality of Birtle and the Rural Municipality of Miniota amalgamated to establish the Prairie View Municipality.

The requested franchise agreements consolidate the existing and previous franchise agreements and crossing agreements that were in force. The proposed new franchise area in the Hamiota Municipality will allow for the construction of a distribution pipeline required for the provision of natural gas service to a new large commercial customer located in the adjacent Prairie View Municipality.

Centra and the Hamiota Municipality have agreed that Centra would seek franchise for the entire municipality to facilitate a timely response to anticipated future customer requests for natural gas service attachments in this area.

The proposed new franchise area in the Hamiota Municipality includes the following sections:

- Sections 1 through 31, S ½ and NE ¼ 32, 33 through 36, Township 13, Range 23 WPM;
- Sections 1 through 36, Township 13, Range 24 WPM;
- Sections 1 through 4, E ½ 5, 6, S ½ and NW ¼ 7, S ½ NE ¼ 8, 9 through 16, N ½ and SE ¼ 17, N 1/2 and SW ¼ 18, 19 through 36, Township 14 Range 23 WPM;
- Sections 1 through 36, Township 14, Range 24 WPM;
- Sections 1 through 36, Township 15, Range 26 WPM; and,
- Sections 1 through 36, Township 15, Range 24 WPM.

The proposed new franchise area in the Prairie View Municipality includes the following sections:

- Sections 1 through 36, Township 13, Range 25 WPM;
- Sections 1 through 36, Township 14, Range 25 WPM;
- Sections 1 through 36, Township 15, Range 25 WPM;
- Sections 1 through 3, 10 through 15, 22 through 27 and 34 through 36, Township 13, Range 26 WPM;
- Sections 1 through 3, 10 through 15, 22 through 27 and 34 through 36, Township 14, Range 26 WPM;
- Sections 1 through 36, Township 15, Range 26 WPM; and,
- Sections 1 through 36, Township 15, Range 27 WPM.

Centra has determined that the project is feasible as it passes the 30-Year Net Present Value ("NPV") test with an NPV of \$27,909 and generates a revenue-to-cost ratio of at least 1.0 by the end of the fifth year. Based on total capital costs of \$550,566 and the assumptions in the feasibility test, the total contribution required from the customer is \$334,012.

In order to allow for the timely construction of this project, Centra is requesting approval of this Application on an interim ex-parte basis at the PUB's earliest convenience. Centra will seek final approval of the interim ex-parte Order flowing from this Application at the next appropriate regulatory proceeding.

Copies of this submission have also been provided to the PUB Advisors. If you have any questions with respect to this submission or require paper copies, please contact the writer at 204-360-3257 or Shannon Gregorashuk at 204-360-4270.

Public Utilities Board of Manitoba  
Franchise Application for Hamiota Municipality and Prairie View Municipality

---

April 15, 2015  
Page 3 of 3

Yours truly,

**MANITOBA HYDRO LAW DIVISION**

Per:



Brent Czarnecki

Barrister & Solicitor

Att.

cc: Mr. B. Peters, Fillmore Riley  
Mr. R. Cathcart, Cathcart Advisors  
Mr. B. Ryall, Ryall Engineering

1    **1.0    APPLICATION**

2

3    Centra Gas Manitoba Inc. (“Centra”), on its own behalf and on behalf of Hamiota  
4    Municipality and Prairie View Municipality is applying to the Public Utilities Board of  
5    Manitoba (the “PUB”), for an interim ex-parte Order pursuant to Section 45 of *The*  
6    *Public Utilities Board Act*.

- 7           1. To approve and authorize new franchise agreements between Centra and  
8           Hamiota Municipality and Centra and Prairie View Municipality; and
- 9           2. To approve the financial feasibility test for the expansion of natural gas to  
10          serve one commercial customer in the proposed expansion area located in  
11          Prairie View Municipality.

12

13    **2.0    EXPANSION AREA**

14

15    Hamiota Municipality

16    On January 1, 2015, the Rural Municipality of Hamiota (“RM of Hamiota”) and the  
17    Town of Hamiota amalgamated to establish the Hamiota Municipality. A map of the  
18    Hamiota Municipality is included as Attachment 1.0 to this Application. This  
19    attachment indicates the areas in the municipality to be added to the existing  
20    franchise areas established in the former RM of Hamiota and the Town of Hamiota

1 and to be covered by the proposed new franchise agreement. The proposed  
2 franchise area includes land associated with a crossing agreement that was  
3 established in By-law 3/2005 of the former RM of Hamiota. Centra and the Hamiota  
4 Municipality have agreed that Centra would seek franchise for the entire municipality  
5 to facilitate a timely response to anticipated future customer requests for natural gas  
6 service attachments in this area.

7

8 The proposed new franchise area in Hamiota Municipality will allow for the  
9 construction of a distribution pipeline required for the provision of natural gas service  
10 to a new large commercial customer located in the adjacent Prairie View  
11 Municipality. The proposed new franchise area includes:

- 12 • Sections 1 through 31, S ½ and NE ¼ 32, 33 through 36, Township 13,  
13 Range 23 WPM;
- 14 • Sections 1 through 36, Township 13, Range 24 WPM;
- 15 • Sections 1 through 4, E ½ 5, 6, S ½ and NW ¼ 7, S ½ NE ¼ 8, 9 through  
16 16, N ½ and SE ¼ 17, N 1/2 and SW ¼ 18, 19 through 36, Township 14  
17 Range 23 WPM;
- 18 • Sections 1 through 36, Township 14, Range 24 WPM;
- 19 • Sections 1 through 36, Township 15, Range 26 WPM; and,
- 20 • Sections 1 though 36, Township 15, Range 24 WPM.

21

22 First reading of the By-law approving the Hamiota Municipality to enter into a  
23 franchise agreement with Centra was given by the Hamiota Municipality Council on

1 February 18, 2015.

2

3 Prairie View Municipality

4 On January 1, 2015, the Town of Birtle, the Rural Municipality of Birtle (“RM of  
5 Birtle”) and the Rural Municipality of Miniota (“RM of Miniota”) amalgamated to  
6 establish the Prairie View Municipality. A map of the Prairie View Municipality is  
7 included as Attachment 2.0 to this Application. This attachment indicates the areas in  
8 the municipality to be added to the existing franchise area established in the former  
9 RM of Miniota. The proposed franchise area in the Prairie View Municipality will allow  
10 for the provision of natural gas service to one commercial customer located in the  
11 SW Section 25, Township 15, Range 25 WPM in the Prairie View Municipality. The  
12 proposed new franchise area includes:

- 13 • Sections 1 through 36, Township 13, Range 25 WPM;
- 14 • Sections 1 through 36, Township 14, Range 25 WPM;
- 15 • Sections 1 through 36, Township 15, Range 25 WPM;
- 16 • Sections 1 through 3, 10 through 15, 22 through 27 and 34 through 36,  
17 Township 13, Range 26 WPM;
- 18 • Sections 1 through 3, 10 through 15, 22 through 27 and 34 through 36,  
19 Township 14, Range 26 WPM;
- 20 • Sections 1 through 36, Township 15, Range 26 WPM; and,
- 21 • Sections 1 through 36, Township 15, Range 27 WPM.

1 First reading of the By-law approving the Prairie View Municipality to enter into a  
2 franchise agreement with Centra was given by the Council of Prairie View  
3 Municipality on March 10, 2015.

4

### 5 **3.0 CUSTOMER, VOLUME AND REVENUE ESTIMATES**

6

7 The commercial customer in the Prairie View Municipality originally approached  
8 Centra in the spring of 2013 to request natural gas service. The customer plans to  
9 convert its existing coal/bio-mass fired boiler, grain dryer and other existing  
10 equipment currently using propane to natural gas, as soon as natural gas becomes  
11 available.

12

13 The estimated total annual consumption for the commercial customer is 598,737 m<sup>3</sup>  
14 and is based on a combination of the customer's historical coal, bio-mass and  
15 propane consumption records.

16

17 The total customer volume of 598,737 m<sup>3</sup> has been included at 100% for the first and  
18 subsequent years of the feasibility test, as discussed in Section 5.0 below. For  
19 purposes of the feasibility test, Year 1 has been identified as 2016.

20

### 21 **4.0 SYSTEM DESIGN AND CAPITAL COST ESTIMATE**

22

23 The proposed system extension will connect to existing 114.3 mm (NPS 4")  
24 polyethylene pipeline ("PE-100") located in the right-of-way on PTH 21 adjacent to  
25 SW quarter of Section 21, Township 15, Range 23 WPM in the Hamiota Municipality.

1 Approximately 16,192 metres of 114.3 mm (NPS 4") PE-100 main will be installed  
2 within the existing government road allowance. The route was determined based on  
3 legal plans and a field site investigation.

4

5 The installation of the main and service line will be accomplished by a variety of  
6 techniques including open cut, ploughing and boring as appropriate. A  
7 map indicating the proposed path of the main extension is shown in Attachment 3.0.  
8 No upstream system upgrades are required in conjunction with this project.

9

10 This proposed natural gas expansion project is classified as a Class 2 development  
11 under section III of *The Manitoba Environment Act* (Manitoba Regulation 164/88).  
12 Class 2 developments greater than 10 km in length generally require the proponent  
13 to submit a written proposal to Manitoba Conservation to obtain a license and  
14 approval from the Director. Centra has informed Manitoba Conservation of this  
15 project and confirmed that no environmentally sensitive areas have been identified,  
16 and as a result an environmental license is not required.

17

18 Construction drawings will be submitted to the Hamiota Municipality and the Prairie  
19 View Municipality for approval.

20

21 The estimated capital cost for this project is \$550,566. The capital cost estimate was  
22 prepared using the following inputs and assumptions:

- 23 • Project capital costs in 2015 Canadian dollars;
- 24 • General Freight included;



- 1       • 5% Contingency applied to contractor labour and materials; and
- 2       • 15% Overhead applied to contractor labour and materials.

3

4 These assumptions are consistent with other recent expansions.

5

## 6 **5.0 FEASIBILITY TEST RESULTS AND ASSUMPTIONS**

7

8 Based upon the PUB approved feasibility test, Centra has determined that the  
9 project is feasible. Based on total capital costs of \$550,566, and with a customer  
10 contribution of \$334,012, the feasibility study returns a positive 30-Year Net Present  
11 Value (“NPV”) of \$27,909 and achieves a revenue-to-cost ratio of 1.0 by the end of  
12 the fifth year. The financial feasibility test for this expansion is included as  
13 Attachment 4.0. Centra’s investment in this expansion project is \$216,554.

14

15 The feasibility test was completed using the following assumptions:

- 16       • Gas costs and base sales rates for Supplemental Gas, Transportation to Centra,  
17       Distribution to Customer and Basic Monthly Charge for the Large General  
18       Service (LGS) customer as approved in Order 85/14;
- 19       • Primary Gas base sales rates as approved in Order 85/14;
- 20       • Annual operating and maintenance expenses of \$100 per customer;
- 21       • A depreciation rate of 2.04% based on Centra’s weighted average depreciation  
22       rate for distribution plant;
- 23       • Municipal property tax based on 2014 mill rates and 2014 assessment rates;
- 24       • Corporate capital tax calculated at the rate of 0.5% of net plant, before any

1 contributions received by Centra;

- 2 • The NPV of revenue deficiency is discounted at the weighted average cost of  
3 capital of 6.08%; and,  
4 • Centra's capital structure and cost of capital of 6.08% as accepted for feasibility  
5 test purposes by the PUB in its letter of September 25, 2013.

6

7 A recalculation for the project will be completed after five years (effective as of  
8 December 31, 2020).

9

10 In the event that any additional customers request natural gas service in this vicinity  
11 within the first five years of construction, a feasibility test will be completed for those  
12 future customer additions and those customers will be required to pay any resulting  
13 shortfall.

14

## 15 **6.0 AGREEMENTS**

16

### 17 Hamiota Municipality

18 First reading of the By-law approving the municipality to enter into a new Franchise  
19 Agreement with Centra has been given by the Hamiota Municipality Council and is  
20 provided as Attachment 5.0. Centra and Hamiota Municipality have agreed to  
21 replace the existing 1956 Village of Hamiota franchise agreement, approved by the  
22 PUB by Order 286/56, the existing 2003 RM of Hamiota franchise agreement  
23 approved by the PUB by Order 121/03, and the existing 2006 RM of Hamiota  
24 crossing agreement with a new franchise agreement in the form approved by the  
25 PUB in Order 159/11. The new Franchise Agreement is included as Schedule A to

1 Attachment 5.0.

2

3 Prairie View Municipality

4 First reading of the By-law approving the municipality to enter into a new Franchise  
5 Agreement with Centra has been given by the Prairie View Municipality Council and  
6 is provided as Attachment 6.0. Centra and the Prairie View Municipality have agreed  
7 to replace the existing 1958 RM of Miniota franchise agreement with a new franchise  
8 agreement in the form approved by the PUB in Order 159/11. The Franchise  
9 Agreement is included as Schedule A to Attachment 6.0.

10

11 Customer

12 The customer has paid Centra a deposit in the amount of \$83,503 plus GST (totaling  
13 \$87,678.15). The balance of the contribution of \$250,509 plus GST (totaling  
14 \$263,034.45) has been received by means of a post dated cheque.

15

16 **7.0 APPROVALS**

17 Centra is requesting that this Application be approved by the PUB on an interim ex-  
18 parte basis at its earliest convenience. Centra will seek final approval of the PUB at  
19 the next appropriate regulatory proceeding.

No. 39

# HAMIOTA MUNICIPALITY

MAP REVISED:-

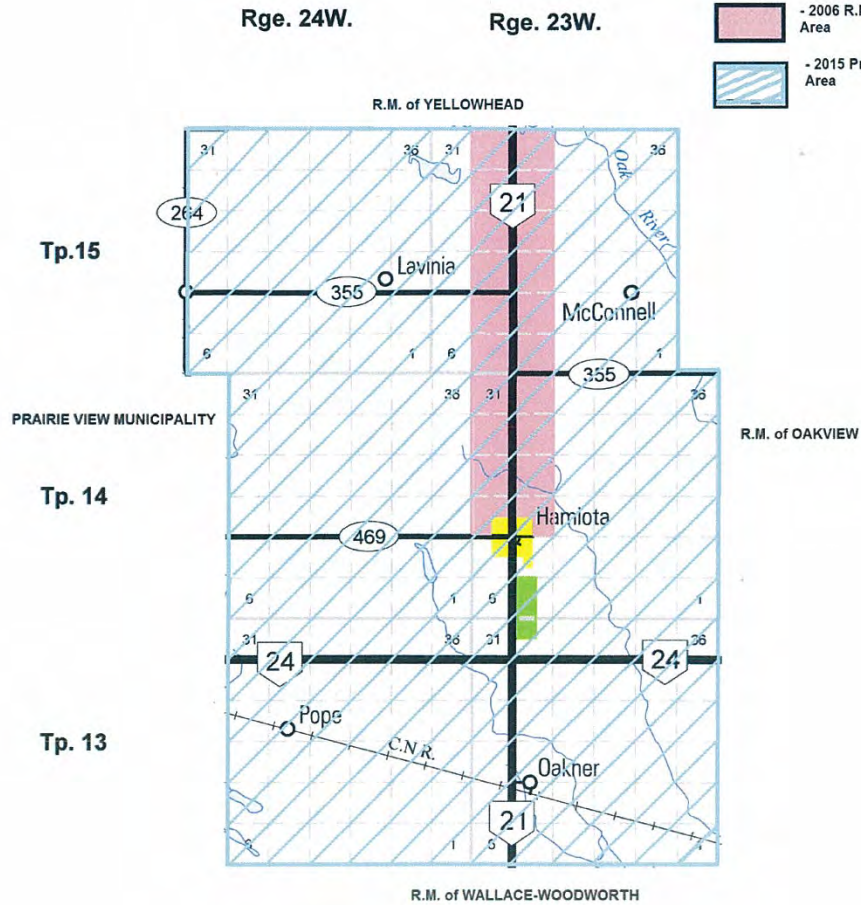


MANITOBA  
TRANSPORTATION AND GOVERNMENT SERVICES  
HIGHWAY PLANNING AND DESIGN BRANCH  
DRAFTING SECTION  
WINNIPEG  
FEBRUARY, 2002

### LEGEND

- PROVINCIAL TRUNK HIGHWAYS ..... ACCESS ROADS .....
- PROVINCIAL ROADS ..... RAILWAYS .....

- 1956 Village of Hamiota Franchise Area
- 2003 R.M. of Hamiota Franchise Area
- 2006 R.M. of Hamiota Crossing Area
- 2015 Proposed New Franchise Area





No. 7



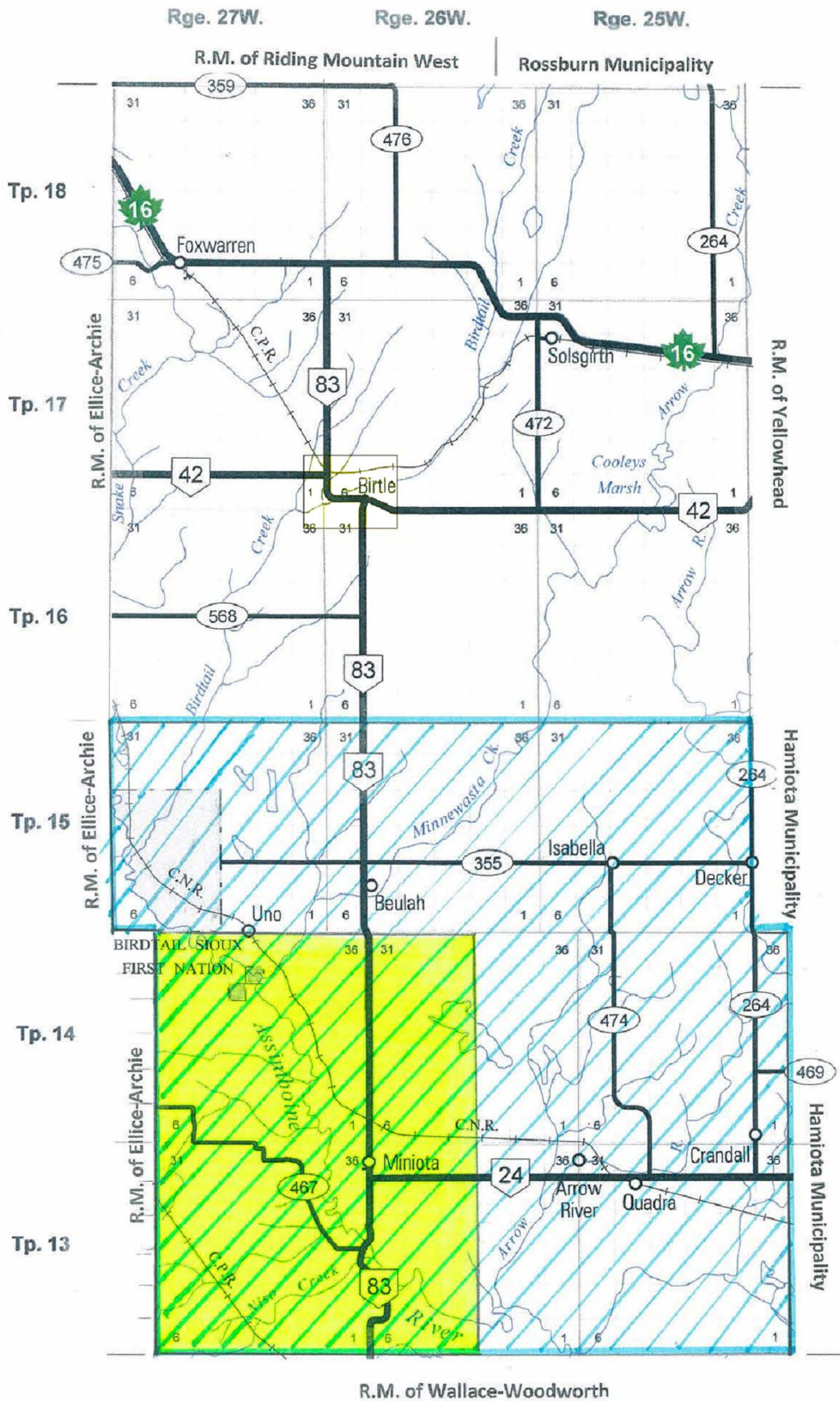
0 5  
SCALE IN KILOMETRES

# PRAIRIE VIEW MUNICIPALITY

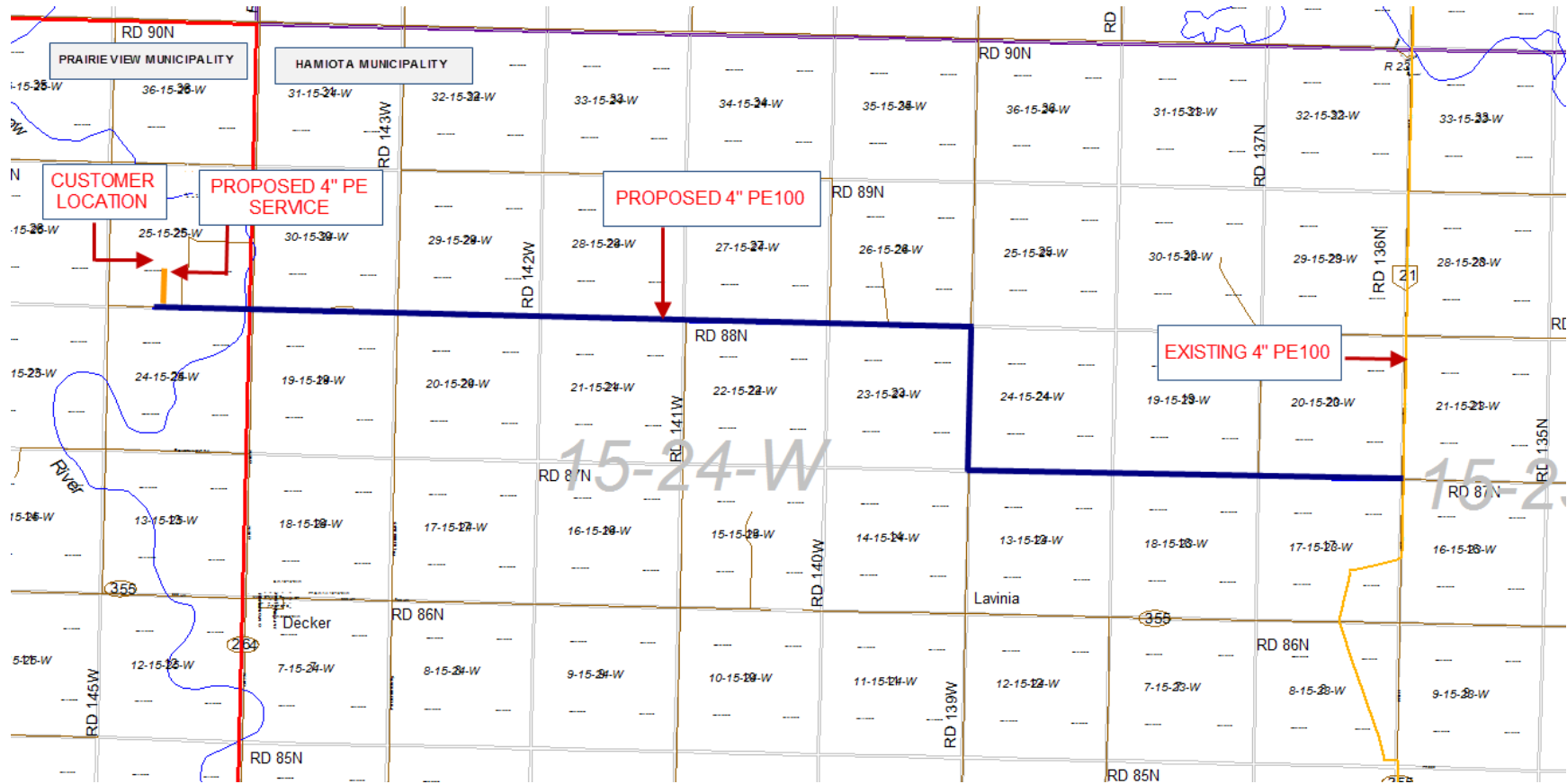
MAP REVISED:-

MANITOBA  
TRANSPORTATION AND GOVERNMENT SERVICES  
HIGHWAY PLANNING AND DESIGN BRANCH  
DRAFTING SECTION  
WINNIPEG  
NOVEMBER, 2001

-  - Existing Franchise Area
-  - Proposed Franchise Area



### CUSTOMER ROUTING MAP





**Financial Feasibility Test**

1 **Hamiota Municipality and Prairie View Municipality**

2

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>
	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15	YEAR 16	YEAR 17	YEAR 18	YEAR 19	YEAR 20
<b>OPERATING ASSUMPTIONS</b>										
5 Number of Customers	1	1	1	1	1	1	1	1	1	1
6 Annual Volume (Mcf)	21,136	21,136	21,136	21,136	21,136	21,136	21,136	21,136	21,136	21,136
7 Annual Volume (103m3)	599	599	599	599	599	599	599	599	599	599
8 Projected Revenues	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872
<b>RATE BASE</b>										
9 Gross Fixed Assets	\$550,566	\$550,566	\$550,566	\$550,566	\$550,566	\$550,566	\$550,566	\$550,566	\$550,566	\$550,566
11 Accumulated Depreciation	\$123,547	\$134,779	\$146,010	\$157,242	\$168,473	\$179,705	\$190,936	\$202,168	\$213,399	\$224,631
12 Net Plant Closing	\$438,250	\$427,019	\$415,787	\$404,556	\$393,324	\$382,093	\$370,861	\$359,630	\$348,398	\$337,166
13 Net Plant at Mid-Year	\$432,635	\$421,403	\$410,172	\$398,940	\$387,708	\$376,477	\$365,245	\$354,014	\$342,782	\$331,551
14 Contributions	\$265,873	\$259,059	\$252,246	\$245,432	\$238,618	\$231,804	\$224,990	\$218,176	\$211,363	\$204,549
15 Contribution at Mid-Year	\$262,466	\$255,652	\$248,839	\$242,025	\$235,211	\$228,397	\$221,583	\$214,769	\$207,956	\$201,142
16 Working Capital Allowance	\$5,757	\$5,754	\$5,751	\$5,749	\$5,746	\$5,743	\$5,741	\$5,738	\$5,735	\$5,733
17 Rate Base at Mid-Year	\$175,925	\$171,505	\$167,084	\$162,664	\$158,244	\$153,823	\$149,403	\$144,982	\$140,562	\$136,142
<b>REVENUE DEFICIENCY CALCULATION</b>										
20 Cost of Gas	\$111,221	\$111,221	\$111,221	\$111,221	\$111,221	\$111,221	\$111,221	\$111,221	\$111,221	\$111,221
21 Operating & Maintenance Expenses	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
22 Depreciation Expense	\$11,232	\$11,232	\$11,232	\$11,232	\$11,232	\$11,232	\$11,232	\$11,232	\$11,232	\$11,232
23 Amortization of Contributions	-\$6,814	-\$6,814	-\$6,814	-\$6,814	-\$6,814	-\$6,814	-\$6,814	-\$6,814	-\$6,814	-\$6,814
24 Municipal Tax & Corp.Cap. Tax	\$10,487	\$10,431	\$10,374	\$10,318	\$10,262	\$10,206	\$10,150	\$10,094	\$10,037	\$9,981
25 Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26 Overall Return	\$10,697	\$10,428	\$10,159	\$9,891	\$9,622	\$9,353	\$9,084	\$8,816	\$8,547	\$8,278
27 Total Revenue Requirement	\$136,923	\$136,598	\$136,273	\$135,948	\$135,623	\$135,298	\$134,973	\$134,648	\$134,323	\$133,998
28 Projected Revenues	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872
29 Revenue Sufficiency (Deficiency)	\$1,950	\$2,275	\$2,599	\$2,924	\$3,249	\$3,574	\$3,899	\$4,224	\$4,549	\$4,874
30 Revenue to Cost Ratio	101.4%	101.7%	101.9%	102.2%	102.4%	102.6%	102.9%	103.1%	103.4%	103.6%



**Financial Feasibility Test**

1 **Hamiota Municipality and Prairie View Municipality**

2

	<u>2036</u>	<u>2037</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>2043</u>	<u>2044</u>	<u>2045</u>
	YEAR 21	YEAR 22	YEAR 23	YEAR 24	YEAR 25	YEAR 26	YEAR 27	YEAR 28	YEAR 29	YEAR 30

4

**OPERATING ASSUMPTIONS**

5	Number of Customers	1	1	1	1	1	1	1	1	1
6	Annual Volume (Mcf)	21,136	21,136	21,136	21,136	21,136	21,136	21,136	21,136	21,136
7	Annual Volume (103m3)	599	599	599	599	599	599	599	599	599
8	Projected Revenues	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872

9 **RATE BASE**

10	Gross Fixed Assets	\$550,566	\$550,566	\$550,566	\$550,566	\$550,566	\$550,566	\$550,566	\$550,566	\$550,566
11	Accumulated Depreciation	\$235,862	\$247,094	\$258,325	\$269,557	\$280,789	\$292,020	\$303,252	\$314,483	\$325,715
12	Net Plant Closing	\$325,935	\$314,703	\$303,472	\$292,240	\$281,009	\$269,777	\$258,546	\$247,314	\$236,083
13	Net Plant at Mid-Year	\$320,319	\$309,088	\$297,856	\$286,625	\$275,393	\$264,161	\$252,930	\$241,698	\$230,467
14	Contributions	\$197,735	\$190,921	\$184,107	\$177,293	\$170,480	\$163,666	\$156,852	\$150,038	\$143,224
15	Contribution at Mid-Year	\$194,328	\$187,514	\$180,700	\$173,886	\$167,073	\$160,259	\$153,445	\$146,631	\$139,817
16	Working Capital Allowance	\$5,730	\$5,727	\$5,725	\$5,722	\$5,720	\$5,717	\$5,714	\$5,712	\$5,709
17	Rate Base at Mid-Year	\$131,721	\$127,301	\$122,881	\$118,460	\$114,040	\$109,620	\$105,199	\$100,779	\$96,358

18 **REVENUE DEFICIENCY CALCULATION**

20	Cost of Gas	\$111,221	\$111,221	\$111,221	\$111,221	\$111,221	\$111,221	\$111,221	\$111,221	\$111,221
21	Operating & Maintenance Expenses	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
22	Depreciation Expense	\$11,232	\$11,232	\$11,232	\$11,232	\$11,232	\$11,232	\$11,232	\$11,232	\$11,232
23	Amortization of Contributions	(\$6,814)	(\$6,814)	(\$6,814)	(\$6,814)	(\$6,814)	(\$6,814)	(\$6,814)	(\$6,814)	(\$6,814)
24	Municipal Tax & Corp.Cap. Tax	\$9,925	\$9,869	\$9,813	\$9,757	\$9,700	\$9,644	\$9,588	\$9,532	\$9,476
25	Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Overall Return	\$8,009	\$7,740	\$7,472	\$7,203	\$6,934	\$6,665	\$6,397	\$6,128	\$5,859
27	Total Revenue Requirement	\$133,673	\$133,349	\$133,024	\$132,699	\$132,374	\$132,049	\$131,724	\$131,399	\$131,074
28	Projected Revenues	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872	\$138,872
29	Revenue Sufficiency (Deficiency)	\$5,199	\$5,524	\$5,849	\$6,174	\$6,499	\$6,824	\$7,149	\$7,474	\$7,798
30	Revenue to Cost Ratio	103.9%	104.1%	104.4%	104.7%	104.9%	105.2%	105.4%	105.7%	105.9%

## HAMIOTA MUNICIPALITY

### BY-LAW NO. 4 /2015

BEING A BY-LAW of Hamiota Municipality (the "Municipality"), in Manitoba, to authorize the granting of a franchise to Centra Gas Manitoba Inc. ("Centra") to supply and deliver natural gas to the Municipality.

WHEREAS the Village of Hamiota entered into a franchise agreement ("Existing Village of Hamiota Franchise Agreement") with the Hamiota Gas Company Limited dated March 8, 1956, pursuant to By-law No. 290;

AND WHEREAS the Existing Village of Hamiota Franchise Agreement was approved by The Municipal and Public Utility Board of Manitoba by Order 286/56;

AND WHEREAS Hamiota Gas Company Limited assigned all its rights, responsibilities, duties and liabilities under the Existing Village of Hamiota Franchise Agreement to Inter-City Gas Limited by virtue of an assignment dated April 30, 1957, which assignment was approved by The Municipal and Public Utility Board of Manitoba by Order 207/57;

AND WHEREAS Inter-City Gas Limited assigned all of its rights, responsibilities, duties and liabilities under the Existing Village of Hamiota Franchise Agreement to Intercity Gas Utilities Ltd. by virtue of a certain assignment, which assignment was approved by The Municipal and Public Utility Board of Manitoba by Order 81/65;

AND WHEREAS the Existing Village of Hamiota Franchise Agreement was renewed by agreement between the Village of Hamiota and Inter-City Gas Ltd. dated March 8, 1977 for a ten year period ending March 8, 1986;

AND WHEREAS the Existing Village of Hamiota Franchise Agreement has auto-renewed every five years since March 8, 1986 according to paragraph 12 therein;

AND WHEREAS Centra Gas Manitoba Inc. ("Centra") is the successor company to Inter-City Gas Ltd.;

AND WHEREAS the Village of Hamiota became the Town of Hamiota on March 20, 1998;

AND WHEREAS the Rural Municipality of Hamiota entered into a franchise agreement ("Existing RM of Hamiota Franchise Agreement") with Centra dated August 13, 2003, pursuant to By-law 5/2002;

AND WHEREAS the Existing RM of Hamiota Franchise Agreement was approved by The Public Utilities Board of Manitoba ("PUB") by Order 121/03;

AND WHEREAS the RM of Hamiota entered into a Crossing Agreement (the "Existing RM of Hamiota Crossing Agreement") with Centra dated June 14, 2006, pursuant to By-law 3/2005;

AND WHEREAS the Town of Hamiota and the Rural Municipality of Hamiota amalgamated and established Hamiota Municipality (the "Municipality") on January 1, 2015;

AND WHEREAS Section 232(1)(1) of The Municipal Act provides that a Council may pass by-laws for municipal purposes respecting public utilities;

AND WHEREAS Section 250(2) of The Municipal Act provides that a municipality may for municipal purposes:

- (a) acquire, establish, maintain and operate services, facilities and utilities; and
- (b) enter into agreements with another party to do on behalf of the municipality anything the municipality has the power to do within the municipality;

AND WHEREAS the PUB has approved a new form of generic franchise agreement ("2011 Generic Franchise Agreement") by Order 159/11;



AND WHEREAS the Municipality has agreed that it is in its interest to grant Centra a new franchise for the supply and distribution of natural gas to the Municipality;

AND WHEREAS it is deemed expedient and in the public interest that the Municipality enter into a new franchise agreement ("Franchise Agreement") in the form of the 2011 Franchise Agreement to replace the Existing Village of Hamiota Franchise Agreement, the Existing RM of Hamiota Franchise Agreement and the Existing RM of Hamiota Crossing Agreement, to supply and deliver natural gas to the Municipality pursuant to said Section 250(2);

NOW THEREFORE the Council of the Municipality in regular session assembled enacts as follows:

1. THAT the Municipality enter into a an agreement in the form attached hereto as Schedule "A" to this By-law, with Centra for the purpose of granting a franchise to supply and deliver natural gas to the Municipality.
2. THAT the Reeve and Chief Administrative Officer of the Municipality shall be authorized to execute said agreement with Centra, in the form attached hereto as Schedule "A" to this By-law, on behalf of Hamiota Municipality.
3. THAT this By-law shall, after being read a first time by the Council be submitted to or receive the authorization or approval of The Public Utilities Board of Manitoba.
4. THAT Centra be authorized to represent the Municipality in applying to The Public Utilities Board of Manitoba for approval of the Franchise Agreement.
5. THAT this By-law shall not take effect until it has received approval of The Public Utilities Board of Manitoba and third reading.
6. THAT this By-law shall supersede all previous By-laws granting natural gas franchises in the Municipality, or agreements granting the authority to construct, lay and maintain a pipeline for the conveying of gas across highways or lands for the purpose of distributing and selling natural gas to the Municipality.

DONE AND PASSED by the Council of Hamiota Municipality, in Manitoba, in regular session assembled this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
REEVE

\_\_\_\_\_  
CHIEF ADMINISTRATIVE OFFICER

Read a first time this 18<sup>th</sup> day of February, 2015.

Read a second time this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

Read a third time this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

**MEMORANDUM OF AGREEMENT** made this \_\_\_\_ day of \_\_\_\_\_, 2015.

BETWEEN:

**HAMIOTA MUNICIPALITY,**  
(hereinafter called the "Municipality"),

- and -

**CENTRA GAS MANITOBA INC.,**  
(hereinafter called the "Company").

**WHEREAS** the Village of Hamiota entered into a franchise agreement ("Existing Village of Hamiota Franchise Agreement") with the Hamiota Gas Company Limited dated March 8, 1956, pursuant to By-law No. 290;

**AND WHEREAS** the Existing Village of Hamiota Franchise Agreement was approved by The Municipal and Public Utility Board of Manitoba by Order 286/56;

**AND WHEREAS** Hamiota Gas Company Limited assigned all its rights, responsibilities, duties and liabilities under the Existing Village of Hamiota Franchise Agreement to Inter-City Gas Limited by virtue of an assignment dated April 30, 1957, which assignment was approved by The Municipal and Public Utility Board of Manitoba by Order 207/57;

**AND WHEREAS** Inter-City Gas Limited assigned all of its rights, responsibilities, duties and liabilities under the Existing Village of Hamiota Franchise Agreement to Intercity Gas Utilities Ltd. by virtue of a certain assignment, which assignment was approved by The Municipal and Public Utility Board of Manitoba by Order 81/65;

**AND WHEREAS** the Existing Village of Hamiota Franchise Agreement was renewed by agreement between the Village of Hamiota and Inter-City Gas Ltd. dated March 8, 1977 for a ten year period ending March 8, 1986;

**AND WHEREAS** the Existing Village of Hamiota Franchise Agreement has auto-renewed every five years since March 8, 1986 according to paragraph 12 therein;

**AND WHEREAS** Centra Gas Manitoba Inc. ("Centra") is the successor company to Inter-City Gas Ltd.;

**AND WHEREAS** the Village of Hamiota became the Town of Hamiota on March 20, 1998;

**AND WHEREAS** the Rural Municipality of Hamiota entered into a franchise agreement ("Existing RM of Hamiota Franchise Agreement") with Centra dated August 13, 2003, pursuant to By-law 5/2002;

**AND WHEREAS** the Existing RM of Hamiota Franchise Agreement was approved by The Public Utilities Board of Manitoba ("PUB") by Order 121/03;

**AND WHEREAS** the RM of Hamiota entered into a Crossing Agreement (the "Existing RM of Hamiota Crossing Agreement") with Centra dated June 14, 2006, pursuant to By-law 3/2005;

**AND WHEREAS** the Town of Hamiota and the Rural Municipality of Hamiota amalgamated and established Hamiota Municipality (the "Municipality") on January 1, 2015;

**AND WHEREAS** the PUB has approved a new form of generic franchise agreement ("2011 Generic Franchise Agreement") by Order 159/11;

**AND WHEREAS** it is deemed expedient and in the public interest that the Municipality enter into a new franchise agreement ("Franchise Agreement") in the form of the 2011 Franchise Agreement to replace the Existing Village of Hamiota Franchise Agreement, the Existing RM of Hamiota Franchise Agreement and the Existing RM of Hamiota Crossing Agreement, to supply and deliver natural gas to the Municipality;

**AND WHEREAS** the Municipality is desirous of obtaining a supply of natural gas for the Municipality and the inhabitants thereof not currently receiving natural gas;

**AND WHEREAS** it is agreed between the Municipality and the Company that the Company supply and distribute natural gas to the Municipality and its inhabitants in the Hamiota Municipality, in Manitoba and as set out in the map attached as Appendix 1 hereto (the "Territory"), upon the terms and conditions set out herein;

**AND WHEREAS** by by-law duly passed by the Council of the Municipality (the "By-law"), the Reeve and the Chief Administrative Officer (CAO) have been authorized and directed to execute this Agreement on behalf of the Municipality;

**NOW THEREFORE** pursuant to the premises and in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Company to the Municipality (the receipt of which is hereby acknowledged), and in further consideration of the mutual covenants hereinafter set forth it is mutually covenanted and agreed by the parties as follows:

1. Subject to compliance with the provisions of *The Municipal Act* (Manitoba), *The Public Utilities Board Act* (Manitoba) and *The Gas Pipe Line Act* (Manitoba), the Municipality hereby grants to the Company, its successors and assigns, subject to the terms, conditions and provisions herein contained, the sole and exclusive franchise to distribute natural gas to the Municipality and its inhabitants in the Territory, for a term of thirty (30) years from the date hereof. The Municipality further grants to the Company the full power, right, licence and liberty to enter upon property of the Municipality and to break the surface and make necessary excavations to lay down, take up, relay, connect, disconnect, repair, remove, maintain, replace and operate a gas distribution system and any and all necessary or convenient mains, pipes, services, and all other equipment and appliances as the Company may deem desirable for the supply, transmission and distribution of gas (collectively the "Gas Distribution System") in, upon, over, across, under and along the public highways, streets, roads, bridges, walkways, sidewalks, road allowances, squares, lanes, alleys, ditches, drainage systems and other public places (collectively the "Highways") within the boundaries of the Municipality as the same may

from time to time exist, as may be necessary for the purpose of transporting, supplying, and delivering natural gas to the consumers thereof.

2.(1) Subject to the provisions hereof, the Company agrees that during the term of this Agreement, it will install and maintain an adequate natural gas distribution system within the Territory and will provide such quantities of natural gas as will meet the requirements of the inhabitants, businesses and industries located in the Territory.

2.(2) The Company agrees that with respect to any portion of the Territory which the Company does not supply natural gas to, in the event the Municipality, acting reasonably, requests the Company to supply natural gas upon the same terms and conditions as provided in this Agreement, the Company will work together with the Municipality with a view of developing a viable business model in relation to that portion of the Territory. All such extensions for service shall be subject to the Company's feasibility test as approved by The Public Utilities Board of Manitoba (the Board) from time to time. The Company further agrees that if the Company is unable to develop a viable business model with the Municipality, the Company shall relinquish that portion of the Territory from the franchise previously granted if asked to do so by the Municipality.

2.(3) For the purpose of implementing a distribution system expansion for the attachment of new customers pursuant to clause 2(1), the Company shall, whenever a request is made for gas service by any inhabitant or industry of the Municipality in a location not served by the existing system of the Company, comply with the request provided the request meets criteria filed with and approved by the Board for expansion of the distribution system and does not unduly affect customers on the existing system. Such criteria may include but not be limited to estimates of customers, sales, volumes, revenues, costs, and return on investment, the effect upon existing customers and any customer contribution in aid of construction. The criteria shall be reviewed by the Board from time to time as the Board deems necessary or as may be requested by the Company.

2.(4) The Company shall not be bound to construct or extend its mains or provide natural gas or gas service if the Company is, for any reason, unable to obtain delivery of natural gas at or near the limits of the Territory, or an adequate supply thereof to warrant the construction or extension of its mains for the provision of natural gas.

2.(5) In the event the amount of natural gas supplied to the Company at or near the limits of the Territory is insufficient to meet the requirements of connected customers, the Company shall have the right to prescribe reasonable rules and regulations for allocating the available supply of natural gas to domestic, commercial and industrial customers in that order of priority. The allocation of natural gas shall also be subject to the provisions of *The Gas Allocation Act* (Manitoba) and Regulations thereto and any orders made pursuant to *The Emergency Measures Act* (Manitoba).

2.(6) In the event that either of the conditions referred to in subsections (4) and (5) occur or are likely to occur, the Company will advise the Municipality thereof as soon as the conditions become apparent to the Company.

3.(1). Prior to the installation of any part of the Gas Distribution System, the Company shall file plans with the municipal engineer, which shall mean a professional engineer employed directly or indirectly by the Municipality or such other person as may be designated by the council of the Municipality to carry out the functions and duties of the Municipal Engineer as herein described ("Municipal Engineer"), showing the location, depth and size of all mains, pipes or conduits and any other equipment or structures (but not including geodetic information) intended to be installed or constructed and shall comply with all by-laws of the Municipality relating to the construction of such works. The Municipality, by its Municipal Engineer, shall approve the plans as to the location of the Gas Distribution System and any changes thereto arising in course of construction within the Municipality, which approval shall not be unreasonably withheld or unduly delayed. The Gas Distribution System shall be placed in such locations as agreed by the Municipal Engineer and the Company in boulevards and under other unpaved surfaces rather than in streets when reasonably practicable and where the cost of installation and maintenance will not be unreasonably high.



3.(2) The Company shall supply to the Municipality plans showing the location of its Gas Distribution System within the Municipality on an as-built basis, as requested by the Municipality, but in no event shall such plans be provided more than twice in any 12-month period. Such plans shall be provided either on paper or in a mutually agreeable format. All of the conditions for the supply of as-builts are to be mutually agreed upon.

3.(3) The pipe, materials and other equipment to be used in the distribution system shall be of the kinds and qualities satisfactory to the Board, and shall be in compliance with *The Gas Pipe Line Act* (Manitoba) and the regulations thereunder.

4. Unless another process is established through municipal bylaw, the Company shall give notice to the CAO or designate of the Municipality, of its intention to open or break up any of the Highways of the Municipality not less than seven (7) days before the beginning of such work, except in cases of emergency arising from defects or breaking of the pipe or other works, when immediate notice shall suffice; and, subject to the same exception and as otherwise provided in this Agreement, the Company shall not begin any such work unless it has obtained approval therefore in writing from the Municipal Engineer.

5. The Company agrees:

- (a) in the execution of the rights and powers granted hereby and in the performance of the work in connection therewith, it shall do as little damage as possible and shall keep passage of the Highways as far as may be practicable free and uninterrupted;
- (b) it shall not interfere with, disturb or damage any existing pipes or lines of other utilities, unless the express consent of such other utilities is first had and received;
- (c) it shall, within a reasonable time after any construction work, restore the Highways and other areas where construction has occurred to a state of repair

as nearly as possible equal to their former state, unless another process is established by municipal bylaw. Within thirty (30) days of completion of the restoration work the Company shall give notice in writing to the Municipal Engineer that the work and restoration have been completed and inspected. The Municipal Engineer acting reasonably shall advise the Company in writing of any deficiencies in connection with the construction work or restoration. If the Municipality fails to provide such advice within six (6) months of the Company's notice to the Municipality and unless an extension of time has been mutually agreed, the Municipality will be deemed to have accepted the restoration work;

- (d) in the execution of the power granted hereby, it shall construct, locate and operate its Gas Distribution System in such manner as will not endanger the public health or safety;
- (e) any pipe line found not in accordance with the depth of cover requirements established by the Board pursuant to *The Gas Pipe Line Act* (Manitoba) as a result of improper installation shall be lowered, relocated or suitably protected by, and at the expense of the Company;
- (f) all costs in connection with the removal or relocation of any part of the Gas Distribution System, including the cost of repairs to any Highways, shall be the Company's responsibility except where such removal or relocation is required by the Municipality; and,
- (g) notwithstanding paragraph (f) above, where the removal or relocation of any part of the Gas Distribution System is required by the Municipality, the costs and expenses incurred in the removal and replacement or the relocation shall be as follows:
  - (i) the Municipality shall pay to the Company an amount equal to the cost of labour and material required in the original construction of that part of

the Gas Distribution System that the Municipality requests to be relocated, less depreciation and the value of any material salvaged; and

(ii) the Company shall bear the entire cost of constructing the required Gas Distribution System infrastructure in the new location.

6.(1) The Company shall protect and indemnify the Municipality against any damages or expenses in connection with the execution of the powers granted hereby and under *The Gas Pipe Line Act* (Manitoba), and from and against all claims, demands, and actions by third persons in respect of damages sustained by reason of any operations of the Company and in relation to its distribution system.

6.(2) The Company shall satisfy the Board that it has in place at all times liability insurance coverage sufficient to satisfy any potential claim, demand or action against the Company or the Municipality for such damages.

7.(1) Before the Municipality makes any repairs of, or alterations to, any of its public services which will involve excavations or which may in any way affect any of the Company's lines, plant or equipment, the Municipality shall give notice as set forth in the regulations in effect at that time and made pursuant to *The Gas Pipe Line Act* (Manitoba).

7.(2) Where practicable, the Municipality shall have regard to the reasonable directions of the Company concerning any such repairs and alterations, but, in any event, the Municipality is free of all liability in connection with any damage done by reason of any such repairs or alterations.

8. Natural gas shall be supplied to customers in the Territory at the rates and on the terms and conditions approved or fixed from time to time by the Board or other regulatory authority having jurisdiction.

9. This Agreement shall not prevent the sale or delivery within the Territory by any other person, firm or corporation of liquefied petroleum gas, propane or other product delivered in tanks or containers and not transmitted by pipeline.

10. Subject to any applicable legislation now or hereafter enacted in that regard, the Company shall pay to the Municipality any taxes that may be legally and properly levied by the Municipality against the Company.

11. The Company shall maintain in force during the currency hereof, a policy of insurance provided by an insurance company licensed to do business in the Province of Manitoba, insuring against public liability and property damage in connection with the operations of the Gas Distribution System within the Territory.

12. The Municipality agrees that it will not, for a period of thirty (30) years or longer, if this Agreement is renewed in accordance with the provision of paragraph 13 hereof, grant to any other person, firm or corporation the right to deliver natural gas within the franchise area of the Municipality or to erect or maintain a Gas Distribution System in, upon, over, across, under, or along its Highways within the franchise area for the purpose of supplying and distributing natural gas.

13.(1) It is further agreed that at the expiration of the term hereof and at the expiration of each renewal hereof, the Municipality may, after giving one (1) year's written notice prior to the date of the termination of this Agreement or of any renewal hereof, at its option (to be expressed by by-law of the Municipality), elect to purchase that portion of the Gas Distribution System with respect to its operations within the Municipality that is used exclusively for the distribution of natural gas in the Territory, pursuant to this Agreement, but not any portion of the Gas Distribution System that is used for transmission of natural gas through the Municipality, for such price and on such terms as may be agreed upon between the parties hereto, or failing such agreement then at such price and on such terms including that portion of the Gas Distribution System the Municipality is entitled to purchase as may be fixed and settled by the Board, or if the Board shall refuse to so fix and settle the price then the said price and terms

shall be such as may be fixed and determined by arbitration under the provisions of *The Arbitration Act* (Manitoba) and each of the parties shall appoint an arbitrator and the arbitrators so appointed shall appoint a third arbitrator to act as chairman who shall be versed in this special branch of engineering economics, and in the event the arbitrators appointed by each party are unable to appoint a third arbitrator, the third arbitrator shall be appointed by the Chief Justice of the Court of Queen's Bench of the Province of Manitoba. The decision of the Board or of a majority of the said arbitrators shall be binding upon the parties in arriving at the price. The Board or the said arbitrators shall make allowance for severance of the property and operation from other properties and operations of the Company in Manitoba. In the event of such purchase, the Company and the Municipality will enter into an agreement respecting the use of and payment for such use by the Municipality of Company-owned facilities which are not being purchased hereunder and for the sale of natural gas to the Municipality for resale by the Municipality to the inhabitants of the Municipality, at such rates as may be agreed upon between the Company and the Municipality and approved by the Board. If the Municipality does not notify the Company in writing of its intention to purchase the property of the Company as aforesaid at least one (1) year before the expiration of this Agreement or any renewal thereof, this Agreement will be deemed to be automatically renewed for an additional term of ten (10) years, and at the end of the said ten (10) year renewal term, the said Agreement will be further automatically extended in absence of notice aforesaid for additional terms of ten (10) years from time to time. Provided further that at the time of any such renewal, changes in the terms of this Agreement may be made at the request of either party with the approval of the other, and in the absence of such approval such changes may be made by reference to, under the authority of, and with the approval of the Board. Notwithstanding anything contained elsewhere in this Agreement, it is understood and agreed that if the Municipality exercises its option to purchase the property of the Company with respect to its distribution operations within the area designated in this Agreement, such exercise shall not affect the right of the Company to continue to operate its transmission facilities in such area for so long as the same may be required by the Company.

13.(2) The Company agrees that it shall provide written notice to the Municipality at least two (2) years prior to the expiration of the term hereof and of each renewal hereof, of the Municipality's election as set forth in paragraph 13.(1) hereof.

14. Notwithstanding any other term or condition contained herein, neither party shall be liable to the other for failure to carry out its obligations hereunder when such failure is caused by force majeure as hereinafter defined. The term force majeure means civil disturbances, industrial disturbances (including strikes and lock-outs), interruptions by government or Court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, failure or inability to secure materials, permits or labourers by reason of priority regulations or orders of government, landslides, lightning, earthquakes, fires, storm, floods, wash-outs, explosions, breakage or accident to machinery or the Gas Distribution System, temporary or permanent failure of gas supply, an act or omission (including failure to deliver gas) reducing supply of gas to the Company's supplier, or any other causes or circumstances to the extent such cause or circumstances was beyond the control of the party prevented from carrying out its obligations by the act of force majeure.

15. Subject to the provisions of *The Public Utilities Board Act* (Manitoba), the Company shall not without the consent of the Municipality, such consent not to be unreasonably withheld, assign this Agreement or the rights, franchises, powers and privileges granted hereby or any of them; provided however the Company may assign this Agreement to any corporation with which the Company may then be associated or affiliated, as those terms are used in *The Corporations Act* (Manitoba) and *The Income Tax Act* (Canada).

16. This Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.

17. This Agreement is subject to the approval of the Manitoba Public Utilities Board.

18. Upon execution of this agreement following receipt of approval from The Public Utilities Board and the By-law being passed the Existing Village of Hamiota Franchise Agreement, the Existing RM of Hamiota Franchise Agreement and the Existing RM of Hamiota Crossing Agreement referred to herein shall cease to be of any force or effect.

**IN WITNESS WHEREOF** the parties have duly executed this Agreement as of the day and year first above written.

**HAMIOTA MUNICIPALITY**

Per: \_\_\_\_\_  
Reeve

Per: \_\_\_\_\_  
Chief Administrative Officer

**CENTRA GAS MANITOBA INC.**

Per: \_\_\_\_\_  
Authorized Signing Officer

Per: \_\_\_\_\_  
Authorized Signing Officer

APPENDIX 1 No. 39

# HAMIOTA MUNICIPALITY

MAP REVISED:-

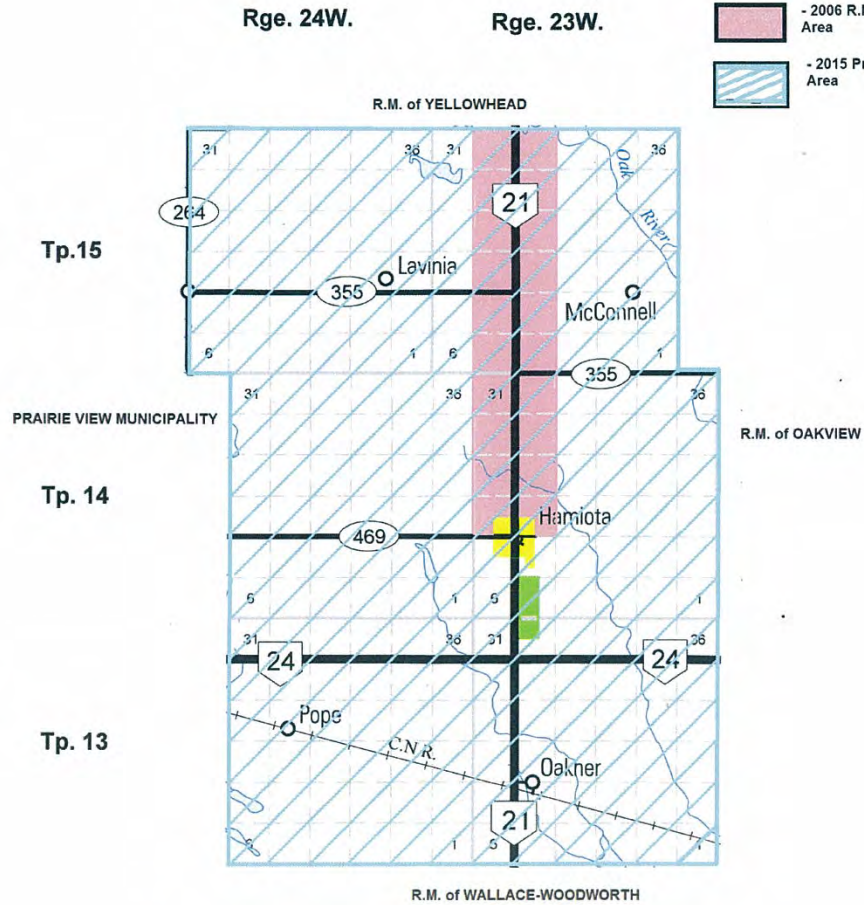


MANITOBA  
TRANSPORTATION AND GOVERNMENT SERVICES  
HIGHWAY PLANNING AND DESIGN BRANCH  
DRAFTING SECTION  
WINNIPEG  
FEBRUARY, 2002

### LEGEND

- PROVINCIAL TRUNK HIGHWAYS .....  ACCESS ROADS ..... 
- PROVINCIAL ROADS .....  RAILWAYS ..... 

-  - 1956 Village of Hamiota Franchise Area
-  - 2003 R.M. of Hamiota Franchise Area
-  - 2006 R.M. of Hamiota Crossing Area
-  - 2015 Proposed New Franchise Area





**PRAIRIE VIEW MUNICIPALITY  
PROVINCE OF MANITOBA  
BY-LAW NO 2015 - 02  
Granting of a Franchise to Centra Gas Manitoba Inc.**

**BEING A BY-LAW** of Prairie View Municipality (the "Municipality"), in Manitoba, to authorize the granting of a franchise to Centra Gas Manitoba Inc. ("Centra") to supply and deliver natural gas to the Municipality.

---

**WHEREAS** the Rural Municipality of Miniota entered into a franchise agreement ("Existing 1958 Franchise Agreement") with Inter-city Gas Limited dated November 29, 1958 granting franchise to Wards 4 and 6 (Sections 4 through 9, 16 through 21, 28 through 33, Township 13, Range 26 WPM; Sections 4 through 9, 16 through 21, 28 through 33, Township 14, Range 26 WPM; Sections 1 through 36, Township 13, Range 27 WPM; Sections 1 through 36, Township 14, Range 27 WPM);

**AND WHEREAS** Inter-city Gas Limited assigned all its rights, responsibilities, duties and liabilities under the Existing Franchise Agreement to Inter-City Gas Utilities Limited by virtue of an assignment approved by The Municipal and Public Utility Board of Manitoba by Order 85/65;

**AND WHEREAS** Centra Gas Manitoba Inc. ("Centra") is the successor company to Inter-City Gas Utilities Limited;

**AND WHEREAS** the Rural Municipality of Miniota, The Rural Municipality of Birtle and the Town of Birtle amalgamated and established Prairie View Municipality (the "Municipality") on January 1, 2015;

**AND WHEREAS** Section 232(1)(1) of The Municipal Act provides that a Council may pass by-laws for municipal purposes respecting public utilities;

**AND WHEREAS** Section 250(2) of The Municipal Act provides that a municipality may for municipal purposes:

- (a) acquire, establish, maintain and operate services, facilities and utilities; and
- (b) enter into agreements with another party to do on behalf of the municipality anything the municipality has the power to do within the municipality;

**AND WHEREAS** the PUB has approved a new form of generic franchise agreement ("2011 Generic Franchise Agreement") by Order 159/11;

**AND WHEREAS** it is agreed that it is in its interest to grant Centra a further franchise for the supply and distribution of natural gas to:

- Sections 1 through 36, Township 13, Range 25 WPM
- Sections 1 through 36, Township 14, Range 25 WPM;
- Sections 1 through 36, Township 15, Range 25 WPM;
- Sections 1 through 3, 10 through 15, 22 through 27, and 34 through 36, Township 13, Range 26 WPM;
- Sections 1 through 3, 10 through 15, 22 through 27, and 34 through 36, Township 14, Range 26 WPM;
- Sections 1 through 36, Township 15, Range 26 WPM; and
- Sections 1 through 36, Township 15, Range 27 WPM contained within the limits of the Municipality as a further addition to its existing franchise territory;

**AND WHEREAS** it is deemed expedient and in the public interest that the Municipality enter into a new franchise agreement ("Franchise Agreement") in the form of the 2011 Franchise Agreement to replace the Existing 1958 Franchise Agreement to supply and deliver natural gas to:

- Sections 1 through 36, Township 13, Range 26 WPM;
- Sections 1 through 36, Township 13, Range 27 WPM;

- Sections 1 through 36, Township 14, Range 25 WPM;
- Sections 1 through 36, Township 14, Range 26 WPM;
- Sections 1 through 36, Township 14, Range 27 WPM;
- Sections 1 through 36, Township 15, Range 25 WPM;
- Sections 1 through 36, Township 15, Range 26 WPM;
- Sections 1 through 36, Township 15, Range 27 WPM  
(hereinafter referred to as the "Territory") pursuant to said Section 250(2);

**NOW THEREFORE** the Council of the Municipality in regular session assembled enacts as follows:

1. THAT the Municipality enter into a an agreement in the form attached hereto as Schedule "A" to this By--law, with Centra for the purpose of granting a franchise to supply and deliver natural gas to the Territory.
2. THAT the Reeve and Chief Administrative Officer of the Municipality shall be authorized to execute said agreement with Centra, in the form attached hereto as Schedule "A" to this By-law, on behalf of Prairie View Municipality.
3. THAT this By-law shall, after being read a first time by the Council be submitted to or receive the authorization or approval of The Public Utilities Board of Manitoba.
4. THAT Centra be authorized to represent the Municipality in applying to The Public Utilities Board of Manitoba for approval of the Franchise Agreement.
5. THAT this By-law shall not take effect until it has received approval of The Public Utilities Board of Manitoba and third reading.
6. THAT this By-law shall supersede all previous By-laws granting natural gas franchises in the Municipality.


**DONE AND PASSED** by the Council of Prairie View Municipality, in Manitoba, in regular session assembled this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Linda Clark,  
REEVE

\_\_\_\_\_  
Debra L. Jensen,  
CHIEF ADMINISTRATIVE OFFICER

Read a first time this 10<sup>th</sup> day of March, 2015.  
Read a second time this \_\_\_\_\_ day of \_\_\_\_\_, 2015.  
Read a third time this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

Certified a true copy of the original by-law.

  
Debra L. Jensen, CMMA  
Chief Administrative Officer

**MEMORANDUM OF AGREEMENT** made this \_\_\_\_ day of \_\_\_\_\_, 2015.

BETWEEN:

**PRAIRIE VIEW MUNICIPALITY,**  
(hereinafter called the "Municipality"),

- and -

**CENTRA GAS MANITOBA INC.,**  
(hereinafter called the "Company").

**WHEREAS** the Rural Municipality of Miniota entered into a franchise agreement ("Existing 1958 Franchise Agreement") with Inter-city Gas Limited dated November 29, 1958 granting franchise to Wards 4 and 6 (Sections 4 through 9, 16 through 21, 28 through 33, Township 13, Range 26 WPM; Sections 4 through 9, 16 through 21, 28 through 33, Township 14, Range 26 WPM; Sections 1 through 36, Township 13, Range 27 WPM; Sections 1 through 36, Township 14, Range 27 WPM);

**AND WHEREAS** Inter-city Gas Limited assigned all its rights, responsibilities, duties and liabilities under the Existing Franchise Agreement to Inter-City Gas Utilities Limited by virtue of an assignment approved by The Municipal and Public Utility Board of Manitoba by Order 857/65;

**AND WHEREAS** Centra Gas Manitoba Inc. ("Centra") is the successor company to Inter-City Gas Utilities Limited.;

**AND WHEREAS** the Rural Municipality of Miniota, The Rural Municipality of Birtle and the Town of Birtle amalgamated and established Prairie View Municipality (the "Municipality") on January 1, 2015;

**AND WHEREAS** the PUB has approved a new form of generic franchise agreement ("2011 Generic Franchise Agreement") by Order 159/11;

**AND WHEREAS** it is agreed that it is in its interest to grant Centra a further franchise for the supply and distribution of natural gas to:

- Sections 1 through 36, Township 13, Range 25 WPM
- Sections 1 through 36, Township 14, Range 25 WPM;
- Sections 1 through 36, Township 15, Range 25 WPM;
- Sections 1 through 3, 10 through 15, 22 through 27, and 34 through 36, Township 13, Range 26 WPM;
- Sections 1 through 3, 10 through 15, 22 through 27, and 34 through 36, Township 14, Range 26 WPM;
- Sections 1 through 36, Township 15, Range 26 WPM; and
- Sections 1 through 36, Township 15, Range 27 WPM contained within the limits of the Municipality as a further addition to its existing franchise territory contained within the limits of the Municipality as a further addition to its existing franchise territory;

**AND WHEREAS** it is deemed expedient and in the public interest that the Municipality enter into a new franchise agreement ("Franchise Agreement") in the form of the 2011 Franchise Agreement to replace the Existing 1958 Franchise Agreement to supply and deliver natural gas to the Territory;

**AND WHEREAS** by by-law duly passed by the Council of the Municipality (the "By-law"), the Reeve and the Chief Administrative Officer (CAO) have been authorized and directed to execute this Agreement on behalf of the Municipality;

**NOW THEREFORE** pursuant to the premises and in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Company to the Municipality (the receipt of which is hereby acknowledged), and in further consideration of the mutual covenants hereinafter set forth it is mutually covenanted and agreed by the parties as follows:

1. Subject to compliance with the provisions of *The Municipal Act* (Manitoba), *The Public Utilities Board Act* (Manitoba) and *The Gas Pipe Line Act* (Manitoba), the Municipality hereby grants to the Company, its successors and assigns, subject to the terms, conditions and provisions herein contained, the sole and exclusive franchise to distribute natural gas to

- Sections 1 through 36, Township 13, Range 25 WPM;
- Sections 1 through 36, Township 13, Range 26 WPM;
- Sections 1 through 36, Township 13, Range 27 WPM;
- Sections 1 through 36, Township 14, Range 25 WPM;
- Sections 1 through 36, Township 14, Range 26 WPM;
- Sections 1 through 36, Township 14, Range 27 WPM;
- Sections 1 through 36, Township 15, Range 25 WPM;
- Sections 1 through 36, Township 15, Range 26 WPM;
- Sections 1 through 36, Township 15, Range 27 WPM

(hereinafter referred to as the "Territory") and its inhabitants in the Territory, for a term of thirty (30) years from the date hereof. The Municipality further grants to the Company the full power, right, licence and liberty to enter upon property of the Municipality and to break the surface and make necessary excavations to lay down, take up, relay, connect, disconnect, repair, remove, maintain, replace and operate a gas distribution system and any and all necessary or convenient mains, pipes, services, and all other equipment and appliances as the Company may deem desirable for the supply, transmission and distribution of gas (collectively the "Gas Distribution System") in, upon, over, across, under and along the public highways, streets, roads, bridges, walkways, sidewalks, road allowances, squares, lanes, alleys, ditches, drainage systems and other public places (collectively the "Highways") within the boundaries of the Municipality as the same may from time to time exist, as may be necessary for the purpose of transporting, supplying, and delivering natural gas to the consumers thereof.

2(1) Subject to the provisions hereof, the Company agrees that during the term of this Agreement, it will install and maintain an adequate natural gas distribution system within the Territory and will provide such quantities of natural gas as will meet the requirements of the inhabitants, businesses and industries located in the Territory.

2.(2) The Company agrees that with respect to any portion of the Territory which the Company does not supply natural gas to, in the event the Municipality, acting reasonably, requests the Company to supply natural gas upon the same terms and conditions as provided in this Agreement, the Company will work together with the Municipality with a view of developing a viable business model in relation to that portion of the Territory. All such extensions for service

shall be subject to the Company's feasibility test as approved by The Public Utilities Board of Manitoba (the Board) from time to time. The Company further agrees that if the Company is unable to develop a viable business model with the Municipality, the Company shall relinquish that portion of the Territory from the franchise previously granted if asked to do so by the Municipality.

2.(3) For the purpose of implementing a distribution system expansion for the attachment of new customers pursuant to clause 2(1), the Company shall, whenever a request is made for gas service by any inhabitant or industry of the Municipality in a location not served by the existing system of the Company, comply with the request provided the request meets criteria filed with and approved by the Board for expansion of the distribution system and does not unduly affect customers on the existing system. Such criteria may include but not be limited to estimates of customers, sales, volumes, revenues, costs, and return on investment, the effect upon existing customers and any customer contribution in aid of construction. The criteria shall be reviewed by the Board from time to time as the Board deems necessary or as may be requested by the Company.

2.(4) The Company shall not be bound to construct or extend its mains or provide natural gas or gas service if the Company is, for any reason, unable to obtain delivery of natural gas at or near the limits of the Territory, or an adequate supply thereof to warrant the construction or extension of its mains for the provision of natural gas.

2.(5) In the event the amount of natural gas supplied to the Company at or near the limits of the Territory is insufficient to meet the requirements of connected customers, the Company shall have the right to prescribe reasonable rules and regulations for allocating the available supply of natural gas to domestic, commercial and industrial customers in that order of priority. The allocation of natural gas shall also be subject to the provisions of *The Gas Allocation Act* (Manitoba) and Regulations thereto and any orders made pursuant to *The Emergency Measures Act* (Manitoba).

2.(6) In the event that either of the conditions referred to in subsections (4) and (5) occur or are likely to occur, the Company will advise the Municipality thereof as soon as the conditions become apparent to the Company.

3.(1). Prior to the installation of any part of the Gas Distribution System, the Company shall file plans with the municipal engineer, which shall mean a professional engineer employed directly or indirectly by the Municipality or such other person as may be designated by the council of the Municipality to carry out the functions and duties of the Municipal Engineer as herein described ("Municipal Engineer"), showing the location, depth and size of all mains, pipes or conduits and any other equipment or structures (but not including geodetic information) intended to be installed or constructed and shall comply with all by-laws of the Municipality relating to the construction of such works. The Municipality, by its Municipal Engineer, shall approve the plans as to the location of the Gas Distribution System and any changes thereto arising in course of construction within the Municipality, which approval shall not be unreasonably withheld or unduly delayed. The Gas Distribution System shall be placed in such locations as agreed by the Municipal Engineer and the Company in boulevards and under other unpaved surfaces rather than in streets when reasonably practicable and where the cost of installation and maintenance will not be unreasonably high.

3.(2) The Company shall supply to the Municipality plans showing the location of its Gas Distribution System within the Municipality on an as-built basis, as requested by the Municipality, but in no event shall such plans be provided more than twice in any 12-month period. Such plans shall be provided either on paper or in a mutually agreeable format. All of the conditions for the supply of as-builts are to be mutually agreed upon.

3.(3) The pipe, materials and other equipment to be used in the distribution system shall be of the kinds and qualities satisfactory to the Board, and shall be in compliance with *The Gas Pipe Line Act* (Manitoba) and the regulations thereunder.

4. Unless another process is established through municipal bylaw, the Company shall give notice to the CAO or designate of the Municipality, of its intention to open or break up any of the Highways of the Municipality not less than seven (7) days before the beginning of such work, except in cases of emergency arising from defects or breaking of the pipe or other works, when immediate notice shall suffice; and, subject to the same exception and as otherwise provided in this Agreement, the Company shall not begin any such work unless it has obtained approval therefore in writing from the Municipal Engineer.

5. The Company agrees:

- (a) in the execution of the rights and powers granted hereby and in the performance of the work in connection therewith, it shall do as little damage as possible and shall keep passage of the Highways as far as may be practicable free and uninterrupted;
- (b) it shall not interfere with, disturb or damage any existing pipes or lines of other utilities, unless the express consent of such other utilities is first had and received;
- (c) it shall, within a reasonable time after any construction work, restore the Highways and other areas where construction has occurred to a state of repair as nearly as possible equal to their former state, unless another process is established by municipal bylaw. Within thirty (30) days of completion of the restoration work the Company shall give notice in writing to the Municipal Engineer that the work and restoration have been completed and inspected. The Municipal Engineer acting reasonably shall advise the Company in writing of any deficiencies in connection with the construction work or restoration. If the Municipality fails to provide such advice within six (6) months of the Company's notice to the Municipality and unless an extension of time has been mutually agreed, the Municipality will be deemed to have accepted the restoration work;
- (d) in the execution of the power granted hereby, it shall construct, locate and operate its Gas Distribution System in such manner as will not endanger the public health or safety;
- (e) any pipe line found not in accordance with the depth of cover requirements established by the Board pursuant to *The Gas Pipe Line Act* (Manitoba) as a result of improper installation shall be lowered, relocated or suitably protected by, and at the expense of the Company;
- (f) all costs in connection with the removal or relocation of any part of the Gas Distribution System, including the cost of repairs to any Highways, shall be the Company's responsibility except where such removal or relocation is required by the Municipality; and,



- (g) notwithstanding paragraph (f) above, where the removal or relocation of any part of the Gas Distribution System is required by the Municipality, the costs and expenses incurred in the removal and replacement or the relocation shall be as follows:
- (i) the Municipality shall pay to the Company an amount equal to the cost of labour and material required in the original construction of that part of the Gas Distribution System that the Municipality requests to be relocated, less depreciation and the value of any material salvaged; and
  - (ii) the Company shall bear the entire cost of constructing the required Gas Distribution System infrastructure in the new location.

6.(1) The Company shall protect and indemnify the Municipality against any damages or expenses in connection with the execution of the powers granted hereby and under *The Gas Pipe Line Act* (Manitoba), and from and against all claims, demands, and actions by third persons in respect of damages sustained by reason of any operations of the Company and in relation to its distribution system.

6.(2) The Company shall satisfy the Board that it has in place at all times liability insurance coverage sufficient to satisfy any potential claim, demand or action against the Company or the Municipality for such damages.

7.(1) Before the Municipality makes any repairs of, or alterations to, any of its public services which will involve excavations or which may in any way affect any of the Company's lines, plant or equipment, the Municipality shall give notice as set forth in the regulations in effect at that time and made pursuant to *The Gas Pipe Line Act* (Manitoba).

7.(2) Where practicable, the Municipality shall have regard to the reasonable directions of the Company concerning any such repairs and alterations, but, in any event, the Municipality is free of all liability in connection with any damage done by reason of any such repairs or alterations.

8. Natural gas shall be supplied to customers in the Territory at the rates and on the terms and conditions approved or fixed from time to time by the Board or other regulatory authority having jurisdiction.

9. This Agreement shall not prevent the sale or delivery within the Territory by any other person, firm or corporation of liquefied petroleum gas, propane or other product delivered in tanks or containers and not transmitted by pipeline.

10. Subject to any applicable legislation now or hereafter enacted in that regard, the Company shall pay to the Municipality any taxes that may be legally and properly levied by the Municipality against the Company.

11. The Company shall maintain in force during the currency hereof, a policy of insurance provided by an insurance company licensed to do business in the Province of Manitoba, insuring against public liability and property damage in connection with the operations of the Gas Distribution System within the Territory.

12. The Municipality agrees that it will not, for a period of thirty (30) years or longer, if this Agreement is renewed in accordance with the provision of paragraph 13 hereof, grant to any other person, firm or corporation the right to deliver natural gas within the franchise area of the Municipality or to erect or maintain a Gas Distribution System in, upon, over, across, under, or along its Highways within the franchise area for the purpose of supplying and distributing natural gas.

13.(1) It is further agreed that at the expiration of the term hereof and at the expiration of each renewal hereof, the Municipality may, after giving one (1) year's written notice prior to the date of the termination of this Agreement or of any renewal hereof, at its option (to be expressed by by-law of the Municipality), elect to purchase that portion of the Gas Distribution System with respect to its operations within the Municipality that is used exclusively for the distribution of natural gas in the Territory, pursuant to this Agreement, but not any portion of the Gas Distribution System that is used for transmission of natural gas through the Municipality, for such price and on such terms as may be agreed upon between the parties hereto, or failing such agreement then at such price and on such terms including that portion of the Gas Distribution System the Municipality is entitled

to purchase as may be fixed and settled by the Board, or if the Board shall refuse to so fix and settle the price then the said price and terms shall be such as may be fixed and determined by arbitration under the provisions of *The Arbitration Act* (Manitoba) and each of the parties shall appoint an arbitrator and the arbitrators so appointed shall appoint a third arbitrator to act as chairman who shall be versed in this special branch of engineering economics, and in the event the arbitrators appointed by each party are unable to appoint a third arbitrator, the third arbitrator shall be appointed by the Chief Justice of the Court of Queen's Bench of the Province of Manitoba. The decision of the Board or of a majority of the said arbitrators shall be binding upon the parties in arriving at the price. The Board or the said arbitrators shall make allowance for severance of the property and operation from other properties and operations of the Company in Manitoba. In the event of such purchase, the Company and the Municipality will enter into an agreement respecting the use of and payment for such use by the Municipality of Company-owned facilities which are not being purchased hereunder and for the sale of natural gas to the Municipality for resale by the Municipality to the inhabitants of the Municipality, at such rates as may be agreed upon between the Company and the Municipality and approved by the Board. If the Municipality does not notify the Company in writing of its intention to purchase the property of the Company as aforesaid at least one (1) year before the expiration of this Agreement or any renewal thereof, this Agreement will be deemed to be automatically renewed for an additional term of ten (10) years, and at the end of the said ten (10) year renewal term, the said Agreement will be further automatically extended in absence of notice aforesaid for additional terms of ten (10) years from time to time. Provided further that at the time of any such renewal, changes in the terms of this Agreement may be made at the request of either party with the approval of the other, and in the absence of such approval such changes may be made by reference to, under the authority of, and with the approval of the Board. Notwithstanding anything contained elsewhere in this Agreement, it is understood and agreed that if the Municipality exercises its option to purchase the property of the Company with respect to its distribution operations within the area designated in this Agreement, such exercise shall not affect the right of the Company to continue to operate its transmission facilities in such area for so long as the same may be required by the Company.

13.(2) The Company agrees that it shall provide written notice to the Municipality at least two (2) years prior to the expiration of the term hereof and of each renewal hereof, of the Municipality's election as set forth in paragraph 13.(1) hereof.

14. Notwithstanding any other term or condition contained herein, neither party shall be liable to the other for failure to carry out its obligations hereunder when such failure is caused by force majeure as hereinafter defined. The term force majeure means civil disturbances, industrial disturbances (including strikes and lock-outs), interruptions by government or Court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, failure or inability to secure materials, permits or labourers by reason of priority regulations or orders of government, landslides, lightning, earthquakes, fires, storm, floods, wash-outs, explosions, breakage or accident to machinery or the Gas Distribution System, temporary or permanent failure of gas supply, an act or omission (including failure to deliver gas) reducing supply of gas to the Company's supplier, or any other causes or circumstances to the extent such cause or circumstances was beyond the control of the party prevented from carrying out its obligations by the act of force majeure.

15. Subject to the provisions of *The Public Utilities Board Act* (Manitoba), the Company shall not without the consent of the Municipality, such consent not to be unreasonably withheld, assign this Agreement or the rights, franchises, powers and privileges granted hereby or any of them; provided however the Company may assign this Agreement to any corporation with which the Company may then be associated or affiliated, as those terms are used in *The Corporations Act* (Manitoba) and *The Income Tax Act* (Canada).

16. This Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.

17. This Agreement is subject to the approval of the Manitoba Public Utilities Board.

18. Upon execution of this agreement following receipt of approval from The Public Utilities Board and the By-law being passed the Existing Village of Hamiota Franchise Agreement, the Existing RM of Hamiota Franchise Agreement and the Existing RM of Hamiota Crossing Agreement referred to herein shall cease to be of any force or effect.

**IN WITNESS WHEREOF** the parties have duly executed this Agreement as of the day and year first above written.

**PRAIRIE VIEW MUNICIPALITY**

Per: \_\_\_\_\_  
Reeve

Per: \_\_\_\_\_  
Chief Administrative Officer

**CENTRA GAS MANITOBA INC.**

Per: \_\_\_\_\_  
Authorized Signing Officer

Per: \_\_\_\_\_  
Authorized Signing Officer

Appendix 1

No. 7

# PRAIRIE VIEW MUNICIPALITY

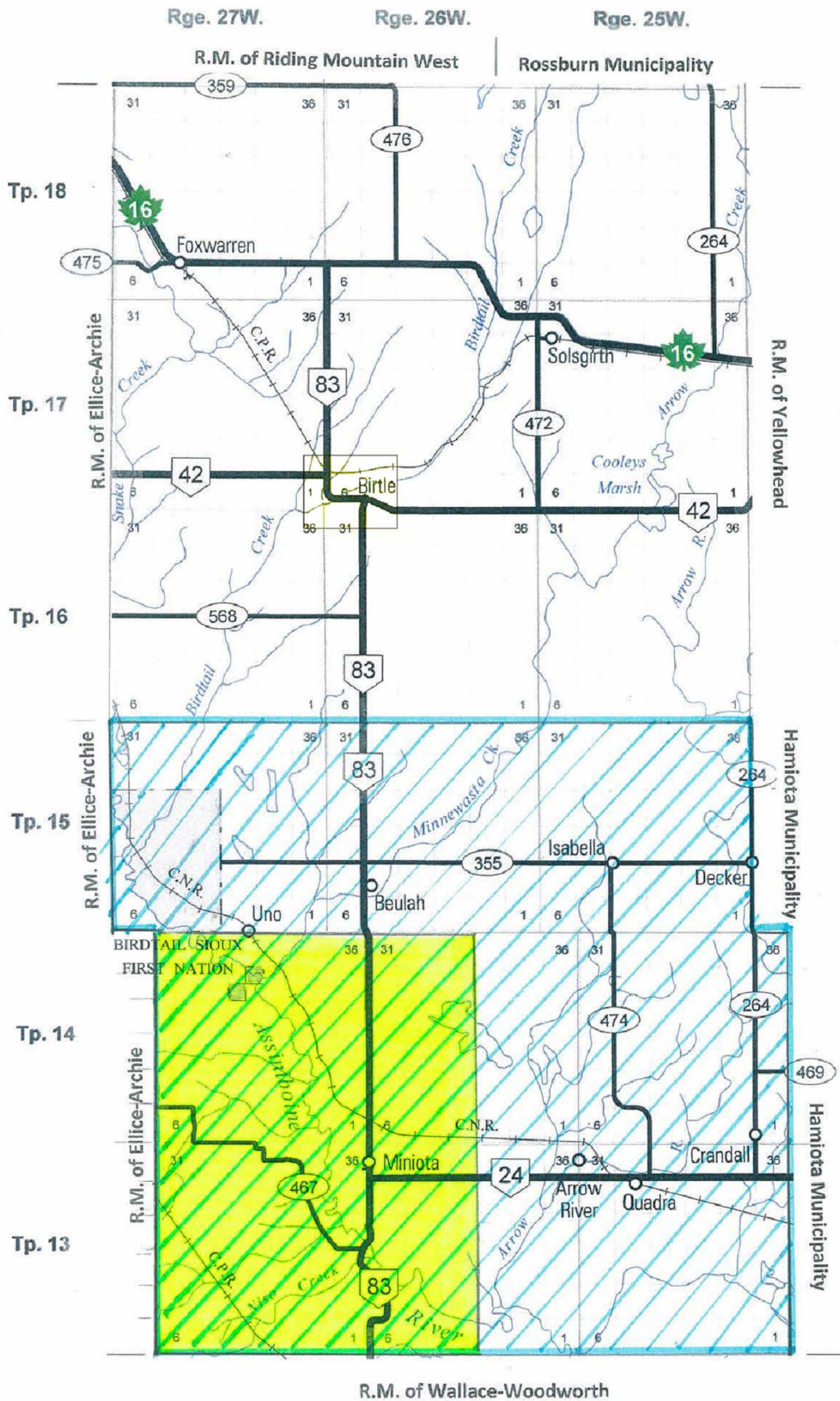
MAP REVISED:-



0 5  
SCALE IN KILOMETRES

MANITOBA  
TRANSPORTATION AND GOVERNMENT SERVICES  
HIGHWAY PLANNING AND DESIGN BRANCH  
DRAFTING SECTION  
WINNIPEG  
NOVEMBER, 2001

-  - Existing Franchise Area
-  - Proposed Franchise Area





<b>Section:</b>	Appendix 7.2	<b>Page No.:</b>	17
<b>Topic:</b>	Status of Previous Directives		
<b>Subtopic:</b>	Compliance with directives		
<b>Issue:</b>	Order 65/11 Directive 14 – Review of rate and service structure		

**PREAMBLE TO IR (IF ANY):**

In the 2013/14 GRA, Centra proposed to review the rate and service structure following the conclusion of the GRA. In Order 85/13, the Board supported this approach.

**QUESTION:**

Please indicate when Centra initiated the review of its rate and service structure and provide any materials that it has prepared for the purposes of this review.

**RATIONALE FOR QUESTION:**

To update the status of this directive.

**RESPONSE:**

Centra has undertaken some preliminary internal review; however, due to other priorities, Centra is not in a position to advance a specific rate design proposal at this time.



<b>Section:</b>	Appendix 7.2	<b>Page No.:</b>	27,28,31
<b>Topic:</b>	Status of Previous Directives		
<b>Subtopic:</b>	Compliance with directives		
<b>Issue:</b>	Directives from Order 85/13, 29/14, and other Directives waiting confirmation by Board		

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

- a) Please file the quarterly Affordable Energy Program/Furnace Replacement Program reports for each quarter of 2014/15 as well as the first quarter of 2015/16.
- b) Please file or provide links to any responses filed by Centra with the Board for which Centra is waiting for confirmation from Board that the directive has been satisfied.

**RATIONALE FOR QUESTION:**

To review the status of compliance with the AEP/FRP report directive and other responses to directives in this proceeding.

**RESPONSE:**

- (a) Centra filed its Affordable Energy Program Report (AEP Report) for the first quarter of 2014/15 with the Public Utilities Board on October 22, 2014, which is provided as Attachment 1 to this response. Attachment 2 to this response provides Centra’s quarterly AEP Reports for second, third and fourth quarters of the 2014/15 fiscal year. Centra will file the AEP Report for the first quarter of 2015/16 when it is available.
- (b) Below please find a list and attached submissions, where applicable, of directives that Centra is awaiting confirmation from the PUB that the directive has been satisfied.

Directive 3, Order 112/12

- Centra filed its report on third party asset management as Appendix 7.3 to this Application.

Directive 4, Order 112/12

- Centra filed its report on the viability of storage options as Appendix 7.4 to this Application.

Directive 16, Order 85/13

- Centra provided an update with respect to the National Energy Board's decision on TransCanada Pipeline Ltd.'s tariff matters and its impact on Centra, as part of its submission dated January 29, 2014. Please see the attachment to PUB/Centra I-24a.

Directive 18, Order 85/13

- Centra's submission to the PUB dated April 1, 2014 providing a retrospective evaluation of the changes made to the customer number forecasting methodology in 2011 is provided as part of Attachment 3 to this response.
- Please find as part of Attachment 3 to this response, a letter from the PUB dated July 2, 2014 requesting a copy of the 2013 Natural Gas Volume Forecast, and Centra's response dated July 8, 2014.
- Please find as part of Attachment 3 to this response, Centra's submission Letter from the PUB dated August 28, 2014 acknowledging receipt of Centra's response to this Directive.

Note, Attachment 3 to this response is confidential.

Directive 20, Order 85/13

- Centra's submission to the PUB dated December 24, 2013 reporting on the costs to deliver the Western Transportation Service and Agency, Billing and Collection service is provided in Attachment 4 to this response.

Directive 3, Order 29/14

- Centra's submission to the PUB dated October 22, 2014 wherein Centra detailed its plan to improve the financial viability of the Swan Valley Gas distribution system is provided as Attachment 5 to this response.

- A letter from the PUB dated November 19, 2014 acknowledging receipt of Centra's submission is also provided as part of Attachment 4 to this response.



PO Box 815 • Winnipeg Manitoba Canada • R3C 2P4  
Street Location for DELIVERY: 22<sup>nd</sup> floor - 360 Portage Avenue  
Telephone / N<sup>o</sup> de téléphone: (204) 360-3257 • Fax / N<sup>o</sup> de télécopieur: (204) 360-6147 • baczarnecki@hydro.mb.ca

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October 22, 2014

THE PUBLIC UTILITIES BOARD OF MANITOBA  
400-330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4

ATTENTION: Mr. H.M. Singh, Board Secretary and Executive Director

Dear Mr. Singh:

**RE: CENTRA GAS MANITOBA INC. (“Centra”)  
Affordable Energy Program and Furnace Replacement Program  
Quarterly Report for the Period Ending June 30, 2014**

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Please find attached the Affordable Energy Program and Furnace Replacement Program Quarterly Report containing the results for the first quarter of fiscal 2014/15, ending June 30, 2014.

Copies of this submission have been provided to the Public Utilities Board advisors. Should you have any questions regarding this filing, or require a paper copy, please contact the writer at 204-360-3257 or Shannon Gregorashuk at 204-360-4270.

Yours truly,

**MANITOBA HYDRO LAW DIVISION**

Per:

A handwritten signature in blue ink, appearing to read 'Brent A. Czarnecki'.

Brent A. Czarnecki  
Barrister & Solicitor

cc: Mr. B. Peters, Fillmore Riley  
Mr. R. Cathcart, Cathcart Advisors Inc.  
Mr. B. Ryall, Ryall Engineering

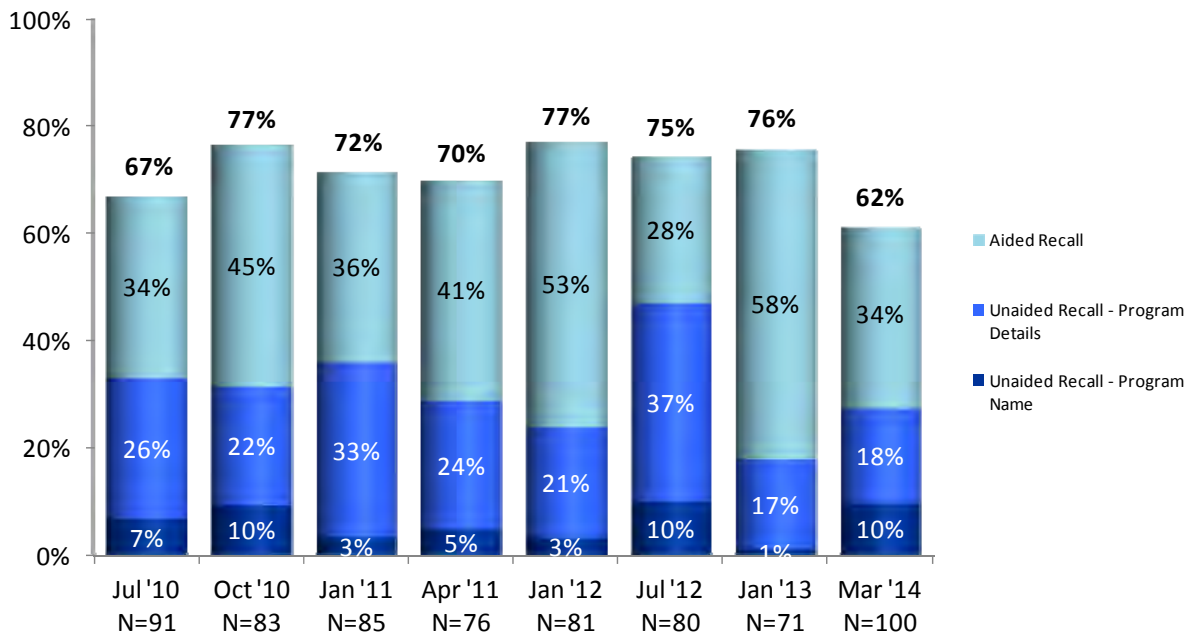
Att.

## Report on the Affordable Energy Program and the Furnace Replacement Program For the Period Ending June 30, 2014

### Affordable Energy Program Awareness

The most recent survey of program awareness, conducted in March 2014, indicated that 62% of LICO-125<sup>1</sup> respondents have heard of Manitoba Hydro’s *Affordable Energy Program* (“AEP”). This includes 10% of LICO-125 respondents who independently recall (unaided awareness) the AEP or Power Smart Affordable Energy Program name, 18% who say they are aware of the key details of the AEP such as helping lower income customers upgrade their insulation or furnaces/boilers but cannot recall the program name (unaided awareness of program details), and 34% who say they recognized the program name after the AEP name is stated (aided awareness).

The previous survey, conducted in January 2013, indicated that 76% of respondents had heard of the AEP. The decreased program awareness can be attributed to the recent name change of the program, formerly known as the *Lower Income Energy Efficiency Program* or *LIEEP*. With aggressive marketing, it is expected the awareness level will increase relative to previous waves.



**Unaided Awareness Question:** “Do you or do you not recall seeing or hearing any Manitoba Hydro advertising regarding ways to upgrade your home’s energy efficiency and save on your energy bill?”

**Aided Awareness Question:** “ Do you or do you not recall seeing or hearing any Manitoba Hydro advertising with “It’s True” that qualifying households can “Insulate your home for FREE” or get a “new natural gas furnace for \$9.50 a month”?”

<sup>1</sup> ‘LICO – 125’ is defined as the Low Income Cut Offs, as estimated by Statistics Canada, for urban centres with more than 500,000 residents. The AEP adds an additional 25% to the LICO qualifier for urban centres with more than 500,000 residents. This has been done to allow more Manitoba customers to qualify for the AEP.

**Report on the Affordable Energy Program and the Furnace Replacement Program  
For the Period Ending June 30, 2014**

**Target Furnace Replacement Market - As at June 30, 2014**

The following table has been updated to provide an estimate of the standard furnaces being used in Manitoba and an indication for the target market for Centra's Furnace Replacement Program.

<b>AEP Standard Efficiency Furnace Target Market Review (updated as of June 30, 2014)</b>			
<b>Furnace Marketplace at Dec 1 2009*</b>	<b>LICO 125%</b>	<b>Non-LICO</b>	<b>All Dwellings</b>
<b>Standard Furnaces</b>			
Owners	16,034	39,858	55,892
Rentals	2,285	2,152	4,437
<b>Total Standard Furnaces ( 2009* Survey)</b>	<b>18,319</b>	<b>42,010</b>	<b>60,329</b>
<b>Estimated Installation from Dec 1/09 to June 3/14**</b>			
Total	9,134	26,364	35,498
<b>Remaining Standard Furnaces at June 30, 2014***</b>			
<b>Total</b>	<b>9,185</b>	<b>15,646</b>	<b>24,831</b>
<b>All Natural Gas Furnaces (2009 survey)****</b>	<b>49,406</b>	<b>175,674</b>	<b>225,080</b>
<b>Standard % of Marketplace</b>	<b>19%</b>	<b>9%</b>	<b>11%</b>

\* Statistics from November 2009 survey, gas heated billed customers - excluding boilers and including apts. Estimated number of standard efficiency furnaces has been slightly refined in Q4 2011/12 report.

\*\* Estimated total number of natural gas furnace replacements from Dec 1, 2009 to June 30, 2014 is based on permit data shown in following table, for a total of 39,443 furnace replacements. It is assumed that 90% of all furnaces replaced since December 2009 were standard efficient furnaces. The breakdown between LICO and Non-LICO has been further refined based on analysis from the 2009 survey.

\*\*\* The standard furnaces being replaced in the lower income market are reflective of Manitoba Hydro's Affordable Energy Program, normal furnace failures and marketing efforts by the HVAC industry. Although the lower income market might not be influenced by the HVAC marketing efforts as much as other market sectors, the average age of the furnaces within the lower income market is higher and therefore, it is expected that this market sector might experience higher overall failure rates. "All Gas Furnace" numbers have been slightly refined from 2010/11 Q3.

\*\*\*\* Represents the total number of natural gas furnaces in the marketplace, including those in renter-occupied dwellings; however, AEP targets owner-occupied dwellings only.

**Report on the Affordable Energy Program and the Furnace Replacement Program  
For the Period Ending June 30, 2014**

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**Natural Gas Furnace Replacements - As at June 30, 2014**

The following table provides data on all furnace replacements, based on information from installation permits. The information has been updated as of June 30, 2014.

<b>Replacement Furnace Permits Manitoba</b>												
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>January</b>	545	457	539	1002	811	769	953	1231	734	1064	752	821
<b>February</b>	410	362	540	650	715	616	633	657	550	1096	684	683
<b>March</b>	384	408	514	847	669	719	653	587	655	997	555	594
<b>April</b>	259	463	372	594	525	663	727	441	462	518	597	550
<b>May</b>	272	367	425	644	598	530	682	398	401	478	483	462
<b>June</b>	298	414	341	581	572	538	743	507	457	518	473	466
<b>July</b>	298	317	338	543	619	743	662	449	497	509	517	
<b>August</b>	291	426	452	612	695	736	527	442	536	512	637	
<b>September</b>	556	584	775	876	811	1581	705	750	725	592	700	
<b>October</b>	830	850	1047	1452	1500	2080	986	935	994	1123	1067	
<b>November</b>	648	990	975	1350	1426	1426	1201	1073	1286	1129	1012	
<b>December</b>	692	735	823	731	1035	1110	1516	884	1124	785	778	
<b>TOTALS</b>	<b>5483</b>	<b>6373</b>	<b>7141</b>	<b>9882</b>	<b>9976</b>	<b>11511</b>	<b>9988</b>	<b>8354</b>	<b>8421</b>	<b>9321</b>	<b>8255</b>	<b>3576</b>

**Report on the Affordable Energy Program and the Furnace Replacement Program  
For the Period Ending June 30, 2014**

**Target Insulation Upgrade Market - As at June 30, 2014**

The following table provides an updated estimate of the target insulation upgrade market in Manitoba.

**Q1 - 2014/15 Report - without apartments**

<b>Insulation Target Market Review</b>	<b>LICO 125%</b>	<b>Non-LICO Dwellings</b>	<b>All Dwellings</b>
Dwellings with Insulation Rated "Poor/Fair"			
Owners	15,704	45,052	60,756
Renters	3,361	4,747	8,108
Total Dwellings with Insulation Rated "Poor/Fair" (2009 Insulation Upgrade Target Market)*	19,065	49,799	68,864
Estimate of Number of Dwellings Insulated from Dec 2009 to June 30, 2014**	1,607	2,606	4,213
<b>Insulation Upgrade Target</b>	<b>17,458</b>	<b>47,193</b>	<b>64,651</b>
<i>Total Dwellings</i>	82,102	301,121	383,223
Fair/Poor % of Marketplace	21%	16%	17%

\*Statistics from November 2009 Survey, gas and electric heated billed customers; excludes apartments. The table reflects LICO 125% and uses the two categories of "poor and fair" to determine the target market.

\*\*Number of "Poor/Fair" insulation dwellings insulated from Dec 1/09 to June 30/14 is based on:

- Non-LICO dwellings: based on approximately 15,795 dwellings being insulated through the Home Insulation Program from December 1, 2009 to June 30, 2014; prorated this number based on proportion on "poor/fair" to all dwellings in Residential Study (16.5%); and
- LICO 125% dwellings: based on estimate of 57% of approximately 2,820 private individual homes insulated through AEP since December 2009 as being rated as "fair/poor"; 57% is proportion of AEP insulation participants where insulation upgrade cost was \$3,000 or more in a sample of 466 customers.



**Report on the Affordable Energy Program and the Furnace Replacement Program  
For the Period Ending June 30, 2014**

**Affordable Energy Program Highlights – Apr 1 to June 30, 2014**

The following provides a high level overview of the status of the Affordable Energy Program to date, with more details provided in the following section of the report.

**A. Homes Completed**

<b>Program Participation Overview</b>	<b>FY 2014/15 Q1 (Apr 1 – June 30, 2014)</b>	<b>Cumulative (to June 30, 2014)</b>
Individual	243	5,500
Community	7	2,053
First Nation	119	1,218
<b>Total</b>	<b>369</b>	<b>8,771</b>

**B. Furnace and Boiler Installations Completed**

<b>Program Participation Overview</b>	<b>FY 2014/15 Q1 (Apr 1 – June 30, 2014)</b>	<b>Cumulative (to June 30, 2014)</b>
Individual:     Furnace	99	3,092
Boiler	0	74
Community:    Furnace	19	156
Boiler	0	1
First Nation	0	0
<b>Total:        Furnace</b>	<b>118</b>	<b>3,248</b>
<b>                  Boiler</b>	<b>0</b>	<b>75</b>

**C. Insulation Installations Completed**

<b>Program Participation Overview</b>	<b>FY 2014/15 Q1 (Apr 1 – June 30, 2014)</b>	<b>Cumulative (to June 30, 2014)</b>
Individual	168	2,998
Community	8	2,031*
First Nation	119	1,218
<b>Total</b>	<b>295</b>	<b>6,247</b>

\*There were 19 homes with Low Cost No Cost retrofits only, so they are not included in the insulation totals.

**Report on the Affordable Energy Program and the Furnace Replacement Program  
For the Period Ending June 30, 2014**

**Affordable Energy Program Details – Apr 1 to June 30, 2014**

Detailed Program Participation	FY 2014/15 Q1 (Apr 1 – June 30, 2014)	Cumulative (to June 30, 2014)
<b>1. Individual Approach</b>		
Eligibility applications through Hydro:		
Received	420	8,635
Approved	348	6,642
In-Home Pre-Retrofit Evaluations:		
ecoENERGY D's Completed	0	2,339
In-home Reviews Completed	382	4,214
<b>Total Pre-Retrofits Completed</b>	<b>382</b>	<b>6,553</b>
Homes Completed <sup>2</sup> :		
Basic Retrofits (CFL's, etc.)	72	1,197
Deep Retrofits (Insulation and/or Furnace)	171	4,303
<b>Total Homes Completed</b>	<b>243</b>	<b>5,500</b>
Furnace Replacement Program:		
Furnaces Installed	99	3,092
Boilers Installed	0	74
Furnaces In Process	n/a	163
Insulation Upgrade Program:		
Insulation Upgrades Completed	168	2,998
Insulation in Process	n/a	342
<b>2. Community Approach</b>		
<b>a) Private Homeowners</b>		
<b>Retrofits Completed through BUILD</b>	0	177
Furnaces Installed	0	75
Boilers Installed	0	1
<b>Retrofits Completed through BNRC</b>	0	17
Furnaces Installed	0	0
<b>b) Manitoba Housing/Community Housing</b>		
<b>Centennial (BUILD) Retrofits Complete (Insulation Upgrades)</b>	0 MH Homes 0 DOFNHA 3 Kanata 0 Kinew	1,210 MH Homes 35 DOFNHA <sup>3</sup> 17 Kanata 71 Kinew

<sup>2</sup> "Homes Completed" are the total number of homes that have completed retrofits. The completed homes are divided into the following two levels of customer participation: basic installation level, which includes installation of basic energy efficiency items such as low flow showerheads, CFLs, etc.; and deep installation level, which includes additional retrofit work of furnace and/or insulation upgrades.

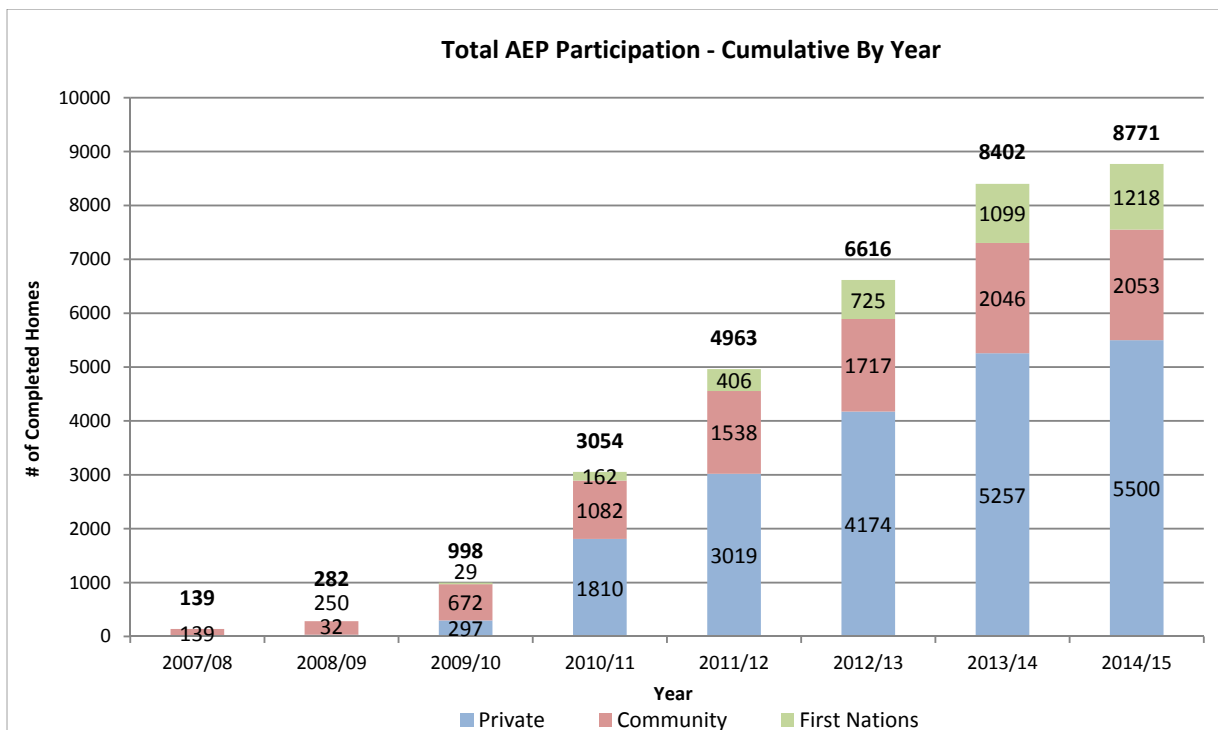
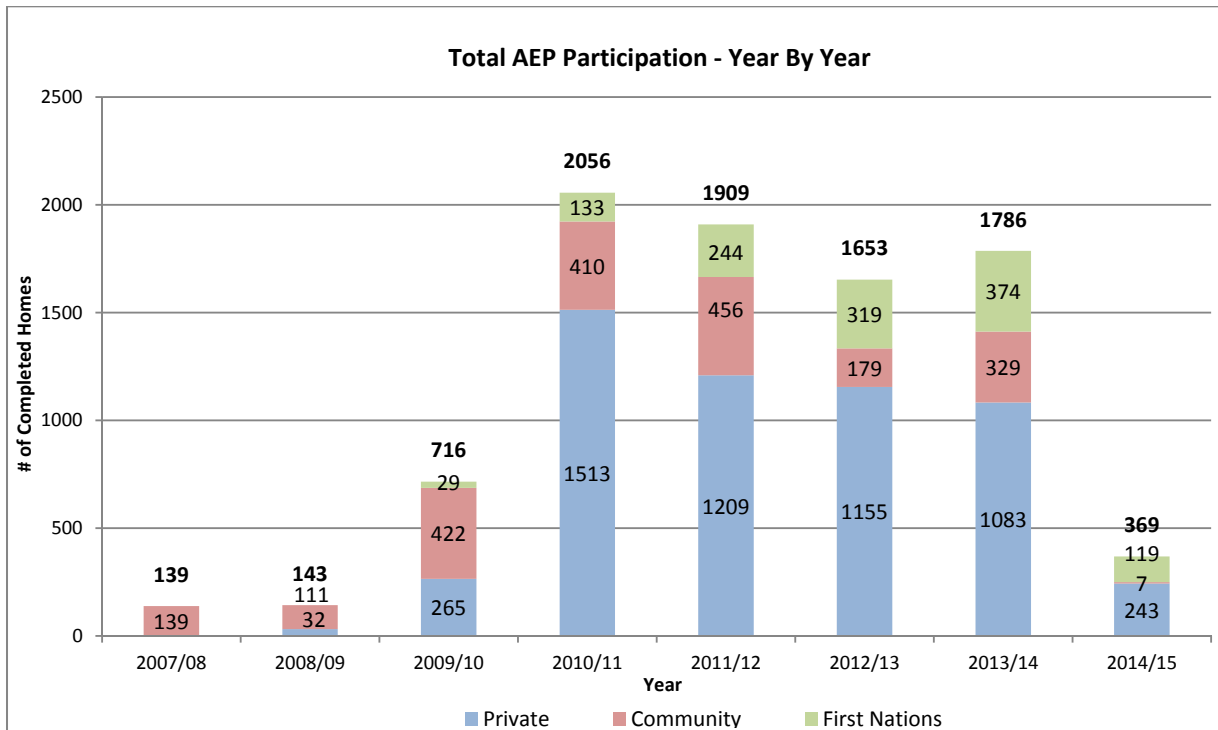
<sup>3</sup> Dakota Ojibway First Nations Housing Authority (DOFNHA).

**Report on the Affordable Energy Program and the Furnace Replacement Program  
For the Period Ending June 30, 2014**

<b>Manitoba Green Retrofit (MGR) Complete</b>		
Insulation Upgrades	0 Kinew 0 Kanata 15 Kinew	2 Kinew 7 Kanata 76 Kinew
Furnaces Installed		
<b>Brandon (BNRC) Retrofits Complete</b>		
(Insulation Upgrades)	5 - MH Homes	511 - MH Homes
<b>Neighbourhood Power Smart Project</b>		
Insulation Upgrades	0	7
Furnaces Installed	4	5
<b>3. First Nations Power Smart Program</b>		
<b>Total Retrofits Completed</b>	<b>119</b>	<b>1218</b>
Tataskweyak	0	9
Rolling River	0	10
Tootinaowaziibeeng	13	33
Dakota Tipi	11	20
Wayayseecappo	15	45
Shammattawa	0	15
Brokenhead	15	50
Gamblers	0	13
Little Black River	13	59
Pukatawagan	0	10
York Factory	21	46
Manto Sipi (God's River)	0	13
Sapotaweyak	0	50
Long Plain	0	30
God's Lake First Nation	0	28
Norway House	0	15
Poplar River	0	14
Keeseekoowenin	0	47
Birdtail Souix	0	20
Skownan	0	30
Canupawakpa Dakota First Name	0	36
Chemawawin (Easterville) Cree Nation	0	45
Mosakahiken (Moose Lake) First Nation	0	29
Sayisi Dene - 1 (Tadoules) First Nation	0	27
Ebb & Flow First Nation	0	20
Crane River First Nation	0	9
Peguis First Nation	0	100
Cross Lake First Nation	0	76
Fisher River First Nation	0	49
Northlands Dene First Nation	0	47
Pine Creek First Nation	0	46
Barren Lands First Nation	0	55
Nelson House First Nation	0	19
OCN (The Pas) First Nation	0	35
O-Pipon-Na-Piwin Cree First Nation	0	20
Misipawistik (Grand Rapids) First Nation	8	25
Roseau River	23	23

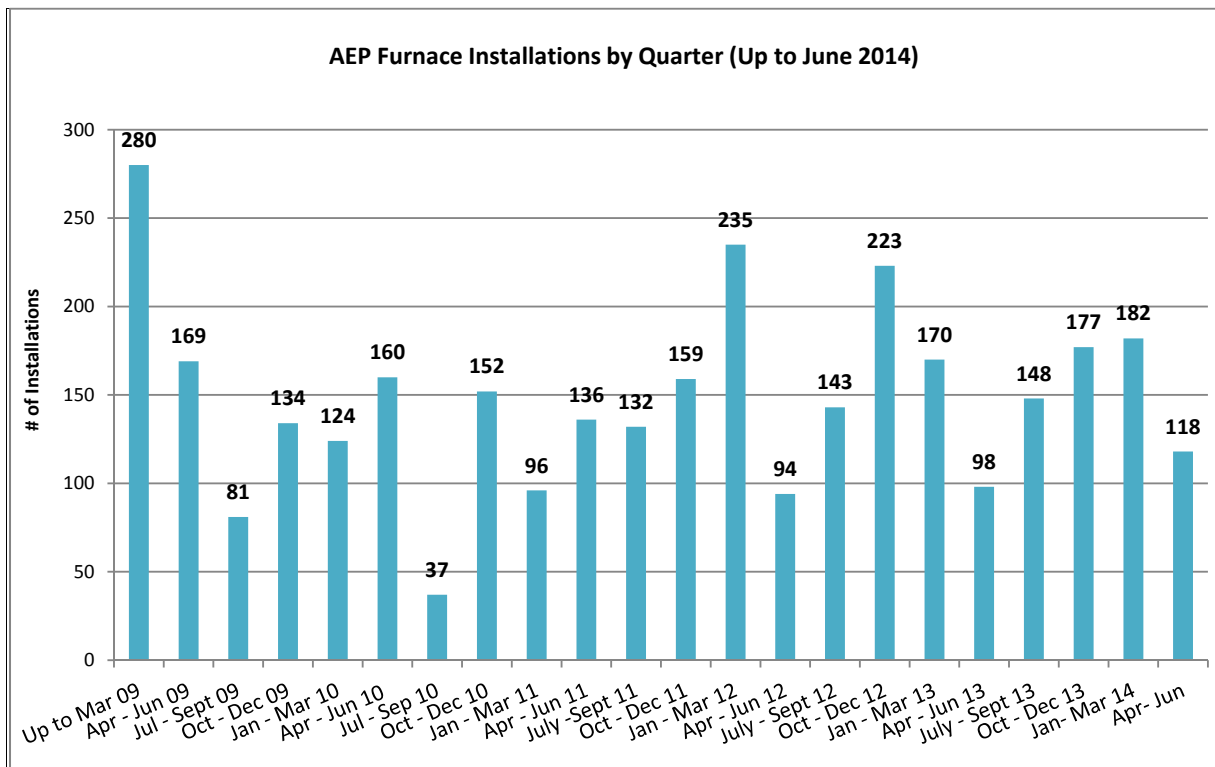
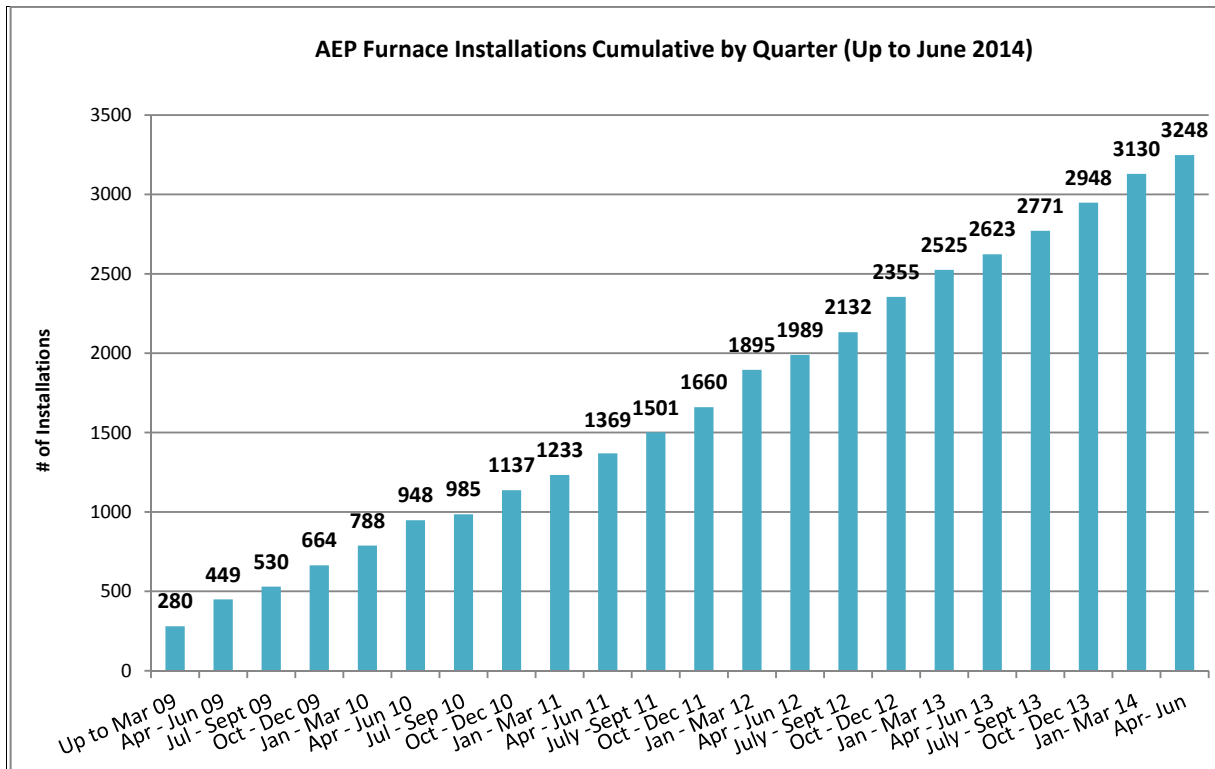
**Report on the Affordable Energy Program and the Furnace Replacement Program  
For the Period Ending June 30, 2014**

**Trending Charts: AEP Completed Homes since Program Inception**



**Report on the Affordable Energy Program and the Furnace Replacement Program  
For the Period Ending June 30, 2014**

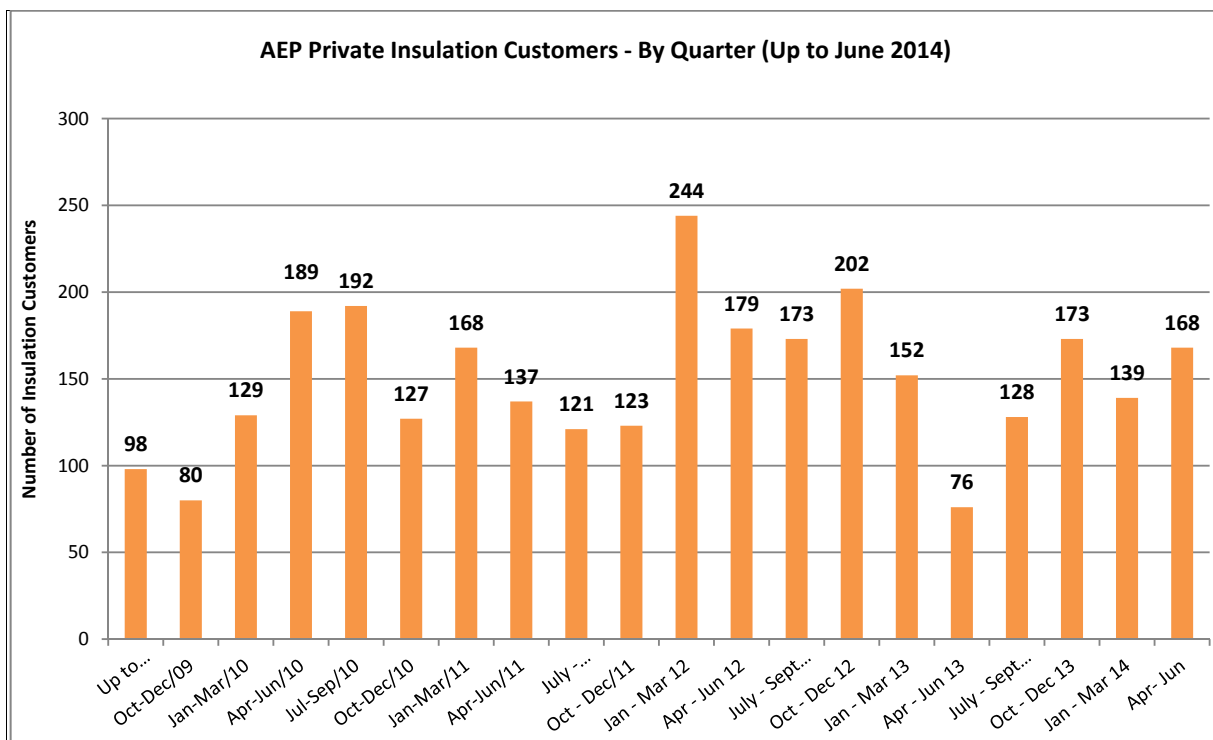
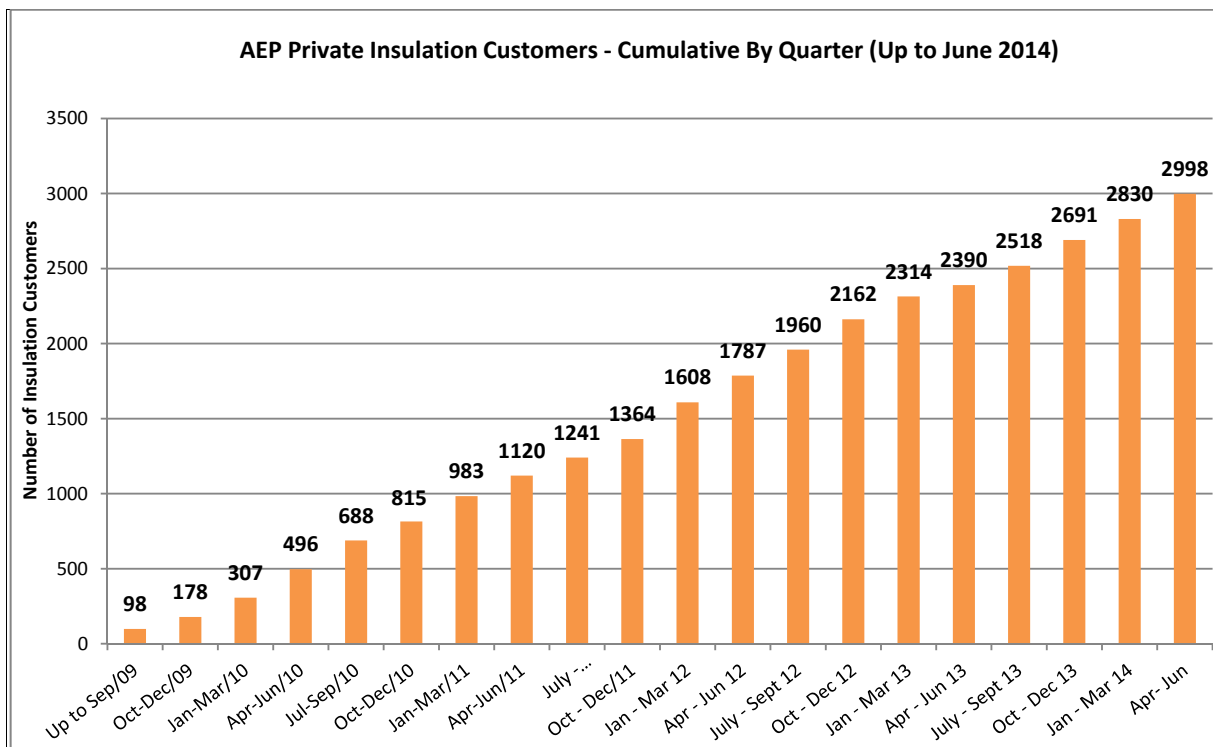
**Trending Charts: Furnace Replacements since Program Inception**



**Report on the Affordable Energy Program and the Furnace Replacement Program  
For the Period Ending June 30, 2014**

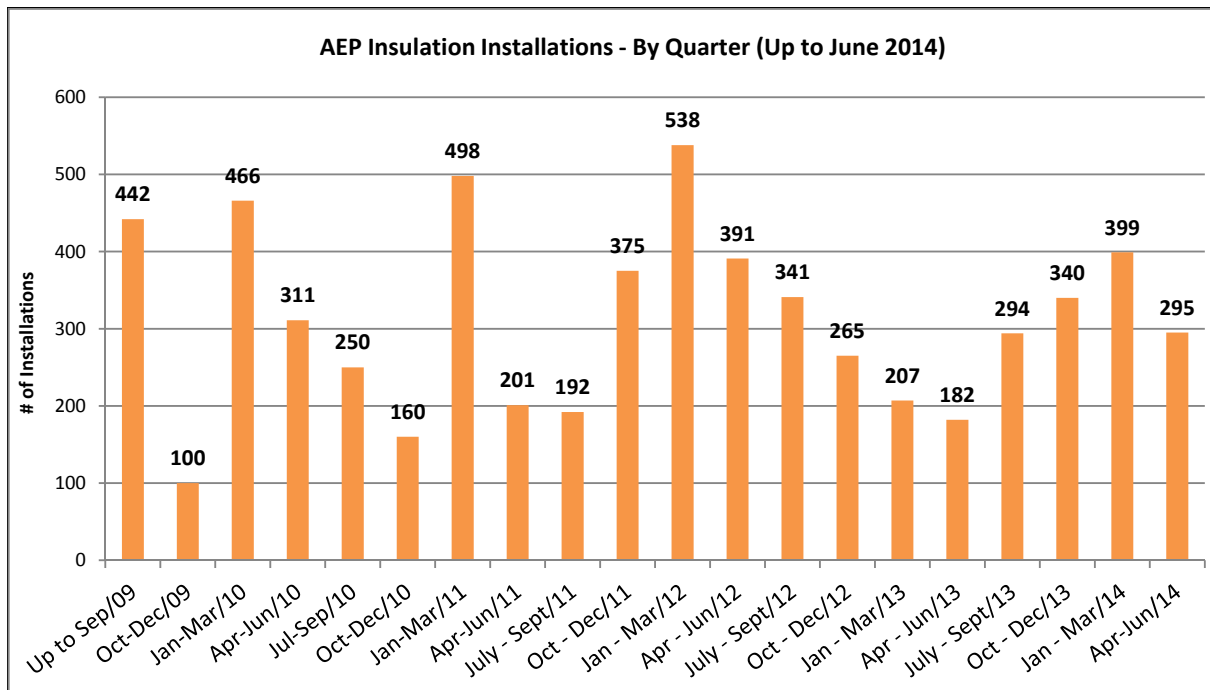
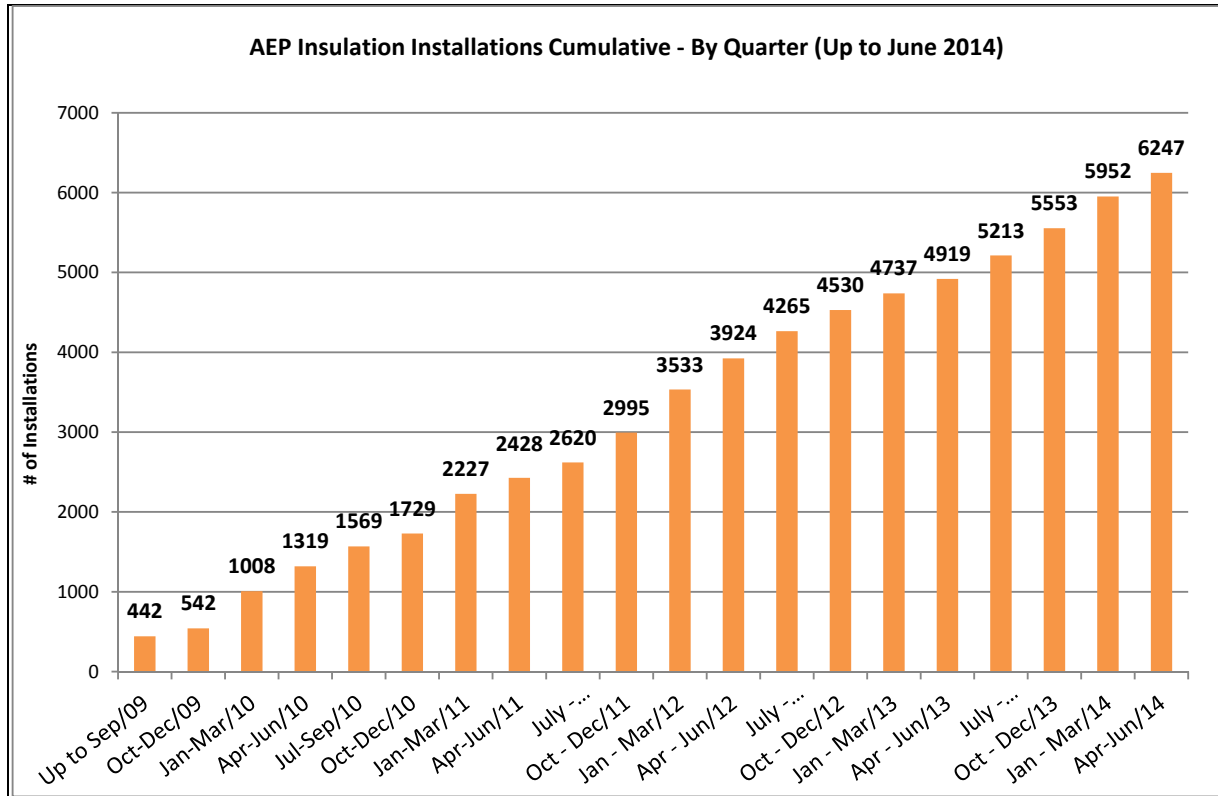
**Trending Charts: AEP Insulation Installation since Program Inception**

**a) Individual Approach Only**



**Report on the Affordable Energy Program and the Furnace Replacement Program  
For the Period Ending June 30, 2014**

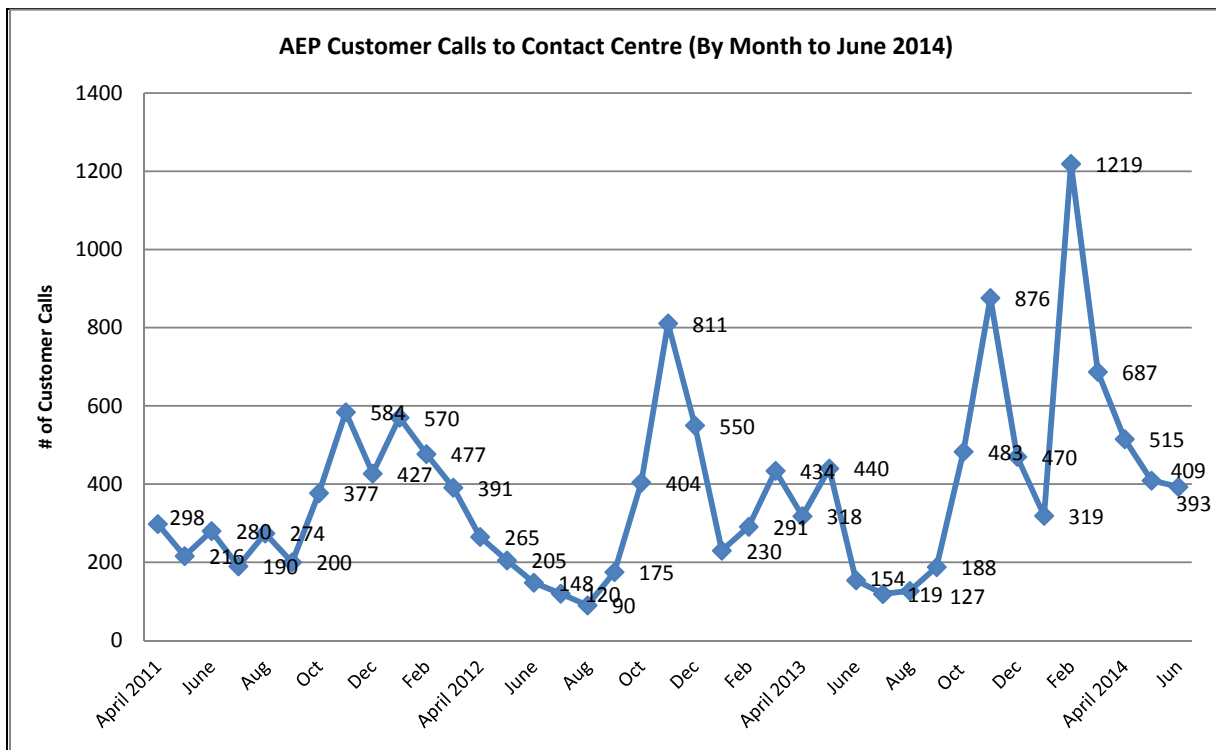
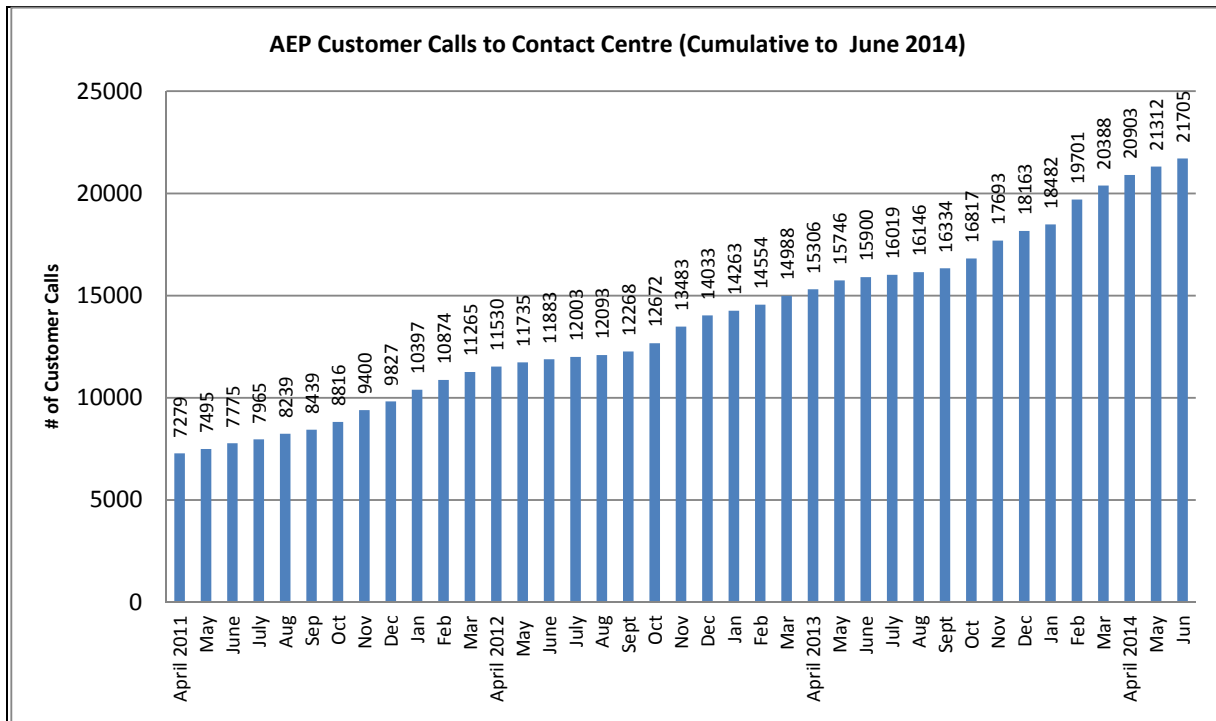
**b) All Approaches (Individual, Community and First Nations)**



Data includes individual approach (2,998 cumulative to end of June 2014), community approach (2,031 cumulative to end of June 2014) and First Nations (1,218 cumulative to end of June 2014). In the April – June 2014 period, there were a total of 168 for individual approach, 8 for community approach (MHA, DOFNA, Kanata, Kinew, MGR and private homeowners) and 119 for First Nations. Completions are counted once all paperwork is finalized from community groups. Assumes all upgrades for community approach are insulation upgrades with an exception of 19 Kinew homes that were Low Cost No Cost retrofits only.

**Report on the Affordable Energy Program and the Furnace Replacement Program  
 For the Period Ending June 30, 2014**

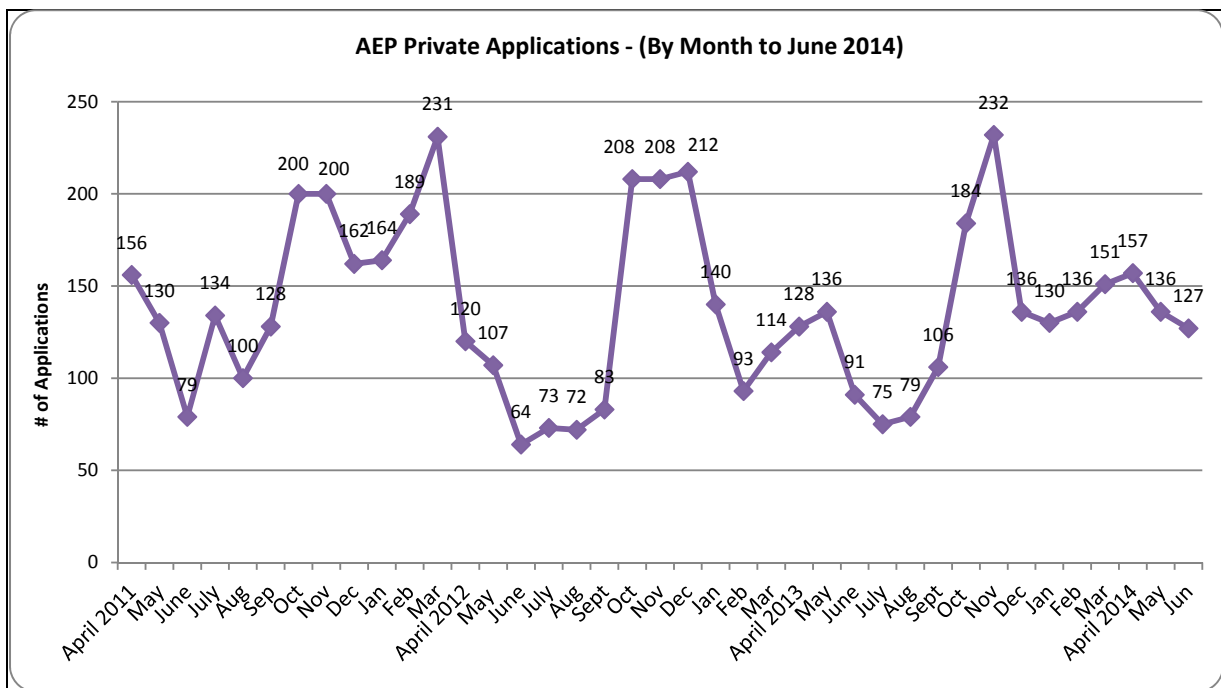
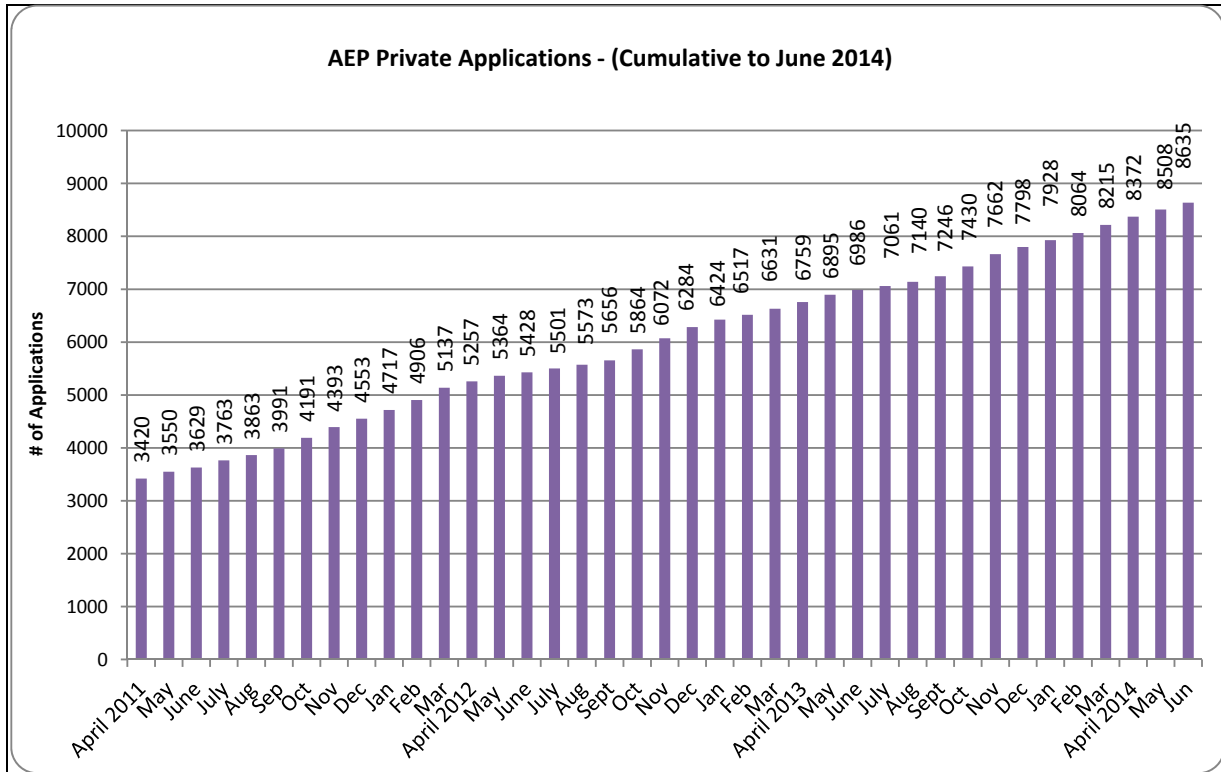
**Trending Charts: Contact Centre Calls**





**Report on the Affordable Energy Program and the Furnace Replacement Program  
For the Period Ending June 30, 2014**

**Trending Charts: AEP Applications**



**Report on the Affordable Energy Program and the Furnace Replacement Program  
For the Period Ending June 30, 2014**

## Furnace Replacement Program Details – April 1 to June 30, 2014

### Furnace Installations from Apr1, 2014 to June 30, 2014

Affordable Energy FRP	Total Program		Individual Approach		Community Approach	
	Furnaces	Boilers	Furnaces	Boilers	Furnaces	Boilers
<b>Apr 1, 2014 – June 30, 2014</b>	118	0	99	0	19	0
<b>Cumulative (Since Inception of FRP)</b>	3,248	75	3,092	74	156	1
<b>Scheduled Installations</b>	163	0				
<b>Estimated Installations (next 6 months)</b>	385					

### Affordable Energy and Contact Centre Calls and Credit/Collection Referrals

Affordable Energy Program	Customer Contact Centre Calls	Credit & Collections Referrals
<b>Apr 1, 2014 – June 30, 2014</b>	1,317	5
<b>Cumulative (Since Inception of FRP)</b>	21,136	397

### Furnace Failures

Furnace Failures*	Furnaces Replaced due to Failure	Furnaces Replaced Before the End of Life
<b>Apr 1, 2014 – June 30, 2014</b>	8	110
<b>Cumulative to June 30, 2014</b>	136**	2,260

\* Furnace failures started being recorded as of Q2 Report (Apr-Sep/10), therefore cumulative data began July 1, 2010 and is not comparable to other cumulative data reported which started at the beginning of the FRP.

\*\* In addition to the above furnace failures, there was one boiler failure during Q3 2011/12 period, one during the Q4 2011/12 period, two during the Q2 2013/14 period, and one during the Q3 2013/14 period.

**Report on the Affordable Energy Program and the Furnace Replacement Program  
For the Period Ending June 30, 2014**

### Furnace Installations by Neighbourhood

<b>FURNACES - Individual Customers</b>		
	<b>Apr 1 – June 30, 2014</b>	<b>Cumulative to June 30, 2014</b>
<b>Postal Code</b>	<b>Total # Installations</b>	<b>Total # Installations</b>
R0A	1	18
R0C	0	19
R0E	2	23
R0G	3	37
R0H	0	3
R0J	2	19
R0K	0	6
R0L	0	12
R0M	0	8
R1A	0	30
R1C	0	2
R1N	1	15
R2B	0	1
R2C	6	142
R2E	0	8
R2G	2	102
R2H	1	47
R2J	2	65
R2K	4	204
R2L	3	145
R2M	2	109
R2N	4	82
R2P	3	109
R2R	2	120
R2V	7	194
R2W	7	232
R2X	5	178
R2Y	1	69
R3A	0	9
R3B	0	13
R3C	0	7
R3E	3	153
R3G	7	184
R3J	2	116
R3K	1	28
R3L	2	61
R3M	4	77
R3N	1	41
R3P	2	12
R3R	1	61

**Report on the Affordable Energy Program and the Furnace Replacement Program  
For the Period Ending June 30, 2014**

R3T	6	117
R3V	1	27
R3W	0	7
R3X	0	12
R3Y	1	4
R4A	0	5
R4H	0	1
R4L	0	1
R5A	0	1
R5G	3	33
R5H	0	2
R6M	2	24
R6W	1	18
R7A	1	28
R7B	1	21
R7N	2	30
<b>TOTAL</b>	<b>99</b>	<b>3,092</b>

**FURNACES - Community Customers**

	<b>Apr 1 – June 30, 2014</b>	<b>Cumulative to June 30, 2014</b>
<b>Postal Code</b>	<b>Total # Installations</b>	<b>Total # Installations</b>
R2C	0	1
R2G	0	1
R2H	0	1
R2K	4	6
R2L	0	1
R2P	1	5
R2R	2	7
R2V	1	1
R2W	3	62
R2X	2	12
R3A	0	1
R3B	1	6
R3E	1	17
R3G	2	28
R3J	0	1
R2L	1	3
R3M	1	3
<b>TOTAL</b>	<b>19</b>	<b>156</b>

**Report on the Affordable Energy Program and the Furnace Replacement Program  
For the Period Ending June 30, 2014**

<b>BOILERS - Individual Customers</b>		
	<b>Apr 1 – June 30, 2014</b>	<b>Cumulative to June 30, 2014</b>
<b>Postal Code</b>	<b>Total # Installations</b>	<b>Total # Installations</b>
R0C	0	1
R1N	0	1
R2G	0	1
R2H	0	9
R2C	0	2
R2K	0	2
R2L	0	3
R2M	0	1
R2V	0	1
R2W	0	14
R2X	0	6
R3B	0	1
R3E	0	6
R3G	0	14
R3J	0	3
R3N	0	2
R3M	0	3
R3T	0	2
R5H	0	1
R6M	0	1
<b>TOTAL</b>	<b>0</b>	<b>74</b>

<b>BOILERS - Community Customers</b>		
	<b>Apr 1 – June 30, 2014</b>	<b>Cumulative to June 30, 2014</b>
<b>Postal Code</b>	<b>Total # Installations</b>	<b>Total # Installations</b>
R3G	0	1
<b>TOTAL</b>	<b>0</b>	<b>1</b>

**Report on the Affordable Energy Program and the Furnace Replacement Program  
For the Period Ending June 30, 2014**

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## **Marketing Activities**

Below is a review of marketing efforts undertaken by Manitoba Hydro up to June 30, 2014.

### **I. ADVERTISING AND PROMOTIONAL ACTIVITIES**

#### **a) Manitoba Hydro Advertising**

- i. The following is a list of the media and advertising which took place in the market during the Quarter:
  - a. A bill insert promoting the Affordable Energy Program was distributed to all Manitoba Hydro residential customers in single detached and multi attached homes in the month of April.
  - b. Affordable Energy Staff worked with Tyler Whitlaw to develop a radio segment for the 'Ty Knows a Guy' CJOB Radio Show. The show aired the morning of Saturday April 5, 2014.
  - c. On April 5, 2014 Affordable Energy staff attended the Home Expressions Trade Show to talk about the Affordable Energy Program and other Power Smart Programs.
  - d. On May 15, 2014 Affordable Energy staff attended the Lord Nelson ESD Symposium and Empty Bowl Project. Staff took the opportunity to discuss the benefits of the Affordable Energy Program and provided customers with information on how to participate.
  - e. The first flight of the Affordable Energy marketing campaign began June 7, 2014. The campaign features the Affordable Energy 'IT'S TRUE' message. Media is focused in neighbourhoods throughout the province with higher incidences of lower income customers. Media is featured on transit shelters, interior transit ads, digital billboards, convenience stores, newspapers, and TV. The campaign is scheduled to run until July 20, 2014.

#### **b) Outbound Calling Initiative**

Manitoba Hydro's outbound calling initiative that began in September 2013 concluded on April 20, 2014. The goals of the outbound calling initiative were to bring awareness of the Affordable Energy Program to Manitoba Hydro customers and to increase participation to the Program. Through this initiative, 423 AEP application packages, 208 AEP brochures and 473 Power Smart Information packages were distributed to customers. Two hundred and thirty-one applications have been filled out and submitted to the Program as a result of these calls.

#### **c) Street Approach Pilot Project**

On May 29, 2014 the AEP launched the Street Approach Pilot Project. This project aims to make it easier for customers to take part in the AEP by canvassing customers door-to-door. The specific neighbourhoods being targeted have higher incidents of lower income customers, and all customers within the targeted area will be eligible to participate in the AEP regardless of their income. The following is a list of the marketing efforts that took place under this initiative during the quarter:

- a. A press release was held on May 29, 2014 as a part of the projects launch. The press release was held on Aberdeen Avenue, which was selected as the first street to participate in the project. Following the press release, AEP staff canvassed people in the

**Report on the Affordable Energy Program and the Furnace Replacement Program  
For the Period Ending June 30, 2014**

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street and by going door-to-door, thereby raising awareness of the program and building customer relations within the community.

- b. On June 5, 2014 AEP staff visited 7<sup>th</sup> Street in Brandon where they informed residents of the program through a door-to-door canvassing initiative, thereby raising awareness of the program and building customer relations within the community.
- c. On June 26, 2014 AEP staff visited Alfred Street in Winnipeg where they informed residents of the program through a door-to-door canvassing initiative, thereby raising awareness of the program and building customer relations within the community.

**Report on the Affordable Energy Program and the Furnace Replacement Program  
For the Period Ending June 30, 2014**

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## **Furnace Contractors**

The furnace contractors on the participation list for AEP are noted below. As of April 2014, an additional 24 furnace contractors were secured to further increase participation.

### In Winnipeg

- Absolute HVAC Inc.
- Aire Serv Heating and Air Conditioning
- A.P.H Mechanical Services Ltd.
- Bison Plumbing and Heating Ltd.
- College Electric Ltd.
- Fair Service and Air Conditioning
- Gallery Mechanical
- Global Mechanical Inc.
- Heritage Heating and Air Conditioning Ltd.
- Hot Shots Plumbing and Heating Corp.
- Home Service Plus Winnipeg Heating and Cooling Ltd.
- J.M Balcaen and Sons Ltd.
- Kirkfield Heating and Air Conditioning Ltd.
- Lynn's Heating, Cooling, Sewer and Drain
- Mr. Furnace Heating and Air Conditioning
- Ontime Electric, Plumbing, Heating and Air Conditioning
- Provincial Heating and Cooling Inc.
- Sarte Heating and Cooling Ltd.
- Superior Heating and Air Conditioning
- Tench Plumbing and Heating Ltd.
- The Furnace Experts (Gregorchuk Mechanical)
- Tradesman Mechanical Services Ltd.
- R&R Heating and Cooling Services Ltd.
- Whap HVAC

### Outside Winnipeg

- Bayview Plumbing and Heating Ltd.- Brandon
- Brown's Plumbing and Heating Ltd. - Steinbach
- Hanover Plumbing and Heating Inc. - Steinbach
- John's Plumbing Heating Air Conditioning Ltd. – Schanzenfeld
- K. Durston Plumbing and Heating – Dauphin
- Klassen Metal Inc. – Blumenort
- Lance Wagner Plumbing and Heating Ltd. – Brandon
- Lemazing Mechanical Inc. - Grunthal
- Polar Plumbing and Heating Ltd. – Winkler
- Pringle's Plumbing and Heating Ltd. – Selkirk
- Steiner Plumbing and Heating – Dauphin
- Sunrise Heating and Cooling Ltd – Tyndall
- Titanium Mechanical - Steinbach



**Report on the Affordable Energy Program and the Furnace Replacement Program  
For the Period Ending June 30, 2014**

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Customers can choose from any of the above contractors in their geographical area. If the customer shows no preference they are provided with the name of one of the contractors on a rotational basis. Centra is not experiencing any capacity issues in meeting the demands of the Furnace Replacement Program.

Centra has a standard comprehensive contract for all our contractors. This contract includes pricing schedule, terms and conditions and warranty. The terms of the contracts are the same for all contractors.

**Report on the Affordable Energy Program and the Furnace Replacement Program  
For the Period Ending June 30, 2014**

<b>Financial</b>
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<b>Centra Gas Manitoba Inc. Quarterly Gas Furnace Replacement Program Report For 2014/15 Q1 (Apr 1, 2014 to June 30, 2014)</b>		<b>(000's)</b>
<b>Beginning Balance April 1, 2014</b>	<b>\$ 18,176</b>	
Disbursements*	(569)	
Additional Funding from SGS Customer Class	472	
Accrued Interest	87	
<b>Ending Balance June 30, 2014</b>	<b>\$ 18,166</b>	

<b>Centra Gas Manitoba Inc. Quarterly Gas Furnace Replacement Program Report Cumulative Since Program Inception as at June 30, 2014</b>		<b>(000's)</b>
<b>Beginning Balance August 1, 2007</b>	<b>\$ -</b>	
Disbursements (life to date)	(8,766)	
Additional Funding from SGS Customer Class (life to date)	25,627	
Accrued Interest (life to date)	1,305	
<b>Ending Balance June 30, 2014</b>	<b>\$ 18,166</b>	

Note:

\* Disbursements include both incentives and administration. Calculations may not reflect accurate cost per unit figures due to timing differences.



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# Quarterly Report

July 1 to September 30, 2014

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# Q2

## Affordable Energy Program and Furnace Replacement Program

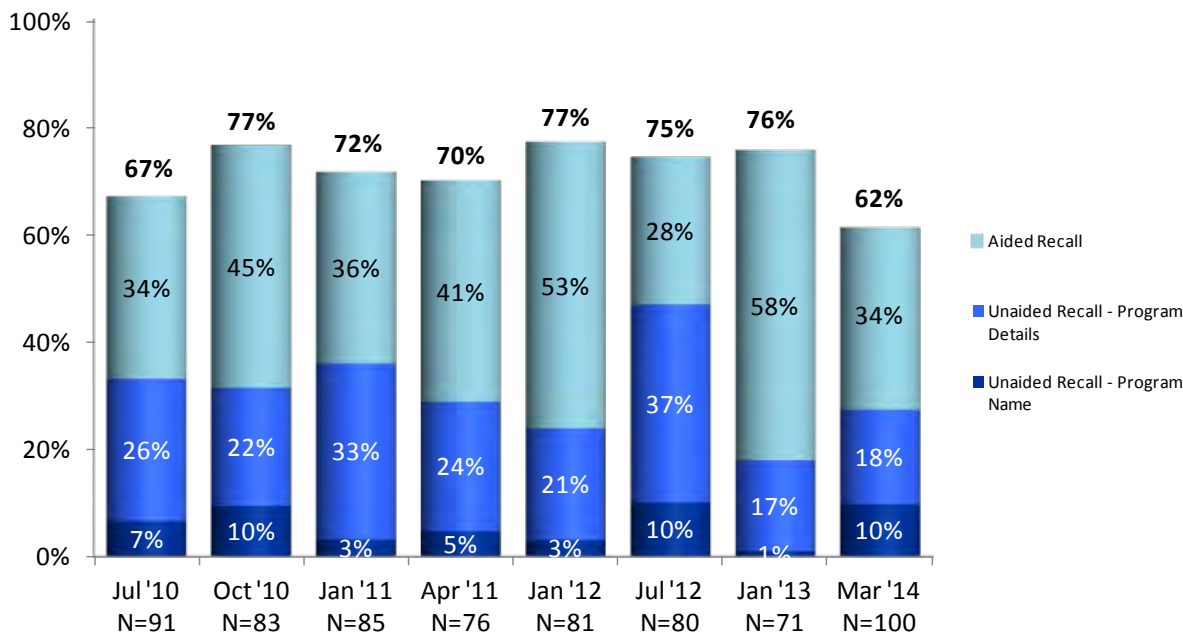


Centra Gas Manitoba Inc.

## Affordable Energy Program Awareness

The most recent survey of program awareness, conducted in March 2014, indicated that 62% of LICO-125<sup>1</sup> respondents have heard of Manitoba Hydro’s *Affordable Energy Program* (“AEP”). This includes 10% of LICO-125 respondents who independently recall (unaided awareness) the AEP or Power Smart Affordable Energy Program name, 18% who say they are aware of the key details of the AEP such as helping lower income customers upgrade their insulation or furnaces/boilers but cannot recall the program name (unaided awareness of program details), and 34% who say they recognized the program name after the AEP name is stated (aided awareness).

The previous survey, conducted in January 2013, indicated that 76% of respondents had heard of the AEP. The decreased program awareness can be attributed to the recent name change of the program, formerly known as the *Lower Income Energy Efficiency Program* or *LIEEP*. With aggressive marketing, it is expected the awareness level will increase relative to previous waves.



**Unaided Awareness Question:** “Do you or do you not recall seeing or hearing any Manitoba Hydro advertising regarding ways to upgrade your home’s energy efficiency and save on your energy bill?”

**Aided Awareness Question:** “ Do you or do you not recall seeing or hearing any Manitoba Hydro advertising with “It’s True” that qualifying households can “Insulate your home for FREE” or get a “new natural gas furnace for \$9.50 a month”? ”<sup>1</sup>

<sup>1</sup> ‘LICO – 125’ is defined as the Low Income Cut Offs, as estimated by Statistics Canada, for urban centres with more than 500,000 residents. The AEP adds an additional 25% to the LICO qualifier for urban centres with more than 500,000 residents. This has been done to allow more Manitoba customers to qualify for the AEP.

## Target Furnace Replacement Market - As at September 30, 2014

The following table has been updated to provide an estimate of the standard furnaces being used in Manitoba and an indication for the target market for Centra's Furnace Replacement Program.

<b>AEP Standard Efficiency Furnace Target Market Review (updated as of September 30, 2014)</b>			
<b>Furnace Marketplace at Dec 1 2009*</b>	<b>LICO 125%</b>	<b>Non-LICO</b>	<b>All Dwellings</b>
<b>Standard Furnaces</b>			
Owners	18,164	37,728	55,892
Rentals	2,361	2,076	4,437
Total Standard Furnaces ( 2009* Survey)	20,525	39,804	60,329
<b>Estimated Installation from Dec 1/09 to Sept 30/14**</b>			
Total	9,540	27,537	37,077
<b>Remaining Standard Furnaces at Sept 30, 2014***</b>			
Total	<b>10,985</b>	<b>12,267</b>	<b>23,252</b>
<b>All Natural Gas Furnaces (2009 survey)****</b>	<b>58,554</b>	<b>166,526</b>	<b>225,080</b>
<b>Standard % of Marketplace</b>	<b>19%</b>	<b>7%</b>	<b>10%</b>

\* Statistics from November 2009 survey, gas heated billed customers - excluding boilers and including apts. Estimated number of standard efficiency furnaces has been slightly refined in Q4 2011/12 report.

\*\* Estimated total number of natural gas furnace replacements from Dec 1, 2009 to September 30, 2014 is based on permit data of a total of 41,197 furnace replacements (1,754 this quarter). It is assumed that 90% of all furnaces replaced since December 2009 were standard efficient furnaces. The breakdown between LICO and Non-LICO has been further refined based on analysis from the 2009 survey.

\*\*\* The standard furnaces being replaced in the lower income market are reflective of Manitoba Hydro's Affordable Energy Program, normal furnace failures and marketing efforts by the HVAC industry. Although the lower income market might not be influenced by the HVAC marketing efforts as much as other market sectors, the average age of the furnaces within the lower income market is higher and therefore, it is expected that this market sector might experience higher overall failure rates. "All Gas Furnace" numbers have been slightly refined from 2010/11 Q3.

\*\*\*\* Represents the total number of natural gas furnaces in the marketplace, including those in renter-occupied dwellings.

## Target Insulation Upgrade Market - As at September 30, 2014

The following table provides an updated estimate of the target insulation upgrade market in Manitoba.

### Q2- 2014/15 Report - without apartments

Insulation Target Market Review	LICO 125%	Non-LICO Dwellings	All Dwellings
Dwellings with Insulation Rated "Poor/Fair" *			
Owners	21,198	39,558	60,756
Renters	4,100	4,008	8,108
Total Dwellings with Insulation Rated "Poor/Fair" (2009 Insulation Upgrade Target Market)	25,298	43,566	68,864
Estimate of Number of Dwellings Insulated from Dec 2009 to September 30, 2014**	1,724	2,669	4,393
<b>Insulation Upgrade Target</b>	<b>23,574</b>	<b>40,897</b>	<b>64,471</b>
<i>Total Dwellings</i>	115,127	268,096	383,223
Fair/Poor % of Marketplace	21%	15%	17%

\* Statistics from November 2009 Survey, gas and electric heated billed customers; excludes apartments. The table reflects LICO 125% and uses the two categories of "poor and fair" to determine the target market.

\*\* Number of "Poor/Fair" insulation dwellings insulated from Dec 1, 2009 to Sept 30, 2014 is based on:

- LICO 125% dwellings: based on the total homes insulated through the AEP since December 2009 that were rated as "fair/poor" (3,024 homes), multiplied by the proportion of AEP insulation participants whose insulation upgrade cost was \$3000 or more (57%).
- Non-LICO dwellings: based on the approximate number of dwellings being insulated through the Home Insulation Program from December 1, 2009 to September 30, 2014 (16,173), prorated based on proportion of "poor/fair" insulated dwellings in Residential Study (16.5%).

## Affordable Energy Program Highlights – July 1 to September 30, 2014

The following provides a high level overview of the status of the Affordable Energy Program to date, with more details provided in the following section of the report.

### A. Homes Completed

Program Participation Overview	FY 2014/15 Q2 (Jul 1 – Sept 30, 2014)	Cumulative (to Sept 30, 2014)
Individual	296	5,796
Community	24	2,077
First Nation	111	1,329
<b>Total</b>	<b>431</b>	<b>9,202</b>

### B. Furnace and Boiler Installations Completed

Program Participation Overview	FY 2014/15 Q2 (Jul 1 – Sept 30, 2014)	Cumulative (to Sept 30, 2014)
Individual:     Furnace	104	3,196
Boiler	3	77
Community:    Furnace	26	182
Boiler	0	1
First Nation	0	0
<b>Total:        Furnace</b>	<b>130</b>	<b>3,378</b>
<b>                  Boiler</b>	<b>3</b>	<b>78</b>

### C. Furnace Replacement Program

Affordable Energy FRP	Furnace	Boilers
Scheduled Installation	258	0
Estimated Installation ( next 6 months)	429	N/A*

### D. Furnace Failures

Furnace Failures**	Furnaces Replaced due to Failure	Furnaces Replaced Before the End of Life
<b>Jul 1, 2014 – Sept 30, 2014</b>	4	126
<b>Cumulative to Sept 30, 2014</b>	140***	2,386

\*Due to the traditionally low number of boiler replacements, they are challenging to estimate.

\*\* Furnace failures started being recorded July 1, 2010 and is not comparable to other cumulative data reported which started at the beginning of the FRP.

\*\*\* In addition to the above furnace failures, there was one boiler failure during Q3 2011/12 period, one during the Q4 2011/12 period, two during the Q2 2013/14 period, and one during the Q3 2013/14 period.

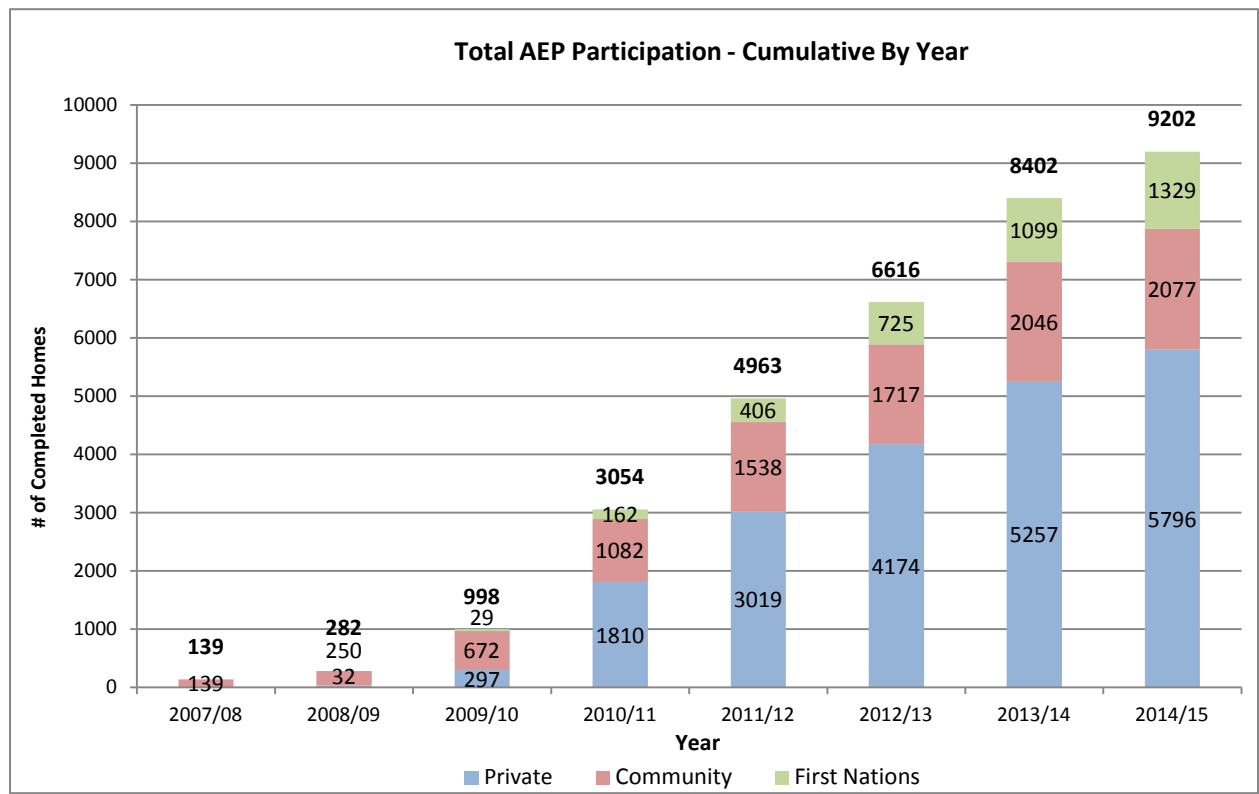
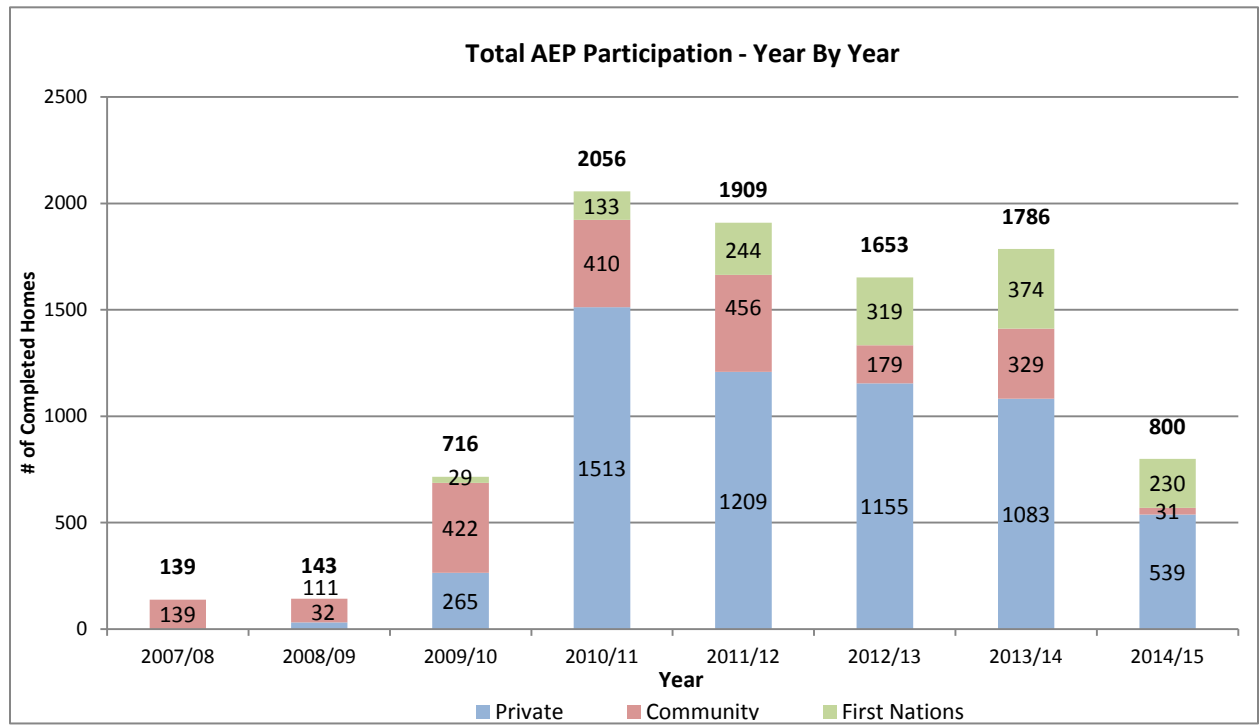


**Affordable Energy Program Highlights – July 1 to September 30, 2014****E. Insulation Installations Completed**

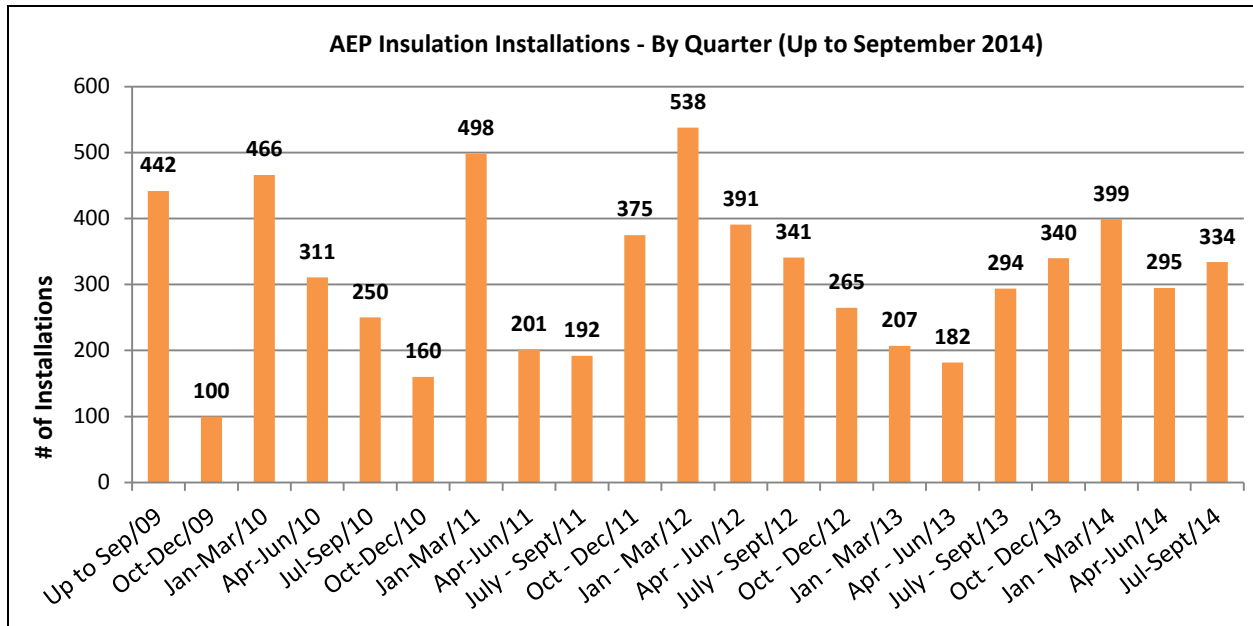
<b>Program Participation Overview</b>	<b>FY 2014/15 Q2 (Jul 1 – Sept 30, 2014)</b>	<b>Cumulative (to Sept 30, 2014)</b>
Individual	204	3,202
Community	19	2,050*
First Nation	111	1,329
<b>Total</b>	<b>334</b>	<b>6,581</b>

\*There were 19 homes with Low Cost No Cost retrofits only, and are not included in the insulation totals

## Trending Charts: AEP Completed Homes since Program Inception

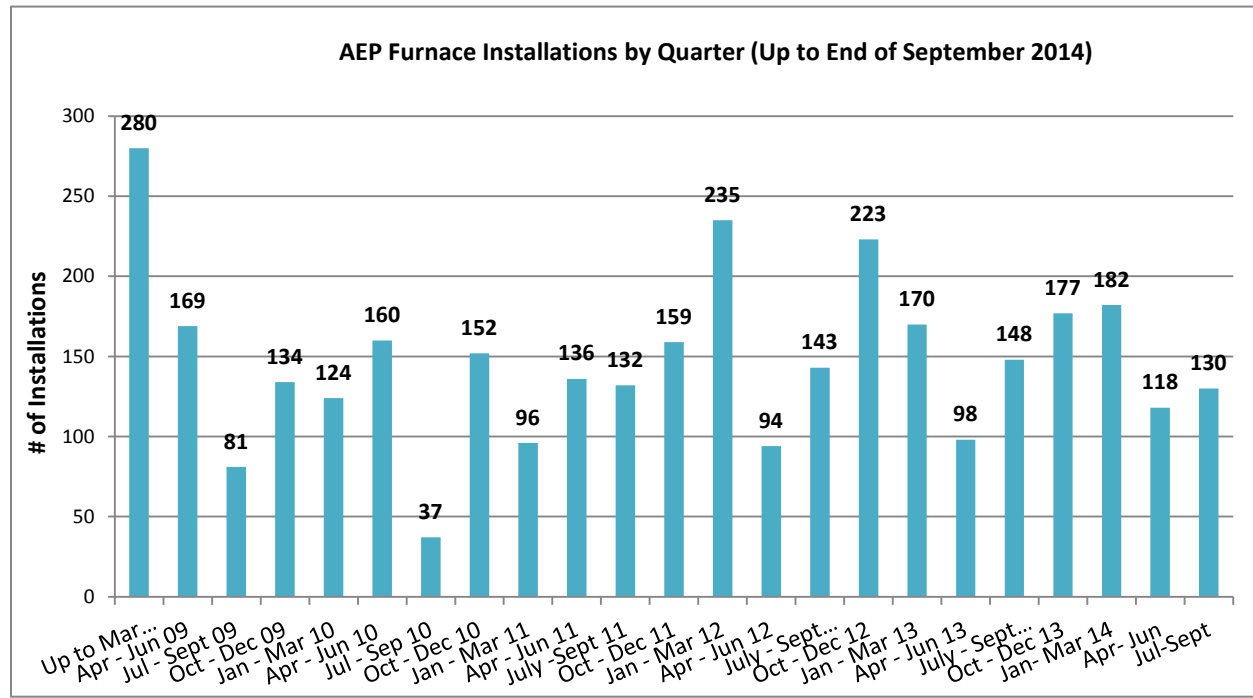


## Trending Charts: AEP Insulation Installation since Program Inception



Data includes individual approach (3,202 cumulative to end of September 2014), community approach (2,050 cumulative to end of September 2014) and First Nations (1329 cumulative to end of September 2014). In the July – September 2014 period, there were a total of 204 for individual approach, 19 for community approach (MHA, DOFNHA, Kanata, Kinew, MGR and private homeowners) and 111 for First Nations. Completions are counted once all paperwork is finalized from community groups. Assumes all upgrades for community approach are insulation upgrades with an exception of 19 Kinew homes that were Low Cost No Cost retrofits only.

## Trending Charts: Furnace Replacements since Program Inception



## Marketing Activities

Below is a review of marketing efforts undertaken by Manitoba Hydro up to September 30, 2014.

### I. ADVERTISING AND PROMOTIONAL ACTIVITIES

#### a) Manitoba Hydro Advertising

The following is a list of the media and advertising which took place in the market during the quarter:

- a. The first flight of the Affordable Energy Program marketing campaign ended July 20, 2014 and the second flight began August 18, 2014. The campaign features the Affordable Energy 'IT'S TRUE' message. Media is focused in neighbourhoods throughout the province with higher incidences of lower income customers. Media is featured on transit shelters, interior transit ads, digital billboards, convenience stores, newspapers, and TV. The second flight of the campaign ended September 28, 2014, while television ads continued until October 13, 2014.
- b. A bill insert promoting the Affordable Energy Program was distributed to all Manitoba Hydro residential customers in single-family detached and multi attached homes in the months of July and September.
- c. Staff visited the Safeway on Mountain Avenue on August 6, 2014 to promote the Affordable Energy Program. Reusable grocery bags, other promotional items, and program content were distributed to shoppers.
- d. Staff attended the South Osborne Street Festival on August 23, 2014 to promote the Affordable Energy Program. Reusable grocery bags, other promotional items, and program content were distributed to attendees.
- e. The Affordable Energy Program sponsored a drive-in movie night at the Norberry-Glenlee Community Centre on September 5, 2014. Reusable grocery bags, other promotional items, and program content were distributed to attendees.
- f. Staff participated in a 'Lower Income Conference Call' on September 19, 2014 with other utilities across Canada whom offer lower income programs. This served as a forum for sharing marketing strategies, opportunities and lessons learned with peers who have a similar target market and objective as the Affordable Energy Program.
- g. Staff attended "Seniors and Elders Day" on September 30, 2014 to promote the Affordable Energy Program. Reusable grocery bags, other promotional items and program content were distributed to attendees.
- h. Affordable Energy Program Staff provided the Credit and Recovery Services Group with an overview of the Affordable Energy Program and answered questions related to the program so they can promote the program to those struggling to pay their bills.
- i. Staff met with Gas Service Operations staff to provide an overview of the Affordable Energy Program, and to provide front line staff with more information on identifying potential customers who may benefit from the program.
- j. Affordable Energy Staff met with member contractors of the Heating, Refrigeration and Air Conditioning Institute of Canada (HRAI), on September 24, 2014. An overview of the program was delivered and contractors were encouraged to participate to further increase market efforts with potential AEP customers.

**b) Street Approach Pilot Project**

On May 29, 2014 the AEP launched the Street Approach Pilot Project. This project aims to make it easier for customers to take part in the AEP by canvassing customers door-to-door. The specific neighbourhoods being targeted have higher incidents of lower income customers, and all customers within the targeted area will be eligible to participate in the AEP regardless of their income. The following is a list of the marketing efforts that took place under this initiative during the quarter:

- a. On July 24, 2014 AEP staff visited Redwood Street in Winnipeg where they informed residents of the program through a door-to door canvassing initiative, thereby raising awareness of the program and building customer relations within the community.
- b. On August 7, 2014 AEP staff visited 2<sup>nd</sup> Street in Brandon where they informed residents of the program through a door-to door canvassing initiative, thereby raising awareness of the program and building customer relations within the community.
- c. On August 21, 2014 AEP staff visited Pritchard Avenue in Winnipeg where they informed residents of the program through a door-to door canvassing initiative, thereby raising awareness of the program and building customer relations within the community.
- d. On September 10, 2014 AEP staff visited Robertson Street in Winnipeg where they informed residents of the program through a door-to door canvassing initiative, thereby raising awareness of the program and building customer relations within the community.
- e. On September 12, 2014 AEP staff visited 6<sup>th</sup>, 8<sup>th</sup>, and 12th Street in Brandon where they informed residents of the program through a door-to door canvassing initiative, thereby raising awareness of the program and building customer relations within the community.

**c) Community Outreach Program**

The Affordable Energy Program continues with its Community Outreach Program, where AEP staff visits neighbourhoods with higher incidences of lower income customers and provides local businesses, community centres and organizations (arenas, churches, laundromats, social organizations etc.) with AEP information and posters to display. The goal of this outreach is to increase AEP exposure and awareness while building strong relationships with leaders and individuals in the community. The following is a list of the marketing efforts that took place under this initiative during the quarter:

- a. On August 29, 2014, Affordable Energy Staff visited South Osborne in Winnipeg and connected with leaders of organizations and businesses in the community to promote the Affordable Energy Program. Program posters and informative content were distributed.
- b. On September 29, 2014, Affordable Energy Staff visited West Broadway in Winnipeg and connected with leaders of organizations and businesses in the community to promote the Affordable Energy Program. Program posters and informative content were distributed.

## Furnace Contractors

The furnace contractors on the participation list for AEP are noted below.

In Winnipeg	Outside Winnipeg
<ul style="list-style-type: none"> <li>• Absolute HVAC Inc.</li> <li>• Aire Serv Heating and Air Conditioning</li> <li>• A.P.H Mechanical Services Ltd.</li> <li>• Bison Plumbing and Heating Ltd.</li> <li>• College Electric Ltd.</li> <li>• Fair Service and Air Conditioning</li> <li>• Gallery Mechanical</li> <li>• Global Mechanical Inc.</li> <li>• Heritage Heating and Air Conditioning Ltd.</li> <li>• Hot Shots Plumbing and Heating Corp.</li> <li>• Home Service Plus Winnipeg Heating and Cooling Ltd.</li> <li>• J.M Balcaen and Sons Ltd.</li> <li>• Kirkfield Heating and Air Conditioning Ltd.</li> <li>• Lynn’s Heating, Cooling, Sewer and Drain</li> <li>• Mr. Furnace Heating and Air Conditioning</li> <li>• Ontime Electric, Plumbing, Heating and Air Conditioning</li> <li>• Provincial Heating and Cooling Inc.</li> <li>• Sarte Heating and Cooling Ltd.</li> <li>• Superior Heating and Air Conditioning</li> <li>• Tench Plumbing and Heating Ltd.</li> <li>• Tradesman Mechanical Services Ltd.</li> <li>• R&amp;R Heating and Cooling Services Ltd.</li> <li>• Whap HVAC</li> </ul>	<ul style="list-style-type: none"> <li>• Bayview Plumbing and Heating Ltd.- Brandon</li> <li>• Brown’s Plumbing and Heating Ltd. - Steinbach</li> <li>• Hanover Plumbing and Heating Inc. - Steinbach</li> <li>• John’s Plumbing Heating Air Conditioning Ltd. – Schanzenfeld</li> <li>• K. Durston Plumbing and Heating- Dauphin</li> <li>• Klassen Metal Inc. – Blumenort</li> <li>• Lance Wagner Plumbing and Heating Ltd. - Brandon</li> <li>• Lemazing Mechanical Inc. - Grunthal</li> <li>• Polar Plumbing and Heating Ltd. – Winkler</li> <li>• Pringle’s Plumbing and Heating Ltd. – Selkirk</li> <li>• Steiner Plumbing and Heating – Dauphin</li> <li>• Sunrise Heating and Cooling Ltd – Tyndall</li> <li>• Titanium Mechanical - Steinbach</li> </ul>

Customers can choose from any of the above contractors in their geographical area. If the customer shows no preference they are provided with the name of one of the contractors on a rotational basis. Centra is not experiencing any capacity issues in meeting the demands of the Furnace Replacement Program.

Centra has a standard comprehensive contract for all our contractors. This contract includes pricing schedule, terms and conditions and warranty. The terms of the contracts are the same for all contractors.

<b>Financial</b>
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<b>Centra Gas Manitoba Inc.</b> <b>Quarterly Gas Furnace Replacement Program Report</b> <b>For 2014/15 Q2 (July 1, 2014 to September 30, 2014)</b>		(000's)
<b>Beginning Balance July 1, 2014</b>	<b>\$</b>	<b>18,166</b>
Disbursements*		(630)
Additional Funding from SGS Customer Class		228
Accrued Interest		88
<b>Ending Balance September 30, 2014</b>	<b>\$</b>	<b>17,851</b>

<b>Centra Gas Manitoba Inc.</b> <b>Quarterly Gas Furnace Replacement Program Report</b> <b>Cumulative Since Program Inception as at Sept 30, 2014</b>		(000's)
<b>Beginning Balance August 1, 2007</b>	<b>\$</b>	<b>-</b>
Disbursements (life to date)		(9,397)
Additional Funding from SGS Customer Class (life to date)		25,855
Accrued Interest (life to date)		1,393
<b>Ending Balance September 30, 2014</b>	<b>\$</b>	<b>17,851</b>

\* Note disbursements include both incentives and administration. Calculations using installations and disbursements may not reflect accurate cost per unit figures due to timing differences.

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# Quarterly Report

October 1 to December 31, 2014

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# Q3

## Affordable Energy Program and Furnace Replacement Program



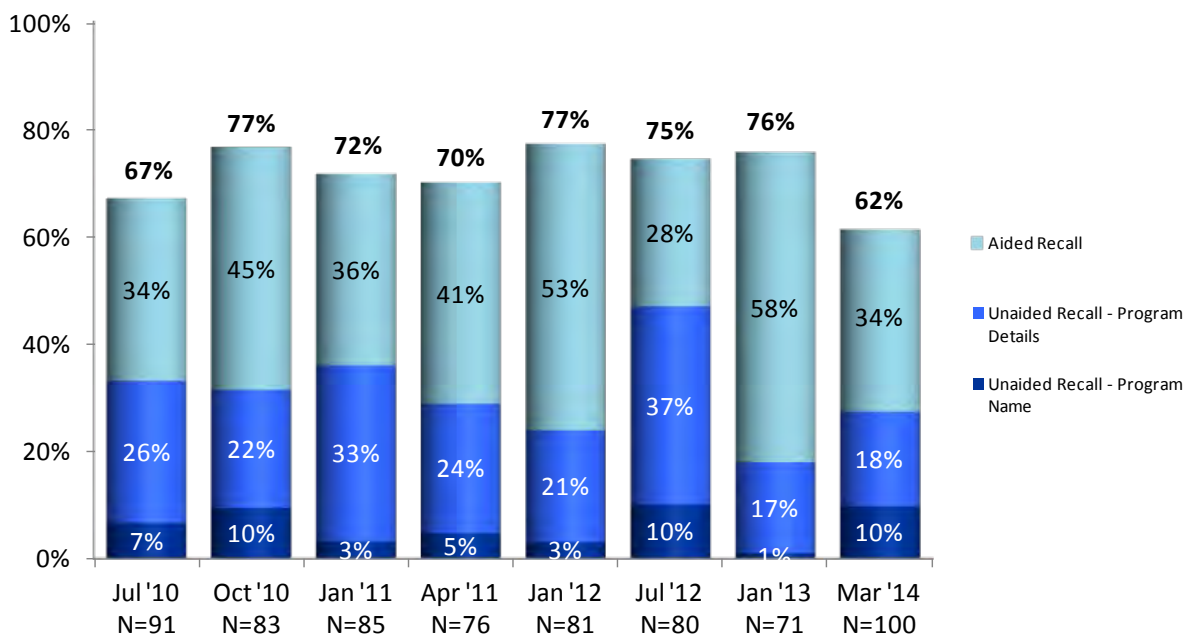
Centra Gas Manitoba Inc.



## Affordable Energy Program Awareness

The most recent survey of program awareness, conducted in March 2014, indicated that 62% of LICO-125<sup>1</sup> respondents have heard of Manitoba Hydro’s *Affordable Energy Program (“AEP”)*. This includes 10% of LICO-125 respondents who independently recall (unaided awareness) the AEP or Power Smart Affordable Energy Program name, 18% who say they are aware of the key details of the AEP such as helping lower income customers upgrade their insulation or furnaces/boilers but cannot recall the program name (unaided awareness of program details), and 34% who say they recognized the program name after the AEP name is stated (aided awareness).

The previous survey, conducted in January 2013, indicated that 76% of respondents had heard of the AEP. The decreased program awareness can be attributed to the recent name change of the program, formerly known as the *Lower Income Energy Efficiency Program* or *LIEEP*. With aggressive marketing, it is expected the awareness level will increase relative to previous waves.



**Unaided Awareness Question:** “Do you or do you not recall seeing or hearing any Manitoba Hydro advertising regarding ways to upgrade your home’s energy efficiency and save on your energy bill?”

**Aided Awareness Question:** “ Do you or do you not recall seeing or hearing any Manitoba Hydro advertising with “It’s True” that qualifying households can “Insulate your home for FREE” or get a “new natural gas furnace for \$9.50 a month”? ”<sup>1</sup>

<sup>1</sup> ‘LICO – 125’ is defined as the Low Income Cut Offs, as estimated by Statistics Canada, for urban centres with more than 500,000 residents. The AEP adds an additional 25% to the LICO qualifier for urban centres with more than 500,000 residents. This has been done to allow more Manitoba customers to qualify for the AEP.

## Target Furnace Replacement Market - As at December 31, 2014

The following table has been updated to provide an estimate of the standard furnaces being used in Manitoba and an indication for the target market for Centra's Furnace Replacement Program.

<b>AEP Standard Efficiency Furnace Target Market Review (updated as of December 31, 2014)</b>			
<b>Furnace Marketplace at Dec 1 2009*</b>	<b>LICO 125%</b>	<b>Non-LICO</b>	<b>All Dwellings</b>
<b>Standard Furnaces</b>			
Owners	18,164	37,728	55,892
Rentals	2,361	2,076	4,437
Total Standard Furnaces ( 2009* Survey)	20,525	39,804	60,329
<b>Estimated Installation from Dec 1/09 to Dec 31/14**</b>			
Total	10,314	29,771	40,085
<b>Remaining Standard Furnaces at Dec 31, 2014***</b>			
Total	<b>10,211</b>	<b>10,033</b>	<b>20,244</b>
<b>All Natural Gas Furnaces (2009 survey)****</b>	<b>58,554</b>	<b>166,526</b>	<b>225,080</b>
<b>Standard % of Marketplace</b>	<b>17%</b>	<b>6%</b>	<b>9%</b>

\* Statistics from November 2009 survey, gas heated billed customers - excluding boilers and including apts. Estimated number of standard efficiency furnaces has been slightly refined in Q4 2011/12 report.

\*\* Estimated total number of natural gas furnace replacements from Dec 1, 2009 to December 31, 2014 is based on permit data, of a total of 44,539 furnace replacements (3,342 this quarter). It is assumed that 90% of all furnaces replaced since December 2009 were standard efficient furnaces. The breakdown between LICO and Non-LICO has been further refined based on analysis from the 2009 survey.

\*\*\* The standard furnaces being replaced in the lower income market are reflective of Manitoba Hydro's Affordable Energy Program, normal furnace failures and marketing efforts by the HVAC industry. Although the lower income market might not be influenced by the HVAC marketing efforts as much as other market sectors, the average age of the furnaces within the lower income market is higher and therefore, it is expected that this market sector might experience higher overall failure rates. "All Gas Furnace" numbers have been slightly refined from 2010/11 Q3.

\*\*\*\* Represents the total number of natural gas furnaces in the marketplace, including those in renter-occupied dwellings.

## Target Insulation Upgrade Market - As at December 31, 2014

The following table provides an updated estimate of the target insulation upgrade market in Manitoba.

### Q3- 2014/15 Report - without apartments

Insulation Target Market Review	LICO 125%	Non-LICO Dwellings	All Dwellings
Dwellings with Insulation Rated "Poor/Fair" *			
Owners	21,198	39,558	60,756
Renters	4,100	4,008	8,108
Total Dwellings with Insulation Rated "Poor/Fair" (2009 Insulation Upgrade Target Market)	25,298	43,566	68,864
Estimate of Number of Dwellings Insulated from Dec 2009 to December 31,2014**	1,838	2,812	4,650
<b>Insulation Upgrade Target</b>	<b>23,460</b>	<b>40,754</b>	<b>64,214</b>
<i>Total Dwellings</i>	115,127	268,096	383,223
Fair/Poor % of Marketplace	20%	15%	17%

\* Statistics from November 2009 Survey, gas and electric heated billed customers; excludes apartments. The table reflects LICO 125% and uses the two categories of "poor and fair" to determine the target market.

\*\* Number of "Poor/Fair" insulation dwellings insulated from Dec 1, 2009 to Dec 31, 2014 is based on:

- LICO 125% dwellings: based on the total individual homes insulated through the AEP since December 2009 that were rated as "fair/poor" (3,225 homes), multiplied by the proportion of AEP insulation participants whose insulation upgrade cost was \$3000 or more (57%).
- Non-LICO dwellings: based on the approximate number of dwellings insulated through the Home Insulation Program from December 1, 2009 to December 31, 2014 (17,043), prorated based on the proportion of "poor/fair" insulated dwellings in Residential Study (16.5%).

## Affordable Energy Program Highlights – October 1 to December 31, 2014

The following provides a high level overview of the status of the Affordable Energy Program to date, with more details provided in the following section of the report.

### A. Homes Completed

Program Participation Overview	FY 2014/15 Q3 (Oct 1 – Dec 31, 2014)	Cumulative (to Dec 31, 2014)
Individual	506	6,302
Community	168	2,245
First Nation	102	1,431
<b>Total</b>	<b>776</b>	<b>9,978</b>

### B. Furnace and Boiler Installations Completed

Program Participation Overview	FY 2014/15 Q3 (Oct 1 – Dec 31, 2014)	Cumulative (to Dec 31, 2014)
Individual:      Furnace	260	3,456
Boiler	14	91
Community:      Furnace	46	228
Boiler	0	1
First Nation	0	0
<b>Total:      Furnace</b>	<b>306</b>	<b>3,684</b>
<b>Boiler</b>	<b>14</b>	<b>92</b>

### C. Furnace Replacement Program

Affordable Energy FRP	Furnace	Boilers
Scheduled Installation	226	0
Estimated Installation ( next 6 months)	386	N/A*

### D. Furnace Failures

Furnace Failures**	Furnaces Replaced due to Failure	Furnaces Replaced Before the End of Life
Jul 1, 2014 – Sept 30, 2014	9	297
Cumulative to Sept 30, 2014	149***	2,683

\*Due to the traditionally low number of boiler replacements, they are challenging to estimate.

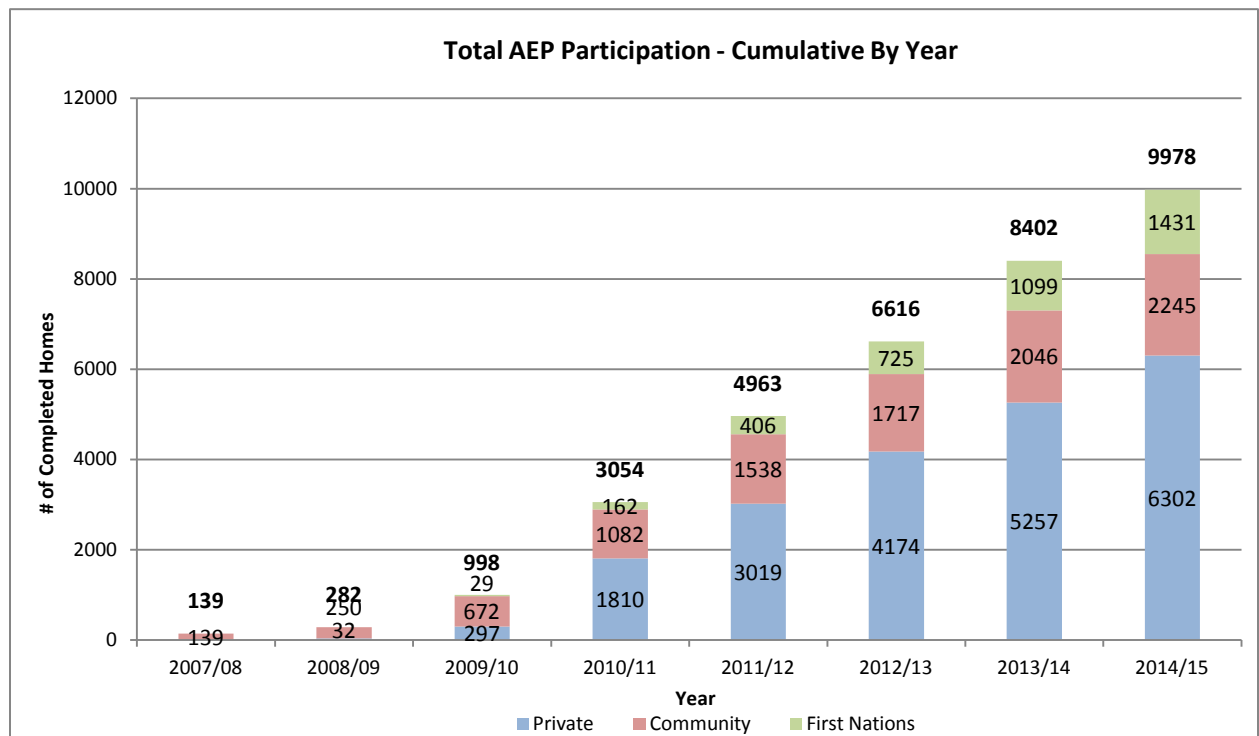
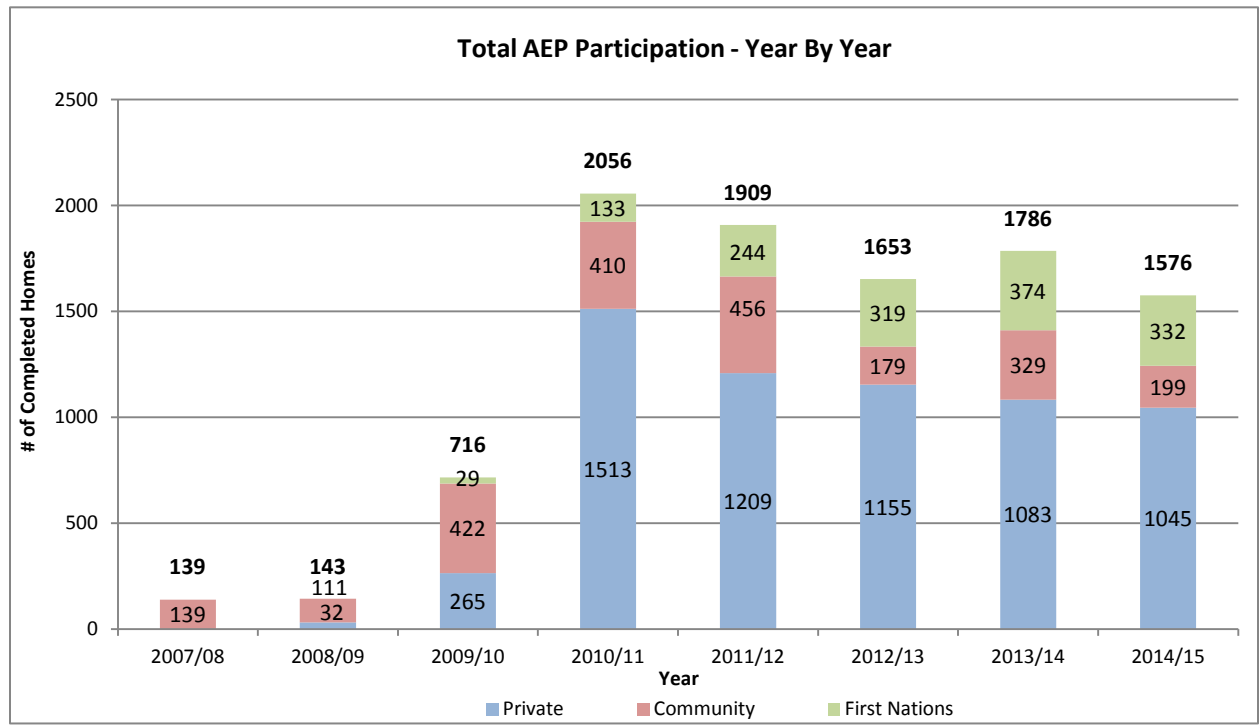
\*\* Furnace failures started being recorded July 1, 2010 and is not comparable to other cumulative data reported which started at the beginning of the FRP.

\*\*\* In addition to the above furnace failures, there was one boiler failure during Q3 2011/12 period, one during the Q4 2011/12 period, two during the Q2 2013/14 period, and one during the Q3 2013/14 period.

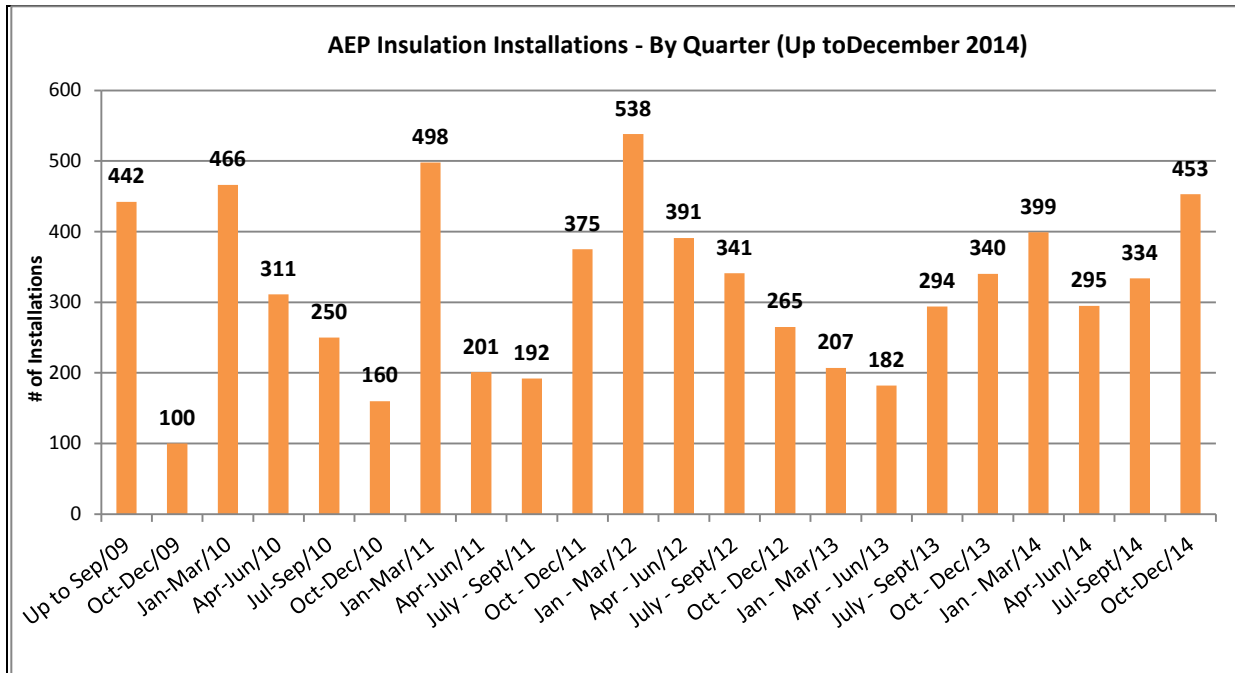
**Affordable Energy Program Highlights – October 1 to December 31, 2014****E. Insulation Installations Completed**

<b>Program Participation Overview</b>	<b>FY 2014/15 Q3 (Oct 1 – Dec 31, 2014)</b>	<b>Cumulative (to Dec 31, 2014)</b>
Individual	201	3,403
Community	150	2,200
First Nation	102	1,431
<b>Total</b>	<b>453</b>	<b>7,034</b>

## Trending Charts: AEP Completed Homes since Program Inception

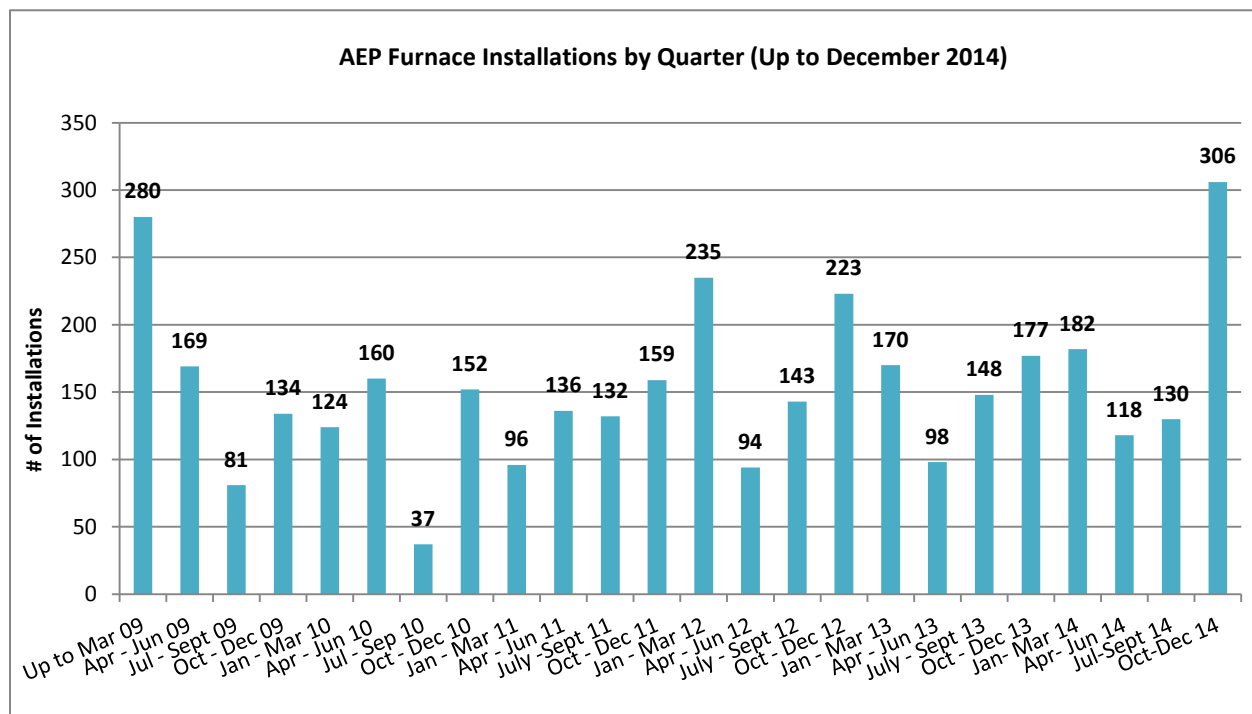


## Trending Charts: AEP Insulation Installation since Program Inception



Data includes individual approach (3,403 cumulative to end of December 2014), community approach (2,200 cumulative to end of December 2014) and First Nations (1,431 cumulative to end of December 2014). In the October – December 2014 period, there were a total of 201 for individual approach, 150 for community approach (MHA, DOFNHA, Kanata, Kinew, MGR and private homeowners) and 102 for First Nations. Completions are counted once all paperwork is finalized from community groups.

## Trending Charts: Furnace Replacements since Program Inception



## Marketing Activities

Below is a review of marketing efforts undertaken by Manitoba Hydro up to December 31, 2014.

### I. ADVERTISING AND PROMOTIONAL ACTIVITIES

#### a) Manitoba Hydro Advertising

The following is a list of the media and advertising which took place in the market during the quarter:

- a. Media and advertising continued throughout October 2014. The campaign features the Affordable Energy 'IT'S TRUE' message and is focused in neighbourhoods throughout the province with higher incidences of lower income customers. Media is featured on transit shelters, interior transit ads, digital billboards, convenience stores, newspapers, and TV. The campaign concluded October 13, 2014.
- b. Affordable Energy staff worked with Tyler Whitlaw to develop a radio segment for the 'Ty Knows a Guy' CJOB Radio Show. The show aired the morning of Saturday, November 8, 2014.
- c. The Affordable Energy Program began sending out 'Thank You' e-mails to AEP participants who have completed their upgrades, with the goal of recognizing and thanking customers, receiving customer satisfaction information, and encouraging program promotion to friends and family through word of mouth.
- d. Affordable Energy Program Staff hosted an Affordable Energy Advisory Committee meeting. The Advisory Committee is comprised of representation from Green Action Centre, Consumer's Association of Canada Manitoba Chapter, Manitoba Housing, Professional Property Managers Association, Manitoba Metis Federation, and Manitoba Non-Profit Housing Association. The goal of the committee is to discuss program updates and identify opportunities related to the program to further increase participation.
- e. A bill insert promoting the Affordable Energy Program was distributed in December to all Manitoba Hydro residential customers in single detached and multi-attached homes.

#### b) Street Approach Pilot Project

On May 29, 2014 the AEP launched the Street Approach Pilot Project. This project aims to make it easier for customers to take part in the AEP by canvassing customers door-to-door. The specific neighbourhoods being targeted have higher incidents of lower income customers, and all customers within the targeted area will be eligible to participate in the AEP regardless of their income. The following is a list of the marketing efforts that took place under this initiative during the quarter:

- a. On October 2, 2014 AEP staff visited Burrows Avenue in Winnipeg where they informed residents of the program through a door-to door canvassing initiative, thereby raising awareness of the program and building customer relations within the community.
- b. The Street Approach Pilot Project concluded for the year with plans to continue in the spring when the weather permits.



## **Furnace Contractors**

The furnace contractors on the participation list for AEP are noted below.

### In Winnipeg

- Absolute HVAC Inc.
- Aire Serv Heating and Air Conditioning
- A.P.H Mechanical Services Ltd.
- Bison Plumbing and Heating Ltd.
- College Electric Ltd.
- Fair Service and Air Conditioning
- Gallery Mechanical
- Global Mechanical Inc.
- Heritage Heating and Air Conditioning Ltd.
- Hot Shots Plumbing and Heating Corp.
- Home Service Plus Winnipeg Heating and Cooling Ltd.
- J.M Balcaen and Sons Ltd.
- Kirkfield Heating and Air Conditioning Ltd.
- Lynn's Heating, Cooling, Sewer and Drain
- Mr. Furnace Heating and Air Conditioning
- Ontime Electric, Plumbing, Heating and Air Conditioning
- Provincial Heating and Cooling Inc.
- Sarte Heating and Cooling Ltd.
- Superior Heating and Air Conditioning
- Tench Plumbing and Heating Ltd.
- Tradesman Mechanical Services Ltd.
- R&R Heating and Cooling Services Ltd.
- Whap HVAC
- Reliable Heating
- Service Right Now

### Outside Winnipeg

- Bayview Plumbing and Heating Ltd.- Brandon
- Brown's Plumbing and Heating Ltd. - Steinbach
- Hanover Plumbing and Heating Inc. - Steinbach
- John's Plumbing Heating Air Conditioning Ltd. – Schanzenfeld
- K. Durston Plumbing and Heating- Dauphin
- Klassen Metal Inc. – Blumenort
- Lance Wagner Plumbing and Heating Ltd. -Brandon
- Lemazing Mechanical Inc. - Grunthal
- Polar Plumbing and Heating Ltd. – Winkler
- Pringle's Plumbing and Heating Ltd. – Selkirk
- Steiner Plumbing and Heating – Dauphin
- Sunrise Heating and Cooling Ltd – Tyndall
- Titanium Mechanical – Steinbach
- Jim's Heating - Morris

Customers can choose from any of the above contractors in their geographical area. If the customer shows no preference they are provided with the name of one of the contractors on a rotational basis.

Centra is not experiencing any capacity issues in meeting the demands of the Furnace Replacement Program.

Centra has a standard comprehensive contract for all our contractors. This contract includes pricing schedule, terms and conditions and warranty. The terms of the contracts are the same for all contractors.

<b>Financial</b>
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<b>Centra Gas Manitoba Inc.</b>	
<b>Quarterly Gas Furnace Replacement Program Report</b>	
<b>For 2014/15 Q3 (October 1, 2014 to December 31, 2014)</b>	
<b>(000's)</b>	
<b>Beginning Balance October 1, 2014</b>	<b>\$ 17,851</b>
Disbursements*	(1,049)
Additional Funding from SGS Customer Class	1,318
Accrued Interest	86
<b>Ending Balance December 31, 2014</b>	<b>\$ 18,205</b>

<b>Centra Gas Manitoba Inc.</b>	
<b>Quarterly Gas Furnace Replacement Program Report</b>	
<b>Cumulative Since Program Inception as at Dec 31, 2014</b>	
<b>(000's)</b>	
<b>Beginning Balance August 1, 2007</b>	<b>\$ -</b>
Disbursements (life to date)	(10,446)
Additional Funding from SGS Customer Class (life to date)	27,173
Accrued Interest (life to date)	1,478
<b>Ending Balance December 31, 2014</b>	<b>\$ 18,205</b>

\* Note disbursements include both incentives and administration. Calculations using installations and disbursements may not reflect accurate cost per unit figures due to timing differences.

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# Quarterly Report

January 1 to March 31, 2015

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# Q4

## Affordable Energy Program and Furnace Replacement Program

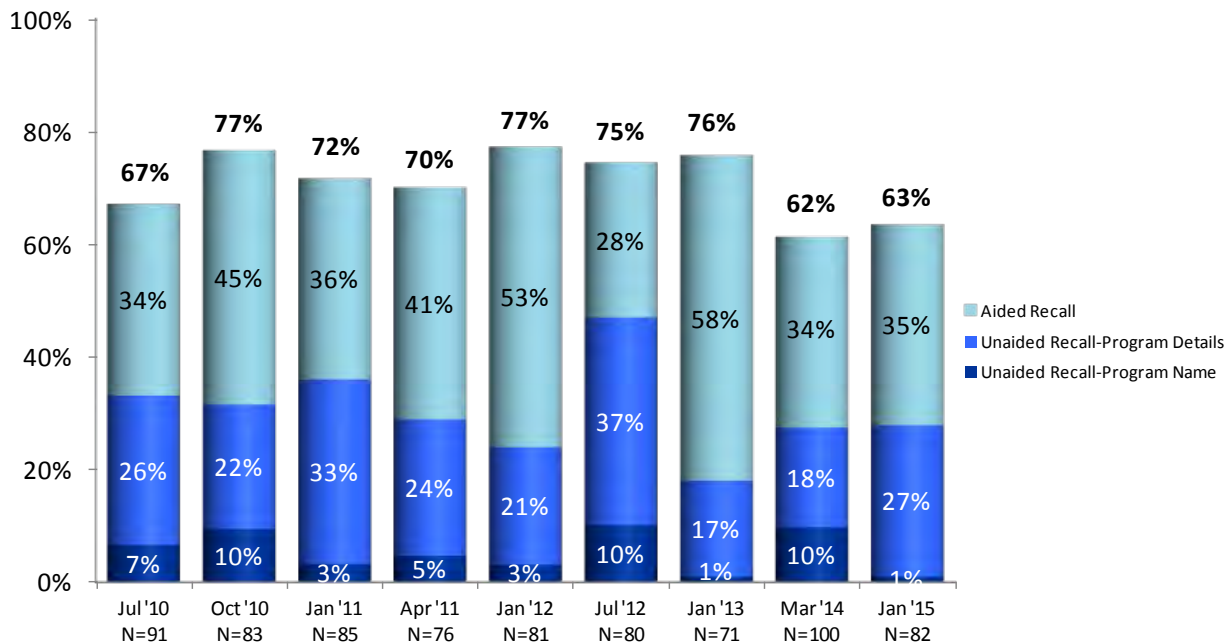


Centra Gas Manitoba Inc.

## Affordable Energy Program Awareness

The most recent survey of program awareness, conducted in January 2015, indicated 63% of LICO-125<sup>1</sup> respondents have heard of Manitoba Hydro’s *Affordable Energy Program* (“AEP”). This includes 1% of LICO-125 respondents who independently recall (unaided awareness) the AEP or Power Smart Affordable Energy Program name, 27% who say they are aware of the key details of the AEP such as helping lower income customers upgrade their insulation or furnaces/boilers but cannot recall the program name (unaided awareness of program details), and 35% who say they recognized the program name after the AEP name is stated (aided awareness).

Both aided and unaided recall remain relatively the same to the results from the previous survey conducted in March 2014. Total awareness has decreased relative to previous years; however, the decreased program awareness can be attributed to the recent name change of the program, formerly known as the *Lower Income Energy Efficiency Program* or *LIEEP*. With aggressive marketing, it is expected the awareness level will increase relative to previous waves.



**Unaided Awareness Question:** “Do you or do you not recall seeing or hearing any Manitoba Hydro advertising regarding ways to upgrade your home’s energy efficiency and save on your energy bill? [If Yes...] Being as specific as you can, what do you recall seeing or hearing in those ads? (Recall Programs details if mention .. “Insulate your home for FREE”, “A new natural gas furnace for \$9.50 a month” or “It’s True”)

**Aided Awareness Question:** “ Do you or do you not recall seeing or hearing any Manitoba Hydro advertising with “It’s True” that qualifying households can “Insulate your home for FREE” or get a “new natural gas furnace for \$9.50 a month”?

<sup>1</sup> ‘LICO – 125’ is defined as the Low Income Cut Offs, as estimated by Statistics Canada, for urban centres with more than 500,000 residents. The AEP adds an additional 25% to the LICO qualifier for urban centres with more than 500,000 residents. This has been done to allow more Manitoba customers to qualify for the AEP.

## Target Furnace Replacement Market - As at March 31, 2015

The following table has been updated to provide an estimate of the standard furnaces being used in Manitoba and an indication for the target market for Centra's Furnace Replacement Program.

<b>AEP Standard Efficiency Furnace Target Market Review (updated as of March 31, 2015)</b>			
<b>Furnace Marketplace at Dec 1 2009*</b>	<b>LICO 125%</b>	<b>Non-LICO</b>	<b>All Dwellings</b>
<b>Standard Furnaces</b>			
Owners	18,164	37,728	55,892
Rentals	2,361	2,076	4,437
Total Standard Furnaces ( 2009* Survey)	20,525	39,804	60,329
<b>Estimated Installation from Dec 1/09 to Mar 31/15**</b>			
Total	10,806	31,192	41,998
<b>Remaining Standard Furnaces at Mar 31, 2015***</b>			
Total	<b>9,719</b>	<b>8,612</b>	<b>18,332</b>
<b>All Natural Gas Furnaces (2009 survey)****</b>	<b>58,554</b>	<b>166,526</b>	<b>225,080</b>
<b>Standard % of Marketplace</b>	<b>17%</b>	<b>5%</b>	<b>8%</b>

\* Statistics from November 2009 survey, gas heated billed customers - excluding boilers and including apts. Estimated number of standard efficiency furnaces has been slightly refined in Q4 2011/12 report.

\*\* Estimated total number of natural gas furnace replacements from Dec 1, 2009 to March 31, 2015 is based on permit data of a total of 46,664 furnace replacements (2,125 this quarter). It is assumed that 90% of all furnaces replaced since December 2009 were standard efficient furnaces. The breakdown between LICO and Non-LICO has been further refined based on analysis from the 2009 survey.

\*\*\* The standard furnaces being replaced in the lower income market are reflective of Manitoba Hydro's Affordable Energy Program, normal furnace failures and marketing efforts by the HVAC industry. Although the lower income market might not be influenced by the HVAC marketing efforts as much as other market sectors, the average age of the furnaces within the lower income market is higher and therefore, it is expected that this market sector might experience higher overall failure rates. "All Gas Furnace" numbers have been slightly refined from 2010/11 Q3.

\*\*\*\* Represents the total number of natural gas furnaces in the marketplace, including those in renter-occupied dwellings.

## Target Insulation Upgrade Market - As at March 31, 2015

The following table provides an updated estimate of the target insulation upgrade market in Manitoba.

### Q4- 2014/15 Report - without apartments

Insulation Target Market Review	LICO 125%	Non-LICO Dwellings	All Dwellings
Dwellings with Insulation Rated "Poor/Fair" *			
Owners	21,198	39,558	60,756
Renters	4,100	4,008	8,108
Total Dwellings with Insulation Rated "Poor/Fair" (2009 Insulation Upgrade Target Market)	25,298	43,566	68,864
Estimate of Number of Dwellings Insulated from Dec 2009 to March 31, 2015**	1,986	2,969	4,955
<b>Insulation Upgrade Target</b>	<b>23,312</b>	<b>40,597</b>	<b>63,909</b>
<i>Total Dwellings</i>	115,127	268,096	383,223
Fair/Poor % of Marketplace	20%	15%	17%

\* Statistics from November 2009 Survey, gas and electric heated billed customers; excludes apartments. The table reflects LICO 125% and uses the two categories of "poor and fair" to determine the target market.

\*\* Number of "Poor/Fair" insulation dwellings insulated from Dec 1, 2009 to Mar 31, 2015 is based on:

- LICO 125% dwellings: based on the total individual homes insulated through the AEP since December 2009 that were rated as "fair/poor" (3,484 homes), multiplied by the proportion of AEP insulation participants whose insulation upgrade cost was \$3000 or more (57%).
- Non-LICO dwellings: based on the approximate number of dwellings insulated through the Home Insulation Program from December 1, 2009 to March 31, 2015 (17,991), prorated based on the proportion of "poor/fair" insulated dwellings in Residential Study (16.5%).

## Affordable Energy Program Highlights – January 1 to March 31, 2015

The following provides a high level overview of the status of the Affordable Energy Program to date, with more details provided in the following section of the report.

### A. Homes Completed

Program Participation Overview	FY 2014/15 Q4 (Jan 1 – Mar 31, 2015)	Cumulative (to Mar 31, 2015)
Individual	528	6,830
Community	101	2,346
First Nation	140	1,571
<b>Total</b>	<b>769</b>	<b>10,747</b>

### B. Furnace and Boiler Installations Completed

Program Participation Overview	FY 2014/15 Q4 (Jan 1 – Mar 31, 2015)	Cumulative (to Mar 31, 2015)
Individual:     Furnace	224	3,680
Boiler	4	95
Community:    Furnace	14	242
Boiler	0	1
First Nation	0	0
<b>Total:        Furnace</b>	<b>238</b>	<b>3,922</b>
<b>                  Boiler</b>	<b>4</b>	<b>96</b>

### C. Furnace Replacement Program

Affordable Energy FRP	Furnace	Boilers
Scheduled Installation	152	0
Estimated Installation ( next 6 months)	249	N/A*

### D. Furnace Failures

Furnace Failures**	Furnaces Replaced due to Failure	Furnaces Replaced Before the End of Life
Jan 1, 2015 – Mar 31, 2015	13	225
Cumulative to Mar 31, 2015	162***	2,908

\*Due to the traditionally low number of boiler replacements, they are challenging to estimate.

\*\* Furnace failures started being recorded July 1, 2010 and is not comparable to other cumulative data reported which started at the beginning of the FRP.

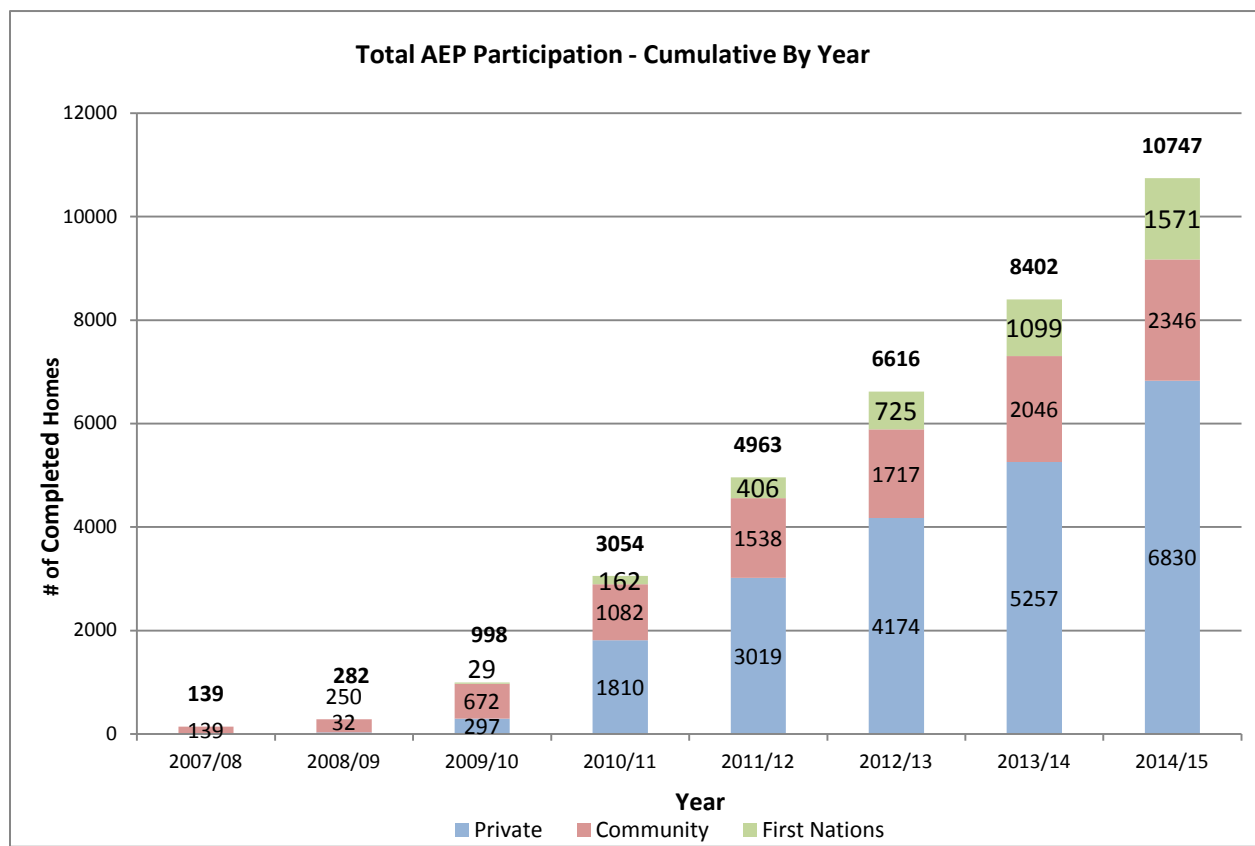
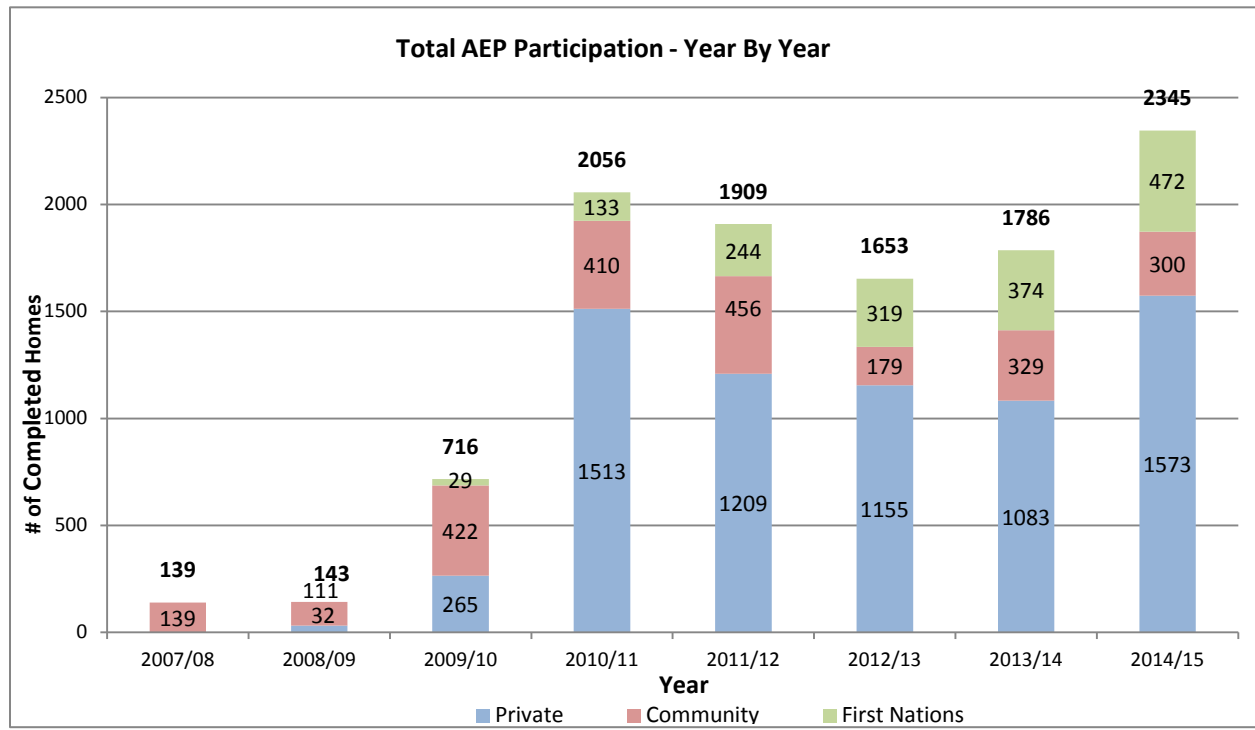
\*\*\* In addition to the above furnace failures, there was one boiler failure during Q3 2011/12 period, one during the Q4 2011/12 period, two during the Q2 2013/14 period, and one during the Q3 2013/14 period.



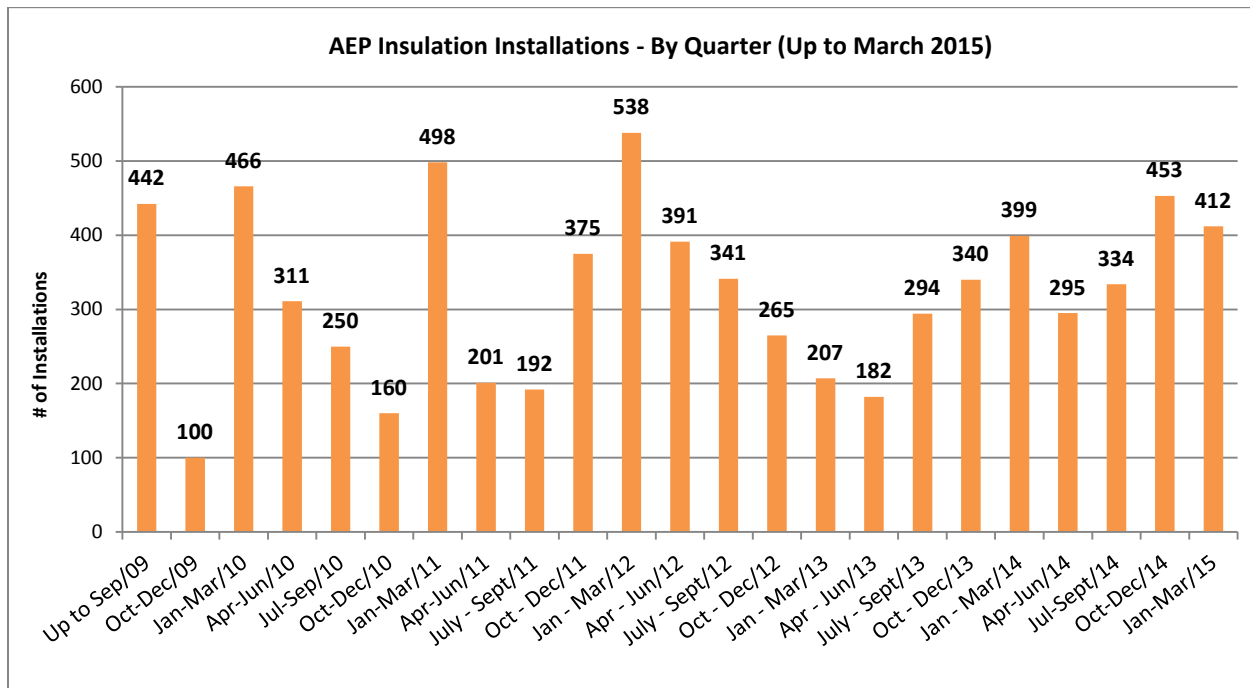
**Affordable Energy Program Highlights – January 1 to March 31, 2015****E. Insulation Installations Completed**

<b>Program Participation Overview</b>	<b>FY 2014/15 Q4 (Jan 1 – Mar 31, 2015)</b>	<b>Cumulative (to Mar 31, 2015)</b>
Individual	259	3,662
Community	93	2,293
First Nation	60	1,491
<b>Total</b>	<b>412</b>	<b>7,446</b>

## Trending Charts: AEP Completed Homes since Program Inception

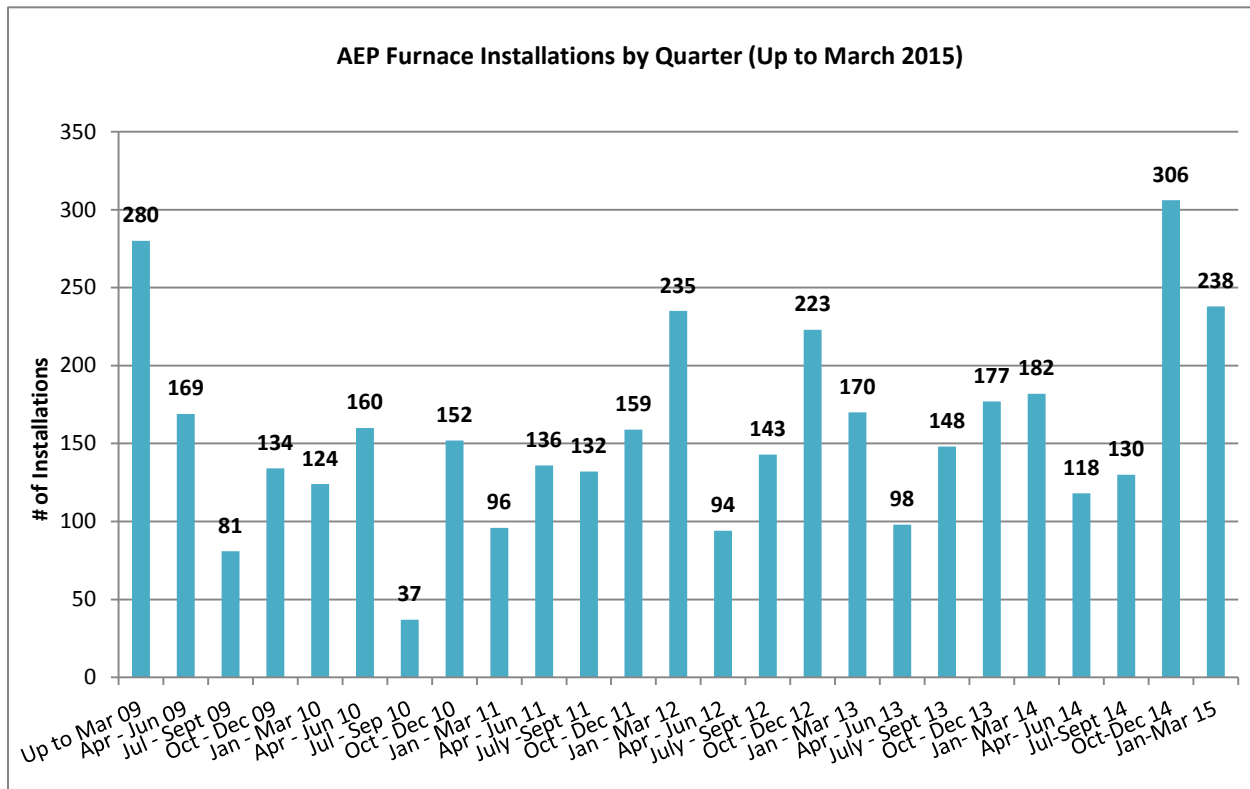


## Trending Charts: AEP Insulation Installation since Program Inception



Data includes individual approach (3,662 cumulative to end of March 2015), community approach (2,293 cumulative to end of March 2015) and First Nations (1,491 cumulative to end of March 2015). In the January – March 2015 period, there were a total of 259 for individual approach, 93 for community approach (MHA, DOFNHA, Kanata, Kinew, MGR and private homeowners) and 60 for First Nations. Completions are counted once all paperwork is finalized from community groups.

## Trending Charts: Furnace Replacements since Program Inception



## Marketing Activities

Below is a review of marketing efforts undertaken by Manitoba Hydro up to March 31, 2015.

### I. ADVERTISING AND PROMOTIONAL ACTIVITIES

#### a) Manitoba Hydro Advertising

The following is a list of the media and advertising which took place in the market during the quarter:

- a. On January 12, 2015 Affordable Energy staff met with the members of the South Basin Mayors and Reeves to discuss water and energy savings that could be achieved through Manitoba Hydro's Affordable Energy Program and the Water and Energy Saver Program. During the meeting AEP staff outlined the following:
  - The benefits of each program for the customer as well as the community.
  - Potential energy bill reductions per year for each program.
  - Possible water savings per year per household.
  - Turnkey solutions offered by each program.
  - Provide each Mayor with program materials for their offices and community groups.
- b. Facebook advertising was scheduled from January 15 to February 5, 2015. Two unique ads were created to target both a younger and older generation.
- c. On January 16, 2015 Affordable Energy Staff provided a presentation to update Manitoba Hydro's Aboriginal Relations Division on the First Nations Power Smart Program.
- d. Affordable Energy staff met with leaders of Sagkeeng First Nations to discuss various Power Smart opportunities.
- e. A bill insert promoting the Affordable Energy Program was distributed to all Manitoba Hydro residential customers in single detached and multi-attached homes in the month of February.
- f. On February 5, 2015 Affordable Energy staff met with Manitoba Housing to discuss moving forward with furnace upgrades in MH units.
- g. On February 9, 2015 Affordable Energy staff met with Island Lakes to discuss energy efficiency upgrades and participation in First Nations Power Smart Program.
- h. February 12-13, 2015 Manitoba Hydro sponsored The Manitoba Non-Profit Housing Association Conference. Affordable Energy staff attended the conference and promoted the program to stakeholders in Manitoba's social housing network.
- i. On February 19, 2015 Affordable Energy staff met with the AEP Advisory Committee Member from the MMF. The purpose of the meeting was to discuss ideas how AEP could reach out to MMF members across the province and encourage participation in the program.
- j. On February 25, a Focus Group was conducted by NRG Research Group on behalf of the Affordable Energy Program. The primary objectives of the research study were as follows:
  - Gather feedback on existing marketing materials for the program;
  - Test individuals directly with the relevance, comprehension and perceived look and feel of the current AEP communication material to determine if the program's key elements are being portrayed clearly; and,

- Uncover any gaps in the communications material content or alternative ways to deliver relevant information on the AEP to customers to increase participation in the program.
- k. On March 10, 2015 Affordable Energy Staff attended the PPMA 2015 Suite Living Trade Show and Conference.
- l. On March 13, 2015 Affordable Energy Staff met with Cross Lake First Nation to discuss Power Smart opportunities and the possibility for development of an energy plan.
- m. From March 17-19, 2015 Manitoba Hydro sponsored the Alternative Energy and Food Sovereignty conference held by Aki Energy. Affordable Energy staff manned a trade show booth to connect with conference attendees to discuss the First Nations Power Smart Program and other Power Smart opportunities. A presentation was also given on Partnering with Manitoba Hydro and Power Smart Opportunities.
- n. On March 18 and 21, 2015 Affordable Energy Staff gave a presentation about the Affordable Energy Program and other Power Smart Programs at SEED Winnipeg for lower income individuals working towards owning their own home.
- o. On March 18 and 27, 2015 Affordable Energy staff met with Manitoba Housing to discuss energy efficiency opportunities.
- p. On March 20, 2015 Affordable Energy Staff met with a representative at Winnipeg Harvest. The meeting was to discuss ways of promoting AEP through Winnipeg Harvest channels to help disseminate program information to individuals who could benefit from AEP participation.
- q. On March 25, 2015 Affordable Energy Program held a 10,000 completed home celebration.

**b) Street Approach Pilot Project**

On May 29, 2014 the AEP launched the Street Approach Pilot Project. This project aims to make it easier for customers to take part in the AEP by canvassing customers door-to-door. The specific neighbourhoods being targeted have higher incidents of lower income customers, and all customers within the targeted area will be eligible to participate in the AEP regardless of their income. The following is a list of the marketing efforts that took place under this initiative during the quarter:

- a) March 27, 2015 Affordable Energy staff met with the North End Community Renewal Corporation to discuss and plan the upcoming street pilot in the William Whyte area.

## Furnace Contractors

The furnace contractors on the participation list for AEP are noted below.

In Winnipeg	Outside Winnipeg
<ul style="list-style-type: none"> <li>• Absolute HVAC Inc.</li> <li>• Aire Serv Heating and Air Conditioning</li> <li>• A.P.H Mechanical Services Ltd.</li> <li>• Bison Plumbing and Heating Ltd.</li> <li>• College Electric Ltd.</li> <li>• Fair Service and Air Conditioning</li> <li>• Gallery Mechanical</li> <li>• Global Mechanical Inc.</li> <li>• Heritage Heating and Air Conditioning Ltd.</li> <li>• Hot Shots Plumbing and Heating Corp.</li> <li>• Home Service Plus Winnipeg Heating and Cooling Ltd.</li> <li>• J.M Balcaen and Sons Ltd.</li> <li>• Kirkfield Heating and Air Conditioning Ltd.</li> <li>• Lynn's Heating, Cooling, Sewer and Drain</li> <li>• Mr. Furnace Heating and Air Conditioning</li> <li>• Overtime Electric, Plumbing, Heating and Air Conditioning</li> <li>• Provincial Heating and Cooling Inc.</li> <li>• R&amp;R Heating and Cooling Services Ltd.</li> <li>• Reliable Heating</li> <li>• Sarte Heating and Cooling Ltd.</li> <li>• Service Right Now</li> <li>• S.S. Plumbing and Heating Co. Ltd.</li> <li>• Superior Heating and Air Conditioning</li> <li>• Tench Plumbing and Heating Ltd.</li> <li>• Tradesman Mechanical Services Ltd.</li> <li>• Whap HVAC</li> </ul>	<ul style="list-style-type: none"> <li>• Bayview Plumbing and Heating Ltd.- Brandon</li> <li>• Brown's Plumbing and Heating Ltd. - Steinbach</li> <li>• Hanover Plumbing and Heating Inc. – Steinbach</li> <li>• Jim's Heating - Morris</li> <li>• John's Plumbing Heating Air Conditioning Ltd. – Schanzenfeld</li> <li>• K. Durston Plumbing and Heating- Dauphin</li> <li>• Klassen Metal Inc. – Blumenort</li> <li>• Lance Wagner Plumbing and Heating Ltd. - Brandon</li> <li>• Lemazing Mechanical Inc. - Grunthal</li> <li>• Polar Plumbing and Heating Ltd. – Winkler</li> <li>• Pringle's Plumbing and Heating Ltd. – Selkirk</li> <li>• Steiner Plumbing and Heating – Dauphin</li> <li>• Sunrise Heating and Cooling Ltd – Tyndall</li> <li>• Titanium Mechanical – Steinbach</li> </ul>

Customers can choose from any of the above contractors in their geographical area. If the customer shows no preference they are provided with the name of one of the contractors on a rotational basis. Centra is not experiencing any capacity issues in meeting the demands of the Furnace Replacement Program.

Centra has a standard comprehensive contract for all our contractors. This contract includes pricing schedule, terms and conditions and warranty. The terms of the contracts are the same for all contractors.

<b>Financial</b>
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<b>Centra Gas Manitoba Inc.</b>	
<b>Quarterly Gas Furnace Replacement Program Report</b>	
<b>For 2014/15 Q4 (January 1, 2015 to March 31, 2015)</b>	
<b>(000's)</b>	
<b>Beginning Balance January 1, 2015</b>	<b>\$ 18,205</b>
Disbursements*	(869)
Additional Funding from SGS Customer Class	1,782
Accrued Interest	76
<b>Ending Balance March 31, 2015</b>	<b>\$ 19,194</b>

<b>Centra Gas Manitoba Inc.</b>	
<b>Quarterly Gas Furnace Replacement Program Report</b>	
<b>Cumulative Since Program Inception as at Mar 31, 2015</b>	
<b>(000's)</b>	
<b>Beginning Balance August 1, 2007</b>	<b>\$ -</b>
Disbursements (life to date)	(11,314)
Additional Funding from SGS Customer Class (life to date)	28,955
Accrued Interest (life to date)	1,554
<b>Ending Balance March 31, 2015</b>	<b>\$ 19,194</b>

\* Note disbursements include both incentives and administration. Calculations using installations and disbursements may not reflect accurate cost per unit figures due to timing differences.







PO Box 815 • Winnipeg Manitoba Canada • R3C 2P4  
Street Location for DELIVERY: 22<sup>nd</sup> floor – 360 Portage Avenue  
Telephone / N° de téléphone : (204) 360-3257 • Fax / N° de télécopieur : (204) 360-6147 • baczarnecki@hydro.mb.ca

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December 24, 2013

THE PUBLIC UTILITIES BOARD OF MANITOBA  
400-330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4

ATTENTION: Mr. H. M. Singh, Board Secretary and Executive Director

Dear Mr. Singh:

**RE: Directive 20 of Order 85/13- Western Transportation Service and Agency Billing and Collection Costs**

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On July 26, 2013, the Public Utilities Board of Manitoba (“PUB”) issued Order 85/13, with respect to Centra Gas Manitoba Inc.’s (“Centra”) 2013/14 General Rate Application. Directive 20 of Order 85/13 directs Centra to “file a report with the Board, on or before December 31, 2013, on the costs it incurs in administering the Western Transportation Service, including the Agency, Billing, and Collection service and any bad debt expense related to the Primary Gas portion of Western Transportation Service Customers”. Centra’s response to this directive is provided herein.

Centra incurs costs in the process of delivering the Western Transportation Service (“WTS”) and the Agency Billing and Collection (“ABC”) Service, the services that facilitate broker supply and Centra’s Fixed Rate Primary Gas Service. These include internal administrative costs, such as the wages and benefits of staff directly involved in delivering the WTS and ABC services, plus an allocated share of overhead costs. In addition, Centra incurs costs attributable to write-offs of uncollectable Primary Gas bad debts associated with ABC Service. ABC Service costs are partially offset by ABC fee revenues collected from marketers who participate in the ABC Service.

Centra’s total internal administrative costs associated with the delivery of both the WTS and ABC Services during its 2012/13 fiscal year were approximately \$550,000. In addition, uncollectable bad debt write-offs of Primary Gas billings associated with the ABC service totaled approximately \$100,000. Offsetting these costs were ABC Service fee revenues collected in the amount of approximately \$55,000. Therefore, Centra’s overall cost to deliver the WTS and ABC services during its 2012/13 fiscal year was approximately \$600,000.

Centra is requesting the PUB’s confirmation that Directive 20 of Order 85/13 has now been

Public Utilities Board of Manitoba  
Directive 20 of Order 85/13

December 24, 2013  
Page 2 of 2

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satisfied. Should you have any questions regarding this submission, please contact the writer at 360-3257 or Greg Barnlund at 360-5243.

Yours truly,  
**MANITOBA HYDRO LAW DIVISION**  
Per:



Brent A. Czarnecki  
Barrister & Solicitor





PO Box 815 • Winnipeg Manitoba Canada • R3C 2P4  
Street Location for DELIVERY: 22<sup>nd</sup> floor – 360 Portage Avenue  
Telephone / N<sup>o</sup> de téléphone: (204) 360-3257 • Fax / N<sup>o</sup> de télécopieur: (204) 360-6147 • baczamecki@hydro.mb.ca

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October 22, 2014

THE PUBLIC UTILITIES BOARD OF MANITOBA  
400-330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4

ATTENTION: Mr. H. M. Singh, Board Secretary and Executive Director

Dear Mr. Singh:

**RE: Directive 3 of Order 29/14**  
**Improving the Financial Viability of the Swan Valley Gas Distribution System**

---

On March 14, 2014, the Public Utilities Board of Manitoba (“PUB”) issued Order 29/14 with respect to Centra Gas Manitoba Inc.’s (“Centra”) acquisition of the assets of the Swan Valley Gas Corporation (“SVGC”). In its Order, the PUB directed Centra to provide a plan that details its strategy to improve the financial viability of the Swan Valley Gas distribution system. Enclosed please find Manitoba Hydro’s Marketing Plan to increase the use of natural gas for space and water heating in the Swan Valley area, which will in turn improve the financial viability of the distribution system in this region.

Centra is requesting the PUB’s confirmation that Directive 3 of Order 29/14 has now been satisfied. Should you have any questions regarding this submission, please contact the writer at 204-360-3257 or Shannon Gregorashuk at 204-360-4270.

Yours truly,

**MANITOBA HYDRO LAW DIVISION**

Per:

A handwritten signature in blue ink, appearing to read 'B. Czarnecki', written over a horizontal line.

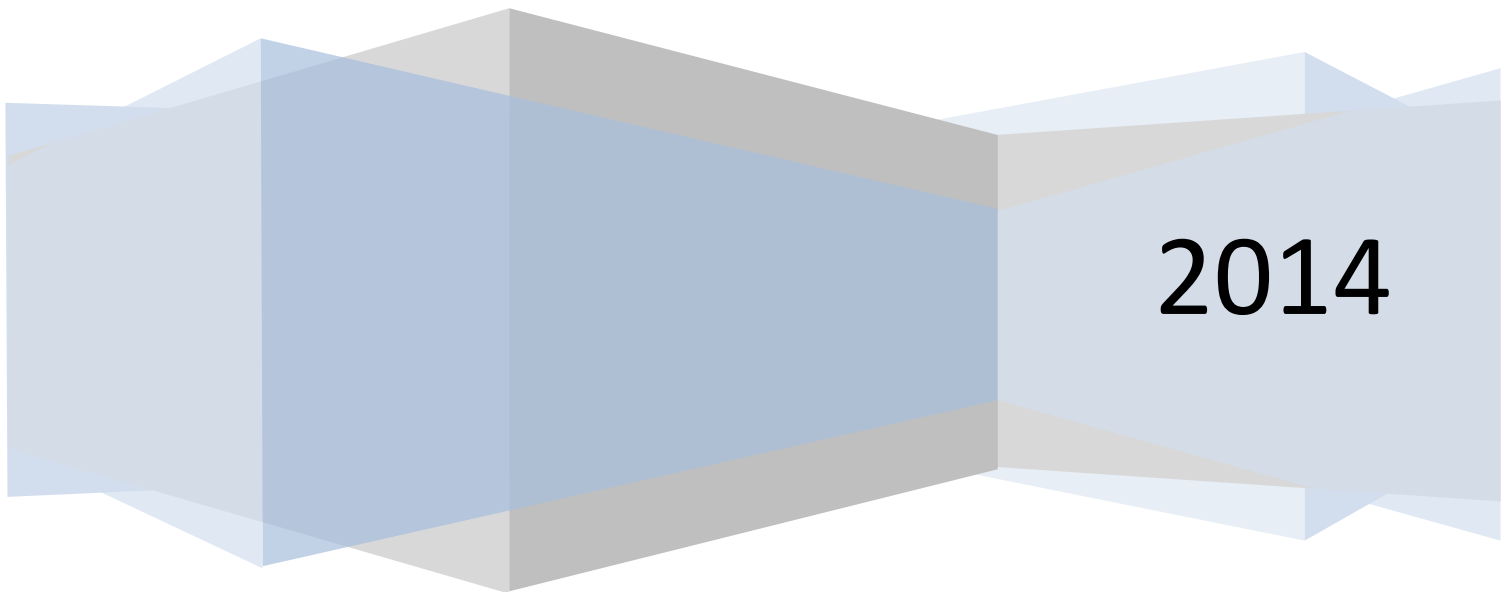
Brent A. Czarnecki  
Barrister & Solicitor

Att.

**Manitoba Hydro**

# **Increasing Natural Gas Space and Water Heating in the Swan Valley Gas Area**

## **Marketing Plan**



## 1. INTRODUCTION

### 1.1 Background

The Public Utilities Board (“PUB”), by Order 29/14 approved Centra Gas Manitoba Inc.’s application to purchase the assets of the Swan Valley Gas Corporation subject to certain conditions. In this Order, the PUB directed Centra provide the PUB with a plan or strategy detailing how it will improve the financial viability of the distribution system in the Swan Valley Gas area.

There are currently 257 active natural gas customers in the Swan Valley area, consisting of 151 residential customers and 106 commercial customers. There are another 268 customers with service lines that have never been activated and have no meter installed. This marketing plan details Manitoba Hydro’s strategy to increase the number of customers using natural gas in the Swan Valley Gas area, which will in turn improve the financial viability of the distribution system in this region. In addition to increasing natural gas revenues, by specifically targeting customers in the Swan Valley area with existing services that are not currently being used, Manitoba Hydro will also avoid the operational costs of abandoning these lines, which is estimated to cost approximately \$1,400 per service or a total of \$384,000.

## 2. MARKETING OBJECTIVE & STRATEGY

In line with Manitoba Hydro’s Heating Education Initiative, Manitoba Hydro seeks to increase the number of customers heating with natural gas as in most circumstances it represents the most economic option for the customer, the utility and the Province.

### 2.1 Marketing Objective

Manitoba Hydro’s marketing objectives are as follows:

- Promote the benefits of heating with natural gas; and,
- Promote convenient on-bill Power Smart financing options and other programs offered by Manitoba Hydro to help customer with the initial cost of conversion and to manage their energy bill.

### 2.2 Target Market

#### 2.2.1 Primary Target Market

The primary target market is home owners, property managers, and business owners responsible for space and water heating for premises located on or adjacent to the existing natural gas network in the Swan Valley Gas area. The primary target market strategy is segmented into residential and commercial customers.

*Residential Market*

There are approximately 2,000 residential customers in Swan River, Benito and Minitonas. This population is reduced by the number of homes that are already natural gas customers to identify the total number of customers who could technically be converted to natural gas heating. Homes that have baseboard electric heat lack ducting required for natural gas furnaces thereby substantially increasing the cost of conversion, leaving a total economic potential for conversions to natural gas of 542 customers.

<b>RESIDENTIAL</b>	SWAN RIVER	BENITO	MINITONAS	TOTAL	% of Total Residential
Total Residential (Sask Energy Application)	1420	230	275	1925	
Active Natural Gas - Residential	118	25	8	151	8%
Homes with Baseboard Electric Heat	909	147	176	1232	64%
Total Potential (Electric Forced Air Furnace)	393	58	91	542	28%

As noted earlier, customers with an existing unused energized service line on their property present the most economically favourable opportunity; 202 residential customers are noted as having existing energized service lines.

*Commercial Market*

There are 261 commercial customers in Swan River, Benito and Minitonas. This population is reduced by the number of commercial properties whom are already natural gas customers, leaving a technical potential of 155 commercial customers.

Buildings heated electrically with central forced air (rooftop units or furnaces) or hot water boiler systems can be more readily converted to natural gas by changing out the boiler, rooftop unit or furnace. For these types of systems, distribution ductworks, piping and mechanical room space already exist. Shop or warehouse type buildings that are heated with suspended electric forced air unit heaters or radiant heating panels can also be readily converted to natural gas by installing natural gas fired unit heaters or radiant heaters.

Baseboard heaters, wall and entrance heaters that are distributed throughout all rooms of buildings tend to be more costly to convert as distribution ductwork or hot water piping would need to be installed to enable natural gas heating. Buildings heated with distributed electric baseboards would not typically have mechanical rooms large enough to house the boilers of forced air furnaces/air handlers required. The number of commercial customers with distributed baseboard systems is unknown at this time.

<b>COMMERCIAL</b>	SWAN RIVER	BENITO	MINITONAS	TOTAL	% of Total Commercial
Total Commercial (Sask Energy Application)	204	32	25	261	
Active Natural Gas - Commercial	86	15	5	106	41%
Commercial Baseboard Electric Heat	n/a	n/a	n/a	n/a	n/a
Total Potential (Electric Heat)	118	17	20	155	59%

As noted earlier, customers with an existing unused energized service line on their property

present the most economically favourable opportunity; 66 commercial customers are noted as having existing energized service lines.

Overall, customer conversions to natural gas will be influenced by a number of factors as noted below in Section 2.3, Barriers to Conversion.

### **2.2.2 Secondary Target Market**

The secondary target market is retailers, suppliers, contractors, engineers, architects, home builders, and others who assist customers in choosing a heating system to meet their needs. Educating these market stakeholders will aid in promoting the benefits of natural gas heating to homeowners, business owners and property managers.

## **2.3 Barriers to Conversion**

The barriers to conversion listed below are addressed by the marketing strategy outlined later on in this plan:

- i. Lower initial capital cost of electric space and water heating equipment – It is typically less expensive for residential customers to buy electric space and water heating equipment relative to comparable natural gas equipment.
- ii. Continuing perception that electric heating will be less costly to operate than natural gas because of Manitoba Hydro's low and stable electricity rates – Recent surveys indicate that approximately 34% of electrically heated customers believe that heating with electricity costs the same or is lower than the cost of heating with natural gas. With natural gas prices traditionally being higher in the Swan Valley Gas area than in the areas served by Manitoba Hydro, this perception may be more easily changed with market intervention.
- iii. Customers are reluctant to replace a functioning heating system prior to the end of its useful life – Research indicates that only 16% of the electric furnaces in Swan River, Benito and Minitonas are less than 10 years old which presents a potential opportunity to encourage conversion.
- iv. Perception that using electricity instead of natural gas is better for the environment – There is a lack of understanding that hydro-electricity exports offset fossil fuel produced-electricity in export regions, while helping to keep electricity rates in Manitoba among the lowest in North America. Recent surveys indicate that approximately 70% of electrically heated customers believe that heating with electricity is more environmentally friendly than heating with natural gas.
- v. Resonating perception that natural gas prices are volatile – There is a lack of awareness that natural gas prices are predicted to remain relatively stable in future years, and that future supplies are projected to be economically available due to shale gas developments.

## **2.4 Marketing Strategy**

To address the barriers noted in Section 2.3, the campaign will be a multi-faceted approach focusing on the message of significant bill reductions being achieved by converting to natural gas and that Manitoba Hydro is here to help, offering technical support, programs and financing



to reduce or eliminate the capital costs associated with converting to natural gas. Print advertising, website information, bill inserts, brochures, video, billboards, mail/door drops, town halls, and industry ally meetings will be used to reach residential customers. The campaign will also reach customers through retailers, suppliers, contractors, homebuilders and others who play a role in helping customers decide on the best type of heating system to meet their needs.

In addition to educating consumers, or the end-user, efforts will be undertaken to educate industry personnel, who communicate with customers, of the heating options available and the benefits of heating with natural gas.

The efforts in the commercial market will build upon the residential campaign and will include a targeted direct sales approach.

#### *Residential Market*

The following summarizes marketing tactics that will be targeted to residential customers:

- *Billboards*

Billboards have been placed in/near the 3 towns served under the Swan Valley Gas franchise. The billboards target local homeowners with the message “Natural Gas: Heat your home for up to \$12,000 less.” The call to action is to contact Manitoba Hydro for more information and assistance.



Billboard installed in Minitonas, MB

- *Print ads*

Newspaper ads specific to the Swan Valley area will run on a weekly basis in the Swan River Star & Times. Newspaper ads will focus on the key messages of bill savings and assistance available through Manitoba Hydro. Attachment A provides a copy of the August 2014 advertisement.

- *Town Hall Meetings*

Manitoba Hydro will host town hall information sessions in Swan River, Minitonas, and Benito. These town hall meetings will provide an opportunity to inform customers of the bill savings possible by converting to natural gas and to promote the Power Smart programs and financing options available. These events will offer customers an opportunity to seek clarification on potential costs and concerns they may have regarding natural gas conversions. Technical staff will be available to respond to equipment and energy end-use related questions.

- *Residential Door Drops - Totes*

In advance of the Town Hall Meetings, Manitoba Hydro will work with local schools in Swan River, Minitonas, and Benito to have tote bags with the message “Natural Gas: Heat your home for up to \$12,000 less” placed at the door of residential homes in the three aforementioned towns. The tote will contain information about: the upcoming town hall meetings, the bill savings achievable when converting to natural gas heating, financing programs and other Power Smart programs available including the Affordable Energy Furnace Replacement Program.



- *Industry Ally Communications*

In addition to being invited to the Town Hall Meetings, meetings will be arranged with local HVAC contractors and home builders to ensure industry allies are effectively equipped with the information and resources needed to guide customers in choosing the fuel source that is most advantageous for their needs and Manitoba Hydro financing and programs available. In addition, Manitoba Hydro will seek feedback from these industry allies in order to gain a greater understanding of market perceptions and practices.

- *Mail Drop*

A letter promoting the key messages will be distributed in residential mailboxes throughout the natural gas service area. The mail drop is currently planned to be distributed in February/March 2015 to coincide with the peak of the heating season to encourage conversion during the following renovation season (spring/summer/fall).

- *Bill inserts*

As part of the larger heating education campaign, a bill insert promoting heating options is planned for twice a year. Bill inserts provide a cost effective opportunity to reach all customers in natural gas available areas.

- *Manitoba Hydro's website*

The heating section on Manitoba Hydro's website will continue to be updated with value-added content and information on the options for and the costs of home heating.

The main feature includes an online calculator which allows customers to select and compare current and potential heating system options. The calculator highlights and compares capital and operating costs of the different systems. This information is updated on a quarterly basis to ensure operating costs are reflective of current energy rates. In addition, customers can also view an educational video highlighting the capital costs, operating costs, and global environmental impacts of their space and water heating fuel choices.

#### *Commercial Market*

Building on the efforts in the residential market, the following summarizes marketing tactics that will be specifically targeted to commercial customers:

- *Targeted Customer Meetings*  
Due to the significant range of benefits for commercial customers, they will be approached individually under a direct sales approach. Commercial electric consumers have been identified and cross referenced with properties which have service lines installed but who are not currently using natural gas. An Energy Service Advisor will arrange meetings with the most viable commercial customers where the merits of natural gas will be presented based on their specific situations. The discussion will include promotion of the various Power Smart Programs available such as Power Smart Pay As You Save (PAYS) Financing and the Power Smart Natural Gas High Efficiency Boiler Program. Direct sales efforts will be targeted to customers with annual electricity consumption greater than 200,000 kW.h as they represent a higher potential heating load.
- *Chamber of Commerce Presentations*  
An Energy Service Advisor will arrange to speak at the Chamber of Commerce meetings in the region. The presentation will focus on the costs of heating with natural gas compared to heating with electricity, Power Smart programs and financing available to assist business customers in managing their energy costs, and the process for converting to natural gas service.

### 3. IMPLEMENTATION TIMELINE

The following table represents a projected timeline for implementation of the Swan Valley Gas marketing strategy:

Media Type	2014										2015										
	8/18	8/25	9/1	9/8	9/15	9/22	9/29	10/6	10/13	10/20/14 - 1/12/15	1/19	1/26	2/2	2/9	2/16	2/23	3/2	3/9	3/16	3/23	3/30
Print Ads	█										█										
Billboards	█										█										
Town Hall Meetings																					
Residential Door Drops																					
Mailbox drop																					
Bill Inserts																					
Industry Ally Meetings																					
Chamber Meeting (date tbd)																					
Commercial Customer Visits																					

For the period following the schedule outlined above, media planning will be completed on an annual basis.

### 4. BUDGET

Leveraging the ongoing Heating Education Initiative, the marketing strategy for the Swan Valley Gas area also contains specific messaging related to the opportunities presented to customers as a result of the acquisition (i.e. lower energy costs and financing). The budget for the marketing plan are outlined in the table below.

	2014/15	2015/16	2016/17	2017/18	2018/19
Print Ads	\$7,500	\$5,000	\$5,000	\$5,000	\$5,000
Billboards	\$5,300	--	--	--	--
Town Hall Events	\$2,700	--	--	--	--
Door Drops - Totes	\$5,625	--	--	--	--
Mailbox Drop	\$750	\$2,000	\$2,000	\$2,000	\$2,000
Industry Ally Meetings	\$350	--	--	--	--
Labour & Administration	\$35,000	\$16,000	\$16,000	\$16,000	\$16,000
	<b>\$57,225</b>	<b>\$23,000</b>	<b>\$23,000</b>	<b>\$23,000</b>	<b>\$23,000</b>

### 5. Market Goals

Manitoba Hydro's goal is to convert 120 existing electrically heated homes and 19 existing commercial facilities to natural gas over the next five years, thereby increasing overall penetration of natural gas heating in the Swan Valley area from 8% to 14% of residential customers and from 41% to 48% of commercial customers.

The 2000/01 natural gas expansion project in the Interlake achieved 18% penetration of the residential market and 44% penetration of the commercial market in the first five years. In setting projections for the Swan Valley Gas area, Manitoba Hydro is recognizing that 8% of residential and 41% of commercial customers in the area have already converted to natural gas under the previous natural gas provider. However, as Manitoba Hydro is offering natural gas at a lower cost and offering Power Smart financing and programs to aid in managing customers' conversion costs, Manitoba Hydro is projecting additional conversions in the region.

MARKET	TOTAL REMAINING POTENTIAL	Projected Annual Conversions to Natural Gas Heating					Total at end of Year 5
		Year 1	Year 2	Year 3	Year 4	Year 5	
		% of Total Potential	% of Total Potential	% of Total Potential	% of Total Potential	% of Total Potential	
<b>RESIDENTIAL</b>		1%	4%	8%	5%	4%	22%
Homes with Electric Forced Air Furnace	542	5	22	43	28	22	120
Priority 1 Homes with Unused Energized Service Lines	202						
Priority 2 Remaining Homes with Electric Forced Air Furnaces	340						
<b>COMMERCIAL</b>		1%	3%	3%	2%	2%	12%
Commercial Properties Without Natural Gas	155	2	5	5	4	3	19
Priority 1 Commercial Customers with Unused Energized Service Lines	66						
Priority 2 Commercial Customers > 200,000 kW.h annual load without Unused Energized service lines	26						

Manitoba Hydro will initially focus efforts on those customers with existing unused energized services on their properties. For these customers, the only costs to consider are the costs of installing natural gas piping and equipment within their homes and businesses.

In addition, within the residential sector, an estimated 32% of homes with electric forced air furnaces in Swan River, Minitonas and Benito potentially qualify for the Affordable Energy Furnace Replacement Program. Manitoba Hydro will be placing additional emphasis on the opportunities for customers under this program.

For the commercial sector, direct sales efforts will be targeted to customers with higher potential heating loads.

If customer uptake is not meeting objectives, then additional intervention, such as increased outreach or customer incentives, will be assessed.

Attachment A – Swan River Star & Times Weekly Newspaper Advertisement

# Natural Gas

Heat your home for up to **\$12,000 less.**

## More options with Manitoba Hydro

On May 1, 2014, Manitoba Hydro became the natural gas service provider in Swan River, Benito, Minitonas and surrounding area. As a Manitoba Hydro gas customer, you can benefit from lower heating costs when you convert your existing electric furnace to a high-efficiency natural gas furnace.

Manitoba Hydro offers a variety of financing programs so you can upgrade your furnace today. You can finance all or part of the installation of a natural gas furnace, and your loan will be repaid by the energy savings generated by your upgrade.



Cost to buy & install  
**NATURAL GAS \$3,500**  
TO  
**FURNACE \$5,500**

**25-YEAR COST TO RUN \$17,000**



Cost to buy & install  
**ELECTRIC \$2,000**  
TO  
**FURNACE \$3,000**

**25-YEAR COST TO RUN \$30,700**

Call today to learn more:

**1-888-624-9376**

Or visit us online at [hydro.mb.ca/heating](http://hydro.mb.ca/heating) for more information about home heating.



The cost to buy, install and operate indicated above is an average and will vary depending on your home, specific heating needs and other conditions. Cost to run is based on a natural gas cost of \$0.7937/m<sup>3</sup> and electricity cost of \$0.0733/kWh.

The Public Utilities Board  
400 – 330 Portage Avenue  
Winnipeg, Manitoba, Canada R3C 0C4  
T 204-945-2638 / 1-866-854-3698  
F 204-945-2643  
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Courriel : [publicutilities@gov.mb.ca](mailto:publicutilities@gov.mb.ca)  
Site Web: [www.pub.gov.mb.ca](http://www.pub.gov.mb.ca)

November 19, 2014

Brent Czarnecki  
Law Department  
Manitoba Hydro  
22<sup>nd</sup> Floor  
360 Portage Avenue  
Winnipeg, MB R3C 0G8

Dear Mr. Czarnecki:

**RE: Directive 3 of Order 29/14 - Improving the Financial Viability of the  
Swan Valley Gas Distribution System**

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On October 22, 2014, the Board received Manitoba Hydro's marketing plan entitled "Increasing Natural Gas Space and Water Heating in the Swan Valley Area - Marketing Plan". The Board acknowledges the receipt of this document as per Directive 3 of Board Order 29/14.

The Board looks forward to hearing the results of the marketing program and the impacts to the revenue deficiency of the former Swan Valley Gas Corporation distribution system.

Sincerely,

*"Original Signed By"*

Kurt B. Simonsen, P.Eng.  
Associate Secretary

KBS/nac

c.c. Greg Barnlund, Manitoba Hydro  
Bob Peters, Board Counsel  
Brady Ryall, Board Advisor





<b>Section:</b>	Appendix 7.5	<b>Page No.:</b>	PUB/Centra INT-1(d)
<b>Topic:</b>	Natural Gas Volume Forecast		
<b>Subtopic:</b>	Coefficients used in the volume forecast		
<b>Issue:</b>	Changes to the coefficients		

**PREAMBLE TO IR (IF ANY):**

In the response to PUB/Centra INT-1(d), Centra stated that it made changes to the coefficients used in the volume forecast for the 2014/15 winter that include the recent extreme cold winter experience of 2013/14..

**QUESTION:**

Please explain the nature of the change to the coefficients, how the coefficients are used in the Natural Gas Volume Forecast, and provide a reference to the section(s) within Appendix 4.1 where a description of the coefficients can be found.

**RATIONALE FOR QUESTION:**

To understand the changes in the Volume Forecast following the cold winter of 2013/14.

**RESPONSE:**

In the response to PUB/Centra INT-1(d), the change to the coefficients was related to the transfer of some Interruptible service customers to Firm service starting in November 2014.

The Degree Day Heating (DDH) coefficients are updated every year utilizing the most recent data available which would have included the cold winter experienced in 2013/14.

The coefficients and the effect of weather are represented in Appendix 4.1, 2014 Natural Gas Forecast, on page 37 and 38. The degree day heating coefficients are primarily used to normalize historical weather sensitive volumes to a normal weather month and year, which is determined by averaging the most recent 25 years of weather data.

<b>Section:</b>	Appendix 7.5	<b>Page No.:</b>	PUB/Centra INT-2
<b>Topic:</b>	Gas Supply & Costs		
<b>Subtopic:</b>	Primary Gas / Supplemental Gas billing percentages		
<b>Issue:</b>	Definitions of Primary Gas and Supplemental Gas		

**PREAMBLE TO IR (IF ANY):**

Centra provides a definition of Primary Gas in Attachment 1 page 9 of PUB/Centra INT-2(a): “Primary Gas is the natural gas received from western Canadian sources at the Alberta border (Empress), whether supplied by Centra or a marketer.”

**QUESTION:**

- a) Please provide the Primary Gas / Supplemental Gas billing percentages for May and August 2015.
- b) Please confirm whether Centra has always forecasted that Supplemental Gas would be needed in normal weather years. If not confirmed, please identify which years Supplemental Gas was not forecasted under normal weather and explain why it was not expected to be required.
- c) Please provide the definitions of Primary Gas and Supplemental Gas (originally proposed as Storage and Peaking Gas) as proposed by Centra in its 1999 application for Western Transportation Service leading to Order 19/00.
- d) Please confirm whether the definition of Primary Gas in PUB/Centra INT-2(a) reflects all sources of supply that Centra considers Primary Gas, or whether the definition should be amended to reflect gas supplies delivered to Manitoba on a seasonal basis from Western Canada.

**RATIONALE FOR QUESTION:**

Update response to PUB/Centra INT-2b. To understand Centra’s historical planning for the relative amounts of Primary Gas versus Supplemental Gas, and to understand the differences between Primary Gas and Supplemental Gas.

**RESPONSE:**

(a) Please see the following table:

<b>May 1, 2015</b>	<b>Primary Gas Billing %</b>	<b>Supplemental Gas Billing %</b>
Firm	81%	19%
Interruptible	83%	17%
<b>August 1, 2015</b>	<b>Primary Gas Billing %</b>	<b>Supplemental Gas Billing %</b>
Firm	79%	21%
Interruptible	79%	21%

(b) Not confirmed. For the two gas years commencing November 1, 2006 and November 1, 2007, billing percentages for both Firm and Interruptible customers were set at 100% Primary Gas based upon normal weather assumptions. No Supplemental Gas was forecast to be required under normal weather conditions at the outset of each of these two gas years due to a then recent significant decline in customers’ weather-adjusted annual natural gas requirements. For example, in the year following the hurricane-induced natural gas price spikes in the late summer and early fall of 2005, Residential customers’ weather-adjusted average natural gas use fell by 5.4%, compared to an average annual decline of 1.7% per year over the prior ten years.

(c) In its Western Transportation Service and Agency Billing and Collection Service Application, Centra proposed the following definitions for “Primary Gas” and “Storage and Peaking Gas”:

***Primary Gas** - Natural gas received by Centra under its TCPL contract from Western Canadian sources. Primary Gas can be provided by either Centra or a broker.*

***Storage and Peaking Gas (Supplemental Gas)** - Natural gas provided from sources other than Primary Gas.*

(d) Generally speaking, Centra is satisfied that its definitions of Primary and Supplemental Gas are appropriate.

<b>Section:</b>	Appendix 7.5	<b>Page No.:</b>	PUB/Centra INT-005a
<b>Topic:</b>	Natural Gas Volume Forecast		
<b>Subtopic:</b>	Customer and Volume Forecast		
<b>Issue:</b>	Customers, Volumes, and Average Use		

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

- c) In addition to the schedules filed in response to PUB/Centra INT-005a, please provide the heating value-adjusted and weather-normalized average use and percentage change each year.

**RATIONALE FOR QUESTION:**

Heating-value and weather-adjusted volumes and average use are needed to show the year-to-year trends in customer consumption. The other requested schedules are the PUB's historically-preferred format for presentation of this information.

**RESPONSE:**

Attached is the schedule presenting the heating value-adjusted and weather-normalized average use per customer and percentage change each year.

Weather and Heating Value Adjusted Average Use per Customer

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
1 Average Use is stated in m <sup>3</sup> /cust												
2												
3												
4 <b>System Supply</b>												
5 SGS Residential	2,866	2,858	2,757	2,739	2,655	2,601	2,537	2,495	2,472	2,385	2,330	2,410
6 SGS Commercial	5,624	5,966	5,647	5,520	5,606	5,667	5,534	5,641	5,663	5,634	5,610	6,334
7 Large General Service	59,507	66,936	66,083	64,565	62,872	63,125	61,535	61,610	62,432	60,590	63,309	64,984
8 High Volume Firm	1,300,309	1,341,106	1,302,597	1,290,476	1,355,959	1,308,421	1,304,236	1,310,712	1,367,511	1,344,620	1,408,195	1,528,907
9 Mainline Firm	8,446,500	1,123,564	666,660	1,393,940	1,411,480	1,522,160	1,752,850	1,952,150	2,378,570	3,443,070	3,992,660	4,121,430
10 Interruptible Sales	2,348,562	2,253,447	2,301,963	2,323,719	2,319,629	2,423,451	2,546,851	2,413,167	2,503,206	2,468,240	2,424,590	2,463,594
11												
12 <b>Fixed Price Supply</b>												
13 SGS Residential							3,262	2,457	2,382	2,358	2,217	2,438
14 SGS Commercial							10,540	7,285	6,403	7,220	6,378	6,933
15 Large General Service							69,875	50,593	82,630	102,115	104,997	122,558
16												
17 <b>Western Transportation Service</b>												
18 SGS Residential	2,831	2,818	2,688	2,490	2,517	2,436	2,356	2,201	2,353	2,195	2,121	2,282
19 SGS Commercial	6,500	7,116	6,259	5,638	6,134	5,605	6,082	6,413	6,467	6,772	7,182	8,098
20 Large General Service	78,253	94,459	82,552	77,334	86,191	84,733	85,634	79,242	79,200	81,577	80,335	75,701
21 High Volume Firm	1,256,070	1,388,045	1,475,466	1,521,745	1,437,737	1,431,270	1,315,366	1,405,766	1,458,303	1,427,068	1,483,698	1,874,015
22 Mainline Firm	17,276,655	16,420,585	14,535,145	13,102,375	14,520,420	13,741,241	11,006,290	11,121,150	10,772,990	10,515,070	11,605,490	9,125,466
23 Interruptible Sales	2,597,831	2,715,134	2,358,227	2,084,210	2,142,207	2,348,123	2,304,693	2,175,206	2,486,611	2,496,260	2,801,598	2,261,404
24												
25 <b>Transportation Service</b>												
26 Large General Service												
27 High Volume Firm	12,648,430	12,628,990	9,334,031	9,147,670	9,090,457	8,639,870	7,571,043	8,113,073	7,632,172	7,360,084	7,582,900	7,954,250
28 Mainline Firm	15,612,805	16,379,352	15,117,880	14,315,474	15,936,342	21,196,445	21,467,288	19,721,305	19,197,948	18,867,473	18,794,890	18,768,832
29 Interruptible Sales	7,671,705	7,643,003	7,697,670	7,226,313	7,120,455	6,566,188	5,673,155	5,436,926	5,929,187	6,661,007	7,532,742	10,590,599
30 Power Stations	46,521,050	5,748,755	2,779,390	11,882,905	3,535,525	4,010,800	6,686,860	7,648,050	8,459,480	7,241,205	5,616,320	2,050,910
31 Special Contract	360,684,380	403,205,400	455,894,760	432,893,480	469,548,160	419,566,250	425,841,980	396,422,010	441,602,440	411,516,950	461,507,470	420,078,070



<b>Section:</b>	Appendix 7.5	<b>Page No.:</b>	PUB/Centra INT-10
<b>Topic:</b>	Gas Supply & Costs		
<b>Subtopic:</b>	Interruptible Service Curtailments; curtailments for operational reasons		
<b>Issue:</b>	Reasons for Curtailments		

**PREAMBLE TO IR (IF ANY):**

Centra curtailed Interruptible customers during the months of June, July, and August 2013, and extensively through the winter of 2013/14.

**QUESTION:**

- c) Please explain whether the TCPL Mainline rupture near Otterburne, Manitoba resulted in any direct gas cost consequences to Centra, and whether Centra attempted to recover these costs from TCPL.

**RATIONALE FOR QUESTION:**

To understand the reasons for curtailments of Interruptible customers to ensure curtailments were justified.

**RESPONSE:**Response to part c)

There were no direct gas cost consequences to Centra from the rupture on the Mainline near Otterburne, Manitoba in January 2014.