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STITTCO UTILITIES MAN LTD.
STE. 303, 255 - 17 AVENUE S.W.
CALGARY, ALBERTA T2S 2T8

July 18, 2014

The Manitoba Public Utilities Board
400 – 330 Portage avenue
Winnipeg, Manitoba
R3C 0C4

THE PUBLIC UTILITIES
BOARD OF MANITOBA

JUL 22 2014

ATTENTION: Mr. Kurt Simonsen, P. Eng.
Associate Secretary

Dear Sir,

RE: Stittco Utilities Man Ltd.
Supporting Data Non-Commodity Cost

Please find attached Stittco Utilities application for non-commodity cost recovery for year ending 2014/2015.

Yours truly,

STITTCO UTILITIES MAN LTD.

G. C. Mullback
Vice President
gm/mm

Encl:

PUBLIC UTILITIES BOARD OF MANITOBA

IN THE MATTER OF the *Public Utilities Board Act* (Act) of Manitoba, C.C.S.M. c. P280;
and

IN THE MATTER OF an application by Stittco Utilities Man Ltd. pursuant to Parts II
and IV of the Act for orders of the Public Utilities Board of Manitoba relating to the rates to
be charged to propane customers in Thompson, Flin Flon, and Snow Lake, Manitoba

STITTCO UTILITIES MAN LTD.

APPLICATION

July 2014

To: **Public Utilities Board**
400 – 330 Portage Avenue
Winnipeg, Manitoba
R3C 0C4

APPLICATION

1. Stittco Utilities Man Ltd. (Stittco or the Company) hereby applies to the Public Utilities Board of Manitoba (Board) for an Order fixing just and reasonable non-commodity rates for all gas customers served by Stittco, effective August 1, 2014, including:
 - (a) a determination of the non-commodity cost revenue requirement of the Company; and
 - (b) a determination of the rate base of Stittco as of July 31, 2014.

BACKGROUND

2. Stittco is a small public utility that distributes propane by pipeline to customers in Thompson, Flin Flon, and Snow Lake, Manitoba. The majority of Stittco's customers are residential and located in Thompson.
3. The Board has been approving the rates of Stittco and its predecessor company since 1963.
4. The rates of the Company include commodity costs and non-commodity costs. By Order 141/08 dated October 15, 2008, the Board accepted a proposal by Stittco to establish a rate review process involving quarterly commodity rate changes (August 1, November 1, February 1, and May 1 of each year) and annual reviews of non-commodity rates, as of May 1 of each year.¹
5. The commodity costs include the cost of propane and expenses relating to transportation of that propane to the Stittco franchise area, both of which are reflected in rates without markup. Differences between estimated and actual commodity costs are recorded in a Purchased Propane Variance Account that is settled as part of the quarterly rate setting (QRS) process established in Board Order No. 11/09.²

¹ Board Order No. 141/08, Page 13 of 14, section 6.0, paragraph 3.

² Board Order 11/09, dated February 11, 2009, Page 3 of 8.

6. The most recent Board Order relating to non-commodity costs was Board Order 125/13 dated November 1, 2013 which determined the non-commodity revenue requirement of the Company, set both non-commodity and commodity rates effective November 1, 2013, and approved the rate base for Stittco as of July 31, 2013.
7. By Order No 45/14 (dated April 25, 2014, effective May 1, 2014), Order No. 7/14 (dated January 23, 2014, effective February 1, 2014), and Order No. 124/13 (dated October 28, 2013, effective November 1, 2013) the Board set interim ex parte propane commodity rates.
8. As required by the Quarterly Rate Setting process (QRS) established by the Board in Orders No. 141/08³ and 45/09⁴ on June 30, 2014, Stittco filed the information required for the quarterly commodity cost price adjustment, to be reflected in rates effective August 1, 2014 when the adjusted non-commodity rates go into effect.

PROPOSED NON-COMMODITY RATES

9. Stittco proposes continuation of the rate methodology established in Board Order No. 141/08 and implemented in subsequent orders. Stittco proposes the continuation of the Basic Monthly Charge of \$10.00 per month for all customers plus Monthly Delivery Charges per cubic metre, as follows.

GENERAL SERVICE RATE STRUCTURE

Basic Monthly Charge 10.00 Per Month

Non-Commodity Costs Recovery

Delivery Charge

FIRST 100 m ³	1.34697
NEXT 400 m ³	1.20132
NEXT 1000 m ³	1.13671
NEXT 2500 m ³	0.92093
OVER 4000 m ³	0.70650

³ Board Order No. 141/08, page 13 of 14, section 6.0

⁴ Board Order No. 45/09, Pages 7 through 12, section 4.1 and 5.0.

10. The non-commodity rates proposed in this Application are calculated to recover the non-commodity costs incurred by Stittco in the provision of service. The non-commodity cost revenue requirement⁵ includes operating expenses⁶, income taxes⁷, depreciation⁸, and the allowed rate of return on rate base of 10%.⁹
11. The Stittco mid-year rate base for 2014 per Board Order 125/13 was \$1,780,951. The projected mid-year rates base for 2015 is \$1,922,324.¹⁰ The increase in rate base covers a replacement service vehicle and upgrades to the rail propane unloading system to meet health and safety requirements.
12. In Order 125/13, the Board considered the existing allowed rate of return on rate base of 10% and approved rates that included that rate of return.¹¹
13. The actual return earned by Stittco for fiscal 2013 (year ending July 31, 2013), and the projected return for 2014, have been impacted by two significant factors. The first was a one-time construction heating load relating to for the new University of the North in Thompson. The Construction heating load was for the November 2013 to May 2014 with a volume of 122,000 litres. The Second was colder than normal weather in some of Stittco's markets. The 2013 result of these two factors was an actual return of 17.84%. Normalized (that is, adjusted to reflect normal weather) the return would have been 16.82%.¹² Adjusting the actual rate of return by removing the one time construction heating load of 428,560 litres in 2013 would result in a rate of return of 14.54% which, normalized for weather would be 13.45%. The projected actual return for fiscal 2014 (derived from 9 months of actual numbers and 3 months of projections) is 11.14%.¹³ Adjusting the 2014 projected rate of return by removing the one time construction volume would reduce the projected return to 10.14%. (see Tab 3a of the Application).
14. Stittco notes that the 2013 actual return, was the first time since 2003 that the Company Achieved its target return on rates base. In four of the years since 2003 the actual return was negative.¹⁴

⁵ See Tab No. 2. Revenue Requirement, Schedule, Revenue Requirement Projected for Year Ending July 31, 2015.

⁶ See Tab No. 10. Operating Expenses, Schedule, Summary of Operating Expenses Projected for Years Ending July 31, 2014/2015.

⁷ See Tab No. 4. Income Tax Requirement, Schedule, Income Tax Requirement Projected for Years Ending July 31, 2014/2015.

⁸ See Tab No. 9. Depreciation Schedules, Depreciation Schedules Projected for the Years Ending July 31, 2014/2015.

⁹ See Tab No. 3. Income Statements, Schedule, Income Statements Projected for Years Ending July 31, 2014/2015.

¹⁰ See Tab No. 6. Rate Base, Schedule, Rate Base Projected for Years Ending July 31, 2014/2015.

¹¹ Order No. 125/13, Section 3.0 Pages 9 and 10 of 16: Section 5.0 Page 13 of 16: Section 6.0 Page 15 of 16.

¹² See Tab No. 1. Historical Earnings, Schedule, Historical Earnings Ending July 31, 2014/2015

¹³ See Tab No. 3. Income Statement, Schedule, Income Statements Projected for Years Ending July 31, 2014/2015.

¹⁴ See Tab No. 1 Historical Earnings Years Ending July 31st of July, specifically 2006, 2007, 2008 and 2010.

15. Stittco seeks no change in its allowed rate of return of 10%. Stittco continues to be financed entirely by equity since it is precluded from the debt markets due to its dire financial condition. By law, the equity investors in Stittco are entitled to a return that is equivalent to the returns available from investing in enterprises of similar risk. In 2013, the National Energy Board awarded the TransCanada PipeLines Limited Mainline pipeline – a utility of significantly less risk than Stittco – a return of 11.5%.¹⁶
16. Stittco requests that this Application be handled in writing.
17. Attached is a proposed notice to customers for review and consideration by the Board prior to it being sent by Stittco to customers.

¹⁶The National Energy Board Reasons for Decision TransCanada Pipelines Limited, NOVA Gas Transmissions Ltd. and Foothills Pipelines Ltd. RH-003-2011. Tolls and Tariff, March 2013, Chapter 9: Mainline Fair Return and Business Risk, pages 147-191.

WHEREFORE, Stittco requests an Order of the Board:

- (a) fixing just and reasonable non-commodity rates for all gas customers served by Stittco, effective August 1, 2014, including:
 - (i) a determination of the non-commodity cost revenue requirement of the Company, as proposed in this application and
 - (ii) a determination of the rate base of Stittco as of July 31, 2014; and
- (b) providing such other relief as Stittco may request or the Board may consider appropriate.

All of which is respectfully submitted this 18th day of July, 2014.

Stittco Utilities Man Ltd.

Per: _____

G.C. Mullback

Communications relating to this Application should be directed to:

Glen Mullback
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Telephone: (403) 228-5815
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Email: gstitt@stittco.com

and to

C. Kemm Yates, Q.C.
Blake, Cassels & Graydon LLP
3500 Bankers Hall East
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Calgary, Alberta
T2P 4J8
Telephone: (403) 260-9667
Telecopier: (403) 663-2297
Email: kemm.yates@blakes.com

STITTCO UTILITIES MAN LTD.

Customer Notification

Stittco Utilities Man Ltd. has filed an application with the Manitoba Public Utilities Board requesting a rate increase for the yearly non-commodity costs as established in Board Order 125/13. The overall requested increase in non-commodity costs is 6%. Stittco is not requesting any change to the rate of return on rate base.

Should additional information be required, please contact your local office at (204) 677-2304, or customers may contact The Public Utilities Board at:

400 – 330 Portage Avenue

Winnipeg, MB R3C 0C4

Telephone: (204) 945-2638

Facsimile: (204) 945-2643

Toll Free: 1-866-854-3698

Email: publicutilities@gov.mb.ca

**STITTCO UTILITIES MAN LTD.
INDEX OF SCHEDULES ATTACHED
APPLICATION**

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TAB NO. 1

HISTORICAL EARNINGS

Tab #1

**STITTCO UTILITIES MAN LTD
HISTORICAL EARNINGS
YEARS ENDING 31 JULY**

YEAR	MID-YEAR RATE BASE	ACTUAL RETURN \$	ACTUAL RETURN %	NORMALIZED RETURN %	ALLOWED RETURN %
1984	1,496,193	16,756	1.12%	6.00%	12.25%
1985	1,744,082	134,949	7.74%	7.85%	13.75%
1986	1,635,439	209,853	12.83%	13.17%	13.75%
1987	1,473,205	134,529	9.13%	12.90%	13.75%
1988	1,496,963	115,922	7.74%	10.13%	13.75%
1989	1,501,948	231,257	15.40%	16.36%	13.75%
1990	1,565,802	232,851	14.87%	14.57%	13.75%
1991	1,680,332	107,171	6.38%	7.02%	13.75%
1992	1,922,222	186,471	9.70%	9.73%	13.75%
1993	2,199,789	196,083	8.91%	9.99%	13.75%
1994	2,214,616	202,893	9.16%	7.64%	13.75%
1995	2,136,964	159,392	7.46%	9.19%	13.75%
1996	2,166,767	307,970	14.21%	12.49%	13.75%
1997	2,317,714	223,207	9.63%	8.75%	13.75%
1998	2,159,054	68,968	3.19%	5.18%	13.75%
1999	2,002,605	103,706	5.18%	8.96%	10.89%
2000	2,004,411	187,564	9.36%	11.32%	10.89%
2001	2,285,548	155,238	6.79%	7.78%	10.89%
2002	2,073,547	108,883	5.25%	6.04%	10.89%
2003	2,039,653	223,741	10.97%	11.92%	10.83%
2004	1,897,533	169,904	8.95%	10.29%	10.83%
2005	1,929,813	83,480	4.33%	4.76%	10.83%
2006	1,937,865	-93,102	-4.80%	0.03%	10.83%
2007	1,927,450	-88,036	-4.57%	-0.81%	10.00%
2008	2,138,168	-11,520	-0.54%	-1.99%	10.00%
2009	2,009,574	112,030	5.57%	4.10%	10.00%
2010	1,980,700	-160,751	-8.12%	-0.48%	10.00%
2011	2,051,484	111,698	5.44%	6.72%	10.00%
2012	1,953,864	67,310	3.44%	10.02%	10.00%
2013	1,733,284	258,248	14.90%	13.78%	10.00%

TAB NO. 2

REVENUE REQUIREMENT

Tab #2

**STITCO UTILITIES MAN LTD
REVENUE REQUIREMENT
PROJECTED FOR YEARS ENDING
JULY 31,2015**

	PUB ORDER NO. 125/13	2015 PROJECTED
TOTAL PROJECTED VOLUMES, LITRES		
Sales	6,280,000	6,625,000
Purchases	6,437,000	6,790,625
Cost, \$/M3	\$315.00	\$400.00
PROPANE REVENUE REQUIREMENT		
Balance PPVA		
Cost Of Product	2,027,655	2,716,250
TOTAL C3 REV REQ'D	2,027,655	2,716,250
RATE BASE		
Mid-Year Rate Base	1,708,951	1,828,831
DISTRIBUTION REVENUE REQUIREMENT		
Other Cost Of Sales	120,000	120,000
Operating Expenses	1,525,384	1,683,331
Depreciation	115,185	97,177
Accretion	27,560	27,560
Return On Rate Base @ 10.00%	170,895	182,883
Income Tax Requirement	62,957	61,070
Other Income	-274,600	-274,600
	1,747,381	1,897,421
REVENUE REQUIRED FROM COMMODITY		2,716,250
REVENUE REQUIRED FROM YEARLY BILLS		10,336
REVENUE REQUIRED FROM NON-COMMODITY		1,887,085

TAB NO. 3

INCOME STATEMENT

Tab #3

**STITTCO UTILITIES MAN LTD
INCOME STATEMENTS
PROJECTED FOR YEARS ENDING
JULY 31, 2014-2015**

	PUB ORDER NO. 125/13	2014 9 MONTHS ACTUAL 3 MONTHS BUDGET	2015 PROJECTED
PROPANE SALES VOL, LITRES			
Residential	1,690,000	1,820,700	1,740,000
Commercial	4,590,000	5,227,000	4,885,000
TOTAL SALES VOLUME	6,280,000	7,047,700	6,625,000
TOTAL PROPANE PURCHASED	6,437,000	7,223,893	6,790,625
UNIT PROPANE COST \$/LITRE	0.3150	0.4863	0.4000
REVENUE			
Gas Sales Non Commodity	1,747,381	1,815,897	1,897,421
Gas Sales	2,027,655	3,513,222	2,716,250
Appl & Mat'l Sales	155,000	144,705	155,000
Service Revenue	48,000	64,049	48,000
Stittco Energy Rev	51,600	39,300	51,600
Other Revenue	20,000	22,794	20,000
TOTAL REVENUE	4,049,636	5,599,967	4,888,271
EXPENSES			
Actual Cost Of Propane	2,027,655	3,513,222	2,716,250
Other Cost Of Sales	120,000	104,871	120,000
Operating Expenses	1,525,384	1,583,266	1,683,331
Depreciation	115,185	100,094	97,177
Accretion	27,560	26,000	27,560
TOTAL EXPENSES	3,815,784	5,327,454	4,644,318
OPER INCOME B/TAX	233,852	272,513	243,953
Income Tax Payable	62,957	65,450	61,070
NET INCOME (RETURN)	170,895	207,063	182,883
MID YEAR RATE BASE	1,708,951	1,956,709	1,828,831
RETURN ON RATE BASE	10.00%	10.58%	10.00%

TAB NO. 3a

**INCOME STATEMENT ADJUSTED FOR
CONSTRUCTION LITRES**

Tab #3A

**STITTCO UTILITIES MAN LTD
INCOME STATEMENTS
PROJECTED FOR YEARS ENDING
JULY 31, 2014-2015**

	PUB ORDER NO. 125/13	2014 LESS ONE TIME CONSTRUCTION LITRES	2015 PROJECTED
PROPANE SALES VOL, LITRES			
Residential	1,690,000	1,820,700	1,740,000
Commercial	4,590,000	5,227,000	4,885,000
TOTAL SALES VOLUME	6,280,000	6,924,926	6,625,000
TOTAL PROPANE PURCHASED	6,437,000	7,101,119	6,790,625
UNIT PROPANE COST \$/LITRE	0.3150	0.4863	0.4000
REVENUE			
Gas Sales Non Commodity	1,747,381	1,790,288	1,912,887
Gas Sales	2,027,655	3,453,517	2,716,250
Appl & Mat'l Sales	155,000	144,705	155,000
Service Revenue	48,000	64,049	48,000
Stittco Energy Rev	51,600	39,300	51,600
Other Revenue	20,000	22,794	20,000
TOTAL REVENUE	4,049,636	5,514,653	4,903,737
EXPENSES			
Actual Cost Of Propane	2,027,655	3,453,517	2,716,250
Other Cost Of Sales	120,000	104,871	120,000
Operating Expenses	1,525,384	1,583,266	1,684,831
Depreciation	115,185	100,094	97,177
Accretion	27,560	26,000	27,560
TOTAL EXPENSES	3,815,784	5,267,749	4,645,818
OPER INCOME B/TAX	233,852	246,904	257,919
Income Tax Payable	62,957	58,535	65,138
NET INCOME (RETURN)	170,895	188,369	192,781
MID YEAR RATE BASE	1,708,951	1,857,497	1,927,991
RETURN ON RATE BASE	10.00%	10.14%	10.00%

TAB NO. 4

INCOME TAX REQUIREMENT

Tab #4

**STITTCO UTILITIES MAN LTD.
INCOME TAX REQUIREMENT
PROJECTED FOR YEARS ENDING
JULY 31,2014/2015**

	2014	2015
	PROJECTED	PROJECTED
OPERATING INCOME	272,513	243,953
ADD DEPRECIATION	100,094	97,177
ADD ACCRETION	26,000	27,560
LESS CCA	93,504	91,183
TAXABLE INCOME	<u>305,103</u>	<u>277,506</u>
TAX ON FIRST \$133,333 @ 14.304%	19,072	19,072
TAX ON BALANCE @ 27.00%	<u>46,378</u>	<u>41,998</u>
CALCULATED INCOME TAX	<u>65,450</u>	<u>61,070</u>

TAB NO. 5

CAPITAL COST ALLOWANCES

Tab #5

**STITTCO UTILITIES MAN LTD
CAPITAL COST ALLOWANCE
PROJECTED FOR YEAR ENDING 31 JULY 2014**

CLASS NO.	RATE %	UCC		LESSER OF COST OR PROCEEDS		CCA	UCC 31 JUL 2014
		1 AUG 2013	ADDITIONS	ADJUST			
1	4%	266,715		0	0	10,669	256,046
2	6%	400,865	650	0	0	24,071	377,443
6	10%	40,186		0	0	4,019	36,167
8	20%	47,193	1,477	0	0	9,586	39,084
9	25%	1		0	0	0	1
10	30%	131,160	35,000	0	0	44,598	121,561
10.1	30%	17		0	0	5	12
38	30%	1,854		0	0	556	1,298
50	50%	1,773					1,773
		889,764	37,127	0	0	93,504	833,386

**STITTCO UTILITIES MAN LTD
CAPITAL COST ALLOWANCE
PROJECTED FOR YEAR ENDING 31 JULY 2015**

CLASS NO.	RATE %	UCC		LESSER OF COST OR PROCEEDS		CCA	UCC 31 JUL 2015
		1 AUG 2014	ADDITIONS	ADJUST			
1	4%	256,046	100,000	0	0	12,242	343,805
2	6%	377,443		0	0	22,647	354,797
6	10%	36,167		0	0	3,617	32,551
8	20%	39,084	5,000	0	0	8,317	35,767
9	25%	1		0	0	0	1
10	30%	121,561	45,000	0	0	43,218	123,342
10.1	30%	12		0	0	4	8
38	30%	1,298	5,000	0	0	1,139	5,158
50	50%	1,773					1,773
		833,386	155,000	0	0	91,183	897,201

TAB NO. 6

RATE BASE

Tab #6

**STITCO UTILITIES MAN LTD
RATE BASE
PROJECTED FOR YEARS ENDING
JULY 31, 2014/2015**

PLANT IN SERVICE	PUB ORDER NO. 125/13	2014 PROJECTED	2015 PROJECTED
Beginning Year Balance	4,899,997	4,834,836	4,871,963
Additions, Net	49,500	37,127	155,000
End Of Year Balance	4,949,497	4,871,963	5,026,963
Average, Mid-year	<u>4,924,747</u>	<u>4,853,399</u>	<u>4,949,463</u>
 ACCUMULATED DEPRECIATION			
Beginning Year Balance	3,885,626	3,842,526	3,942,620
Additions, Net	115,185	100,094	97,177
End Of Year Balance	4,000,811	3,942,620	4,039,797
Average, Mid-year	<u>3,943,219</u>	<u>3,892,573</u>	<u>3,991,209</u>
 AVERAGE MID-YEAR NET PLANT IN SERVICE	981,528	960,826	958,254
WORKING CAPITAL	782,804	995,883	870,577
MID-YEAR RATE BASE	<u>1,764,332</u>	<u>1,956,709</u>	<u>1,828,831</u>

TAB NO. 7

WORKING CAPITAL

Tab #7

**STITCO UTILITIES MAN LTD
WORKING CAPITAL
PROJECTED FOR YEARS ENDING
JULY 31 ,2014/2015**

	PUB ORDER NO. 125/13	2014 PROJECTED	2015 PROJECTED
PRODUCT INVENTORY	200,151	309,016	254,160
MATERIAL INVENTORY			
Average Monthly Balance	118,177	120,361	120,000
ACCOUNTS RECEIVABLE ARREARS			
Average Monthly Balance	220,846	238,565	215,000
ACCOUNTS RECEIVABLE PREPAYMENTS			
Average Monthly Balance	-107,550	-73,323	-72,333
CONDITIONAL SALES CONTRACTS			
Average Monthly Balance	0	0	0
ALLOWANCE FOR DOUBTFUL ACCOUNTS			
Average Monthly Balance	-39,000	-42,731	-47,800
CASH WORKING CAPITAL			
(a) 1/8 of Operating Expenses	190,672	197,908	210,416
(b) 25/365 of Product Purchases	138,880	240,632	186,045
INCOME TAX			
1/12 of Income Tax	5,246	5,454	5,089
TOTAL	727,423	995,883	870,577

TAB NO. 8

FIXED ASSET SCHEDULES

Tab #8

**STITCO UTILITIES MAN LTD
FIXED ASSET SCHEDULE
PROJECTED FOR THE YEAR ENDING 31 JULY 2014**

DESCRIPTION	BALANCE			BALANCE
	1 AUG13	ADDITIONS	DISPOSALS	31 JUL 2014
Asset Retirement	222,530			222,530
LAND	145,729			145,729
BUILDINGS	435,472			435,472
STORAGE & PLANT	1,090,343			1,090,343
PLANT SITE IMPROVEMENTS	83,168			83,168
SPUR TRACK	10,795			10,795
MAINS	1,160,362			1,160,362
SERVICES	959,490	650		960,140
METERS	295,494			295,494
OFFICE EQUIP	63,625	1,477		65,103
COMPUTER EQUIPMENT	32,650			32,650
TRANS EQUIP	154,358	35,000		189,358
HEAVY WORK EQUIPMENT	64,743			64,743
TOOLS & EQUIP	104,081			104,081
COMMUNICATIONS	11,996			11,996
TOTAL PLANT IN SERVICE	4,834,836	37,127	0	4,871,963

Tab #8

**STITCO UTILITIES MAN LTD
FIXED ASSET SCHEDULE
PROJECTED FOR THE YEAR ENDING 31 JULY 2015**

DESCRIPTION	BALANCE			BALANCE
	1 AUG14	ADDITIONS	DISPOSALS	31 JUL 2015
Asset Retirement	222,530			222,530
LAND	145,729			145,729
BUILDINGS	435,472			435,472
STORAGE & PLANT	1,090,343			1,090,343
PLANT SITE IMPROVEMENTS	83,168	100,000		183,168
SPUR TRACK	10,795			10,795
MAINS	1,160,362			1,160,362
SERVICES	960,140			960,140
METERS	295,494			295,494
OFFICE EQUIP	65,103			65,103
COMPUTER EQUIPMENT	32,650	10,000		42,650
TRANS EQUIP	189,358	35,000		224,358
HEAVY WORK EQUIPMENT	64,743	5,000		69,743
TOOLS & EQUIP	104,081	5,000		109,081
COMMUNICATIONS	11,996			11,996
TOTAL PLANT IN SERVICE	4,871,963	155,000	0	5,026,963

TAB NO. 9

DEPRECIATION SCHEDULES

Tab #9

**STITTCO UTILITIES MAN LTD
DEPRECIATION SCHEDULE
PROJECTED FOR THE YEAR ENDING 31 JULY 2014**

DESCRIPTION	BALANCE 1 AUG 2013	ADJUST- MENTS	DEPR RATE	2014 DEPR	BALANCE 31 JUL 2014
ASSET RETIREMENT	222,530				222,530
LAND	0		0.00%	0	0
BUILDINGS	314,963		2.80%	12,193	327,157
STORAGE & PLANT	705,537		2.80%	30,530	736,066
PLANT SITE IMPROVE	59,631		2.80%	2,329	61,960
SPUR TRACK	9,448		2.80%	302	9,750
MAINS	1,113,470		2.80%	3,413	1,116,883
SERVICES	957,782		2.80%	1,708	959,490
METERS	145,371		2.80%	8,274	153,644
OFFICE EQUIPMENT	48,476		10.00%	3,408	51,883
COMPUTER EQUIPMENT	31,332		20.00%	1,318	32,650
TRANS EQUIP	59,503		24.00%	35,186	94,689
HEAVY WORK EQUIPMENT	58,407		20.00%	1,435	59,842
TOOLS & EQUIP	104,081		20.00%	0	104,081
COMMUNICATIONS	11,996		10.00%	0	11,996
TOTAL	3,842,526	0		100,094	3,942,620

Tab #9

**STITTCO UTILITIES MAN LTD
DEPRECIATION SCHEDULE
PROJECTED FOR THE YEAR ENDING 31 JULY 2015**

DESCRIPTION	BALANCE 1 AUG 2014	ADJUST- MENTS	DEPR RATE	2015 DEPR	BALANCE 31 JUL 2015
ASSET RETIREMENT	222,530				222,530
LAND	0		0.00%		
BUILDINGS	327,157		2.80%	12,193	339,350
STORAGE & PLANT	736,066		2.80%	30,530	766,596
PLANT SITE IMPROVE	61,960		2.80%	2,329	64,288
SPUR TRACK	9,750		2.80%	302	10,052
MAINS	1,116,883		2.80%	3,413	1,120,296
SERVICES	959,490		2.80%	650	960,140
METERS	153,644		2.80%	8,274	161,918
OFFICE EQUIPMENT	51,883		10.00%	3,555	55,438
COMPUTER EQUIPMENT	32,650		20.00%	0	32,650
TRANS EQUIP	94,689		24.00%	34,496	129,185
HEAVY WORK EQUIPMENT	59,842		20.00%	1,435	61,276
TOOLS & EQUIP	104,081		20.00%	0	104,081
COMMUNICATIONS	11,996		10.00%	0	11,996
TOTAL	3,942,620	0		97,177	4,039,797

TAB NO. 10

OPERATING EXPENSES

Tab #10

STITCO UTILITIES MAN LTD
SUMMARY OF OPERATING EXPENSES
PROJECTED FOR YEARS ENDING
JULY 31, 2014/2015

	PUB ORDER NO. 125/13	2014 9 MONTHS ACTUAL 3 MONTHS BUDGET	2015 PROJECTED
WAGES & BENEFITS	666760	684448	764220
MATERIALS & SUPPLIES	47600	45264	49500
CONTRACT SERVICES	101600	109414	100950
OTHER OPERATING COSTS	103500	135111	131500
AUTOMOTIVE	44750	51258	53160
INSURANCE	75000	60164	60000
PROPERTY TAXES	118000	95033	118000
ADMINISTRATIVE & GENERAL	204740	232939	232876
TOTAL DIRECT OPERATING EXPENSES	<u>1361950</u>	<u>1413630</u>	<u>1510206</u>
ADMINISTRATION FEE	<u>163434</u>	<u>169636</u>	<u>173125</u>
TOTAL OPERATING EXPENSES	<u><u>1525384</u></u>	<u><u>1583266</u></u>	<u><u>1683331</u></u>

STITCO UTILITIES MAN LTD
 DETAILED OPERATING EXPENSES
 PROJECTED FOR YEARS ENDING
 JULY 31, 2014/2015

	PUB ORDER NO. 125/13	2014 9 MONTHS ACTUAL 3 MONTHS BUDGET	2015 PROJECTED
WAGES			
Regular	557300	564,264	599,500
Casual	12000	15,550	18,000
	<u>569300</u>	<u>579814</u>	<u>617500</u>
EMPLOYEE BENEFITS			
Canada Pension	14400	15,757	14,400
Employment Insurance	7800	8,415	7,800
Workers' Compensation	3000	2,405	3,000
Life Insur, Medical & Dental	22260	22,591	23,520
Employee Pension Plan		4,000	48,000
Other Employee Benefits	50000	51,465	50000
Total Employee Benefits	<u>97460</u>	<u>104634</u>	<u>146720</u>
TOTAL WAGES AND BENEFITS	<u>666760</u>	<u>684448</u>	<u>764220</u>
MATERIALS & SUPPLIES			
Employee Material	6000	4,554	6,000
Tools & Equipment	6000	5,954	6,000
Office Supplies	14400	14,134	14,700
Plant Materials	19200	17,766	19,200
Main & Service Line Materials	1440	1,900	2,400
Meters and Regs	560	955	1,200
Other Distribution	0	0	0
TOTAL MATERIAL & SUPPLIES	<u>47600</u>	<u>45264</u>	<u>49500</u>
CONTRACT SERVICES			
Office	15900	15,753	15,600
Plant	19200	16,920	19,200
Pipelines	9500	8,236	9,500
Meters & Regulators	10800	13,045	10,800
Stittco Contract Services	46200	55,460	45850
TOTAL CONTRACT SERVICES	<u>101600</u>	<u>109414</u>	<u>100950</u>
OTHER OPERATING COSTS			
Leak Surveys	47000	54,735	59,000
Rentals	10900	11,634	10,900
Vaporizer Consumption	44600	68,515	60,600
Obsolete Material Write Off	1000	228	1,000
Switch & Detention	0	0	0
TOTAL OTHER COSTS	<u>103500</u>	<u>135111</u>	<u>131500</u>

STITCO UTILITIES MAN LTD
 DETAILED OPERATING EXPENSES
 PROJECTED FOR YEARS ENDING
 JULY 31, 2014/2015

	PUB ORDER NO. 125/13	2014 9 MONTHS ACTUAL 3 MONTHS BUDGET	2015 PROJECTED
AUTOMOTIVE			
Maintenance	11400	12,147	14,400
Fuel	18350	24,125	23,760
Licenses & Insurance	15000	14,986	15000
TOTAL AUTOMOTIVE	44750	51258	53160
INSURANCE	75000	60,164	60,000
PROPERTY TAXES	118000	95,033	118,000
ADMINISTRATIVE & GENERAL			
Bank Charges	23,500	22,441	23,500
Safety & Branch Mtgs	1,200	900	1,200
Freight & Express	7,200	6,752	7,200
Memberships, Sub, Permits Etc	2,500	1,476	2,500
Postage	14,000	11,361	14,400
Consulting Fees	12,000	46,167	27,000
Public Utility Board Costs	6,000	2,333	6,000
Sales Promotion	4,800	2,366	4,800
Advertising	5,500	2,132	4,800
Telephone	16,800	18,095	16,800
Training	1,500	5,375	5,000
Travel & Entertainment	8,400	3,752	8,400
Bad Debt Allowance	36,000	32,715	36,000
Utilities	25,000	28,429	25,900
Manitoba Capital Tax	0	0	0
Manitoba Payroll Tax	12,240	13,691	13,276
Legal Fees	11,100	11,954	16,100
Audit Fees	17000	23,000	20000
TOTAL ADMIN	204740	232939	232876
TOTAL DIRECT OPERATING EXPENSES	1361950	1413630	1510206
ADMINISTRATION FEE	163434	169,636	173125
TOTAL OPERATING EXPENSES	1525384	1583266	1683331