CENTRA GAS MANITOBA INC.

APPLICATION TO THE
PUBLIC UTILITIES BOARD OF MANITOBA

2013/14
GENERAL RATE APPLICATION

Centra Gas Manitoba Inc.
Book of Documents and Authorities

Tab #	Description	Reference
1	Approvals Requested List of Interim Orders for which Centra is requesting final approval	Letter of Application Mr. Greg Barnlund's Direct Evidence at transcripts pages 40-42
2	Non-Gas Revenue Requirement	PUB/Centra II-148(a)
3	Operating Costs per Customer	Page 2 of Appendix 5.7
4	Historical OM&A including and excluding Accounting Changes	Response to PUB/Centra I-17(b)
5	Accounting Changes	Page 4 of Appendix 5.7
6	PUB's recommendations regarding capitalization of operating costs	Pages 96, 97 and 340 of Order 116/08
7	PUB determination regarding Accounting Changes in Electric GRA PUB determination regarding the treatment of net salvage value in depreciation rates in Electric GRA	Pages 14 to 15 of Order 43/13 Page 18 of Order 43/13
8	OEB and AUC extracts on the treatment of costs associated with meter exchanges	
9	Finance Expense from 2006/07 through to the 2013/14 Test Year	Response to PUB/Centra I-42(a)
10	Centra's Long Term Financings	Page 16 of Centra's Rebuttal Evidence provided at Exhibit #4-2
11	Comparison of Spring 2013 Economic Outlook Interest Rates with those included in IFF12 and impact on total finance expense for the 2013/14 Test Year	Revised Response to PUB/Centra I-9(b)
12	EO13 interest rates under the various scenarios	Page 1 to 10 of Revised Response to PUB/Centra I-141(d)

Tab #	Description	Reference
13	Evidence on the Refinancing of CG5 with CG10, CG11 & CG12, and CG1 with CG15, CG16 & CG17.	Pages 19 to 23 of Centra's Rebuttal Evidence provided at Exhibit #4-2
14	PUB determination regarding review of Net Income target	Page 78 of Order 135/05
15	Summary of All Gas Cost Deferral Balances	Schedule 10.11.0 of Tab 10 of Centra's Application
16	Bill Impact Comparisons	Schedule 12.1.0 Pages 1-2 of Centra's Cost of Gas Update of May 10, 2013

TAB 1

THE PUBLIC UTILITIES BOARD OF MANITOBA

IN THE MATTER OF: *The Public Utilities Board Act* (Manitoba); and

IN THE MATTER OF: An Application by Centra Gas Manitoba Inc. for an Order of the Public Utilities Board Approving Rates for the Sale of Supplemental Gas and for the Transportation and Distribution of Gas.

TO: The Executive Director of the
Public Utilities Board of Manitoba
Winnipeg, Manitoba

APPLICATION

Centra Gas Manitoba Inc. ("Centra") hereby applies to the Public Utilities Board of Manitoba ("PUB" or "Board") for an Order pursuant to *The Public Utilities Board Act*, for the following:

a) Approval of an approximate 2.0% general revenue increase effective August 1, 2013, sufficient to generate additional revenue of $6 million and projected net income of $5 million in 2013/14;

b) Approval of adjustments to rates to reflect changes in forecast non-Primary Gas costs, to be effective August 1, 2013;

c) Approval of Supplemental Gas, Transportation (to Centra), Distribution (to Customers) Sales and Transportation rates, Basic Monthly Charges, the Primary Gas Overhead rate and the Fixed Rate Primary Gas Service ("FRPGS") Program Cost Rate, effective August 1, 2013.

d) Final approval of gas costs for the period of November 1, 2010 to October 31, 2012;

e) Final approval of the disposition through rate riders of the various non-Primary Gas Purchased Gas Variance Accounts ("PGVA"), and other gas cost deferral account balances as at October 31, 2012;

f) Final approval of Primary Gas, Supplemental Gas, Transportation (to Centra), Distribution (to Customers) sales rates, and Basic Monthly Charges, effective May 1, 2011, which were approved on an interim basis in Order 66/11;

g) Final approval of Primary Gas, Supplemental Gas, Transportation (to Centra) and Distribution (to Customers) sales rates, effective May 1, 2012, reflecting the removal of non-Primary Gas rate riders, which were approved on an interim basis in Order 54/12;

h) Approval to change the rate setting formula for FRPGS to self-insure the volumetric and market price risk for each subsequent offering;

i) Approval to vary Directive 8 of Order 95/00, eliminating the requirement for Centra to submit a feasibility test to the Board for approval prior to commencement and construction of future expansions greater than 500 metres in the Rural Municipalities of Woodlands and Bifrost;

j) Final approval of interim Orders 106/10, 20/11, 96/11, 150/11, 7/12, 89/12, and 137/12 related to the approval of interim Primary Gas Sales Rates effective November 1, 2010, February 1, 2011, August 1, 2011, November 1, 2011, February 1, 2012, August 1, 2012, and November 1, 2012, respectively. Centra is also requesting final approval of any further interim ex-parte Orders related to the approval of Primary Gas Rates issued by the PUB prior to the conclusion of the hearing of this Application;

k) Final approval of interim Orders 80/11, 89/11, 101/11, 132/11, 51/12, 61/12, 67/12, 70/12, 85/12, 94/12, and 131/12 related to the approval of new franchise agreements and financial feasibility tests for the expansion of natural gas to the Rural Municipality ("RM") of Thompson & the RM of Roland, the RM of Portage la Prairie, the RM of Rockwood, the RM of Ste. Anne, the RM of Rosedale, the RM of Whitewater, the RM of Portage la Prairie, the RMs of South Norfolk & Grey, the RM of Ste. Anne, the RMs of Bifrost and Woodlands, and the RM of Woodworth, respectively. Centra is also requesting final approval of any further interim ex-parte Orders related to franchise applications issued by the PUB prior to the conclusion of the hearing of this Application;

l) Approval of changes to the Terms & Conditions of Service, as will be discussed in Volume II of the Application, including updated Activity Rates for chargeable services, changes to Centra's Customer Equipment Problem Program for Small General Service customers, and the introduction of new charges to recover costs related to third party damages to utility plant, to take effect upon Order of the Board; and,

m) Final approval of any interim rate Orders issued by the PUB subsequent to the filing of the Application and prior to conclusion of this proceeding.

Centra intends to file Volume II of the Application in February 2013, including materials on Centra's customer and volume forecast, rate base & rate of return, gas supply & costs, cost allocation, proposed rates and customer impacts, Fixed Rate Primary Gas Service, proposed changes to the Terms & Conditions of Service, and responses to a number of PUB directives.

Communication related to this Application should be addressed to Centra in the following fashion:

Centra Gas Manitoba Inc.
c/o: 22nd Floor, 360 Portage Avenue
Winnipeg, Manitoba
R3C 0G8

Attention:	Ms. M. D. Boyd
Telephone No.	204-360-3468
Fax No.	204-360-6147
E-Mail:	mboyd@hydro.mb.ca

DATED at Winnipeg, Manitoba this 25th day of January 2013.

CENTRA GAS MANITOBA INC.

A subsidiary of Manitoba Hydro

Per: M Boyd

Marla D. Boyd

Centra Gas Manitoba Inc.
2013/14 General Rate Application
Request for Final Approval of Interim Orders

Primary Gas Interim Orders	
106/10	November 1, 2010
20/11	February 1, 2011
96/11	August 1, 2011
150/11	November 1, 2011
7/12	February 1, 2012
89/12	August 1, 2012
137/12	November 1, 2012
10/13	February 1, 2013
40/13	May 1, 2013

Franchise Agreements and Feasibility Tests Interim Orders	
80/11	RM of Thompson and RM of Roland
89/11	RM of Portage la Prairie
101/11	RM of Rockwood
132/11	RM of Ste. Anne
51/12	RM of Rosedale
61/12	RM of Whitewater
67/12	RM of Portage la Prairie
70/12	RMs of South Norfolk and Grey
85/12	RM of Ste. Anne
94/12	RMs of Bifrost and Woodlands
131/12	RM of Woodworth
32/13	RM of St. Francois Xavier
33/13	RM of Rosser

TAB 2

Centra Gas Manitoba Inc.

2013/14 General Rate Application

Tab 2 of Centra's Book of Documents- Non-Gas Revenue Requirement

	Revenue Requirement	Last Approved 2010/11	2013/14 Test Year	Change from Last Approved
1	Other Income	-2,026	-1,866	160
2	OM&A	60,343	68,800	8,457
3	Depreciation and Amortization	27,367	30,091	2,723
4	Furnace Replacement Program	3,800	3,800	
5	Capital & Other Taxes	23,940	18,750	-5,190
6	Finance Expense	19,105	17,296	-1,809
7	Corporate Allocation	12,000	12,000	
8	Net Income	2,505	4,821	2,316
9	Total	147,035	153,692	6,657

TAB 3

2.0 OM&A Corporate Summary

The following table presents a summary of the OM&A costs and operating costs per customer for gas operations:

	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Forecast	2013/14 Forecast	Average Annual Increase
Centra Gas OM&A	$ 59,803	$ 60,951	$ 60,644	$ 62,117	$ 67,300	$ 68,800	
Less Accounting Changes	$ 1,000	$ 1,020	$ 3,040	$ 3,101	$ 7,491	$ 7,796	
Centra Gas OM&A after adjusting for Accounting Changes	$ 58,803	$ 59,931	$ 57,604	$ 59,016	$ 59,809	$ 61,004	
% Increase	4.50%	1.92%	-3.88%	2.45%	1.34%	2.00%	1.39%
Number of Customers	263,008	264,301	265,961	267,699	270,040	273,122	0.63%
Cost per Customer	$ 224	$ 227	$ 217	$ 220	$ 221	$ 223	
% Increase (Decrease)	3.77%	1.42%	-4.48%	1.79%	0.47%	0.85%	0.63%
Canadian CPI	2.20%	0.40%	2.00%	2.80%	1.80%	2.10%	1.88%

As indicated in the above table, Centra has maintained the average annual increase in OM&A costs well below inflation from 2008/09 through 2013/14. The average annual increase in OM&A costs over the 6 year period is 1.39% compared to the average annual increase in the Canadian CPI of 1.88%. OM&A cost per customer is forecast to increase by an average of only 0.63% per year over the 2008/09 to 2013/14 period.

3.0 Accounting Changes

Changes in accounting practices and policies have had an impact on Centra's OM&A expenditures over the period reviewed in this Application. Historically under CGAAP, Centra utilized a full cost accounting approach to the capitalization of administrative and overhead costs. Changes in overhead capitalization practices implemented to date and proposed for 2012/13 recognize industry trends to move away from full cost accounting

TAB 4

PUB/CENTRA I-17

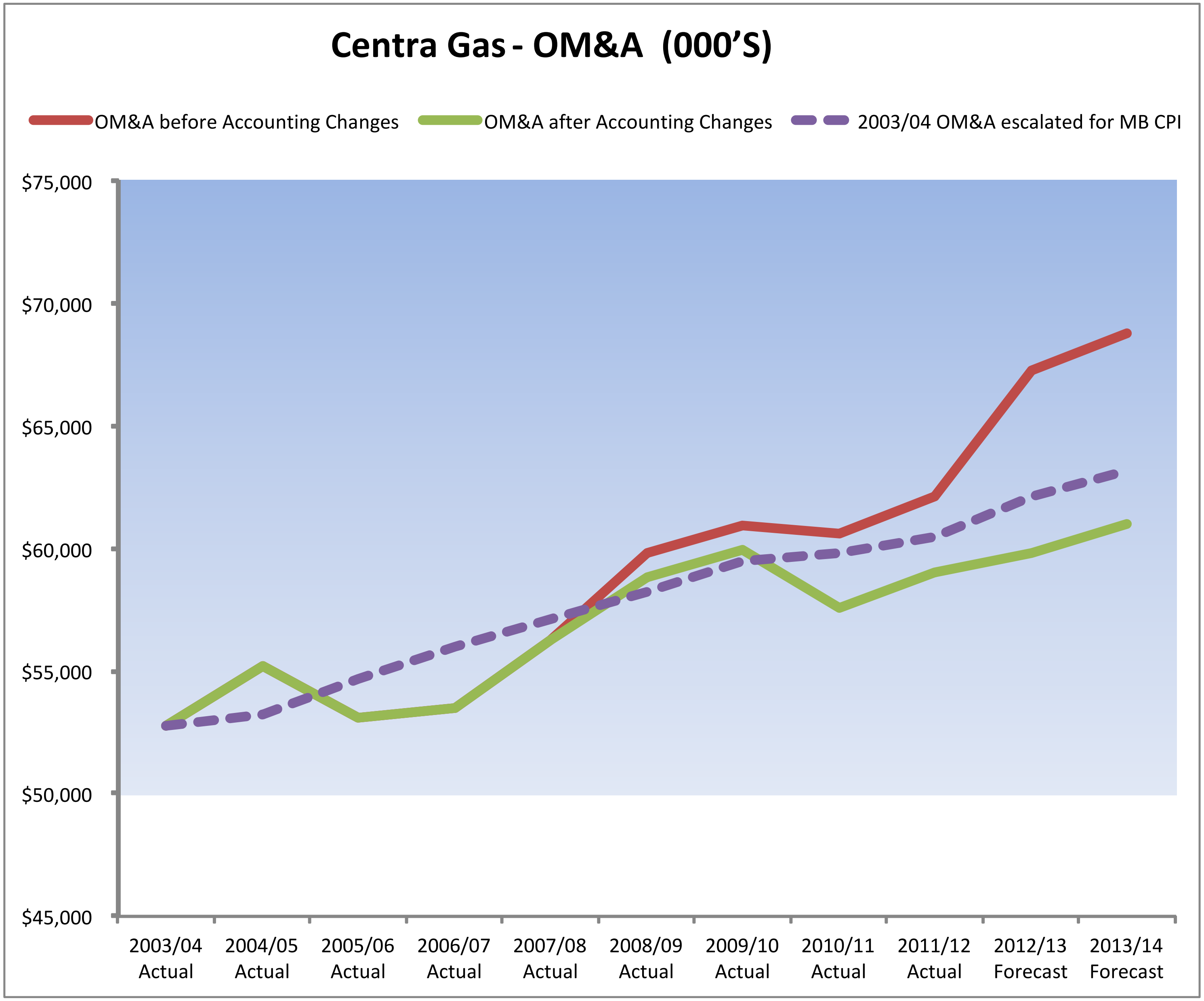
Subject: **Tab 5: Financial Results & Forecast**

Reference: **Tab 5 Schedules 5.5.0; Appendix 5.7 Pages 2 and 4 of 23;**

b) Please provide a graph of top line OM&A growth before and after accounting changes from 2003/04 to 2013/14. Please include the 2003/04 OM&A escalated by Manitoba CPI for each year to 2013/14.

ANSWER:

Please see graph included below.


Centra Gas - OM&A (000'S)
OM&A before Accounting Changes
OM&A after Accounting Changes
2003/04 OM&A escalated for MB CPI
$75,000
$70,000
$65,000
$60,000
$55,000
$50,000
$45,000
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 Forecast
2013/14 Forecast

TAB 5

The following table provides a summary of the accounting changes by fiscal year:

SUMMARY OF ACCOUNTING CHANGES - CENTRA GAS
(in thousands of dollars)

	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Forecast	2013/14 Forecast
Reduction to Costs Capitalized						
Interest on Common Assets (Facilities & Equipment)	-	-	1,000	1,020	1,040	1,061
General & Administrative Departmental Costs	-	-	500	510	520	531
Interest on Motor Vehicles	-	-	500	510	520	531
IT Infrastructure & Related Support	-	-	-	-	1,800	1,836
Building Depreciation & Operating Costs	-	-	-	-	1,000	1,020
	-	-	2,000	2,040	4,881	4,978
Intangible Assets						
Ineligible for Capitalization	1,000	1,020	1,040	1,061	1,082	1,104
	1,000	1,020	1,040	1,061	1,082	1,104
Pension & Benefits						
Change in Discount Rate	-	-	-	-	928	1,102
	-	-	-	-	928	1,102
Reclassifications						
Operating Expense Recoveries	-	-	-	-	600	612
	-	-	-	-	600	612
Total	$ 1,000	$ 1,020	$ 3,040	$ 3,101	$ 7,491	$ 7,796

4.0 Operating & Administrative Expense by Program

The program view of operating & administrative expense groups displays all costs of providing a particular program within a Business Unit. Programs include primary costs (i.e. direct costs), activity charges, and overhead charges.

The schedule found on page 18 identifies costs incurred or forecasted in each program for 2008/09 Actual, 2009/10 Actual, 2010/11 Actual, 2011/12 Actual, 2012/13 Forecast, and the 2013/14 Test Year. The following section provides a brief description of each program by business area.

TAB 6

The Board notes that interpretation of the above standard, which suggests continuing the current accounting practices of MH until IFRS is in place, will require the continued support of this Board.

Given MH's reliance on a U.S. accounting standard, the question is - if the Board were to develop its own regulated retained earnings, net income and debt:equity ratio approach (ahead of mandatory IFRS adoption), one that is more "conservative" and has the effect reflecting in expenses and rates, more current period expenses, would regulatory accounting, in effect "two sets of books", be in the public interest?

At the hearing, MH's witness Mr. Derksen dismissed changes to rate regulated accounting at this time, noting that the CICA had deferred the matter awaiting a future conversion of Canadian GAAP to IFRS. Under US GAAP, exemptions from normal GAAP for rate regulated utilities depend upon the regulator directing the accounting treatment and are premised on the regulator effectively guaranteeing the utility future cost recovery of expenses then to be deferred through higher rates later on.

If the Board took the position that current capitalization and deferrals should not occur, perhaps reflecting its assessment of IFRS guidelines, MH would lose the ability to defer such items in its accounts, and this would affect total current expenditures, net income and, likely, rates.

The Board remains concerned with the Corporation's ongoing aggressive deferral and capitalization accounting practices, and recommends that MH consider early adoption of IFRS standards. The Board further recommends that the Board's prior concerns as well as its current views as expressed in this Order be brought to the attention of both MH's external auditors and also, its independent consultant to assist the Corporation with its IFRS transition strategy.

In any case, with the reflection of IFRS in its accounts, intangible assets now on MH's books may have to be expensed. .

The Board further notes that MH has not adjusted its current forecast (IFF 07-1, which, as previously reported extends to fiscal 2017/18) to reflect the implications and impact of the new accounting standards. The Board accepts that such an adjustment, at least in a formal final sense, may be premature as the true impact and implications have not yet been resolved. Nonetheless, the Board is concerned with the impact on MH's financial statement of the transition to IFRS. The Board needs to be made aware of the implications to arise from the adoption of IFRS so as to be in a position to consider its regulatory options relative to the Board's jurisdiction.

Accordingly, the Board will direct MH to provide it a report by February 1, 2009, to be prepared by an independent professional accounting firm.

The Board will require MH to file, by January 15, 2009:

a) A report explaining and quantifying the proposed transition to IFRS.

b) A copy of MH's consultant's report indicating the projected impact of the adoption of IFRS on the Utility, specifically with respect to MH's current deferral and capitalization approaches, and as to the likely status of goodwill now recorded in its accounts.

c) An articulation of the new proposed MH accounting policies detailing how they comply with IFRS

d) An explanation of any changes to the internal operations of MH which may be planned or contemplated to offset any increased annual expenses expected as a result of the adoption of IFRS; MH's and its consultant's views of the Board's regulatory options, including a review of the pros and

18.0 IT IS THEREFORE RECOMMENDED THAT

1. MH seek independent advice as well as advice from government and its credit rating agencies as to the merits of a possible elimination of the sinking fund requirements;

2. The Board remains concerned with the Corporation's ongoing aggressive deferral and capitalization accounting practices, and recommends that MH consider an early adoption of IFRS standards. The Board further recommends that both the Board's prior concerns and current views, as expressed in this Order, be brought to the attention of both MH's external auditors and its independent consultant assisting the Corporation with its IFRS transition strategy;

3. Because of the current and future impact on rates of the unprecedented capital program and related tentative export sales contracts, the Board repeats its recommendation to government that *The Public Utilities Board Act* be amended to make the Board's regulation of MH equivalent to the Board's regulation of Centra Gas, by removing the exemption now provided under Section 2(5) of the Act;

   Or alternatively, the Board recommends that government renews the mandate provided to the Board in 1990 (via OIC 1990-177), a mandate that provided for a detailed and comprehensive integrated review of MH's Major Capital Projects in light of pending export commitments (then-covering the period 1990 to 2009). Such an updated mandate would allow for a similar review covering the period 2009 to 2028;

4. Because of the impact (and potential impact) on consumer rates, the Board recommends MH seek the Board's prior review and approval of

TAB 7

Standards Board has indicated that it will be issuing an interim standard that may grandfather rate-regulated accounting practices. That interim standard is expected to be issued in 2013.

The Consumers' Association of Canada (Manitoba) Inc. did not support the $27 million in accounting changes in the test years related to information technology infrastructure and building depreciation in the revenue requirement. Furthermore, both the Consumers' Association of Canada (Manitoba) Inc. and the Manitoba Industrial Power Users Group recommended that Manitoba Hydro's approach to capitalization should be based on full-cost accounting. The Manitoba Industrial Power Users Group stated that accounting changes should not be the driver for rate increases as the economic reality of operations has not changed, and recommended that the Board should direct Manitoba Hydro to conduct a third-party review of its accounting policies.

5.1.5 Cost Containment Measures

Manitoba Hydro expects an annual productivity factor of 0.5-1.0% in setting Operation, Maintenance & Administration targets and states that it continues to implement several cost containment measures, including an external hiring freeze, overtime restrictions, restrictions on out-of-town travel, restrictions in community sponsorships and donations, and a leveraging of technology. However, Manitoba Hydro was unable to quantify the savings attributable to these measures, stating that they were internalized in the budgeting process.

5.2.0 Board Findings

Manitoba Hydro's Operation, Maintenance & Administration expenses have grown significantly, increasing by almost 25% over four years. While part of this increase is attributable to a change in accounting policies, the single biggest factor is an increase in staffing levels. Since 2003/04, staffing levels have grown by over 1,000 Equivalent Full-Time positions. Since the economic downturn in 2007/08, levels have increased by 771, with total payroll increasing by $197 million or 41% since that time.

Manitoba Hydro's cost containment measures appear to be modest at best, and despite a hiring freeze, the utility's current projections still reflect a growth in staffing of 243 Equivalent Full-Time positions from 2011/12 levels. The Board expects Manitoba Hydro to control Operation, Maintenance & Administration costs, the key to which will be capping or reducing staffing levels. The award of only a 2.0% portion of the 3.5% increase to accrue to general revenues reflects the utility's need to find internal savings, and to demonstrate those savings at the next General Rate Application.

The Board understands that Manitoba Hydro has been making changes to its accounting policies since 2007/08 to be more consistent with other electric utilities as well as to be consistent with International Financial Reporting Standards. The Board in past orders had expressed concern with the level of capitalization and Manitoba Hydro has begun to address these concerns. In the Board's view, Manitoba Hydro's proposed accounting changes are appropriate for the test years. The Board will direct Manitoba Hydro to file an International Financial Reporting Standards status update at the next General Rate Application. Until such time, the Board expects Manitoba Hydro not to make any further accounting changes for rate-setting purposes.

6.2.0 Board Findings

The Board accepts the depreciation rates applied April 1, 2011, which rates reflect the changes in service lives and the true-up of the accumulated depreciation surplus for the two test years. The Board also accepts Manitoba Hydro's position that net salvage should be removed from depreciation rates when International Financial Reporting Standards are implemented rather than during the test years.

The Board understands that Manitoba Hydro is enhancing its asset condition assessment tools and will direct Manitoba Hydro to complete an Asset Condition Assessment Study no later than the filing of an updated depreciation study with the Board.

With respect to the possible switch from an Average Service Life methodology to Equal Life Group, the Board notes that both are acceptable methodologies under International Financial Reporting Standards and that any proposed changes would take place in 2015/16, which is beyond the test years. The Board understands that the decision to move towards Equal Life Group is a policy decision very much interrelated with other International Financial Reporting Standards accounting policy considerations. Given continued uncertainty regarding the application of International Financial Reporting Standards on rate-regulated entities, the Board will expect Manitoba Hydro to file additional information, including an update on any accounting policy changes, that will impact depreciation rates at the next General Rate Application.

The Board also is concerned that not enough information has been provided to date to assess the true impact on ratepayers of a switch to Equal Life Group. As such, the Board will require Manitoba Hydro to file additional information, including a determination of depreciation rates and schedules based on the Average Service Life methodology, to provide a meaningful comparison between the two approaches. The Board further expects Manitoba Hydro to file, as part of its next General Rate Application, additional information to specify what, if any, increased componentization is required, and at what cost. The work undertaken by Manitoba Hydro and Gannett Fleming Inc. with respect to component groupings to date can serve as a foundation towards determining what additional component groupings and costs, if any, are required for an International Financial Reporting Standards-compliant Average Service Life methodology.

The Board will require Manitoba Hydro to provide a comparison, for the next General Rate Application, of the impact on the Integrated Financial Forecast of an Average Service Life methodology (without net salvage) and an Equal Life Group methodology (without net salvage), where each of the accounting methodologies are applied to planned major capital additions in the Integrated Financial Forecast. Given the forecast to increase net plant by over $21 billion over a 20 year period, it will be important to understand the implications on ratepayers of using each approach at the next General Rate Application.

TAB 8

OEB

Electric Plant in Service - Detailed Accounts

D. Distribution Plant

B. The records covering meters shall be so kept that the utility can furnish information as to the number of meters of various capacities in service and in reserve by:

a) type (underground or overhead);
b) capacity;
c) function.

Example items

1. Labour and expense of first installation.
2. Inspection fees.
3. Alternating current, watt-hour meters.
4. Current limiting devices.
5. Demand indicators.
6. Demand meters.
7. Direct current watt-hour meters.
1. Graphic demand meters.
9. Instrument transformers.
10. Maximum demand meters.
11. Meter badges and their attachments.
12. Meter boards and boxes.
13. Meter fittings, connections, and shelves (first set).
14. Meter switches and cut-outs.
15. Prepayment meters.
16. Protective devices.
17. Testing new meters.
18. Interval Meters

Note A: This account shall not include meters for recording output of a generating station, substation meters, etc. It includes only those meters used to record energy delivered to customers.

Note B: The cost of removing and resetting meters shall be charged to account 5065, Meter Expenses.

Distribution Expenses - Operation

Note: The cost of the original setting shall be charged to account 1850, Line Transformers.

5060 Street Lighting and Signal System Expenses

This account shall include the cost of labour, materials used and expenses incurred in the operation of such plant owned by the utility where such work is done regularly as a part of the street lighting and signal system service.

Example items

Labour:

1. Supervision specific to street lighting and signal systems operation.
2. Replacing lamps and consequential cleaning of glassware and fixtures.
3. Routine patrolling for lamp outages, extraneous nuisances or encroachments, etc.
4. Testing lines and equipment including voltage and current measurement.
5. Winding and inspection of time switch and other controls.

Materials and Expenses:

1. Street lamp renewals.
2. Transportation and tool expense.
3. Meals, traveling, and incidental expenses.

Note: Where the utility does not own the street lighting assets, the revenues and expenses from the provision or maintenance of street lighting services should be recorded in account 4375, Revenues from Non-Utility Operations and 4380, Expenses from Non-Utility Operations, respectively.

5065 Meter Expenses

This account shall include the cost of labour, materials used and expenses incurred in the operation of customer meters and associated equipment.

Example items

Labour:

1. Supervision specific to meter operation.
2. Clerical work on meter history and associated equipment record cards,

Distribution Expenses - Operation

test cards, and reports.

3. Disconnecting and reconnecting, removing and reinstalling, sealing and unsealing meters and other metering equipment in connection with initiating or terminating services including the cost of obtaining meter readings, if incidental to such operation.
4. Consolidating meter installations due to elimination of separate meters for different rates of service.
5. Changing or relocating meters, instrument transformers, time switches, and other metering equipment.
6. Resetting time controls, checking operation of demand meters and other metering equipment, when done as an independent operation.
7. Inspecting and adjusting meter testing equipment.
8. Inspecting and testing meters, instrument transformers, time switches, and other metering equipment on premises or in shops excluding nspecting and testing incidental to maintenance
9 Replacing or removing broken meters.

Materials and Expenses:

1. Meter seals and miscellaneous meter supplies.
2. Transportation expenses.
3. Meals, traveling, and incidental expenses.
4. Tool expenses.
5. Replacing or removing broken meters

Note: The cost of the first setting, including the government inspection fee, and testing of a meter is chargeable to utility plant account 1860, Meters. The cost of removing and resetting for government inspection, including the fees, shall be a charge to this account.

5070 Customer Premises - Operating Labour

This account shall include labour with payroll burden related to providing service on assets on customers' premises which are included in account 1855, Services.

Example items

1. Inspecting premises, including check of wiring for code compliance.
2. Investigating, locating, and clearing grounds on customers' wiring.
3. Investigating service complaints, including load tests of motors and lighting and power circuits on customers' premises; field investigations of

Alberta Utility Commission AUC

18. *Cradle to Grave Accounting for Meters (Conventional and Automated)*.

Cradle to grave accounting for meters (conventional and automated) encompasses all of the following procedures:

A. The cost of meters or devices and appurtenances thereto, chargeable to the electric plant accounts includes the purchase price thereof, sales taxes, certification and inspection expenses necessary to such purchase, expenses of transportation when borne by the Utility, labour employed, and materials and supplies consumed and the initial installation of such meter.

B. Meters or devices and appurtenances thereto in stores are considered to be capital assets and as such are included in Plant in service. Meters or devices and appurtenances thereto, are depreciated at the standard rate for this plant account.

C. When a meter or devices and appurtenances thereto, is retired from service, with or without replacement, the book cost thereof shall be credited to the electric plant account in which it is included, determined in the manner set forth in paragraph D, below. The book cost of the meter or devices and appurtenances thereto, retired and credited to electric plant account shall be charged to accumulated provision for depreciation. The cost of removal and the salvage shall be charged or credited, as appropriate, to such accumulated provision for depreciation account applicable to such a meter or devices and appurtenances thereto.

D. The book cost of a meter or devices and appurtenances thereto, shall be the amount at which such asset is included in the electric plant accounts, including all costs for the initial installation of the meter or device and appurtenances thereto. The book cost shall be determined from the Utility's records and if this cannot be reasonably done, then it shall be estimated. When it is impracticable to determine the book cost of each meter or devices and appurtenances thereto, due to the relatively large number or small cost thereof, an appropriate average book cost of the meter, with due allowance for any differences in size and character, shall be used as the book cost of the meter or devices and appurtenances thereto, retired.

E. Throughout the life of the meter or devices and appurtenances thereto, all costs to remove (other than final removal), repair, refurbish, reject and reinstall shall be expensed and charged to Account 586, Operation & Maintenance Meter expenses.

NOTE: This guideline for cradle to grave accounting for meters (conventional and automated) is to be utilized only when the Utility chooses to follow this method of accounting and is to be utilized in accordance with plant Account 370, Conventional meters, and Account 371, Automated meters.

370 Conventional meters

A. This account shall include the installed cost of conventional meters or devices and appurtenances thereto, for use in measuring the electricity delivered to its users, whether actually in service or held in reserve.

B. When a conventional meter is permanently re-tired from service, the installed cost included herein shall be credited to this account.

C. The records covering conventional meters shall be so kept that the Utility can furnish information as to the number of conventional meters of various capacities in service and in reserve.

EXAMPLE ITEMS

1. Alternating current, watt-hour meters (mechanical & electronic)
2. Current limiting devices.
3. Demand indicators.
4. Demand meters.
5. Direct current watt-hour meters (mechanical & electronic)
6. Fees with regard to inspection, resealing and re-certification
7. Graphic demand meters.
8. Installation, labor of
9. Instrument transformers.
10. Interval meters
11. Maximum demand meters.
12. Meter badges and their attachments.
13. Meter Boards and boxes. (metering units)
14. Meter fittings, connections, and shelves
15. Meter switches and cut-outs. (metering units)

16. Prepayment meters.
17. Protective devices.
18. Testing new meters.

NOTE: This account shall not include conventional meters for recording output of a generating station, substation meters, etc. It includes only those conventional meters used to record energy delivered to customers.

NOTE: Utilities may choose to follow cradle to grave accounting for this account and if cradle to grave accounting is chosen the Utility shall follow the Electric Plant Instruction 18.

371 Automated meters

A. This account shall include the installed cost of automated meters or devices and appurtenances thereto, for use in measuring the electricity delivered to its users, whether actually in service or held in reserve.

B. When an automated meter is permanently retired from service, the installed cost included herein shall be credited to this account.

C. The records covering automated meters shall be so kept that the Utility can furnish information as to the number of automated meters of various capacities in service and in reserve.

EXAMPLE ITEMS

1. Alternating current, watt-hour meters (mechanical & electronic)
2. Current limiting devices.
3. Demand indicators.
4. Demand meters.
5. Direct current watt-hour meters (mechanical & electronic)
6. Fees with regard to inspection, resealing and re-certification
7. Graphic demand meters.
8. Installation, labor of
9. Instrument transformers.
10. Interval meters
11. Maximum demand meters.
12. Meter badges and their attachments.
13. Meter Boards and boxes. (metering units)
14. Meter fittings, connections, and shelves
15. Meter switches and cut-outs. (metering units)
16. Prepayment meters.
17. Protective devices.
18. Testing new meters.

NOTE: This account shall not include automated meters for recording output of a generating station, substation meters, etc. It includes only those automated meters used to record energy delivered to customers.

NOTE: Utilities may choose to follow cradle to grave accounting for this account and if cradle to grave accounting is chosen, the Utility shall follow the Electric Plant Instruction 18.

5. Winding and inspection of time switch and other controls.

Materials and Expenses:
6. Street lamps.
7. Transportation and tool expense.
8. Meals, traveling, and incidental expenses.

586 Operation and Maintenance meter expenses

This account shall include the cost of labor, materials used and expenses incurred in the operation and maintenance of customer meters and associated equipment, the book cost of which is includible in Account 370, Conventional meters and Account 371 Automated meters. (See Operating Expense Instruction 1 and 2).

EXAMPLE ITEMS

Labor:
1. Supervising meter operation.
2. Clerical work on meter history and associated equipment record cards, test cards, and reports.
3. Consolidating meter installations due to elimination of separate meters for different rates of service.
4. Changing or relocating meters, instrument transformers, time switches, and other metering equipment.
5. Resetting time controls, checking operation of demand meters and other metering equipment, when done as an independent operation.
6. Inspecting and adjusting meter testing equipment.
7. Inspecting and testing meters, instrument transformers, time switches, and other metering equipment on premises or in shops excluding inspecting and testing incidental to maintenance.
8. Performance of compliance audits internal and federal.

Materials and Expenses:
9. Meter seals and miscellaneous meter supplies.
10. Transportation expenses.
11. Meals, traveling, and incidental expenses.
12. Tool expenses.
13. Federal fees for certification of test equipment, meters and audits
14. Internal and external audit costs

NOTE: The cost of setting and testing of a meter is chargeable to utility plant Account 370, Conventional meters and Account 371, Automated meters.

587 Operation and Maintenance Customer installations expenses

This account shall include the cost of labor, materials used and expenses incurred in work on customer installations in inspecting premises and in rendering services to customers of the nature of those indicated by the list of items hereunder.

EXAMPLE ITEMS

Labor:
1. Supervising customer installations work.
2. Inspecting premises, including check of wiring for code compliance.
3. Investigating, locating, and clearing grounds on customers' wiring.
4. Investigating service complaints, including load tests of motors and lighting and power circuits on customers' premises; field investigations of complaints on bills or of voltage.
5. Installing, removing, renewing, and changing lamps and fuses.
6. Radio, television and similar interference work including erection of new aerials on customers' premises and patrolling of lines, testing of lightning arresters, inspection of pole hardware, etc., and examination on or off premises of customers' appliances, wiring, or equipment to locate cause of interference.
7. Installing, connecting, reinstalling, or removing leased property on customers' premises.
8. Testing, adjusting, and repairing customers' fixtures and appliances in shop or on premises.
9. Cost of changing customers' equipment due to changes in service characteristics.
10. Investigation of current diversion including setting and removal of check meters and securing special readings thereon; special calls by employees in connection with discovery and settlement of current diversion; changes in customer wiring and any other labor cost identifiable as caused by current diversion.
11. Time, material and expenses incurred to provide contracted services on customer owned

TAB 9

CENTRA GAS MANITOBA INC.
Finance Expense

($000's)

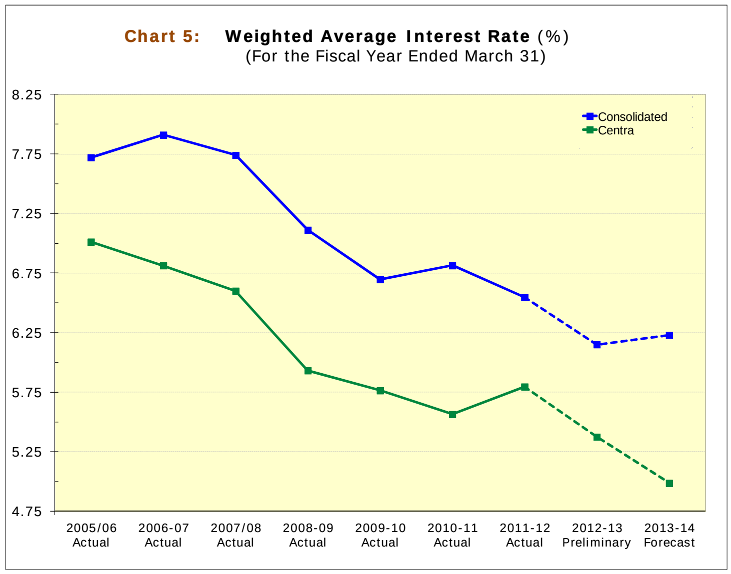
	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Forecast	2013/14 Test Year
Interest on Long Term Debt	13,762	13,547	13,753	14,305	14,142	14,390	13,336	12,544
Interest on Short Term Debt	3,349	4,665	2,758	342	131	102	22	284
Total Interest on Debt	17,111	18,212	16,511	14,647	14,274	14,492	13,358	12,828
Add:								
Provincial Guarantee Fee	3,079	3,217	3,282	3,382	3,142	3,103	3,048	2,975
Amortization of Debt Discounts	1,692	1,253	1,256	1,262	298	318	167	-
Interest on Common Assets	2,139	2,244	2,384	2,398	2,805	2,703	2,896	3,020
Interest on Inventory	25	32	25	104	93	104	148	151
Total Additions	6,933	6,747	6,947	7,146	6,337	6,228	6,259	6,146
Deduct:								
Capitalized Interest	(145)	(206)	(193)	(134)	(142)	(210)	(174)	(113)
Carrying Costs on Deferred Taxes	(3,352)	(3,156)	(2,996)	(2,850)	(2,704)	(2,565)	(2,412)	(2,266)
Carrying Costs on Purchased Gas Variance Account	1,539	66	(158)	(43)	(15)	262	584	332
Other	9	49	48	154	138	257	286	369
Total Deductions	(1,949)	(3,248)	(3,299)	(2,873)	(2,723)	(2,255)	(1,716)	(1,678)
Total Finance Expense	**22,095**	**21,711**	**20,158**	**18,921**	**17,888**	**18,464**	**17,901**	**17,296**

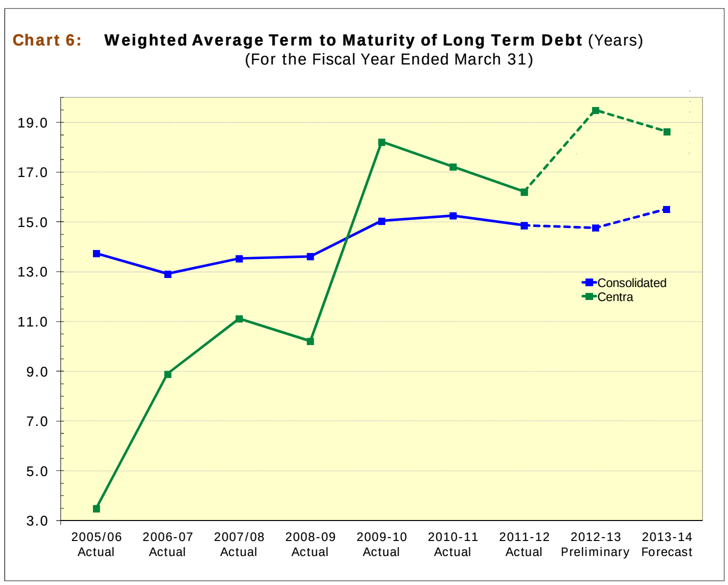
TAB 10

1) **Issued new long term debt** for $30,000,000 of capital financing that had accumulated at September 1, 2009.
2) **Refinanced Debt Series CG5** that had a February 22, 2010 maturity of $75,000,000 and a 6.269% yield rate.
3) **Refinanced Debt Series CG4** that had a March 31, 2010 maturity of $18,077,200 and a 5.530% yield rate.
4) **Issued new long term debt** for $30,000,000 of capital financing that had accumulated at March 31, 2010.
5) **Refinanced Debt Series CG1** that had a September 18, 2012 maturity of $62,670,600 and a 5.980% yield rate.

These financing provided Centra with an opportunity:

a) to reduce the weighted average interest rate as shown in Chart 5;
b) to extend the weighted average term to maturity as shown in Chart 6;
c) to minimize the concentration of interest rate refinancing risk by sub-dividing the $75 million and $60 million lump sum amounts into smaller tranches in different maturity segments; and
d) to rebalance its debt portfolio by introducing floating rate long term debt.





In his response to PUB/CAC I-7, Mr. McCormick compared Centra advances to the originating Manitoba Hydro debt issues and stated that "while the interest rates that are ascribed to these advances may be the same, the dates of the advances

TAB 11

PUB/CENTRA I-9(Revised)

Subject: **Tab 4 Integrated Financial Forecast & Economic Outlook**

Reference: **Tab 4 Appendix 4.1**

b) Please indicate the financial impact of utilizing the updated variables in the Spring 2013 Economic Outlook on 2013/14 revenue requirement items.

ANSWER:

The following table shows the financial impact on 2013/14 revenue requirement items associated with updating finance expense with the Spring 2013 Economic Outlook interest rates.

Centra Gas Manitoba Inc.
2013/14 General Rate Application

PUB/Centra I-9(b) (Revised)
June 14, 2013
($000)

Summary of Total Finance Expense
Comparison of Spring 2013 Economic Outlook Interest Rates with Original Application (IFF12)

	2013/14 Update	2013/14 IFF12	2013/14 Difference
Forecasted 3 Month Canadian T-Bill Interest Rate (exc. 1% PGF)	1.05%	1.30%	-0.25%
Forecasted CDOR03 Interest Rate (exc. 1% PGF)	1.35%	1.65%	-0.30%
Forecasted 10 Year+ Interest Rate (exc. 1% PGF)	3.50%	3.30%	0.20%
Interest on Long Term Debt	12,503	12,544	(41)
Interest on Short Term Debt	230	284	(54)
Total Interest on Debt	12,733	12,828	(95)
Add:			
Provincial Guarantee Fee	2,975	2,975	-
Amortization of Debt Discounts	-	-	-
Interest on Common Assets	2,990	3,020	(30)
Interest on Inventory	151	151	-
Total Additions	6,116	6,146	(30)
Deduct:			
Capitalized Interest	(111)	(113)	2
Carrying Costs on Deferred Taxes	(2,265)	(2,265)	-
Carrying Costs on Purchased Gas Variance Account	295	332	(37)
Other	328	368	(40)
Total Deductions	(1,753)	(1,678)	(75)
			-
Total Finance Expense	**17,096**	**17,296**	**(200)**

TAB 12

PUB/CENTRA II-141(Revised)

Reference: PUB/Centra I-6; CAC/Centra I-10(a) – Interest Rate Forecasts

d) Please re-file Table 1 and Table 2 with the most recently updated interest rate forecasts, as well as eliminating the forecasts from Bank A and Bank B, and recalculate the forecasted short term and long term interest rates.

ANSWER:

The 2013 Spring Economic Outlook (EO2013) is provided as Attachment 1. Copies of the source forecasts are provided as Attachment 2.

Tables depicting the sources used to derive the forecast of Canadian 3 month T-Bill rates and the Canadian 10 Year+ bond yield interest rates for each quarter of 2012/13 – 2014/15, as included in EO2013, are provided on the following pages.

Table 1 - Canadian 3-Month T-Bill Rate %

			2012			2013				2014				2015
	Fcst Date	**End of Period or Average**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**
BMO Nesbitt Burns	18-Mar-13	Average	0.98	0.98	0.97	0.94	0.95	0.95	0.95	0.95	0.95	1.20	1.45	
CIBC	18-Mar-13	End period	0.98	0.98	0.97	0.94	0.97	0.95	0.95	0.95	1.03	1.20	1.45	1.73
Desjardins	26-Feb-13	End period	0.98	0.98	0.97	0.94	0.97	0.98	1.00	1.00	1.10	1.35	1.50	
Laurentian	14-Mar-13	End period	0.98	0.98	0.97	0.94	0.98	0.98	1.03	1.05	1.05	1.08	1.35	
National Bank	1-Mar-13	End period	0.98	0.98	0.97	0.94	0.99	0.98	0.98	1.10	1.34	1.57	1.81	
Royal Bank	4-Mar-13	End period	0.98	0.98	0.97	0.94	1.00	1.00	1.00	1.03	1.08	1.18	1.40	
Scotiabank	28-Feb-13	End period	0.98	0.98	0.97	0.94	1.00	1.00	1.00	1.00	1.00	1.00	1.05	
TD Bank	19-Mar-13	End period	0.98	0.98	0.97	0.94	0.97	0.95	0.95	0.95	0.95	1.00	1.23	1.47
IHS Global Insight	12-Mar-13	Average	0.98	0.98	0.97	0.94	0.97	0.99	0.99	0.98	0.98	1.00	1.32	1.58
Conference Board	19-Mar-13	Average	0.98	0.98	0.97	0.94	0.96	1.02	1.17	1.36	1.47	1.63	1.83	2.07
Spatial Economics	29-Jan-13	Average	0.98	0.98	0.97	0.94	1.10	1.10	1.10	2.50	2.50	2.50	2.50	2.90
Informetrica	8-Jan-13	Average	0.98	0.98	0.97	0.94	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.90
			2012/13				**2013/14**				**2014/15**			
EO2013 - Fiscal			1.00				1.05				1.45			

NOTE 1: 2012 (Q2-Q4) and 2013 Q1 are actual data.
NOTE 2: The forecast for 2015 Q1 provided by BMO is proprietary and cannot be disclosed.

Table 2 - Canadian 10 Year+ Bond Yield Rate - %

			2012			2013				2014				2015
	Fcst Date	**End of Period or Average**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**
BMO Nesbitt Burns	18-Mar-13	Average	2.25	2.10	2.10	2.28	2.30	2.45	2.60	2.80	3.05	3.28	3.53	
CIBC	18-Mar-13	End period	2.25	2.10	2.10	2.28	2.31	2.50	2.64	2.76	2.88	2.96	3.03	3.16
Desjardins	26-Feb-13	End period	2.25	2.10	2.10	2.28	2.18	2.24	2.40	2.56	2.69	2.78	2.88	
Laurentian	14-Mar-13	End period	2.25	2.10	2.10	2.28	2.19	2.33	2.54	2.69	2.89	3.20	3.46	
National Bank	1-Mar-13	End period	2.25	2.10	2.10	2.28	2.29	2.46	2.60	2.73	2.85	2.97	3.09	
Royal Bank	4-Mar-13	End period	2.25	2.10	2.10	2.28	2.19	2.25	2.35	2.41	2.48	2.61	2.84	
Scotiabank	28-Feb-13	End period	2.25	2.10	2.10	2.28	2.16	2.28	2.51	2.78	3.06	3.26	3.43	
TD Bank	19-Mar-13	End period	2.25	2.10	2.10	2.28	2.22	2.33	2.44	2.58	2.74	2.84	2.93	2.81
IHS Global Insight	12-Mar-13	Average	2.25	2.10	2.10	2.28	2.25	2.38	2.53	2.67	2.80	2.89	2.92	2.96
Conference Board	19-Mar-13	Average	2.25	2.10	2.10	2.28	2.21	2.18	2.20	2.26	2.30	2.36	2.46	2.59
Spatial Economics	29-Jan-13	Average	2.25	2.10	2.10	2.28	3.40	3.40	3.40	4.30	4.30	4.30	4.30	5.10
Informetrica	8-Jan-13	Average	2.25	2.10	2.10	2.28	2.27	2.27	2.27	2.37	2.37	2.37	2.37	3.10
			2012/13				**2013/14**				**2014/15**			
EO2013 - Fiscal			2.20				2.50				3.05			

NOTE 1: 2012 (Q2-Q4) and 2013 Q1 are actual data.
NOTE 2: The forecast for 2015 Q1 provided by BMO is proprietary and cannot be disclosed.

Tables depicting the sources used to derive the forecast of Canadian 3 month T-Bill rates and the Canadian 10 Year+ bond yield interest rates for each quarter of 2012/13 – 2014/15, as included in EO2013 have also been reproduced based upon the following scenarios:

1. EO2013, excluding BMO and RBC;
2. EO2013, excluding BMO, RBC, and Informetrica;
3. EO2013, excluding Informetrica only;
4. EO2013, excluding National Bank only; and,
5. EO2013, excluding the high & low forecast in each quarter.

A summary of the fiscal year rates, and the impact of each scenario on the forecasts as included in EO2013, is as follows:

	3-Month T-Bill - Rate %			Canadian 10 Year+ Bond Yield Rate - %		
Scenario	**2012/13**	**2013/14**	**2014/15**	**2012/13**	**2013/14**	**2014/15**
EO2013 - All Forecasters	1.00	1.05	1.45	2.20	2.50	3.05
Excluding BMO (Bank A) & RBC (Bank B)	1.00	1.05	1.45	2.20	2.55	3.05
Excluding BMO & RBC & Informetrica	1.00	1.05	1.50	2.20	2.55	3.10
Excluding Informetrica (only)	1.00	1.05	1.45	2.20	2.55	3.10
Excluding National Bank (only)	1.00	1.05	1.45	2.20	2.50	3.05
Excluding High & Low forecast per quarter	1.00	1.00	1.35	2.20	2.45	2.95
Differential between EO2013 and Scenarios						
EO2013 - All Forecasters	-	-	-	-	-	-
Excluding BMO (Bank A) & RBC (Bank B)	-	-	-	-	0.05	-
Excluding BMO & RBC & Informetrica	-	-	0.05	-	0.05	0.05
Excluding Informetrica (only)	-	-	-	-	0.05	0.05
Excluding National Bank (only)	-	-	-	-	-	-
Excluding High & Low forecast per quarter	-	(0.05)	(0.10)	-	(0.05)	(0.10)

**Results are rounded to nearest 5-basis points*

Note that the elimination of the various source forecasts under each scenario did not materially impact the calculation of the forecasted short and long term interest rates for the 2013/14 Test Year.

The same scenarios were run using interest rates included in EO2012 (updated based on the fall 2012 review). A summary of the fiscal year rates, and the impact of each scenario on the forecasts in support of the 2013/14 Centra Gas General Rate Application, is as follows:

	3-Month T-Bill - Rate %			Canadian 10 Year+ Bond Yield Rate - %		
Scenario	**2012/13**	**2013/14**	**2014/15**	**2012/13**	**2013/14**	**2014/15**
EO2012 (fall review) - All Forecasters	1.00	1.30	2.10	2.15	2.55	3.20
Excluding BMO (Bank A) & RBC (Bank B)	1.00	1.30	2.20	2.15	2.55	3.10
Excluding BMO & RBC & Informetrica	1.00	1.20	2.00	2.15	2.50	2.90
Excluding Informetrica (only)	1.00	1.25	1.90	2.15	2.50	3.15
Excluding National Bank (only)	1.00	1.35	2.10	2.15	2.55	3.20
Excluding High & Low forecast per quarter	1.00	1.25	2.00	2.15	2.55	3.25
Differential between EO2012 (fall review) and Scenarios						
EO2012 (fall review) - All Forecasters	-	-	-	-	-	-
Excluding BMO (Bank A) & RBC (Bank B)	-	-	0.10	-	-	(0.10)
Excluding BMO & RBC & Informetrica	-	(0.10)	(0.10)	-	(0.05)	(0.30)
Excluding Informetrica (only)	-	(0.05)	(0.20)	-	(0.05)	(0.05)
Excluding National Bank (only)	-	0.05	-	-	-	-
Excluding High & Low forecast per quarter	-	(0.05)	(0.10)	-	-	0.05

**Results are rounded to nearest 5-basis points*

Scenario 1: Excluding BMO and RBC

Table 1 - Canadian 3-Month T-Bill Rate %

			2012			2013				2014				2015
	Fcst Date	End of Period or Average	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
CIBC	18-Mar-13	End period	0.98	0.98	0.97	0.94	0.97	0.95	0.95	0.95	1.03	1.20	1.45	1.73
Desjardins	26-Feb-13	End period	0.98	0.98	0.97	0.94	0.97	0.98	1.00	1.00	1.10	1.35	1.50	
Laurentian	14-Mar-13	End period	0.98	0.98	0.97	0.94	0.98	0.98	1.03	1.05	1.05	1.08	1.35	
National Bank	1-Mar-13	End period	0.98	0.98	0.97	0.94	0.99	0.98	0.98	1.10	1.34	1.57	1.81	
Scotiabank	28-Feb-13	End period	0.98	0.98	0.97	0.94	1.00	1.00	1.00	1.00	1.00	1.00	1.05	
TD Bank	19-Mar-13	End period	0.98	0.98	0.97	0.94	0.97	0.95	0.95	0.95	0.95	1.00	1.23	1.47
IHS Global Insight	12-Mar-13	Average	0.98	0.98	0.97	0.94	0.97	0.99	0.99	0.98	0.98	1.00	1.32	1.58
Conference Board	19-Mar-13	Average	0.98	0.98	0.97	0.94	0.96	1.02	1.17	1.36	1.47	1.63	1.83	2.07
Spatial Economics	29-Jan-13	Average	0.98	0.98	0.97	0.94	1.10	1.10	1.10	2.50	2.50	2.50	2.50	2.90
Informetrica	8-Jan-13	Average	0.98	0.98	0.97	0.94	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.90
			2012/13				2013/14				2014/15			
EO2013 - Fiscal			1.00				1.05				1.45			

Table 2 - Canadian 10 Year+ Bond Yield Rate - %

			2012			2013				2014				2015
	Fcst Date	End of Period or Average	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
CIBC	18-Mar-13	End period	2.25	2.10	2.10	2.28	2.31	2.50	2.64	2.76	2.88	2.96	3.03	3.16
Desjardins	26-Feb-13	End period	2.25	2.10	2.10	2.28	2.18	2.24	2.40	2.56	2.69	2.78	2.88	
Laurentian	14-Mar-13	End period	2.25	2.10	2.10	2.28	2.19	2.33	2.54	2.69	2.89	3.20	3.46	
National Bank	1-Mar-13	End period	2.25	2.10	2.10	2.28	2.29	2.46	2.60	2.73	2.85	2.97	3.09	
Scotiabank	28-Feb-13	End period	2.25	2.10	2.10	2.28	2.16	2.28	2.51	2.78	3.06	3.26	3.43	
TD Bank	19-Mar-13	End period	2.25	2.10	2.10	2.28	2.22	2.33	2.44	2.58	2.74	2.84	2.93	2.81
IHS Global Insight	12-Mar-13	Average	2.25	2.10	2.10	2.28	2.25	2.38	2.53	2.67	2.80	2.89	2.92	2.96
Conference Board	19-Mar-13	Average	2.25	2.10	2.10	2.28	2.21	2.18	2.20	2.26	2.30	2.36	2.46	2.59
Spatial Economics	29-Jan-13	Average	2.25	2.10	2.10	2.28	3.40	3.40	3.40	4.30	4.30	4.30	4.30	5.10
Informetrica	8-Jan-13	Average	2.25	2.10	2.10	2.28	2.27	2.27	2.27	2.37	2.37	2.37	2.37	3.10
			2012/13				2013/14				2014/15			
EO2013 - Fiscal			2.20				2.55				3.05			

NOTE 1: 2012 (Q2-Q4) and 2013 Q1 are actual data.

Scenario 2: Excluding BMO, RBC and Informetrica

Table 1 - Canadian 3-Month T-Bill Rate %

			2012			2013				2014				2015
	Fcst Date	End of Period or Average	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
CIBC	18-Mar-13	End period	0.98	0.98	0.97	0.94	0.97	0.95	0.95	0.95	1.03	1.20	1.45	1.73
Desjardins	26-Feb-13	End period	0.98	0.98	0.97	0.94	0.97	0.98	1.00	1.00	1.10	1.35	1.50	
Laurentian	14-Mar-13	End period	0.98	0.98	0.97	0.94	0.98	0.98	1.03	1.05	1.05	1.08	1.35	
National Bank	1-Mar-13	End period	0.98	0.98	0.97	0.94	0.99	0.98	0.98	1.10	1.34	1.57	1.81	
Scotiabank	28-Feb-13	End period	0.98	0.98	0.97	0.94	1.00	1.00	1.00	1.00	1.00	1.00	1.05	
TD Bank	19-Mar-13	End period	0.98	0.98	0.97	0.94	0.97	0.95	0.95	0.95	0.95	1.00	1.23	1.47
IHS Global Insight	12-Mar-13	Average	0.98	0.98	0.97	0.94	0.97	0.99	0.99	0.98	0.98	1.00	1.32	1.58
Conference Board	19-Mar-13	Average	0.98	0.98	0.97	0.94	0.96	1.02	1.17	1.36	1.47	1.63	1.83	2.07
Spatial Economics	29-Jan-13	Average	0.98	0.98	0.97	0.94	1.10	1.10	1.10	2.50	2.50	2.50	2.50	2.90
			2012/13				2013/14				2014/15			
EO2013 - Fiscal			1.00				1.05				1.50			

Table 2 - Canadian 10 Year+ Bond Yield Rate - %

			2012			2013				2014				2015
	Fcst Date	End of Period or Average	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
CIBC	18-Mar-13	End period	2.25	2.10	2.10	2.28	2.31	2.50	2.64	2.76	2.88	2.96	3.03	3.16
Desjardins	26-Feb-13	End period	2.25	2.10	2.10	2.28	2.18	2.24	2.40	2.56	2.69	2.78	2.88	
Laurentian	14-Mar-13	End period	2.25	2.10	2.10	2.28	2.19	2.33	2.54	2.69	2.89	3.20	3.46	
National Bank	1-Mar-13	End period	2.25	2.10	2.10	2.28	2.29	2.46	2.60	2.73	2.85	2.97	3.09	
Scotiabank	28-Feb-13	End period	2.25	2.10	2.10	2.28	2.16	2.28	2.51	2.78	3.06	3.26	3.43	
TD Bank	19-Mar-13	End period	2.25	2.10	2.10	2.28	2.22	2.33	2.44	2.58	2.74	2.84	2.93	2.81
IHS Global Insight	12-Mar-13	Average	2.25	2.10	2.10	2.28	2.25	2.38	2.53	2.67	2.80	2.89	2.92	2.96
Conference Board	19-Mar-13	Average	2.25	2.10	2.10	2.28	2.21	2.18	2.20	2.26	2.30	2.36	2.46	2.59
Spatial Economics	29-Jan-13	Average	2.25	2.10	2.10	2.28	3.40	3.40	3.40	4.30	4.30	4.30	4.30	5.10
			2012/13				2013/14				2014/15			
EO2013 - Fiscal			2.20				2.55				3.10			

NOTE 1: 2012 (Q2-Q4) and 2013 Q1 are actual data.

Scenario 3: Excluding Informetrica only

Table 1 - Canadian 3-Month T-Bill Rate %

	Fcst Date	End of Period or Average	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1
BMO Nesbitt Burns	18-Mar-13	Average	0.98	0.98	0.97	0.94	0.95	0.95	0.95	0.95	0.95	1.20	1.45	
CIBC	18-Mar-13	End period	0.98	0.98	0.97	0.94	0.97	0.95	0.95	0.95	1.03	1.20	1.45	1.73
Desjardins	26-Feb-13	End period	0.98	0.98	0.97	0.94	0.97	0.98	1.00	1.00	1.10	1.35	1.50	
Laurentian	14-Mar-13	End period	0.98	0.98	0.97	0.94	0.98	0.98	1.03	1.05	1.05	1.08	1.35	
National Bank	1-Mar-13	End period	0.98	0.98	0.97	0.94	0.99	0.98	0.98	1.10	1.34	1.57	1.81	
Royal Bank	4-Mar-13	End period	0.98	0.98	0.97	0.94	1.00	1.00	1.00	1.03	1.08	1.18	1.40	
Scotiabank	28-Feb-13	End period	0.98	0.98	0.97	0.94	1.00	1.00	1.00	1.00	1.00	1.00	1.05	
TD Bank	19-Mar-13	End period	0.98	0.98	0.97	0.94	0.97	0.95	0.95	0.95	0.95	1.00	1.23	1.47
IHS Global Insight	12-Mar-13	Average	0.98	0.98	0.97	0.94	0.97	0.99	0.99	0.98	0.98	1.00	1.32	1.58
Conference Board	19-Mar-13	Average	0.98	0.98	0.97	0.94	0.96	1.02	1.17	1.36	1.47	1.63	1.83	2.07
Spatial Economics	29-Jan-13	Average	0.98	0.98	0.97	0.94	1.10	1.10	1.10	2.50	2.50	2.50	2.50	2.90

	2012/13	2013/14	2014/15
EO2013 - Fiscal	1.00	1.05	1.45

Table 2 - Canadian 10 Year+ Bond Yield Rate - %

	Fcst Date	End of Period or Average	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1
BMO Nesbitt Burns	18-Mar-13	Average	2.25	2.10	2.10	2.28	2.30	2.45	2.60	2.80	3.05	3.28	3.53	
CIBC	18-Mar-13	End period	2.25	2.10	2.10	2.28	2.31	2.50	2.64	2.76	2.88	2.96	3.03	3.16
Desjardins	26-Feb-13	End period	2.25	2.10	2.10	2.28	2.18	2.24	2.40	2.56	2.69	2.78	2.88	
Laurentian	14-Mar-13	End period	2.25	2.10	2.10	2.28	2.19	2.33	2.54	2.69	2.89	3.20	3.46	
National Bank	1-Mar-13	End period	2.25	2.10	2.10	2.28	2.29	2.46	2.60	2.73	2.85	2.97	3.09	
Royal Bank	4-Mar-13	End period	2.25	2.10	2.10	2.28	2.19	2.25	2.35	2.41	2.48	2.61	2.84	
Scotiabank	28-Feb-13	End period	2.25	2.10	2.10	2.28	2.16	2.28	2.51	2.78	3.06	3.26	3.43	
TD Bank	19-Mar-13	End period	2.25	2.10	2.10	2.28	2.22	2.33	2.44	2.58	2.74	2.84	2.93	2.81
IHS Global Insight	12-Mar-13	Average	2.25	2.10	2.10	2.28	2.25	2.38	2.53	2.67	2.80	2.89	2.92	2.96
Conference Board	19-Mar-13	Average	2.25	2.10	2.10	2.28	2.21	2.18	2.20	2.26	2.30	2.36	2.46	2.59
Spatial Economics	29-Jan-13	Average	2.25	2.10	2.10	2.28	3.40	3.40	3.40	4.30	4.30	4.30	4.30	5.10

	2012/13	2013/14	2014/15
EO2013 - Fiscal	2.20	2.55	3.10

NOTE 1: 2012 (Q2-Q4) and 2013 Q1 are actual data.
NOTE 2: The forecast for 2015 Q1 provided by BMO is proprietary and cannot be disclosed.

Scenario 4: Excluding National Bank only

Table 1 - Canadian 3-Month T-Bill Rate %

			2012			2013				2014				2015
	Fcst Date	End of Period or Average	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
BMO Nesbitt Burns	18-Mar-13	Average	0.98	0.98	0.97	0.94	0.95	0.95	0.95	0.95	0.95	1.20	1.45	
CIBC	18-Mar-13	End period	0.98	0.98	0.97	0.94	0.97	0.95	0.95	0.95	1.03	1.20	1.45	1.73
Desjardins	26-Feb-13	End period	0.98	0.98	0.97	0.94	0.97	0.98	1.00	1.00	1.10	1.35	1.50	
Laurentian	14-Mar-13	End period	0.98	0.98	0.97	0.94	0.98	0.98	1.03	1.05	1.05	1.08	1.35	
Royal Bank	4-Mar-13	End period	0.98	0.98	0.97	0.94	1.00	1.00	1.00	1.03	1.08	1.18	1.40	
Scotiabank	28-Feb-13	End period	0.98	0.98	0.97	0.94	1.00	1.00	1.00	1.00	1.00	1.00	1.05	
TD Bank	19-Mar-13	End period	0.98	0.98	0.97	0.94	0.97	0.95	0.95	0.95	0.95	1.00	1.23	1.47
IHS Global Insight	12-Mar-13	Average	0.98	0.98	0.97	0.94	0.97	0.99	0.99	0.98	0.98	1.00	1.32	1.58
Conference Board	19-Mar-13	Average	0.98	0.98	0.97	0.94	0.96	1.02	1.17	1.36	1.47	1.63	1.83	2.07
Spatial Economics	29-Jan-13	Average	0.98	0.98	0.97	0.94	1.10	1.10	1.10	2.50	2.50	2.50	2.50	2.90
Informetrica	8-Jan-13	Average	0.98	0.98	0.97	0.94	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.90
			2012/13				2013/14				2014/15			
EO2013 - Fiscal			1.00				1.05				1.45			

Table 2 - Canadian 10 Year+ Bond Yield Rate - %

			2012			2013				2014				2015
	Fcst Date	End of Period or Average	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
BMO Nesbitt Burns	18-Mar-13	Average	2.25	2.10	2.10	2.28	2.30	2.45	2.60	2.80	3.05	3.28	3.53	
CIBC	18-Mar-13	End period	2.25	2.10	2.10	2.28	2.31	2.50	2.64	2.76	2.88	2.96	3.03	3.16
Desjardins	26-Feb-13	End period	2.25	2.10	2.10	2.28	2.18	2.24	2.40	2.56	2.69	2.78	2.88	
Laurentian	14-Mar-13	End period	2.25	2.10	2.10	2.28	2.19	2.33	2.54	2.69	2.89	3.20	3.46	
Royal Bank	4-Mar-13	End period	2.25	2.10	2.10	2.28	2.19	2.25	2.35	2.41	2.48	2.61	2.84	
Scotiabank	28-Feb-13	End period	2.25	2.10	2.10	2.28	2.16	2.28	2.51	2.78	3.06	3.26	3.43	
TD Bank	19-Mar-13	End period	2.25	2.10	2.10	2.28	2.22	2.33	2.44	2.58	2.74	2.84	2.93	2.81
IHS Global Insight	12-Mar-13	Average	2.25	2.10	2.10	2.28	2.25	2.38	2.53	2.67	2.80	2.89	2.92	2.96
Conference Board	19-Mar-13	Average	2.25	2.10	2.10	2.28	2.21	2.18	2.20	2.26	2.30	2.36	2.46	2.59
Spatial Economics	29-Jan-13	Average	2.25	2.10	2.10	2.28	3.40	3.40	3.40	4.30	4.30	4.30	4.30	5.10
Informetrica	8-Jan-13	Average	2.25	2.10	2.10	2.28	2.27	2.27	2.27	2.37	2.37	2.37	2.37	3.10
			2012/13				2013/14				2014/15			
EO2013 - Fiscal			2.20				2.50				3.05			

NOTE 1: 2012 (Q2-Q4) and 2013 Q1 are actual data.
NOTE 2: The forecast for 2015 Q1 provided by BMO is proprietary and cannot be disclosed.

Scenario 5: Excluding the high & low forecast in each quarter

Table 1 - Canadian 3-Month T-Bill Rate %

			2012			2013				2014				2015
	Fcst Date	**End of Period or Average**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**
BMO Nesbitt Burns	18-Mar-13	Average	0.98	0.98	0.97	0.94	0.95	0.95	0.95	0.95	0.95	1.20	1.45	
CIBC	18-Mar-13	End period	0.98	0.98	0.97	0.94	0.97	0.95	0.95	0.95	1.03	1.20	1.45	1.73
Desjardins	26-Feb-13	End period	0.98	0.98	0.97	0.94	0.97	0.98	1.00	1.00	1.10	1.35	1.50	
Laurentian	14-Mar-13	End period	0.98	0.98	0.97	0.94	0.98	0.98	1.03	1.05	1.05	1.08	1.35	
National Bank	1-Mar-13	End period	0.98	0.98	0.97	0.94	0.99	0.98	0.98	1.10	1.34	1.57	1.81	
Royal Bank	4-Mar-13	End period	0.98	0.98	0.97	0.94	1.00	1.00	1.00	1.03	1.08	1.18	1.40	
Scotiabank	28-Feb-13	End period	0.98	0.98	0.97	0.94	1.00	1.00	1.00	1.00	1.00	1.00	1.05	
TD Bank	19-Mar-13	End period	0.98	0.98	0.97	0.94	0.97	0.95	0.95	0.95	0.95	1.00	1.23	1.47
IHS Global Insight	12-Mar-13	Average	0.98	0.98	0.97	0.94	0.97	0.99	0.99	0.98	0.98	1.00	1.32	1.58
Conference Board	19-Mar-13	Average	0.98	0.98	0.97	0.94	0.96	1.02	1.17	1.36	1.47	1.63	1.83	2.07
Spatial Economics	29-Jan-13	Average	0.98	0.98	0.97	0.94	1.10	1.10	1.10	2.50	2.50	2.50	2.50	2.90
Informetrica	8-Jan-13	Average	0.98	0.98	0.97	0.94	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.90

	2012/13	**2013/14**	**2014/15**
EO2013 - Fiscal	1.00	1.00	1.35

Table 2 - Canadian 10 Year+ Bond Yield Rate - %

			2012			2013				2014				2015
	Fcst Date	**End of Period or Average**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**
BMO Nesbitt Burns	18-Mar-13	Average	2.25	2.10	2.10	2.28	2.30	2.45	2.60	2.80	3.05	3.28	3.53	
CIBC	18-Mar-13	End period	2.25	2.10	2.10	2.28	2.31	2.50	2.64	2.76	2.88	2.96	3.03	3.16
Desjardins	26-Feb-13	End period	2.25	2.10	2.10	2.28	2.18	2.24	2.40	2.56	2.69	2.78	2.88	
Laurentian	14-Mar-13	End period	2.25	2.10	2.10	2.28	2.19	2.33	2.54	2.69	2.89	3.20	3.46	
National Bank	1-Mar-13	End period	2.25	2.10	2.10	2.28	2.29	2.46	2.60	2.73	2.85	2.97	3.09	
Royal Bank	4-Mar-13	End period	2.25	2.10	2.10	2.28	2.19	2.25	2.35	2.41	2.48	2.61	2.84	
Scotiabank	28-Feb-13	End period	2.25	2.10	2.10	2.28	2.16	2.28	2.51	2.78	3.06	3.26	3.43	
TD Bank	19-Mar-13	End period	2.25	2.10	2.10	2.28	2.22	2.33	2.44	2.58	2.74	2.84	2.93	2.81
IHS Global Insight	12-Mar-13	Average	2.25	2.10	2.10	2.28	2.25	2.38	2.53	2.67	2.80	2.89	2.92	2.96
Conference Board	19-Mar-13	Average	2.25	2.10	2.10	2.28	2.21	2.18	2.20	2.26	2.30	2.36	2.46	2.59
Spatial Economics	29-Jan-13	Average	2.25	2.10	2.10	2.28	3.40	3.40	3.40	4.30	4.30	4.30	4.30	5.10
Informetrica	8-Jan-13	Average	2.25	2.10	2.10	2.28	2.27	2.27	2.27	2.37	2.37	2.37	2.37	3.10

	2012/13	**2013/14**	**2014/15**
EO2013 - Fiscal	2.20	2.45	2.95

NOTE 1: 2012 (Q2-Q4) and 2013 Q1 are actual data.
NOTE 2: The forecast for 2015 Q1 provided by BMO is proprietary and cannot be disclosed.

TAB 13

Series Name	Amount	Yield Rate	Term	MHEB Series
CG10	$35 million	CDOR03 + 0.484%[35]	5 years	FM-4
CG11	$30 million	4.726%	20 years	FN
CG12	$10 million	4.638%	27.5 years	C109
Weighted Average		**4.439%**	**14 years**	

With this portfolio refinancing, the weighted average term to maturity was 14 years with an initial weighted average interest rate of 3.974%. Using the fixed equivalency of 3.14% for CG10, on a cash flow basis over the entire debt streams of the portfolio refinancing, the effective yield rate was 4.439%. At February 22, 2010 the indicative market conditions in effect for a 15 year financing was 4.890%.[36] With this portfolio refinancing, using assigned interest rates and terms to maturity, Centra reduced the concentration of interest rate refinancing risk by sub-dividing the $75 million lump sum amount into smaller maturity segments with different maturity dates and lowered its relative cost of financing by approximately 45 basis points (4.890% - 4.439% = 0.451%). In addition to extending the term to maturity of the Centra debt portfolio, this portfolio refinancing also reduced Centra's overall weighted average interest rate as the 6.269% yield rate for CG5 was refinanced at February 22, 2010 with an effective yield rate of 4.439%. This refinancing also introduced long term floating rate debt into the Centra debt portfolio.

Mr. McCormick's suggestion (on page 36 of his Written Evidence on line 12-15) [37] that Centra debt series CG10 was not based on an actual transaction in incorrect.

As Centra indicated in its response to CAC/Centra I-19 footnote 5:

> "intercompany long term debt CG10 in the amount of $35,000,000 was issued February 22, 2010 for a five year term maturing February 22, 2015 with a coupon and yield rate of CDOR03 + 0.484%. This issue originated as Manitoba Hydro

[35] At the time of debt issuance, the Corporation is economically indifferent between fixed or floating long term debt of the same term to maturity. For example, intercompany long term debt CG10 in the amount of $35 million was issued February 22, 2010 for a five year term maturing February 22, 2015 with a coupon and yield rate of CDOR03 + 0.484%. This issue originated as Manitoba Hydro FM-4 ($100 million principal, issued September 1, 2009 with a September 1, 2014 maturity). At the original issue date, using implied forward interest rates within the capital markets, the floating rate long term debt price of CDOR03 + 0.484% had an equivalent all-in yield rate of 3.14%. The resultant initial weighted average yield rate for the combined CG5 refinancing was **3.974%.**

[36] The Bloomberg C30215y rate for Province of Manitoba on February 22, 2010 was 4.830% + 0.060% transaction costs = 4.890% all-in yield.

[37] On page 36, lines 12-15 of Mr. McCormick's Evidence, he states: "From the recently received description contained in note 5 of CAC/Centra I-19, the 48.4 basis point spread was mathematically derived based on the assumption therein set out to achieve a theoretical point of indifference related to the interest costs of the debt series described therein." On page 34 of his written evidence in footnote 86, Mr. McCormick also states that the "response to CAC/Centra I-14(p) and note 5 in CAC/Centra I-19, seems to suggest that the 48.4 basis point spread is a manufactured rate calculated to create an economic equivalence in a swap transaction, rather than a rate reflecting the new issue market at the date of transaction."

> FM-4 ($100 million principal, issued September 1, 2009 with a September 1, 2014 maturity)."[38]

Mr. McCormick stated in response to PUB/CAC I-7 that he relied upon Appendix 48 from the 2010/11 & 2011/12 Electric GRA in researching Manitoba Hydro debt issues and that he had located the term sheets for FM and FM-4. Having seen these terms sheets and FM4's explicitly stated floating contract rate of CDOR03 + 0.484%, Mr. McCormick's conclusion in response to PUB/Centra I-4 that FM-4/ CG10 was "lacking a specific precedent of identical term and identical issue date to validate his opinion" is unfounded.

Instead of relying on the actual Manitoba Hydro term sheets for the transacted financing and the assigned rates, Mr. McCormick instead provided a limited sample of Province of Manitoba floating rate debt issues[39] and then came to "the view that a reasonable spread or margin over benchmark for an issue in the market similar to series 10 would have been in the range of 18 to 23 basis points."

Unfortunately, this analysis eliminated key information regarding the financial market conditions in the early stages of the financial crisis. For example, in response to sharply escalating margins and investor appetite, the use of floating rate notes with shorter dated maturities became more prevalent. During that time, these matured floating rate issues had elevated margins which provided a more fulsome context to the discussion of the FM-4 margin. For example, C102 issued by Manitoba Hydro on January 15, 2009 with a 1.5 year term to maturity, had a contract price of CDOR03 + 42 basis points. C107 issued June 2, 2009 with a 3.3 year term to maturity had a contract price of CDOR03 + 42 basis points. Within the context of these financial market conditions, the FM-4 financing which was executed in September 2009 with a 5 year term to maturity had a relatively attractive rate of CDOR03 + 48.4 basis points. The financial market conditions continue to be volatile and margins on longer dated floating rate long term debt remain elevated.[40]

[38] The CG10 term sheet supplied by Centra in response to PUB/Centra I-43(b) on page 5 also states: "Long term inter-company advance Series CG10 was issued to Centra Gas Manitoba by the MHEB in order to partially refinance long term inter-company advance Series CG5 that had a February 22, 2010 maturity of $75,000,000. The interest rate was assigned based on MHEB Series FM-4."

[39] Mr. McCormick did not identify all of the provincial debt issues in his analysis. As stated in his response to PUB/Centra I-4 (lines 12-16), "Mr. McCormick observes that there also were other Manitoba floating rate debt instruments issued in 2010 and 2011, but for shorter maturities, ranging from 1.2 to 3.1 years, and which have since matured. Believing that the difference in term would arguably make them less comparable, he has not collected their spread or margin information."

[40] As noted in Centra's response to CAC/Centra I-14 footnote 6, "As at May 9, 2013 the indicative asset swap pricing for 5, 10 and 30 year floating rate long term debt is approximately CDOR03 + 23 basis points; CDOR03 + 45 basis points; and CDOR03 + 76 basis points respectively."

2.8 The Refinancing of CG4 with CG13

Centra Debt Series CG4 had a March 31, 2010 maturity of $18 million and a 5.530% yield rate. The forecasted refinancing of CG4 had a term to maturity of 20 years. Accordingly, on March 31, 2010 Centra refinanced CG4 in the following manner:

Series Name	Amount	Yield Rate	Term	MHEB Series
CG13	$20 million	4.638%	27.5 years	C109

At March 31, 2010 the indicative market conditions in effect for a 30 year financing was 4.799%.[41] With this refinancing, using assigned interest rates and terms to maturity, Centra lowered its relative cost of financing by approximately 16 basis points (4.799% - 4.638% = 0.161%). In addition to extending the term to maturity of the Centra debt portfolio, this portfolio refinancing also reduced Centra's overall weighted average interest rate as the 5.530% yield rate for CG4 was refinanced at March 31, 2010 with a yield rate of 4.638%.

2.9 The Issuance of New Long Term Debt with CG14

Centra's short term debt requirements are typically at or near their lowest point within the fiscal year at year end, with the floating rate percentage increasing to the upper target and policy boundaries during Q2 and Q3 as natural gas inventories increase in preparation for the winter heating season. At March 31, 2010 the short term debt balance prior to conversion to long term debt was $46.5 million. With the debt portfolio rebalancing that occurred in February – March 2010, short term debt of $30 million that had been used for capital bridge financing was converted to long term fixed rate debt with CG14. The remaining balance of short term debt at March 31, 2010 was $16.5 million. The forecasted financing had a term to maturity of 20 years. Accordingly, on March 31, 2010 Centra converted $30 million of cumulative capital financing in the following manner:

Series Name	Amount	Interest Rate	Term	MHEB Series
CG14	$30 million	4.629%	25 years	C110

At March 31, 2010 the indicative market conditions in effect for a 30 year financing was 4.799%.[42] With this refinancing, using assigned interest rates and terms to maturity, Centra lowered its relative cost of financing by approximately 17 basis points (4.799% - 4.629% = 0.170%). In addition, this financing extended the term to maturity of the Centra debt portfolio. Combined with the remaining $16.5 million short term debt balance and after the introduction of

[41] The Bloomberg C30230y rate for Province of Manitoba on March 31, 2010 was 4.739% + 0.060% transaction costs = 4.799% all-in yield.

$35 million of floating rate long term debt with CG10, the aggregate percentage of short and floating rate debt at March 31, 2010 was 16.4%.[43]

2.10 The Refinancing of CG1 with CG15, CG16 and CG17

Centra Debt Series CG1 had a September 18, 2012 maturity of $62.7 million and a 5.980% interest rate. The forecasted refinancing of CG1 had a term to maturity of 20 years. At that time, the most recent new Manitoba Hydro long term debt issues for that were issued for new cash requirements and available for assignment were as follows:

Series	Principal	Issue Date	Maturity Date	Yield[44]	Years
FN-2	$75 million	March 28, 2012	March 5, 2050	3.629%	38.0
GA	$300 million	June 5, 2012	March 5, 2043	3.413%	30.8
FN-3	$50 million	July 12, 2012	March 5, 2050	3.281%	37.7
C129	$50 million	July 31, 2012	Sept 5, 2052	3.178%	40.1
GC	$296 million	Sept 6, 2012	Sept 6, 2022	CDOR03 + 0.4985%	10.0

As Centra had sufficient long term floating rate debt within its debt portfolio, fixed rate long term debt was selected for assignment. Accordingly, on September 18, 2012 Centra refinanced CG1 in the following manner:

Series Name	Amount	Interest Rate	Term	MHEB Series
CG15	$20 million	3.178%	10 years	C129
CG16	$20 million	3.281%	21 years	FN-3
CG17	$20 million	3.413%	30 years	GA
Weighted Average		**3.329%**	**20.3 years**	

With this portfolio refinancing, the weighted average term to maturity was 20.3 years with an initial weighted average interest rate of 3.291%. On a cash flow basis, over the entire debt streams of this portfolio refinancing, the effective yield rate was 3.329%. At September 18, 2012 the indicative market conditions in effect for a 20 year financing was 3.529%.[45] With this portfolio refinancing, using assigned interest rates and terms to maturity, Centra reduced the concentration of interest rate refinancing risk by sub-dividing the $60 million lump sum amount into smaller maturity segments with different maturity dates and lowered its relative cost of

[42] The Bloomberg C30230y rate for Province of Manitoba on March 31, 2010 was 4.739% + 0.060% transaction costs = 4.799% all-in yield.

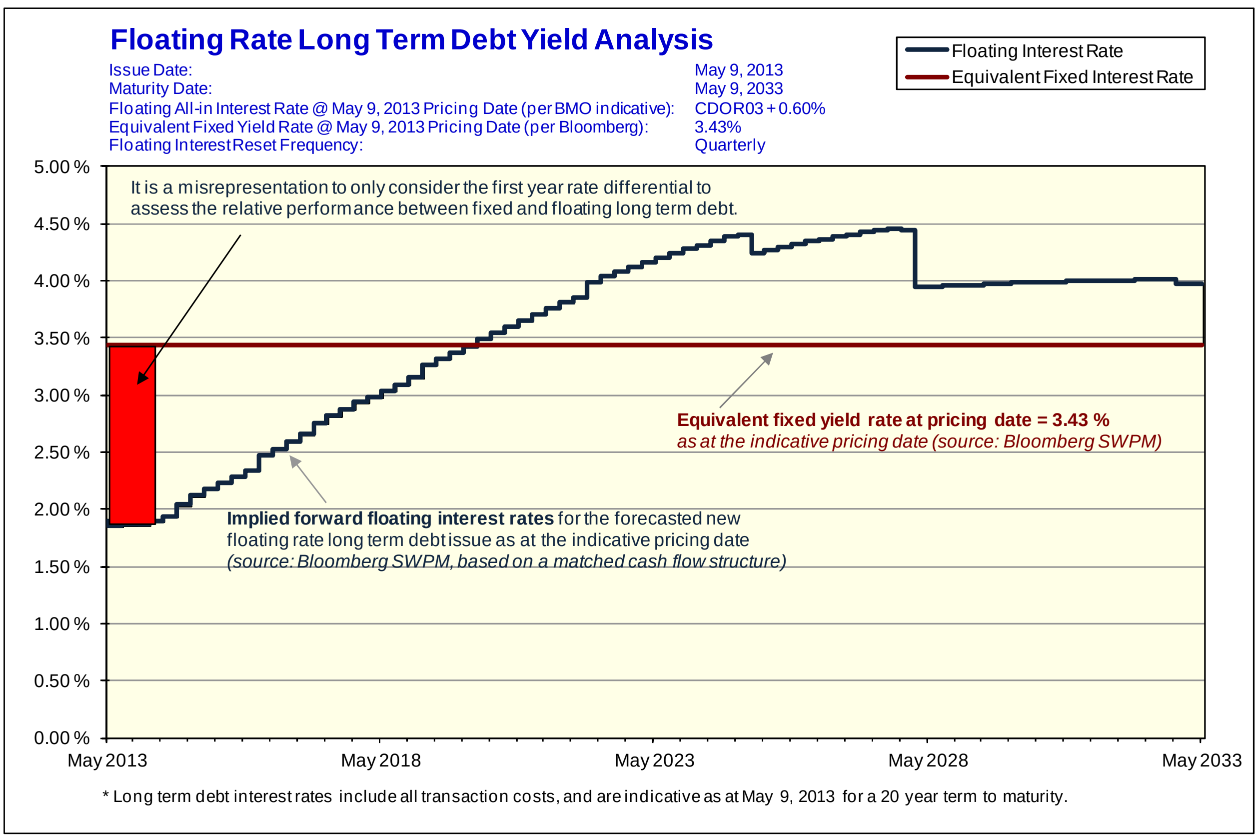
[43] For numerical information regarding Centra's debt structure by quarter, please see Centra's response to CAC/Centra I-18 Attachment 1, and for a graphical depiction please see Charts 1 and 2 in Centra's response to CAC/Centra I-19.

[44] The yields shown in this table show Manitoba Hydro's actual all-in contract prices for the specified debt series and include any associated credit spreads and transactions costs.

financing by approximately 20 basis points (3.529% - 3.329% = 0.200%). In addition to extending the term to maturity of the Centra debt portfolio, this portfolio refinancing also reduced Centra's overall weighted average interest rate as the 5.980% yield rate for CG1 was refinanced at September 18, 2012 with an effective yield rate of 3.329%.

2.11 Yield Performance and Measurement (CAC/Centra 14p)

As described in Centra's response to CAC/Centra I-14(p), at the date of debt origination, the Corporation is economically indifferent between fixed or floating rate long term debt for the same term to maturity. It is incorrect to represent floating rate long term debt as having less cost to the consumer than fixed rate long term debt and it is a misrepresentation to only consider the first year rate differential (shown in red) to assess the relative performance between fixed and floating rate long term debt.



On page 41 of his Written Evidence, Mr. McCormick stated that "Centra explains this calculated

[45] The Bloomberg C30220y rate for Province of Manitoba on September 18, 2012 was 3.469% + 0.060% transaction costs = 3.529% all-in yield.

TAB 14

combined with the allowed net income for each of the test years of no more than $3.1 million, is in the range of the total after tax net income allowed to Centra and its former private owner by the Board prior to the acquisition. This approach is consistent with the original intent of the transaction, the Board position enunciated in Order 208/03, and the position put forward by some Interveners at the most recent GRA and earlier hearings.

The Board expects that the appropriate net income level will be revisited in future Centra GRA applications if current circumstances change materially. However, the Board believes that there is no merit in pursuing the elusive issue of estimating realized synergistic benefits and projecting what would have been Centra's operating costs if the former private ownership had continued in future applications.

The passage of time and the continuing full integration of the gas and electric operations make it increasingly difficult if not impossible to track and isolate synergistic benefits from normal productivity gains and other factors.

The Board also notes the change evidenced in Centra and MH's assessment of MH's annual costs associated with the acquisition. In prior proceedings, Centra had determined the annual cost of the acquisition to be $20.9 million, calculated to eventually retire the $253.8 million debt related to MH's acquisition of Centra, with interest. The Board notes that MH now plans not to retire the debt, a decision that the Board accepts as Centra's business is assumed to have a continuing value. This reduces MH's annual amortization and financing costs related to the acquisition to $19 million ($17 million being annual financing costs related to the acquisition amount).

TAB 15

Centra Gas Manitoba Inc.
Summary of All Gas Cost Deferral Balances
To July 31, 2013

Schedule 10.11.0
February 22, 2013

	Gas Cost Deferral Balances as at October 31, 2012	
2009/10 Gas Year Balances		
April 30, 2011 Prior Period Gas Deferrals	$746,147	
		$746,147
2010/11 Gas Year Balances		
Supplemental Gas PGVA	($9,750,857)	
Transportation PGVA[1]	$7,612,899	
Distribution PGVA	($505,729)	
Heating Value Margin Deferral	($786,854)	
Sub-Total Non Primary Accounts 2010/2011		**($3,430,541)**
2011/12 Gas Year Balances		
Supplemental Gas PGVA	($697,860)	
Transportation PGVA[2]	$5,600,955	
Distribution PGVA	($1,706,117)	
Heating Value Margin Deferral	($499,057)	
Sub-Total Non Primary Accounts 2011/2012		**$2,697,921**
Total All Non-Primary Account Forecast Balances at October 31, 2012		**$13,526**
November 2012 through July 2013 Carrying Costs of all Gas Deferral Accounts		$218
Total All Non-Primary Account Forecast Balances at July 31, 2013		**$13,744**

Note 1: Includes embedded credit of ($5.376 million) for 2010/2011 Gas Year Capacity Management results including carrying costs
Note 2: Includes embedded credit of ($6.437 million) for 2011/2012 Gas Year Capacity Management results including carrying costs

TAB 16

Centra Gas Manitoba Inc.
2013/14 General Rates Application - Cost of Gas Update May 10, 2013
Bill Impact Comparison
2013/14 Test Year

BILLED VS. BILLED

				May 1/13 APPROVED BILLED RATES				AUG 1/13 PROPOSED BILLED RATES				BILL IMPACTS	
	Load Factor	Annual Use 10^3m^3	Mcf	Basic Chg	Demand	Commodity	Annual	Basic Chg	Demand	Commodity	Annual	$	%
Small General Service		1.00	35	$168	$0	$251	$419	$168	$0	$259	$427	$8	1.96%
		1.98	70	$168	$0	$497	$665	$168	$0	$513	$681	$16	2.45%
(Typical Residential Customer)		**2.37**	84	$168	$0	$595	$763	$168	$0	$615	$783	$19	2.55%
		2.80	99	$168	$0	$703	$871	$168	$0	$726	$894	$23	2.64%
		3.20	113	$168	$0	$803	$971	$168	$0	$829	$997	$26	2.71%
		3.68	130	$168	$0	$923	$1,091	$168	$0	$954	$1,122	$30	2.77%
		11.33	400	$168	$0	$2,841	$3,009	$168	$0	$2,934	$3,102	$93	3.09%
Large General Service		11.33	400	$924	$0	$2,254	$3,178	$924	$0	$2,314	$3,238	$60	1.88%
		59.49	2,100	$924	$0	$11,832	$12,756	$924	$0	$12,146	$13,070	$314	2.46%
		679.87	24,000	$924	$0	$135,221	$136,145	$924	$0	$138,811	$139,735	$3,590	2.64%
High Volume Firm	25%	850	30,000	$13,420	$43,720	$123,911	$181,051	$14,769	$59,565	$113,065	$187,398	$6,347	3.51%
	40%	850	30,000	$13,420	$27,325	$123,911	$164,656	$14,769	$37,228	$113,065	$165,062	$406	0.25%
	40%	1,416	50,000	$13,420	$45,542	$206,518	$265,480	$14,769	$62,046	$188,442	$265,257	($223)	-0.08%
	40%	2,833	100,000	$13,420	$91,084	$413,037	$517,540	$14,769	$124,093	$376,883	$515,745	($1,795)	-0.35%
	40%	6,200	218,866	$13,420	$199,351	$903,997	$1,116,768	$14,769	$271,597	$824,869	$1,111,235	($5,533)	-0.50%
	40%	12,600	444,792	$13,420	$405,133	$1,837,156	$2,255,708	$14,769	$551,956	$1,676,347	$2,243,072	($12,637)	-0.56%
	75%	685	24,181	$13,420	$11,747	$99,877	$125,044	$14,769	$16,004	$91,135	$121,907	($3,136)	-2.51%
	75%	850	30,000	$13,420	$14,573	$123,911	$151,904	$14,769	$19,855	$113,065	$147,689	($4,216)	-2.78%
	75%	1,416	50,000	$13,420	$24,289	$206,518	$244,227	$14,769	$33,091	$188,442	$236,302	($7,925)	-3.25%
	75%	2,833	100,000	$13,420	$48,578	$413,037	$475,035	$14,769	$66,183	$376,883	$457,835	($17,200)	-3.62%
	75%	6,200	218,866	$13,420	$106,321	$903,997	$1,023,738	$14,769	$144,852	$824,869	$984,490	($39,248)	-3.83%
	75%	12,600	444,792	$13,420	$216,071	$1,837,156	$2,066,646	$14,769	$294,376	$1,676,347	$1,985,492	($81,154)	-3.93%
Cooperative	35%	250	8,825	$3,289	$11,516	$31,702	$46,506	$3,854	$11,826	$31,275	$46,956	$449	0.97%
	35%	350	12,355	$3,289	$16,123	$44,382	$63,794	$3,854	$16,557	$43,785	$64,196	$403	0.63%
	35%	500	17,650	$3,289	$23,032	$63,403	$89,724	$3,854	$23,652	$62,550	$90,057	$333	0.37%
Mainline Firm	40%	2,833	100,000	$28,240	$134,786	$364,313	$527,339	$15,097	$103,344	$370,162	$488,603	($38,736)	-7.35%
	40%	14,164	500,000	$28,240	$673,931	$1,821,565	$2,523,736	$15,097	$516,719	$1,850,810	$2,382,625	($141,111)	-5.59%
	40%	28,328	1,000,000	$28,240	$1,347,862	$3,643,130	$5,019,232	$15,097	$1,033,437	$3,701,619	$4,750,153	($269,079)	-5.36%
	75%	2,833	100,000	$28,240	$71,886	$364,313	$464,439	$15,097	$55,117	$370,162	$440,376	($24,063)	-5.18%
	75%	14,164	500,000	$28,240	$359,430	$1,821,565	$2,209,235	$15,097	$275,583	$1,850,810	$2,141,490	($67,745)	-3.07%
	75%	28,328	1,000,000	$28,240	$718,860	$3,643,130	$4,390,230	$15,097	$551,166	$3,701,619	$4,267,883	($122,347)	-2.79%
	75%	41,000	1,447,339	$28,240	$1,040,434	$5,272,846	$6,341,520	$15,097	$797,725	$5,357,499	$6,170,321	($171,199)	-2.70%
Special Contract	89%	421,289	14,871,907	$1,625,097	$0	$84,258	$1,709,355	$1,451,669	$0	$42,129	$1,090,676	($618,679)	-36.19%
Power Stations	16%	15,196	536,433	$277,574	$87,429	$250,734	$615,737	$198,203	$14,978	$121,568	$23,735	($592,003)	-96.15%
Interruptible Sales	25%	850	30,000	$12,513	$21,223	$115,890	$149,625	$15,181	$27,339	$111,098	$153,619	$3,993	2.67%
	40%	2,833	100,000	$12,513	$44,215	$386,299	$443,026	$15,181	$56,957	$370,328	$442,466	($560)	-0.13%
	40%	14,164	500,000	$12,513	$221,074	$1,931,494	$2,165,080	$15,181	$284,786	$1,851,639	$2,151,606	($13,474)	-0.62%
	75%	850	30,000	$12,513	$7,074	$115,890	$135,477	$15,181	$9,113	$111,098	$135,392	($84)	-0.06%
	75%	2,833	100,000	$12,513	$23,581	$386,299	$422,393	$15,181	$30,377	$370,328	$415,886	($6,507)	-1.54%
	75%	14,164	500,000	$12,513	$117,906	$1,931,494	$2,061,913	$15,181	$151,886	$1,851,639	$2,018,706	($43,207)	-2.10%

Centra Gas Manitoba Inc.
2013/14 General Rates Application - Cost of Gas Update May 10, 2013
Bill Impact Comparison
2013/14 Test Year

BASE VS. BASE

				MAY 1/13 APPROVED BASE RATES				AUG 1/13 PROPOSED BASE RATES				BASE IMPACTS	
	Load Factor	Annual Use 10^3m^3	Annual Use Mcf	Basic Chg	Demand	Commodity	Annual	Basic Chg	Demand	Commodity	Annual	$	%
Small General Service		1.00	35	$168	$0	$265	$433	$168	$0	$271	$439	$7	1.54%
		1.98	70	$168	$0	$524	$692	$168	$0	$537	$705	$13	1.91%
(Typical Residential Customer)		2.37	84	$168	$0	$628	$796	$168	$0	$644	$812	$16	1.99%
		2.80	99	$168	$0	$742	$910	$168	$0	$761	$929	$19	2.06%
		3.20	113	$168	$0	$847	$1,015	$168	$0	$868	$1,036	$21	2.11%
		3.68	130	$168	$0	$974	$1,142	$168	$0	$999	$1,167	$25	2.15%
		11.33	400	$168	$0	$2,997	$3,165	$168	$0	$3,073	$3,241	$76	2.39%
Large General Service		11.33	400	$924	$0	$2,410	$3,334	$924	$0	$2,450	$3,374	$40	1.19%
		59.49	2,100	$924	$0	$12,653	$13,577	$924	$0	$12,861	$13,785	$209	1.54%
		679.87	24,000	$924	$0	$144,603	$145,527	$924	$0	$146,987	$147,911	$2,385	1.64%
High Volume Firm	25%	850	30,000	$13,420	$43,720	$135,690	$192,830	$14,769	$45,732	$135,549	$196,049	$3,220	1.67%
	40%	850	30,001	$13,420	$27,326	$135,694	$176,440	$14,769	$28,583	$135,553	$178,905	$2,465	1.40%
	40%	1,416	50,000	$13,420	$45,542	$226,150	$285,111	$14,769	$47,637	$225,915	$288,321	$3,209	1.13%
	40%	2,833	100,000	$13,420	$91,084	$452,299	$556,803	$14,769	$95,275	$451,829	$561,872	$5,070	0.91%
	40%	6,200	218,866	$13,420	$199,351	$989,929	$1,202,700	$14,769	$208,524	$988,900	$1,212,192	$9,492	0.79%
	40%	12,600	444,792	$13,420	$405,133	$2,011,792	$2,430,344	$14,769	$423,774	$2,009,700	$2,448,243	$17,898	0.74%
	75%	685	24,181	$13,420	$11,747	$109,371	$134,538	$14,769	$12,287	$109,258	$136,313	$1,776	1.32%
	75%	850	30,000	$13,420	$14,573	$135,690	$163,683	$14,769	$15,244	$135,549	$165,561	$1,878	1.15%
	75%	1,416	50,000	$13,420	$24,289	$226,150	$263,858	$14,769	$25,407	$225,915	$266,090	$2,231	0.85%
	75%	2,833	100,000	$13,420	$48,578	$452,299	$514,297	$14,769	$50,813	$451,829	$517,411	$3,114	0.61%
	75%	6,200	218,866	$13,420	$106,321	$989,929	$1,109,670	$14,769	$111,213	$988,900	$1,114,881	$5,212	0.47%
	75%	12,600	444,792	$13,420	$216,071	$2,011,792	$2,241,282	$14,769	$226,013	$2,009,700	$2,250,482	$9,199	0.41%
Cooperative	35%	250	8,825	$3,289	$11,516	$35,167	$49,971	$3,854	$11,826	$34,725	$50,406	$434	0.87%
	35%	350	12,355	$3,289	$16,123	$49,233	$68,645	$3,854	$16,557	$48,615	$69,026	$382	0.56%
	35%	500	17,650	$3,289	$23,032	$70,333	$96,654	$3,854	$23,652	$69,450	$96,957	$303	0.31%
Mainline Firm	40%	2,833	100,000	$28,240	$134,786	$403,575	$566,602	$15,097	$131,061	$407,354	$553,512	($13,089)	-2.31%
	40%	14,164	500,000	$28,240	$673,931	$2,017,877	$2,720,048	$15,097	$655,304	$2,036,772	$2,707,173	($12,875)	-0.47%
	40%	28,328	1,000,000	$28,240	$1,347,862	$4,035,754	$5,411,856	$15,097	$1,310,609	$4,073,543	$5,399,249	($12,607)	-0.23%
	75%	2,833	100,000	$28,240	$71,886	$403,575	$503,701	$15,097	$69,899	$407,354	$492,351	($11,351)	-2.25%
	75%	14,164	500,000	$28,240	$359,430	$2,017,877	$2,405,547	$15,097	$349,496	$2,036,772	$2,401,364	($4,182)	-0.17%
	75%	28,328	1,000,000	$28,240	$718,860	$4,035,754	$4,782,854	$15,097	$698,991	$4,073,543	$4,787,632	$4,778	0.10%
	75%	41,000	1,447,339	$28,240	$1,040,434	$5,841,106	$6,909,780	$15,097	$1,011,678	$5,895,800	$6,922,575	$12,795	0.19%
Special Contract	89%	421,289	14,871,900	$1,625,097	$0	$84,258	$1,709,355	$1,451,669	$0	$42,129	$1,493,798	($215,557)	-12.61%
Power Stations	16%	15,196	536,442	$277,574	$87,431	$250,738	$615,743	$198,203	$14,676	$121,570	$334,449	($281,294)	-45.68%
Interruptible Sales	25%	850	30,000	$12,513	$21,223	$127,407	$161,142	$15,181	$22,274	$129,770	$167,224	$6,082	3.77%
	40%	2,833	100,000	$12,513	$44,215	$424,689	$481,416	$15,181	$46,403	$432,566	$494,150	$12,734	2.65%
	40%	14,164	500,000	$12,513	$221,074	$2,123,444	$2,357,030	$15,181	$232,017	$2,162,831	$2,410,028	$52,998	2.25%
	75%	850	30,000	$12,513	$7,074	$127,407	$146,994	$15,181	$7,425	$129,770	$152,375	$5,381	3.66%
	75%	2,833	100,000	$12,513	$23,581	$424,689	$460,783	$15,181	$24,748	$432,566	$472,495	$11,713	2.54%
	75%	14,164	500,000	$12,513	$117,906	$2,123,444	$2,253,862	$15,181	$123,742	$2,162,831	$2,301,754	$47,891	2.12%