

2015/16 COST OF GAS APPLICATION

Centra Gas Manitoba Inc. Undertaking #2

Centra to provide two IFF scenarios 1) assuming the PUB has disallowed non-Gas costs of \$9 million (through a refund rider) over 1 year; 2) assuming the PUB has disallowed non-Gas costs of \$4.5 million (through refund rider) over 1 year.

Response:

Please see the schedules below.

GAS OPERATIONS (CGM14 ADJUSTED FOR 2015-16 COG UNDERTAKING 2 PART 1)
PROJECTED OPERATING STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
General Consumers										
at approved rates	419	414	393	394	398	399	401	402	402	402
additional revenue requirement*	0	0	0	7	8	8	8	8	8	14
	419	414	393	401	405	407	409	410	410	416
Cost of Gas Sold	270	277	247	247	246	247	247	248	247	247
Gross Margin	149	138	146	154	159	160	161	162	162	169
Other	1	2	2	2	2	2	2	2	2	2
	151	139	148	156	161	162	163	164	164	171
EXPENSES										
Operating and Administrative	68	67	68	69	69	70	71	71	73	74
Finance Expense	16	17	19	21	22	23	23	24	24	26
Depreciation and Amortization	29	29	29	31	31	32	32	33	33	34
Capital and Other Taxes	19	19	20	20	20	20	21	21	21	21
Corporate Allocation	12	12	12	12	12	12	12	12	12	12
	144	144	148	153	155	157	158	160	163	168
Net Income	7	(5)	(0)	3	6	5	5	4	1	3
* Additional Revenue Requirement										
Percent Increase		0.00%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.75%
Cumulative Percent Increase		0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	3.79%
Financial Ratios										
Equity (PUB Methodology)	35%	33%	32%	32%	32%	33%	33%	33%	32%	32%
Interest Coverage	1.41	0.70	0.98	1.14	1.29	1.21	1.22	1.15	1.05	1.12
Capital Coverage	0.52	0.80	0.73	0.95	0.96	0.86	0.80	0.75	0.65	0.74

GAS OPERATIONS (CGM14 ADJUSTED FOR 2015-16 COG UNDERTAKING 2 PART 1)
PROJECTED BALANCE SHEET
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
ASSETS										
Plant in Service	716	765	800	823	846	872	899	929	960	990
Accumulated Depreciation	(248)	(256)	(267)	(279)	(292)	(306)	(320)	(335)	(351)	(368)
Net Plant in Service	468	509	533	544	554	566	579	594	609	623
Construction in Progress	4	4	4	4	4	4	4	4	4	4
Current and Other Assets	120	121	121	121	121	121	121	121	121	121
Goodwill and Intangible Assets	7	6	6	5	5	4	4	4	4	4
Regulated Assets	85	84	85	82	78	75	72	70	68	66
	684	723	748	756	762	770	780	792	806	817
LIABILITIES AND EQUITY										
Long-Term Debt	300	320	330	330	340	340	340	330	360	380
Current and Other Liabilities	130	136	137	126	98	85	75	78	46	19
Contributions in Aid of Construction	64	83	98	114	131	148	163	178	193	208
Share Capital	121	121	121	121	121	121	121	121	121	121
Retained Earnings	69	63	62	65	72	76	81	85	86	89
	684	723	748	756	762	770	780	792	806	817

GAS OPERATIONS (CGM14 ADJUSTED FOR 2015-16 COG UNDERTAKING 2 PART 1)
PROJECTED CASH FLOW STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPERATING ACTIVITIES										
Cash Receipts from Customers	457	452	430	438	439	441	443	445	444	451
Cash Paid to Suppliers and Employees	(413)	(380)	(373)	(382)	(384)	(386)	(388)	(390)	(391)	(393)
Interest Paid	(19)	(19)	(21)	(22)	(22)	(23)	(23)	(24)	(25)	(26)
	25	52	37	35	33	33	32	31	29	32
FINANCING ACTIVITIES										
Proceeds from Long-Term Debt	30	20	10	-	10	-	-	10	40	20
Retirement of Long-Term Debt	(35)	-	-	-	-	-	-	-	(20)	(10)
Other	-	-	-	-	-	-	-	-	-	-
	(5)	20	10	-	10	-	-	10	20	10
INVESTING ACTIVITIES										
Property, Plant and Equipment, net of contributions	(50)	(66)	(52)	(37)	(35)	(39)	(40)	(42)	(45)	(44)
Other	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
	(50)	(66)	(52)	(37)	(36)	(39)	(41)	(43)	(46)	(44)
Net Increase (Decrease) in Cash	(30)	7	(5)	(3)	8	(7)	(9)	(1)	3	(2)
Cash at Beginning of Year	(34)	(64)	(58)	(63)	(65)	(58)	(64)	(73)	(74)	(71)
Cash at End of Year	(64)	(58)	(63)	(65)	(58)	(64)	(73)	(74)	(71)	(73)

GAS OPERATIONS (CGM14 ADJUSTED FOR 2015-16 COG UNDERTAKING 2 PART 2)
PROJECTED OPERATING STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
General Consumers										
at approved rates	419	419	393	394	398	399	401	402	402	402
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Corporate Allocation	12	12	12	12	12	12	12	12	12	12
	144	144	148	153	154	157	158	160	163	167
Net Income	7	(1)	0	3	7	5	5	4	1	3
* Additional Revenue Requirement										
Percent Increase		0.00%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.75%
Cumulative Percent Increase		0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	3.79%
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Capital Coverage	0.52	0.87	0.74	0.96	0.97	0.86	0.81	0.75	0.65	0.75

GAS OPERATIONS (CGM14 ADJUSTED FOR 2015-16 COG UNDERTAKING 2 PART 2)
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Share Capital	121	121	121	121	121	121	121	121	121	121
Retained Earnings	69	67	67	70	77	82	87	91	92	96
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Interest Paid	(19)	(19)	(20)	(22)	(22)	(23)	(23)	(23)	(24)	(26)
	25	57	37	35	34	33	32	32	29	33
FINANCING ACTIVITIES										
Proceeds from Long-Term Debt	30	10	20	-	-	10	-	10	30	20
Retirement of Long-Term Debt	(35)	-	-	-	-	-	-	-	(20)	(10)
Other	-	-	-	-	-	-	-	-	-	-
	(5)	10	20	-	-	10	-	10	10	10
INVESTING ACTIVITIES										
Property, Plant and Equipment, net of contributions	(50)	(66)	(52)	(37)	(35)	(39)	(40)	(42)	(45)	(44)
Other	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
	(50)	(66)	(52)	(37)	(36)	(39)	(41)	(43)	(46)	(44)
Net Increase (Decrease) in Cash	(30)	1	5	(2)	(2)	4	(8)	(1)	(6)	(2)
Cash at Beginning of Year	(34)	(64)	(63)	(58)	(60)	(62)	(59)	(67)	(68)	(74)
Cash at End of Year	(64)	(63)	(58)	(60)	(62)	(59)	(67)	(68)	(74)	(76)