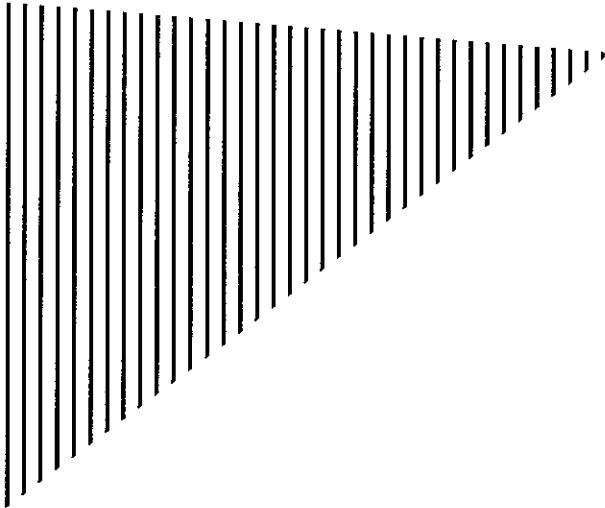


Financial Statements

Centra Gas Manitoba Inc.
March 31, 2009



AUDITORS' REPORT

To the Shareholder of
Centra Gas Manitoba Inc.

We have audited the balance sheet of **Centra Gas Manitoba Inc.** as at March 31, 2009 and the statements of income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Canada,
May 29, 2009.

Ernst & Young LLP

Chartered Accountants

CENTRA GAS MANITOBA INC.

STATEMENT OF INCOME

For the year ended March 31

	Notes	2009	2008
<i>millions of dollars</i>			
Revenues			
Commodity		431	386
Distribution		147	140
		578	526
Cost of gas sold		431	386
		147	140
Other income		2	2
		149	142
Expenses			
Operating and administrative	3	59	56
Finance expense	3 & 4	20	22
Depreciation and amortization		25	23
Capital and other taxes		24	23
Corporate allocation	5	12	12
		140	136
Net Income		9	6

STATEMENT OF RETAINED EARNINGS

For the year ended March 31

	2009	2008
<i>millions of dollars</i>		
Retained earnings, beginning of year	27	21
Net income	9	6
Retained Earnings, end of year	36	27

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

CENTRA GAS MANITOBA INC.

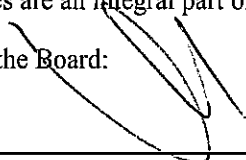
BALANCE SHEET

As at March 31

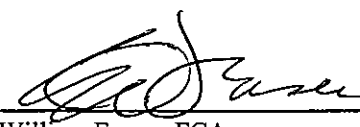
	Notes	2009	2008
<i>millions of dollars</i>			
Assets			
Property, Plant and Equipment			
In service	6	599	576
Less accumulated depreciation	6	212	200
		<u>387</u>	<u>376</u>
Construction in progress	6	3	3
		<u>390</u>	<u>379</u>
Current Assets			
Accounts receivable and accrued revenue		138	142
Gas in storage		15	16
		<u>153</u>	<u>158</u>
Other Assets	7	67	62
		<u>610</u>	<u>599</u>
Liabilities and Shareholder's Equity			
Long-Term Debt	8	141	233
Current Liabilities			
Due to parent	9	109	98
Accounts payable and accrued liabilities	10	64	71
Current portion of long-term debt	8	93	2
		<u>266</u>	<u>171</u>
Other Liabilities			
Refundable advances from customers		16	16
		<u>16</u>	<u>16</u>
Contributions in Aid of Construction		30	31
Shareholder's Equity			
Share capital	14	121	121
Retained earnings		36	27
		<u>157</u>	<u>148</u>
		<u>610</u>	<u>599</u>

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

Approved on behalf of the Board:



Victor H. Schroeder, QC
Chairman of the Board



William Fraser, FCA
Chair of the Audit Committee

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

For the year ended March 31

	2009	2008
	<i>millions of dollars</i>	
Operating Activities		
Cash receipts from customers	593	507
Cash paid to suppliers	(536)	(449)
Interest paid	(22)	(24)
Cash provided by operating activities	35	34
Financing Activities		
Long-term repayments to parent	(2)	(2)
Short-term advances from parent	12	8
Cash provided by financing activities	10	6
Investing Activities		
Property, plant and equipment, net of contributions	(32)	(28)
Deferred charges	(13)	(12)
Cash used for investing activities	(45)	(40)
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	-	-

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

CENTRA GAS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2009

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Rate Regulated Accounting - The prices charged for the sale of natural gas within Manitoba are subject to review and approval by the Public Utilities Board of Manitoba (PUB). The rate-setting process is designed such that rates charged to gas customers recover all costs incurred in providing gas service to customers. Accordingly, Centra Gas Manitoba Inc. (Centra) applies various accounting policies that differ from enterprises that do not operate in a rate-regulated environment. Such accounting policies allow for the deferral of certain costs or credits which will be recovered or refunded in future rates. These costs or credits would otherwise be included in the determination of net income in the year that the cost or credit is incurred. Centra refers to such deferred costs or credits as regulated assets or regulated liabilities which are generally comprised of the following:

- **Deferred taxes** - As a result of its acquisition by Manitoba Hydro in 1999, Centra became non-taxable and, in so doing, incurred a non-recurring tax expense. This non-recurring tax expense has been deferred and is being amortized over a period of 30 years.
- **Rate hearing costs** - Rate hearing costs are amortized as approved by the regulatory authorities over periods which coincide with their recovery in future rates.
- **Purchased gas variance accounts (PGVA)** - Accounts are maintained to recover/refund differences between the actual cost of gas and the cost of gas incorporated into rates charged to customers as approved by the PUB. The difference between the recorded cost of natural gas and the actual cost of natural gas is carried as an account receivable/ payable, and recovered or refunded in future rates.
- **Power Smart programs** - The costs of Centra's energy conservation programs, referred to as Power Smart, are deferred and amortized on a straight-line basis over a period of 5 years.
- **Site restoration costs** - Site restoration costs incurred are recorded as a deferred expense and are amortized on a straight-line basis over 15 years.

Centra's other significant accounting policies are as follows:

a) **Property, Plant and Equipment**

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

CENTRA GAS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2009

b) **Depreciation**

Depreciation rates are calculated using the straight-line method and applied to the original costs of property, plant and equipment. Retirements of property, plant and equipment, including costs of removal, are charged to accumulated depreciation with no gains or losses reflected in operations. The estimated service lives and removal costs of the assets are based upon depreciation studies conducted periodically by Centra.

The range of estimated service lives of each major asset category is as follows:

Transmission	40 - 65 years
Distribution	15 - 65 years
Other	5 - 22 years

c) **Contributions in Aid of Construction**

Contributions are required from customers whenever the costs of extending service exceed specified construction allowances. Contributions are amortized on a straight-line basis over the estimated service lives of the related assets.

d) **Gas in Storage**

Gas in storage is valued at average cost.

e) **Revenues**

Customers' meters are read and billed on a cyclical basis. Revenues are accrued in respect of energy delivered for those cycles not yet billed.

f) **Cost of Gas Sold**

Cost of natural gas sold is recorded at the same rates charged to customers.

g) **Pension Costs**

The costs and obligations of pension benefits are calculated by an independent actuary using the accrued benefit actuarial cost method and reflect management's best estimate of future compensation increases, service lives and inflation rates. Pension expense is comprised of the cost of pension benefits provided during the year, the amortization of past service benefits, experience gains and losses, and expected returns on fund assets net of interest on the obligation. Expected returns on fund assets are calculated using market related values based on a five-year moving average approach.

h) **Financial Instruments**

All financial instruments are measured at fair value on initial recognition as of the trade date. Measurement in subsequent periods depends on the classification of the instrument. Financial instruments are classified into one of the following five categories: held-to-maturity investments, loans and receivables, held-for-trading, available-for-sale, or other financial liabilities. Financial instruments classified as loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method of amortization.

CENTRA GAS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2009

- i) **Comprehensive Income**
Comprehensive income consists of net income and other comprehensive income (OCI). As Centra has no items related to OCI, comprehensive income for the year is equivalent to net income.
- j) **Foreign Currency Translation**
Current monetary assets and liabilities denominated in foreign currencies are translated into Canadian currency at the exchange rate prevailing at the balance sheet date. Gains or losses related to natural gas storage purchases which arise from the date of receipt to date of payment are included as inventoried cost. All other exchange gains and losses on the translation of current monetary assets and liabilities are credited or charged to finance expense in the current period.
- k) **Derivatives**
Centra does not engage in derivative trading or speculative activities. Centra mitigates natural gas price volatility to customers through the use of derivative products restricted to price swaps, call options and cashless collars. Settlement values are recorded in the purchased gas variance account in the month the natural gas is delivered.
- l) **Debt Discounts and Premiums**
Debt discount and premiums are amortized to finance expense using the effective interest method.
- m) **Use of Estimates**
The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates, but differences are not expected to be material.

NOTE 2 ACCOUNTING CHANGES

Financial Instruments - Disclosure and Presentation

Effective April 1, 2008, Centra adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 3862, *Financial Instruments – Disclosures* and Section 3863, *Financial Instruments – Presentation*. These sections replace Section 3861, *Financial Instruments – Disclosure and Presentation* and require disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the nature and extent of risks from financial instruments to which Centra is exposed. These additional disclosures are provided in Note 12.

Capital Disclosures

Effective April 1, 2008, Centra adopted CICA Section 1535, *Capital Disclosures*. The section establishes standards for disclosing information that enables users of financial statements to evaluate how an entity manages its capital structure (i.e. debt and equity), its objectives, policy and processes for managing capital. These disclosures are provided in Note 15.

CENTRA GAS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2009

Inventories

Effective April 1, 2008, Centra adopted CICA Section 3031, *Inventories*. The new standard requires that inventory items which are used primarily for property, plant and equipment be recognized as PP&E rather than as inventory. In addition, the new standard stipulates which costs can be included in the cost of inventory in particular as it applies to storage and carrying charges. Adoption of this standard did not have a material impact on the financial statements.

Future Accounting Changes

Goodwill and Intangible Assets

Effective April 1, 2009, Centra will be adopting the new CICA Section 3064, *Goodwill and Intangible Assets* which provides more comprehensive guidance on intangible assets, particularly for the costing of internally developed intangible assets. The impact of this new standard on Centra's financial statements is currently being assessed.

Regulated Activities

On January 1, 2009, the temporary exemption provided in CICA Section 1100, *Generally Accepted Accounting Principles*, which allows the recognition and measurement of regulatory assets and liabilities, was withdrawn. Pursuant to a practice allowed by Canadian GAAP, Centra will, however, rely on Statement of Financial Accounting Standard No. 71, *Accounting for the Effects of Certain Types of Regulation*, issued by the U.S. Financial Accounting Standards Board, to maintain the current accounting treatment for regulatory assets and liabilities. Consequently, the withdrawal of the exemption should not have any impact on Centra's financial statements.

International Financial Reporting Standards (IFRS)

The CICA's Accounting Standards Board announced that Canadian publicly accountable enterprises will adopt IFRS as issued by the International Accounting Standards Board effective for fiscal years beginning on or after January 1, 2011. The transition date for Centra of April 1, 2011 will require the restatement, for comparative purposes, of the April 1, 2010 balance sheet and of the amounts reported by Centra for the year ended March 31, 2011. Although IFRS uses a conceptual framework similar to Canadian GAAP, differences in accounting standards are expected. Centra is currently assessing the impact of those differences.

CENTRA GAS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2009

NOTE 3 RELATED PARTY TRANSACTIONS

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

	2009	2008
	<i>millions of dollars</i>	
Expense		
Net operating and administrative costs	59	56
Interest		
Advances from parent	20	22

NOTE 4 FINANCE EXPENSE

	2009	2008
	<i>millions of dollars</i>	
Interest on debt	20	21
Amortization of debt discount and expenses	1	1
Interest capitalized	(3)	(3)
Other	2	3
	20	22

Included in interest on debt is \$3 million (2008 - \$3 million) in respect of the Provincial Debt Guarantee Fee. The fee during the year was 1.00% of the total outstanding debt guaranteed by the Province of Manitoba (2008 – 1.00%).

NOTE 5 CORPORATE ALLOCATION

Costs to acquire Centra and to integrate its operations into those of Manitoba Hydro are allocated between gas and electricity operations in accordance with the synergies and benefits derived by each segment of the business as a result of the acquisition.

CENTRA GAS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2009

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

	2009			2008		
	In Service	Accumulated Depreciation	Construction in Progress	In Service	Accumulated Depreciation	Construction in Progress
	<i>millions of dollars</i>			<i>millions of dollars</i>		
Gas distribution	569	192	3	545	182	3
General plant and other	30	20	-	31	18	-
	<u>599</u>	<u>212</u>	<u>3</u>	<u>576</u>	<u>200</u>	<u>3</u>

NOTE 7 OTHER ASSETS

	2009	2008
	<i>millions of dollars</i>	
Regulated assets:		
Deferred taxes	36	38
Power Smart programs	27	19
Site restoration costs	2	2
Rate hearings	1	2
Other	1	1
	<u>67</u>	<u>62</u>

In total, deferred charges of \$11 million (2008 - \$9 million) were amortized to operations during the period.

If Centra was not subject to rate regulation, the costs associated with the regulated assets would be charged to operations in the period that they were incurred and the net income for 2009 would have decreased by \$5 million (2008 - \$6 million).

CENTRA GAS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2009

NOTE 8 LONG-TERM DEBT

	2009	2008
	<i>millions of dollars</i>	
Long-term advances from parent	236	238
Debt discounts and premiums	(2)	(3)
Less: Current portion of long-term debt	(93)	(2)
	141	233

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

	2009		2008
	Total Principal Amount of Repayment	Weighted Average Yield Rate	Total Principal Amount of Repayment
	<i>millions of dollars</i>		<i>millions of dollars</i>
2009	-	-	2
2010	93	6.11%	93
2011	-	-	-
2012	-	-	-
2013	63	5.98%	63
2014 - 2037	80	5.11%	80
	236	5.22%	238

NOTE 9 DUE TO PARENT

Centra's short-term funding is provided by Manitoba Hydro with interest calculated monthly at floating rates. The effective rate for the fiscal year 2009 was 2.4% (2008 – 4.5%). There are no fixed repayment terms.

CENTRA GAS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2009

NOTE 10 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2009	2008
	<i>millions of dollars</i>	
Accounts payable and accrued liabilities	53	70
Regulated liabilities:		
Purchased gas variance accounts	11	1
	<u>64</u>	<u>71</u>

Centra passes costs related to the purchase and transportation of natural gas onto its customers without markup. If Centra was not subject to rate regulation, the purchased gas variance accounts would not be maintained and the actual cost of gas would be expensed in the period incurred. For the twelve months of fiscal year 2009, if actual gas costs were expensed and sales rates were not adjusted accordingly, net income would have increased by \$10 million (2008 - decreased by \$8 million).

NOTE 11 PENSION ASSETS AND OBLIGATION

In 2001, former employees of Centra ceased earning current service benefits under the Centra pension plans and began earning benefits under the Civil Service Superannuation Board (CSSB) plan. The assets relating to the Centra curtailed pension plans are held in trust by the State Street Trust Co. of Canada and are not reflected on Centra's balance sheet.

CENTRA GAS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2009

The following tables present information concerning the Centra curtailed pension plans:

	2009	2008
	<i>millions of dollars</i>	
Plan assets at fair value		
Balance at beginning of year	72	75
Actual return (loss) on plan assets	(13)	(1)
Employer contributions	4	3
Benefit payments and refunds	(6)	(5)
	<u>57</u>	<u>72</u>
Accrued benefit obligation		
Balance at beginning of year	81	78
Interest on obligation	6	5
Benefit payments and refunds	(6)	(5)
Actuarial losses	-	3
	<u>81</u>	<u>81</u>
Deficit at end of year	<u>(24)</u>	<u>(9)</u>

Pension assets are valued at market rates and are invested as follows:

	Fair Value	
	2009	2008
	<i>millions of dollars</i>	
Equities	31	44
Bonds and debentures	22	24
Real estate	3	3
Short-term investments	1	1
	<u>57</u>	<u>72</u>

The return for the Centra curtailed plan fund assets was negative 18.1% (2008 -- negative 1.7%). The weighted average term to maturity on fixed income investments is 8.0 years (2008 -- 8.2 years).

The most recent actuarial valuations for Centra's obligations for the Centra curtailed pension plans were performed with respect to the liabilities outstanding as at December 31, 2008. These valuations incorporated management's best estimate assumptions and took into consideration the long-term nature of the pension plans. The next actuarial valuation for the plans will occur in December 2009.

CENTRA GAS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2009

The Centra curtailed pension plans are also subject to a solvency valuation for funding purposes with the latest valuation taking place as at December 31, 2008.

The significant actuarial assumptions adopted in measuring Centra's accrued benefit obligations are as follows:

	2009	2008
Discount rate	6.50%	6.50%
Expected long-term rate of return on plan assets	7.50%	7.50%
Rate of compensation increase including merit and promotions	1.5% - 2.0%	1.5%-2.0%
Expected average remaining service life of employees	10 years	14 years
Long-term inflation rate	2.5%	2.5%

Centra's pension expense related to the curtailed pension plans is as follows:

	2009	2008
	<i>millions of dollars</i>	
Interest on obligation	5	5
Expected return on plan assets	(5)	(5)
Amortization of net experience loss	1	1
	1	1

NOTE 12 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

	2009		2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial instruments				
<i>millions of dollars</i>				
Loans and Receivables				
Accounts receivable and accrued revenue	138	138	142	142
Other Financial Liabilities				
Long-term debt (including current portion)	234	248	235	257
Accounts payable and accrued liabilities	64	64	71	71
Due to parent	109	109	98	98

CENTRA GAS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2009

The estimated fair values of Centra's long-term debt are based on market yields at close of business on the balance sheet date for similar instruments available in capital markets. The carrying values of all other financial assets and liabilities approximate fair value.

Financial Risks

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

a) Credit Risk

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

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

	2009
	<i>millions of dollars</i>
Under 30 days	107
30 to 60 days	19
Over 60 days	15
	<u>141</u>
Provision at end of period	(3)
Total accounts receivable	<u>138</u>

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

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

CENTRA GAS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2009

b) Liquidity Risk

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

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

	Carrying Value	2010	2011	2012	2013	2014	2015 and thereafter
<i>millions of dollars</i>							
Non-derivative financial liabilities							
Accounts payable and accrued liabilities	64	64	-	-	-	-	-
Due to parent	109	109	-	-	-	-	-
Long-term debt*	234	107	8	71	6	4	162
Derivative financial liabilities							
Natural gas collar obligations		64	-	-	-	-	-
		344	8	71	6	4	162

*including current portion and interest payments

c) Market Risk

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

i. Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Centra is exposed to interest rate risk associated with amounts due to the parent company and the purchased gas variance accounts. At March 31, 2009, an increase or decrease of 1% in the interest rate would reduce or increase net income, respectively, by \$1 million.

ii. Commodity Price Risk

Centra is exposed to natural gas price risk through its purchase of gas for delivery to customers throughout Manitoba. Centra mitigates natural gas price volatility through its use of derivative instruments restricted to price swaps, call options and cashless collars. Centra does not use derivative contracts for trading or speculative purposes.

CENTRA GAS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2009

Centra has entered into cashless collar contracts until January 2010 to purchase 24 390 000 gigajoules (GJ) of natural gas at a weighted average upper strike price of \$9.31/ GJ and a weighted average lower strike price of \$7.32/ GJ. The weighted average forward price of the cashless collars per the Alberta Energy Company Exchange (AECO) at March 31, 2009 is \$4.69/ GJ. Settlement values are recorded in the purchased gas variance account in the month the natural gas is delivered.

Centra has also entered into natural gas price swaps until April 2014 to purchase 96 540 gigajoules of natural gas at a weighted average fixed price of \$7.44/ GJ. The weighted average forward price of the swaps per AECO at March 31, 2009 was \$6.64/ GJ. These contracts are reported as derivatives and carried at fair value on the balance sheet. At March 31, 2009 the fair value was immaterial.

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

	2009	2008
	<i>millions of dollars</i>	
Cashless collar contract gains (losses)	(64)	22

Fair value is calculated by using the monthly forward AECO price as reported by the Natural Gas Exchange (NGX) as at March 31, 2009.

A change in fair value of cashless collars due to a 10% increase or decrease in the price of natural gas would increase or decrease the purchase gas variance account by \$11 million.

NOTE 13 COMMITMENTS AND CONTINGENCIES

Centra has energy purchase commitments of \$163 million (2008 – \$501 million) that relate to future purchases of natural gas (including transportation and storage contracts), the majority of which expire in 2010.

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

CENTRA GAS MANITOBA INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2009

NOTE 14 SHARE CAPITAL

	2009	2008
	<i>millions of dollars</i>	
Share capital		
Authorized		
Unlimited number of common shares		
Issued		
1 505 common shares	121	121
	121	121

NOTE 15 CAPITAL MANAGEMENT

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

NOTE 16 COMPARATIVE FIGURES

Where appropriate, comparative figures for 2008 have been reclassified in order to conform to the presentation adopted in 2009.

