

MANITOBA)
)
THE PUBLIC UTILITIES BOARD ACT)

Order No. 15/02
January 30, 2002

BEFORE: G. D. Forrest, Chairman
M. Girouard, Member
M. Santos, Member

**AN APPLICATION BY CENTRA GAS MANITOBA INC. FOR
AN INTERIM ORDER APPROVING PRIMARY GAS SALES
RATES TO BE EFFECTIVE FOR ALL GAS CONSUMED ON
AND AFTER FEBRUARY 1, 2002**

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1.0 Presenters

Consumers' Association of Canada (Manitoba) Inc./Manitoba Society of Seniors ("CAC/MSOS) represented by Counsel, B. Meronek, Q.C.

Kim Vincent, Citizen

Ed Toker, Citizen

E. R. Bruce, Citizen

2.0 Background

In Order 99/01, dated June 15, 2001, the Board ordered a change in the rate setting methodology ("RSM") and treatment of the Primary Gas Purchased Gas Variance Account ("Primary Gas PGVA") to be utilized by Centra, as follows:

1. Centra was to transfer the February 28, 2001 balance in the Primary Gas PGVA, net of revenues generated by the existing Primary Gas Rate Rider to May 31, 2001, into a separate account to be titled the Primary Gas Deferral Account ("PGDA"). The PGDA balance was to be recovered from all customers, except WTS customers as at April 30, 2001, over a 24-month period commencing August 1, 2001 by a Primary Gas Deferral Rider ("PGDR"). New customers and customers returning to Centra supply after April 30, 2001 would be exempt from payment of the PGDR.

2. The rate setting methodology was changed so that Primary Gas Base Rates would reflect 100% of the difference between the updated 12-month forward price for natural gas (weighted for the cost of gas in storage) and the Primary Gas Rate set in the prior quarter, rather than 50% of the difference used previously.
3. In addition to the Primary Gas Base Rate, Centra was to continue to determine a Primary Gas Rate Rider, to be effective on the date of the Primary Gas Rate change to dispose of the estimated accumulated Primary Gas PGVA balance over the next 12 months of volume.

The quarterly Rate Setting Process amended by the Board still required Centra to file its application during the first week of the month prior to the commencement of each gas quarter (February 1, May 1, August 1, and November 1) and to provide public notice during the second week of the month. The Board could conduct either a "paper hearing" or hold an oral hearing in respect of the application, and was requested to approve the rates prior to the commencement of the gas quarter.

The Board last approved Primary Gas Sales rates to be effective November 1, 2001, on an interim basis, using the revised RSM, in Order 170/01, dated October 31, 2001. The approved base rate was \$0.1611 per Gj. The approved billed rate which included a Primary Gas PGVA rider of -\$0.061 per Gj was \$0.1550 per Gj, while the approved PGDR was continued at \$0.0363 per Gj.

On October 31, 2001, Centra filed a report related to an alternative method of forecasting gas costs, pursuant to Board directives in Order 119/01. In Order

170/01, the Board directed Centra to forward copies of the report and to solicit comments from all registered brokers and all parties of record at the annual cost of gas hearing. Comments were to be forwarded to the Board by no later than December 31, 2001.

3.0 The Application

On December 12, 2001, Centra applied to the Board for approval of interim sales rates to be effective February 1, 2002 and to remain in effect until a further Order of the Board. Centra requested that, pursuant to Order 99/01, 100% of the difference between the updated 12-month forward price for natural gas (weighted for the cost of gas in storage) and the Primary Gas Rate set in the previous quarter (November 1, 2001) be used to establish the February 1, 2002 Primary Gas Rate.

Centra also requested the Board to approve a rate rider to dispose of the estimated January 31, 2002 Primary Gas PGVA over the next 12 months normalized volumes. This rate rider would apply to all estimated volumes to be supplied by Centra, including Buy/Sell volumes, but excluding WTS volumes, from February 1, 2002 to January 31, 2003.

There was no change proposed to the PGDR to dispose of the July 31, 2001 PDGA balance over a 24-month period commencing August 1, 2001. The PGDR will continue to apply to all customers, with the exception of WTS customers of record as at April 30, 2001, new customers after that date, and WTS customers who returned to system supply after April 30, 2001.

A public notice outlining this application was published between January 5 and January 11, 2002. The notice invited all interested parties to make comments respecting this application to the Board by January 18, 2002. Comments were received from Kim Vincent, Ed Toker, E. R. Bruce and the Consumers' Association of Canada (Manitoba) Inc./Manitoba Society of Seniors.

Pursuant to Board requirements, Centra filed an update to its original Application with the Board on January 22, 2002.

4.0 Impact on Rates

The dramatic increase in Centra's Primary Gas costs during 2000 was due to a demand and supply imbalance, unusually high demand as a result of a strong North American economy, and colder than normal weather in November and December. This resulted in a gas price in excess of \$13.00 per GJ in January 2001. Following this peak, the price decreased abruptly because of the early end to the 2000/01-winter season. Prices continued to decline during the spring and early summer of 2001, and the trend has continued through the fall. The reason for this trend is the market's expectation of an economic slowdown resulting in less demand, greater available supply, current high levels of storage gas inventory, and a switch to alternate fuels in response to the past winter's unprecedented high natural gas prices. Gas prices have stabilized in the last months of 2001 and in early 2002.

The 12-month forward price for Centra's Western Canadian supply as at November 30, 2001 for the 12-month period from February 1, 2002 to January 31, 2003 was \$4.064/GJ. This 12-month forward price strip reflects all aspects of Centra's renegotiated gas supply contractual arrangements with TransCanada Energy

Services (“TCE/Mirant”). The unit cost for Primary storage gas of \$5.143 per Gj reflects the cost of storage for the 2001/02 withdrawal season beginning November 1, 2001.

The forecast AECO/Empress basis differential in the November application was forecast to be \$0.17 per Gj for the months from November 1, 2001 to March 31, 2002, and then to decrease to \$0.14 per Gj for April 2002 to October 2002. The current application forecasts these values to be \$0.1650 for February and March 2002, \$0.1500 per Gj for April through October 2002 and \$0.114 per Gj for November 2002 through January 2003. The Nova AECO to Empress toll of \$0.1612 per GJ remains unchanged.

Centra placed price hedges on three different occasions since May 2001. The May 25, 2001 transactions were in the form of caps for one third of minimum weather purchase volumes under the TCE/Mirant Contract for Western Canadian supply volume for each month from July 2001 to May 2002. On October 4, 2001, Centra placed price hedges in the form of caps to bring price protection to 50% of the eligible TCE/Mirant contract volumes for November 2001 to October 2002. Both the May and October transactions were in the form of \$0.50 out-of-the-money price caps.

On November 14, 2001, Centra placed further derivatives in the form of costless collars with a \$0.50 out-of-the-money price upper strike price for an additional 40% of the purchases under the TCE/Mirant Contract for December 2001 to October 2002 volumes.

Centra submitted that the purpose of the hedges was to provide some measure of protection to consumers against a resumption of price increases. Centra stated that, with the exception of the month of October 2002, where the expected AECO price has breached the floor of the collar, hedge impacts on system supply volumes consist entirely of transaction costs, as all hedges are currently below the ceiling prices. The cost of the above hedging transactions to November 14, 2001 is forecast to be \$9,436,977. This cost increases the unit cost of western Canadian supplies by \$0.1910 per Gj.

The 12-month forward price strip, including hedging costs, was \$4.255/GJ, or \$4.399 per Gj (\$0.1663 per cubic metre) when weighted for the historical cost of storage gas. This price is \$0.2310/GJ higher than the weighted primary gas price currently embedded in rates of \$4.168 per Gj. After applying the 100% factor, as directed in Order 99/01, adding forecast fuel costs of \$0.0034 per cubic metre, and gas overhead costs of \$0.0005 per cubic metre, the proposed Primary Gas Base Rate was \$0.1702 per cubic metre. The existing base Primary Gas Rate is \$0.1611 per Gj.

In addition to the Primary Gas Base Rate change related to the cost of Western Canadian gas, Centra requested approval of the imposition of a rate rider to refund the Primary Gas PGVA balance at January 31, 2002 estimated to be \$10,259,161 owing to Centra's customers. Centra calculated the unit rate rider to be \$0.0081 per cubic metre, based on estimated normalized volumes for system and Buy/Sell supply. Thus, the proposed February 1, 2002 billed Primary Gas Rate requested by Centra is \$0.1621 per cubic metre, compared to the existing billed rate of \$0.1550 per cubic metre. In addition, the billed rates include the PDGR of \$0.0363 per Gj,

unchanged from the August 1, 2001 PGDR, resulting in a final billed rate of \$0.1984 per cubic metre, compared to the previous rate of \$0.1913 per cubic metre.

Based on Centra's initial December 12, 2001 application, the table below details the increases to the annual natural gas bills of different customer classes.

ANNUALIZED AS BILLED RANGE OF CUSTOMER IMPACTS
ORIGINAL APPLICATION

| | Low | High |
|---------------|------|------|
| SGS | 1.9% | 2.1% |
| LGS | 1.9% | 2.4% |
| HVF | 2.4% | 2.6% |
| Mainline | 2.6% | 2.9% |
| Interruptible | 2.5% | 2.6% |

5.0 Updated Application

Pursuant to Board requirements, Centra filed an updated forward price strip with the Board on January 22, 2002 with supporting documentation and a Schedule of Rates to reflect the updates. The price strip for the period from February 1, 2002 to January 31, 2003, based on closing prices at January 17, 2002 adjusted to incorporate hedging impacts is \$3.182/Gj compared to the \$4.255/Gj contained in the December 12, 2001 application. Centra has also updated its Nova Tolls and AECO/Empress differentials to reflect revised actual and forecast unit prices. Additionally, Centra has revised the gas costs from those reported in the initial application as a result of hedging transactions placed since May 25, 2001. For the

May 25 and October 4, 2001 transactions, the overall costs were decreased to reflect the revised estimated Buy/Sell volumes. These reductions total \$1,191,228.

The other significant change is related to the costless collars placed by Centra on November 14, 2001 for February to October 2002 volumes. For each of the nine months, the monthly strip price is now forecast to be below the floor price of the collar. This impacts negatively on system supplied volumes by a total of \$4,006,925, and \$425,729 on Buy/Sell volumes. The revised impacts for the November 2001 transactions are \$4,432,674, compared to the \$49,358 reported in the original application. Total estimated impacts are now \$12,629,065 compared to \$9,436,977 contained in the original application. In terms of unit costs the impacts of all hedging transaction revisions increase from \$0.191 per Gj to \$0.256 per Gj.

Using the 100% inclusion rate, and fuel, overhead and storage gas costs results in a Primary Gas cost embedded in the base sales rate of \$0.1558 per cubic metre, compared to the original request of \$0.1702 per cubic metre.

The unit rate riders for the PGVA and the PGDR remain unchanged from the previous application. Thus, the proposed February 1, 2002 billed Primary Gas Rate requested by Centra is \$0.1477 per cubic metre, compared to the originally requested billed rate of \$0.1620 per cubic metre. In addition the billed rate will include the PDGR rate rider of \$0.0363 per cubic metre, yielding a final billed rate of \$0.1840 per cubic metre.

Based on the revised strip and other changes, the following table details the decreases to the annual natural gas bills of different customer classes.

**ANNUALIZED AS BILLED RANGE OF CUSTOMER IMPACTS
REVISED APPLICATION**

| | Low | High |
|---------------|-------|-------|
| SGS | -1.9% | -2.1% |
| LGS | -2.0% | -2,5% |
| HVF | -2.5% | -2.7% |
| Mainline | -2.7% | -2.9% |
| Interruptible | -2.5% | -2.7% |

6.0 Presenters' Positions – February 1, 2002 Rates

6.1 CAC/MSOS

CAC/MSOS did not oppose Centra's updated application and reserved the right to question any portion of this interim application during the pending final review of cost of gas to be conducted later this year.

6.2 K. Vincent

K. Vincent expressed his strong opposition to any rate increase for primary gas, contending that this increase could not be justified, and that Centra, as a monopoly, was raising prices arbitrarily. K. Vincent urged the Board to deny Centra's request.

6.3 E. Toker

E. Toker vigorously opposed Centra's request for an increase in primary gas rates, and suggested the Board reduce rates by at least 10%. Mr. Toker suggested that Centra had more than adequately recouped any prior losses, and that Centra's

request was based on arrogance and indifference to the real costs. Mr. Toker also suggested that Centra should reduce and make the public aware of its administrative expenses, and questioned what Centra has done or will do to downsize its bureaucracy.

6.4 E.R. Bruce

Mr. Bruce suggested that Centra's request for an increase in rates was intended to make up for the decrease of recent months, and urged the Board to continue the existing rates, rather than allowing the increase.

7.0 Alternative Gas Price Forecasting Methodology

7.1 Centra Report

On October 23, 2001, Centra submitted a report to the Board evaluating alternatives to the use of a 12-month forward price strip for forecasting gas prices. Centra analyzed two alternatives to the use of the 12-month forward price strip, a 3-month price strip and the near-month price strip. The process tested each of the alternatives to determine how each would have performed during the period that the RSM has been in effect to August 1, 2001. The analyses were based on historic AECO price data and incorporated the August 1, 2001 Primary Gas rate adjustment. Centra performed separate analyses of the three alternatives using forward price strip forecasts 60 days prior to the rate change and 15 days prior to the rate change.

The first scenario used actual quarterly rate changes over the August 2000 to August 2001 period. Quarterly rate changes from August 1, 2000 to June 1, 2001 reflect the use of the 50% adjustment factor, while the August 1, 2001 rates reflect the change to the 100% adjustment factor.

The other scenarios utilized a 100% adjustment factor in all calculations, to remove the effect of a change in the adjustment factor from 50% to 100%, which occurred on August 1, 2001, and the cost of storage gas to reflect the prices for the respective periods for which rates are being set.

Centra calculated and compared the results for Primary Gas rate, the percentage change in customers' annual bill, dollar change in customers' annual bill, and resulting PGVA balances that would have occurred if the rates under each scenario had been implemented.

Centra's observations pursuant to the analyses conducted were that:

1. Applying the 100% adjustment factor to the historic data would have resulted in lower Primary Gas PGVA balances than actually occurred, which indicates more market responsive prices, but also greater rate volatility.
2. Using the 12-month price as a base, rates flowing from the 3-month price strip and the near-month price strip are generally more volatile.
3. Contrary to what might be expected, the use of either the near-month or the 3-month price strip does not always result in lower absolute PGVA balances. In certain cases the use of these strips will result in increase rate volatility, without the benefits of lower PGVA balances and market responsive pricing.
4. Generally, the closer the calculation of the price strip to the date of implementation of the rates, the lower the absolute balances of the PGVA. Calculating the forward price strip 15 days in advance of rate implementation as opposed to 60 days generally results in more market responsive prices at the expense of more volatility in rates.

Centra remains of the view that the RSM should strike a balance between market responsiveness and rate volatility. Further Centra submitted that more time is needed to evaluate the impact of the recent move to the 100% adjustment factor, before considering further changes, which could result in greater rate volatility. Therefore, Centra recommended that the current practice of using the 12-month forward price strip, with the option of updating the forward strip price prior to rate implementation to be continued at this time.

7.2 CAC/MSOS Position

CAC/MSOS, the only interested party that responded to the Board's request for comment, submitted that, given the type of study conducted by Centra, currently the only reasonable conclusion is to maintain the 12-month forward price strip method (as used by most other Canadian utilities), with the option to update the price prior to rate implementation. CAC/MSOS contended that there was insufficient information in the report for the Board to accept any other method. CAC/MSOS also suggested that Centra should ensure the use of the most accurate 12-month forward strip forecast, and make certain the forecast is publicly available.

8.0 Board Findings

The Board will render its decision using the "paper hearing" process for this application for an interim order setting February 1, 2002 Primary Gas Rates. The Board has previously been advised by Centra that a review of 2000/01 annual gas costs will be held in the spring of this year at which time all Primary Gas Rate Orders issued on an interim basis will be addressed in a final order.

Pursuant to its existing long term Gas Supply Contract, Centra is required to pay the prevailing market price for natural gas as determined by commodity futures exchange indices. The Board continues to hold the view that the most recent market information should be utilized to establish rates. The use of current information will enhance price transparency, but may lead to greater bill volatility. In this regard, the Board again suggests that customers explore existing possibilities to mitigate this volatility, such as Centra's Budget Plan.

The Board notes that CAC/MSOS supports Centra's recommendations that the existing forecasting methodology continue to be used at this time. The Board had indicated its desire to reach a decision prior to the implementation of the February 1, 2002 Primary Gas rates. The Board will order that the existing methodology be followed until a further order of the Board. The Board will in due course require Centra to review and reconsider the matter of alternative methods for forecasting Primary Gas Costs.

The Board notes the other Presenters suggested that Centra's original request for an increase in rates be denied. The Board notes that the market price of natural gas has decreased since Centra's original application, and this is reflected in the revised request for rates.

The original application would have resulted in an increase of approximately 2% in the typical residential users annual gas bill, while the revised request will result in a decrease to the annual bill of some 2%. The Board has reviewed the primary cost of gas which Centra is obligated to pay pursuant to its existing gas supply contract, and the impacts on the typical residential customer's annual heating bill based on

those costs. The following table provides a summary of gas costs and customer impacts, including the updated application for February 1, 2002.

| Date | Cost of Gas 12- month strip | Customer Bill | Percent Change |
|------------------|--|--------------------------|-----------------------|
| November 1, 2000 | \$6.451/Gj | \$ 1,123 | 14.9% |
| February 1, 2001 | \$ 9.251/Gj | \$ 1,381 | 23.0% |
| August 1, 2001 | \$ 5.517/Gj | \$ 1,233 | -3.4% |
| November 1, 2001 | \$ 3.974/Gj | \$ 1,147 | -6.9% |
| February 1, 2002 | \$ 3.812/Gj | \$ 1,124 | -2.0% |

9.0 IT IS THEREFORE ORDERED THAT:

1. The Schedule of Rates attached to this order as Appendix "A" BE AND IS HEREBY APPROVED on an interim basis.
2. Centra Gas Manitoba Inc. continues to use the current method of forecasting gas costs based on the 12-month forward price strip until a further order of the Board.
3. This Interim Order shall be in effect until confirmed or otherwise dealt with by a future order of the Board.

THE PUBLIC UTILITIES BOARD

"G. D. FORREST"

Chairman

"H. M. SINGH"

Acting Secretary

Certified a true copy of Order No. 15/02 issued
by The Public Utilities Board

Acting Secretary

CENTRA GAS MANITOBA INC.
Schedule of Sales and Transportation Services and Rates

IX. RATE SCHEDULES (BASE RATES ONLY - NO RIDERS)

CENTRA GAS MANITOBA INC.
Firm Sales and Delivery Services*
1998 Test Year Annualized Rate Schedule (Base Rates)

TERRITORY: Entire natural gas service area of Company, including all zones.
AVAILABILITY:
SGC: For gas supplied through one domestic-sized meter.
LGC: For gas delivered through one meter at annual volumes less than 680,000 m³.
HVF: For gas delivered through one meter at annual volumes greater than 680,000 m³.
MLC: For gas delivered through one meter to consumers served from the Transmission system.
Special Contract: For gas delivered under the terms of a Special Contract with the Company.

RATES:

| | <u>Transportation To Centra</u> | <u>Distribution to Customers Sales Service</u> | <u>T Service</u> | <u>Primary Gas Supply</u> | <u>Supplemental Gas Supply¹</u> |
|--|---|--|----------------------|-------------------------------|--|
| Basic Monthly Charge: (\$/month) | | | | | |
| Small General Class (SGC) | N/A | \$10.00 | \$10.00 | N/A | N/A |
| Large General Class (LGC) | N/A | \$70.00 | \$70.00 | N/A | N/A |
| High Volume Firm Class (HVF) | N/A | \$758.24 | \$758.24 | N/A | N/A |
| Main Line Class (MLC)(Firm and Special Contract | N/A | \$1,233.71 | \$1,233.71 | N/A | N/A |
| | N/A | N/A | \$89,797.82 | N/A | N/A |
| Monthly Demand Charge: (\$/m³/mo.) | | | | | |
| High Volume Firm Class (HVF) | \$0.2197 | \$0.1244 | \$0.1244 | N/A | N/A |
| Main Line Class (MLC)(Firm Supply Only) | \$0.4637 | \$0.0995 | \$0.0995 | N/A | N/A |
| Main Line Class (MLC)(Interruptible Supply) | \$0.2081 | \$0.0995 | \$0.0995 | N/A | N/A |
| Special Contract | N/A | N/A | N/A | N/A | N/A |
| Commodity Volumetric Charge: (\$/m³) | | | | | |
| Small General Class (SGC) | \$0.0465 | \$0.0733 | \$0.0733 | \$0.1558 | \$0.3125 |
| Large General Class (LGC) | \$0.0464 | \$0.0264 | \$0.0264 | \$0.1558 | \$0.3125 |
| High Volume Firm Class (HVF) | \$0.0230 | \$0.0107 | \$0.0107 | \$0.1558 | \$0.3125 |
| Main Line Class (MLC)(Firm Supply Only) | \$0.0065 | \$0.0019 | \$0.0019 | \$0.1558 | \$0.3125 |
| Main Line Class (MLC)(Int. Supply Only) | \$0.0059 | \$0.0019 | \$0.0019 | \$0.1558 | \$0.3125 |
| Special Contract | N/A | N/A | \$0.0019 | N/A | N/A |

¹ Supplemental Gas is mandatory for all Customers except T-Service.

MINIMUM MONTHLY BILL: Equal to the Basic Monthly Charge as described above, plus Demand Charge as appropriate.

EFFECTIVE: Rates to be charged for all billings based on gas consumed on and after February 1, 2002

* Including Firm Mainline Delivery combined with Interruptible Supply

| | | |
|--|---|--|
| Approved by Board Order # | Effective from: February 1, 2002 | Date Implemented: February 1, 2002 |
| Supersedes Board Order # 170/01 | | Supersedes: November 1, 2001 Base Rates |

CENTRA GAS MANITOBA INC.
Schedule of Sales and Transportation Services and Rates

Interruptible Sales and Delivery Services
1998 Test Year Annualized Rate Schedule (Base Rates)

TERRITORY: Entire natural gas service area of Company, including all zones.

AVAILABILITY: For any Consumer at one location whose annual natural gas requirements equal or exceed 680,000 m³ and who contracts for such service for a minimum of one year, or who received Interruptible Service continuously since December 31, 1996. Service under this rate shall be limited to the extent that the Company considers it has available natural gas supplies and/or capacity to provide delivery service.

RATES:

| | Transportation To Centra | <u>Distribution to Customers</u> Sales Service | T Service | Primary Gas Supply | Supplemental Gas Supply¹ |
|---|---|---|----------------------|-------------------------------|--|
| Basic Monthly Charge: (\$/month) | N/A | \$855.39 | \$855.39 | N/A | N/A |
| Monthly Demand Charge: (\$/m³/month) | | | | | |
| Interruptible Service | \$0.0823 | \$0.0708 | \$0.0708 | N/A | N/A |
| Commodity Charge: (\$/m³) | | | | | |
| Interruptible Service | \$0.0133 | \$0.0069 | \$0.0069 | \$0.1558 | \$0.2637 |
| Alternate Supply Service: | | | | | |
| Gas Supply (Interruptible Sales and Mainline Interruptible) | | | | | Negotiated Cost of Gas |
| Delivery Service - Interruptible Sales | | \$0.0093 | \$0.0093 | | |
| Delivery Service - Mainline Interruptible Sales | | \$0.0052 | \$0.0052 | | |

¹ Supplemental Gas is mandatory for all Customers except T-Service.

MINIMUM MONTHLY BILL: Equal to the Basic Monthly Charge as described above, plus Demand Charge as appropriate.

EFFECTIVE: Rates to be charged for all billings based on gas consumed on and after February 1, 2002.

| | | |
|--|---|--|
| Approved by Board Order # | Effective from: February 1, 2002 | Date Implemented: February 1, 2002 |
| Supersedes Board Order # 170/01 | | Supersedes: November 1, 2001 Base Rates |

CENTRA GAS MANITOBA INC.
Schedule of Sales and Transportation Services and Rates

X. RATE SCHEDULES – ANNUAL RATES (BASE RATES PLUS RIDERS)

CENTRA GAS MANITOBA INC.
Firm Sales and Delivery Services*
1998 Test Year Billed Rate Schedule (Base Rates plus Riders)

TERRITORY: Entire natural gas service area of Company, including all zones.
AVAILABILITY:
SGC: For gas supplied through one domestic-sized meter.
LGC: For gas delivered through one meter at annual volumes less than 680,000 m³.
HVF: For gas delivered through one meter at annual volumes greater than 680,000 m³.
MLC: For gas delivered through one meter to consumers served from the Transmission system.
Special Contract: For gas delivered under the terms of a Special Contract with the Company.
RATE:

| | <u>Transport To Centra</u> | <u>Distribution to Customers</u> | | <u>Primary Gas Deferral Rider</u> | <u>Primary Gas Supply</u> | <u>Supplemental Gas Supply¹</u> |
|--|----------------------------|----------------------------------|------------------|-----------------------------------|---------------------------|--|
| | | <u>Sales Service</u> | <u>T Service</u> | | | |
| Basic Monthly Charge: (\$/month) | | | | | | |
| Small General Class (SGC) | N/A | \$10.00 | \$10.00 | N/A | N/A | N/A |
| Large General Class (LGC) | N/A | \$70.00 | \$70.00 | N/A | N/A | N/A |
| High Volume Firm Class (HVF) | N/A | \$758.24 | \$758.24 | N/A | N/A | N/A |
| Main Line Class (MLC)(Firm and Int.) | N/A | \$1,233.71 | \$1,233.71 | N/A | N/A | N/A |
| Special Contract | N/A | N/A | \$89,933.8 | N/A | N/A | N/A |
| Monthly Demand Charge: (\$/m³/mo.) | | | | | | |
| High Volume Firm Class (HVF) | \$0.3342 | \$0.1247 | \$0.1247 | N/A | N/A | N/A |
| Main Line Class (MLC)(Firm Supply Only) | \$0.2886 | \$0.0997 | \$0.0997 | N/A | N/A | N/A |
| Main Line Class (MLC)(Interruptible Supply) | \$0.0330 | \$0.0997 | \$0.0997 | N/A | N/A | N/A |
| Special Contract | N/A | N/A | N/A | N/A | N/A | N/A |
| Commodity Volumetric Charge: (\$/m³) | | | | | | |
| Small General Class (SGC) | \$0.0381 | \$0.0833 | \$0.0761 | \$0.0363 | \$0.1477 | \$0.3928 |
| Large General Class (LGC) | \$0.0379 | \$0.0404 | \$0.0332 | \$0.0363 | \$0.1477 | \$0.3928 |
| High Volume Firm Class (HVF) | \$0.0088 | \$0.0275 | \$0.0203 | \$0.0363 | \$0.1477 | \$0.3928 |
| Main Line Class (MLC)(Firm Supply Only) | \$0.0057 | \$0.0154 | \$0.0082 | \$0.0363 | \$0.1477 | \$0.3928 |
| Main Line Class (MLC)(Inter. Supply Only) | \$0.0051 | \$0.0154 | \$0.0082 | \$0.0363 | \$0.1477 | \$0.3928 |
| Special Contract | N/A | N/A | \$0.0034 | N/A | N/A | N/A |

¹ Supplemental Gas is mandatory for all Customers except T-Service..

MINIMUM MONTHLY BILL: Equal to the Basic Monthly Charge as described above, plus Demand Charge as appropriate.

EFFECTIVE: Rates to be charged for all billings based on gas consumed on and after February 1, 2002.

* Including Firm Mainline Delivery combined with Interruptible Supply

| | | |
|--|---|--|
| Approved by Board Order # | Effective from: February 1, 2002 | Date Implemented: February 1, 2002 |
| Supersedes Board Order # 170/01 | | Supersedes: November 1, 2001 Billed Rates |

CENTRA GAS MANITOBA INC.
Schedule of Sales and Transportation Services and Rates

CENTRA GAS MANITOBA INC.
Interruptible Sales and Delivery Services
1998 Test Year Billed Rate Schedule (Base Rates plus Riders)

TERRITORY: Entire natural gas service area of Company, including all zones.

AVAILABILITY: For any Consumer at one location whose annual natural gas requirements equal or exceed 680,000 m³ and who contracts for such service for a minimum of one year, or who received Interruptible Service continuously since December 31, 1996. Service under this rate shall be limited to the extent that the Company considers it has available natural gas supplies and/or capacity to provide delivery service.

RATES:

| | <u>Transport To Centra</u> | <u>Distribution to Customers Sales Service</u> | <u>T Service</u> | <u>Primary Gas Deferral Rider</u> | <u>Primary Gas Supply</u> | <u>Supplemental Gas Supply¹</u> |
|---|----------------------------|--|------------------|-----------------------------------|---------------------------|--|
| <i>Basic Monthly Charge: (\$/month)</i> | N/A | \$855.39 | \$855.39 | N/A | N/A | N/A |
| <i>Monthly Demand Charge: (\$/m³/month)</i> | | | | | | |
| Interruptible Service | \$0.1002 | \$0.0709 | \$0.0709 | N/A | N/A | N/A |
| <i>Commodity Charge: (\$/m³)</i> | | | | | | |
| Interruptible Service | \$0.0031 | \$0.0241 | \$0.0169 | \$0.0363 | \$0.1477 | \$0.3892 |
| Alternate Supply Service: | | | | | | |
| Gas Supply (Interruptible Sales and Mainline Interruptible) | | | | | | Negotiated Cost of Gas |
| Delivery Service - Interruptible | | \$0.0074 | \$0.0074 | | | |
| Sales | | | | | | |
| Delivery Service - Mainline Interruptible Sales | | \$0.0042 | \$0.0042 | | | |

¹ Supplemental Gas is mandatory for all Customers except T-Service.

MINIMUM MONTHLY BILL: Equal to the Basic Monthly Charge as described above, plus Demand Charge as appropriate.

EFFECTIVE: Rates to be charged for all billings based on gas consumed on and after February 1, 2002.

| | | |
|--|---|--|
| Approved by Board Order # | Effective from: February 1, 2002 | Date Implemented: February 1, 2002 |
| Supersedes Board Order # 170/01 | | Supersedes: November 1, 2001 Billed Rates |