

MANITOBA
THE PUBLIC UTILITIES BOARD ACT

Order No. 125/03
August 6, 2003

Before: G. D. Forrest, Chairman
L. Evans, Member
M. Girouard, Member

**AN ORDER APPROVING CENTRA GAS MANITOBA INC.'S
SALES RATES, PURSUANT TO BOARD ORDERS 118/03
AND 119/03 TO BE EFFECTIVE FOR ALL NATURAL GAS
CONSUMED ON AND AFTER AUGUST 1, 2003**

1.0 Background

The Public Utilities Board of Manitoba (“the Board”) issued Order 118/03, dated July 29, 2003 related to Centra's General Rate Application (“GRA”) for the 2003/04 test year. The Board directed Centra Gas Manitoba Inc. (“Centra”) to refile a series of schedules, including base and billed rate schedules to recover all costs other than Primary Gas costs, to reflect Board decisions outlined in that Order. Billed rates, other than for Primary Gas, were to be effective for all gas consumed on and after April 1, 2003 and were to be implemented on August 1, 2003. A rate rider would be required to recover the incremental revenue for the cost components from April 1, 2003 to July 31, 2003.

In addition to the GRA, Centra submitted a separate application requesting a new Primary Gas Rate to be effective for all gas consumed on and after August 1, 2003. The Board reviewed this application and issued Order 119/03, also dated July 29, 2003, approving the Primary Gas Rate Base Rate. Additionally, the Board approved the Primary Gas Billed Rate that consisted of the Base Rate as well as the impacts of recovering the July 31, 2003 PGVA balance over the ensuing 12 month period, and the scheduled removal of the Primary Gas Deferral Account (“PGDA”) Rate Rider. The PGDA rate rider was implemented on August 1, 2001 and was to remain in effect for 24 months.

In Order 118/03, the Board instructed Centra to calculate and file the impact of the August 1, 2003 rates on all Customer Classes incorporating all Board decisions pursuant to Orders 118/03 and 119/03.

2.0 The Application

On August 1, 2003, Centra filed information requested in Order 118/03 including:

1. Total Rate Base.
2. Revised 2003/04 Revenue Requirement.
3. Final gas cost deferral account balances at March 31, 2003 together with estimated carrying costs to July 31, 2003.
4. Forecast 2003/04 gas costs.
5. A Schedule of Base Rates and a Schedule of Billed Rates flowing from the refiled material, pursuant to Order 118/03. The Schedule of Rates includes Basic Monthly charges to be effective on August 1, 2003, as well as Supplemental Gas Rates, Transportation to Centra Rates, and Distribution to Customer Rates. The three latter rate components are to be effective for all gas consumed on and after April 1, 2003 and are implemented on August 1, 2003. The Schedule of Rates also incorporates the Primary Gas Base Rate and Primary Gas Billed Rate approved by the Board in Order 119/03.
6. Impacts of the August 1, 2003 rates on all customer classes incorporating Board decisions pursuant to Orders 118/03 and 119/03, relative to May 1, 2003 rates.

7. Revised Terms and Conditions of Service to be effective August 1, 2003.

3.0 Rate Base

Applying the directives in Order 118/03 resulted in a reduction in rate base of \$47,943,000 that consisted of the following:

1. Placing incremental costs related to system expansion to serve the Ste. Agathe CanAgra Plant into Construction Work in Progress ("CWIP") – (\$1,293,600).
2. Placing costs related to identification and corrective measures for the Southwest Transmission Line and the Hanover/LaBroquerie project into CWIP – (\$1,050,000).
3. Reduction in accumulated Depreciation related to the above two projects, that has the effect of increasing net Rate Base – \$75,300. The net reduction in Rate Base related to the above three matters, due to the use of a 13 month average in determining Rate Base is (\$2,226,500).
4. Net increase in Working Capital Allowance to reflect the lower synergy/benefit transfer, lower return on Rate Base, partially offset by a decrease associated with a lower revenue requirement - \$290,200.

5. Removal of, and placing in a separate deferral account, the unamortized balance of the one-time tax payment – (\$46,007,500).

As a result of the adjustments, the 2003/04 Rate Base is \$361,403,700, compared to the \$280,097,400 last approved by the Board in Order 79/98, dated June 19, 1998. Details of Rate Base are shown in Appendix “A”, attached to this Order.

4.0 Rate of Return

In Order 118/03, the Board directed Centra to recalculate the Overall Rate of Return using actual capitalization at March 31, 2003 and forecast capitalization at March 31, 2004. This change decreases the overall return to 8.1% from the 8.28% originally requested. As shown in Appendix “A”, the Return on Rate Base is \$30,175,300 compared to the last allowed return in 1998 of \$24,909,500.

5.0 Revenue Requirement

Details of the revised 2003/04 Revenue Requirement of \$521,659,400 are shown on Appendix “A” to this Order. Relative to the May 1, 2003 request, the approved Revenue Requirement is \$5,049,600 less.

The major components of the \$5,049,600 reduction in this filing are:

1. Effective Depreciation expense decrease of (\$50,600).
2. Income Tax increase of \$3,762,300 to reflect the inclusion of the carrying costs on the unamortized portion of the one-time tax payment at an overall rate of return of 8.1%.

3. Reduction in the synergy/benefit transfer of (\$4,107,800).
4. Reduction in the Return of Rate Base of (\$4,617,500) as discussed in Section 4.0 of this Order.

6.0 Cost Allocation and Rate Riders

Centra applied the cost allocation methodology and rate design approved by the Board in Order 118/03 to the revised Rate Base and Revenue Requirement filed on August 1, 2003. Non-Primary Gas Base Rates include 2003/04 gas cost forecasts as filed on May 1, 2003 during the GRA. The Primary Gas Base Rate was approved by the Board in Order 119/03.

The rate riders include recovery of March 31, 2003 (together with carrying costs to July 31, 2003) non-Primary Gas PGVA and other gas cost deferral account balances as filed by Centra on June 3, 2003 (Exhibit #40) in the amount of approximately \$5.6 million. Of this amount, Centra had requested, and in Order 118/03 the Board approved, a transfer of \$874,837 from this amount to the Primary Gas PGVA. Consequently the amount to be recovered over the ensuing 12 months through the non-Primary Gas rate rider is \$4,729,826.

The Primary Gas rate rider, approved in Order 119/03 includes the effects of removing the PGDA rider, and the recovery of the July 31, 2003 Primary Gas PGVA balance over the ensuing 12 months. The Board also approved a Primary Gas Overhead amount of \$1.48 per Gj in Order 118/03, which is included in the August 1, 2003 Primary Gas Rate.

Additionally, Centra recalculated the rate delay rider to recover foregone revenue of \$56,307 because the revised GRA rates will not to be implemented until August 1, 2003. This Rate rider is to be recovered in the Distribution rate for all customer classes, except for the Power Station and the Co-operative Customer Classes, where the rate rider is reflected in the Basic Monthly Charge.

7.0 Customer Impacts

The following Table indicates the range of billed rate impacts on annual customer bills for the various customer classes in respect of both the GRA filing pursuant to Order 118/03, and the August 1 Primary Gas Rate pursuant to Order 119/03.

Customer Class	Range of Annual Impacts
SGC	(5.8)% to (6.3%)
LGC	(6.1)% to (7.5%)
HVF	(5.2)% to (7.4%)
Co-op	(10.2)% to (11.3%)
Mainline	(5.6)% to (6.6%)
Special Contracts	106.3%
Power Stations	(57.8%)
Interruptible	0.7% to 1.1%

The typical residential customer's annual bill will decrease by approximately 5.9% which equates to \$77.

8.0 Terms and Conditions of Service

Centra submitted that no further changes to the Terms and Conditions of Service are required as a result of Board approvals in Order 118/03. In this application, Centra included the Revised Terms and Conditions of Service for approval by the Board, to become effective August 1, 2003.

9.0 Board Findings

The Board has reviewed all material filed by Centra on August 1, 2003, pursuant to the directives in Orders 118/03 and 119/03 and will approve the rate schedules attached as Appendix "B" to this Order. The rates are to become effective for all gas consumed on and after August 1, 2003.

The Board notes that more than 85% of the increase in Centra's cost of service since 1998 is attributed to cost of gas increases that are market driven and largely beyond the control of Centra.

The Board will further review, and issue a separate Order, respecting Centra's Terms and Conditions of Service.

10.0 **IT IS THEREFORE ORDERED THAT:**

1. The 2003/04 Rate Base of \$361,403,700 BE AND IS HEREBY APPROVED.
2. The 2003/04 total Revenue Requirement of \$521,659,400, pursuant to Order 118/03, BE AND IS HEREBY APPROVED.
3. The 2003/04 revenue deficiency, exclusive of Primary Gas approved rates of \$9,437,100, pursuant to Order 118/03, BE AND IS HEREBY APPROVED.
4. The Schedules of Rates, attached as Appendix "B" to this Order, to be effective for all gas consumed on and after August 1, 2003 BE AND ARE HEREBY APPROVED, on an interim basis.
5. The Schedules of Rates, attached as Appendix "B" to this Order, shall remain in effect until a further Order of the Board.

THE PUBLIC UTILITIES BOARD

"G. D. FORREST"

Chairman

"H. M. SINGH"

Acting Secretary

Certified a true copy of Order No. 125/03
issued by The Public Utilities Board

Acting Secretary

CENTRA GAS MANITOBA INC.
Test Year Comparison with May 1 Updated Filing

Schedule 3.1.0
Order 118/03
(\$000'S)
Jul 31, '03

2003/04 Test Year

	Last Approved ⁽¹⁾ [1]	2003/04 Test Year May 01, '03 [2]	2003/04 Order 118/03 Jul 31, '03 [3]	Net Change \$ [4]
1				
2				
3				
4				
5				
6	Revenue Requirement:			
7	Cost of Gas	337,419.6	401,375.4	401,375.4
8	Cost of Operations	48,657.8	49,323.7	49,323.7
9	Amortization Expense	2,849.5	3,471.6	3,471.6
10	Depreciation Expense	13,053.4	15,231.4	15,180.8
11	Municipal and Other Taxes	14,444.7	15,839.4	15,839.4
12	Income Taxes	12,045.3	1,804.2	5,530.5
13	Synergy/Benefit Transfer		7,107.8	3,000.0
14	Return on Rate Base	24,909.5	34,792.8	30,175.3
15	Other Income	(2,192.6)	(2,237.3)	(2,237.3)
16				
17	Revenue Requirement from Gas Rates	<u>451,187.2</u>	526,709.0	521,659.4
18				
19	Primary Gas Increase		<u>(22,871.9)</u>	<u>(22,871.9)</u>
20				
21	Revenue Requirement (Excluding Primary Gas Increase)		503,837.1	498,787.5
22				
23	Revenue at Existing Gas Base Rates		<u>489,350.4</u> ⁽²⁾	<u>489,350.4</u> ⁽²⁾
24				
25	Revenue Deficiency (Excluding Primary Gas Increase)		<u>14,486.7</u> ⁽³⁾	<u>9,437.1</u> ⁽⁴⁾
26				
27				
28				
29				
30	Rate Base:			
31	Gross Plant	405,541.3	525,082.4	522,805.9
32	Accumulated Depreciation	(129,826.7)	(180,024.3)	(179,974.3)
33	Disallowed Assets (at Net Book Value)	<u>(2,634.1)</u>	<u>(421.6)</u>	<u>(421.6)</u>
34	Net Plant	273,080.5	344,636.5	342,409.9
35				
36	Contributions in Aid of Construction	(27,127.4)	(57,217.5)	(57,217.5)
37	Working Capital Allowance	34,144.2	75,921.0	76,211.3
38	One Time Tax Payment	-	46,007.5	-
39	Acquisition Adjustments	-	-	-
40				
41	Total Rate Base	<u>280,097.4</u>	<u>409,347.5</u>	<u>361,403.7</u>
42				
43				

⁽¹⁾ Last Approved is comprised of 1998 Test Year Approved (PUB Order #79/98) non gas costs and Approved Gas Costs from August 1, 2002 (PUB Order # 135/02)

⁽²⁾ Revenue at existing rates is calculated using May 1, 2003 approved gas costs

⁽³⁾ The overall revenue deficiency of \$14,486.7 is comprised of a non gas cost increase of \$6,893.4 and a non primary gas increase of \$7,593.2

⁽⁴⁾ The overall revenue deficiency of \$9437.1 is comprised of a non gas cost increase of \$1,843.9 and a non primary gas increase of \$7,593.2

APPENDIX "B"

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

SCHEDULE 12.2.0
 Page 1 of 4
 July 31, 2003

CENTRA GAS MANITOBA INC.
FIRM SALES AND DELIVERY SERVICES
RATE SCHEDULES (BASE RATES ONLY - NO RIDERS)

- 1 **Territory:** Entire natural gas service area of Company, including all zones.
 2
 3 **Availability:**
 4 SGC: For gas supplied through one domestic-sized meter.
 5 LGC: For gas delivered through one meter at annual volumes less than 680,000 m³.
 6 HVF: For gas delivered through one meter at annual volumes greater than 680,000 m³.
 7 Co-op: For gas delivered to natural gas distribution cooperatives.
 8 MLC: For gas delivered through one meter to consumers served from the Transmission system.
 9 Special Contract: For gas delivered under the terms of a Special Contract with the Company.
 10 Power Station: For gas delivered under the terms of a Special Contract with the Company.
 11

12 **Rates:**

	Transportation to Centra	Distribution to Customers	Primary Gas Supply	Supplemental Gas Supply¹
13				
14				
15 Basic Monthly Charge: (\$/month)				
16 Small General Class (SGC)	N/A	\$10.00	N/A	N/A
17 Large General Class (LGC)	N/A	\$70.00	N/A	N/A
18 High Volume Firm Class (HVF)	N/A	\$681.00	N/A	N/A
19 Cooperative (Co-op)	N/A	\$254.01	N/A	N/A
20 Main Line Class (MLC) (Firm and Interruptible Supply)	N/A	\$1,360.87	N/A	N/A
21 Special Contract	N/A	\$93,021.63	N/A	N/A
22 Power Station	N/A	\$11,912.92	N/A	N/A
23				
24 Monthly Demand Charge (\$/m³/month)				
25 High Volume Firm Class (HVF)	\$0.3453	\$0.1639	N/A	N/A
26 Cooperative (Co-op)	\$0.4196	\$0.0937	N/A	N/A
27 Main Line Class (MLC)	\$0.4902	\$0.1166	N/A	N/A
28 Special Contract	N/A	N/A	N/A	N/A
29 Power Stations	N/A	\$0.0344	N/A	N/A
30				
31 Volumetric Charge: (\$/m³)				
32 Small General Class (SGC)	\$0.0482	\$0.0712	\$0.2268	\$0.2471
33 Large General Class (LGC)	\$0.0450	\$0.0269	\$0.2268	\$0.2471
34 High Volume Firm Class (HVF)	\$0.0208	\$0.0071	\$0.2268	\$0.2471
35 Cooperative (Co-op)	\$0.0069	\$0.0015	\$0.2268	\$0.2471
36 Main Line Class (MLC)	\$0.0074	\$0.0015	\$0.2268	\$0.2471
37 Special Contract	N/A	\$0.0015	N/A	N/A
38 Power Station	N/A	\$0.0015	N/A	N/A
39				

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

41
 42 **Minimum Monthly Bill:** Equal to the Basic Monthly Charge as described above, plus Demand Charge as appropriate.
 43

44 **Effective:** Rates to be charged for all billings based on gas consumed on and after August 1, 2003.
 45

46 **Approved by Board Order:** _____ - 2003/04 General Rate Application

Supersedes Board Order:73/03

47 **Effective From:** August 1, 2003

Supersedes: May 1, 2003 Base Rates

48 **Date Implemented:** August 1, 2003

CENTRA GAS MANITOBA INC.
INTERRUPTIBLE SALES AND DELIVERY SERVICES
RATE SCHEDULES (BASE RATES ONLY - NO RIDERS)

1 **Territory:** Entire natural gas service area of Company, including all zones.

2

3 **Availability:** For any Consumer at one location whose annual natural gas requirements equal or exceed 680,000m³ 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.

4

5 **Rates:**

6

	Transportation to Centra	Distribution to Customer	Primary Gas Supply	Supplemental Gas Supply ¹
7				
8 Basic Monthly Charge: (\$/month)				
9 Interruptible Service	N/A	\$861.06	N/A	N/A
10 Mainline Interruptible (with firm delivery)	N/A	\$1,360.87	N/A	N/A
11				
12 Monthly Demand Charge (\$/m³/month)				
13 Interruptible Service	\$0.1256	\$0.0644	N/A	N/A
14 Mainline Interruptible (with firm delivery)	\$0.1933	\$0.1166	N/A	N/A
15				
16 Commodity Volumetric Charge: (\$/m³)				
17 Interruptible Service	\$0.0132	\$0.0038	\$0.2268	\$0.2639
18 Mainline Interruptible (with firm delivery)	\$0.0081	\$0.0015	\$0.2268	\$0.2639
19				
20 Alternate Supply Service:		Negotiated		
21 Gas Supply (Interruptible Sales and Mainline Interruptible)		Cost of Gas		
22 Delivery Service - Interruptible Class		\$0.0059		
23 Delivery Service - Mainline Interruptible Class		\$0.0053		
24				

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

26

27 **Minimum Monthly Bill:** Equal to the Basic Monthly Charge as described above, plus Demand Charge as appropriate.

28

29 **Effective:** Rates to be charged for all billings based on gas consumed on and after August 1, 2003.

30

31 **Approved by Board Order:** _____ - 2003/04 General Rate Application

Supersedes Board Order: 73/03

32 **Effective From: August 1, 2003**

Supersedes: May 1, 2003 Base Rates

33 **Date Implemented: August 1, 2003**

CENTRA GAS MANITOBA INC.
FIRM SALES AND DELIVERY SERVICES
RATE SCHEDULES (BASE RATES PLUS RIDERS)

- 1 **Territory:** Entire natural gas service area of Company, including all zones.
 2
 3 **Availability:**
 4 SGC: For gas supplied through one domestic-sized meter.
 5 LGC: For gas delivered through one meter at annual volumes less than 680,000 m³.
 6 HVF: For gas delivered through one meter at annual volumes greater than 680,000 m³.
 7 Co-op: For gas delivered to natural gas distribution cooperatives.
 8 MLC: For gas delivered through one meter to consumers served from the Transmission system.
 9 Special Contract: For gas delivered under the terms of a Special Contract with the Company.
 10 Power Station: For gas delivered under the terms of a Special Contract with the Company.
 11

12 **Rates:**

	Transportation to Centra	Distribution to Customers	Primary Gas Supply	Supplemental Gas Supply ¹
13				
14				
15 Basic Monthly Charge: (\$/month)				
16 Small General Class (SGC)	N/A	\$10.00	N/A	N/A
17 Large General Class (LGC)	N/A	\$70.00	N/A	N/A
18 High Volume Firm Class (HVF)	N/A	\$681.00	N/A	N/A
19 Cooperative (Co-op)	N/A	\$209.61	N/A	N/A
20 Main Line Class (MLC)	N/A	\$1,360.87	N/A	N/A
21 Special Contract	N/A	\$93,021.63	N/A	N/A
22 Power Station	N/A	\$2,869.19	N/A	N/A
23				
24 Monthly Demand Charge (\$/m³/month)				
25 High Volume Firm Class (HVF)	\$0.4529	\$0.1642	N/A	N/A
26 Cooperative (Co-op)	\$0.4196	\$0.0937	N/A	N/A
27 Main Line Class (MLC) (Firm)	\$0.4646	\$0.1163	N/A	N/A
28 Special Contract	N/A	N/A	N/A	N/A
29 Power Station	N/A	\$0.0341	N/A	N/A
30				
31 Commodity Volumetric Charge: (\$/m³)				
32 Small General Class (SGC)	\$0.0419	\$0.0716	\$0.2213	\$0.3874
33 Large General Class (LGC)	\$0.0386	\$0.0277	\$0.2213	\$0.3874
34 High Volume Firm Class (HVF)	\$0.0155	\$0.0070	\$0.2213	\$0.3874
35 Cooperative (Co-op)	\$0.0005	\$0.0019	\$0.2213	\$0.3874
36 Main Line Class (MLC) (Firm)	\$0.0081	\$0.0018	\$0.2213	\$0.3874
37 Special Contract	N/A	\$0.0019	N/A	N/A
38 Power Station	N/A	\$0.0013	N/A	N/A
39				

40 ¹Supplemental Gas is mandatory for all Sales and Western T-Service Customers.

42 **Minimum Monthly Bill:** Equal to the Basic Monthly Charge as described above, plus Demand Charge as appropriate.

44 **Effective:** Rates to be charged for all billings based on gas consumed on and after August 1, 2003.

46 **Approved by Board Order:** _____ - 2003/04 General Rate Application

Supersedes Board Order: 73/03

47 **Effective From: August 1, 2003**

Supersedes: May 1, 2003 Billed Rates

48 **Date Implemented: August 1, 2003**

CENTRA GAS MANITOBA INC.
INTERRUPTIBLE SALES AND DELIVERY SERVICES
RATE SCHEDULES (BASE RATES PLUS RIDERS)

1	Territory:	Entire natural gas service area of Company, including all zones.			
2					
3	Availability:	For any Consumer at one location whose annual natural gas requirements equal or exceed 680,000m ³ 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.			
4					
5	Rates:				
6					
		Transportation to Centra	Distribution to Customers	Primary Gas Supply	Supplemental Gas Supply¹
7					
8	Basic Monthly Charge: (\$/month)				
9	Interruptible Service	N/A	\$861.06	N/A	N/A
10	Mainline Interruptible (with firm delivery)	N/A	\$1,360.87	N/A	N/A
11					
12	Monthly Demand Charge (\$/m³/month)				
13	Interruptible Service	\$0.1647	\$0.0641	N/A	N/A
14	Mainline Interruptible (with firm delivery)	\$0.2534	\$0.1163	N/A	N/A
15					
16	Commodity Volumetric Charge: (\$/m³)				
17	Interruptible Service	\$0.0087	\$0.0032	\$0.2213	\$0.4230
18	Mainline Interruptible (with firm delivery)	\$0.0025	\$0.0018	\$0.2213	\$0.4230
19					
20	Alternate Supply Service:				
21	Gas Supply (Interruptible Sales and Mainline Interruptible)		Negotiated		
22	Delivery Service - Interruptible Class		Cost of Gas		
23	Delivery Service - Mainline Interruptible Class		\$0.0053		
24			\$0.0053		
25	¹ Supplemental Gas is mandatory for all Customers except T-Service.				
26					
27	Minimum Monthly Bill:	Equal to the Basic Monthly Charge as described above, plus Demand Charge as appropriate.			
28					
29	Effective:	Rates to be charged for all billings based on gas consumed on and after August 1, 2003.			
30					
31	Approved by Board Order: _____ - 2003/04 General Rate Application	Supersedes Board Order: 73/03			
32	Effective From: August 1, 2003	Supersedes: May 1, 2003 Billed Rates			
33	Date Implemented: August 1, 2003				