

M A N I T O B A

Order No. 11/04

THE PUBLIC UTILITIES BOARD ACT

January 30, 2004

Before: G. D. Forrest, Chairman
M. Girouard, Member
Mario J. Santos, Member

AN APPLICATION BY CENTRA GAS MANITOBA INC. FOR AN INTERIM EX PARTE ORDER APPROVING PRIMARY GAS SALES RATES TO BE EFFECTIVE FOR ALL GAS CONSUMED ON AND AFTER FEBRUARY 1, 2004.

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1.0 Background

A natural gas customers' bill is divided into five components: Primary Gas Rates, Supplemental Gas Rates, Transportation to Centra Rates, Distribution to Customer Rates, and Basic Monthly Charges. The Board approved a Rate Setting Methodology ("RSM") used to determine only the Primary Gas rates as follows:

1. Primary Gas Base Rates are adjusted quarterly on February 1, May 1, August 1 and November 1 to reflect the updated 12-month forward price for natural gas (weighted for the cost of gas in storage).
2. In addition to the Primary Gas Base Rate, a Primary Gas Rate Rider to be effective on the date of the Primary Gas Rate change, is to dispose of the estimated Primary Gas Purchase Gas Variance Account ("PGVA") balance at the end of the quarter over the next 12 months normalized volumes.

The Board in Order 143/03, dated October 3, 2003 set out the quarterly RSM process and related minimum filing requirements. This process requires Centra to base its applications for Primary Gas Rate changes on a 12-month forward price strip performed during the first week of the month preceding the commencement of the next gas quarter. Centra is to provide copies of the application to Intervenor who have requested copies of the quarterly gas rates application within two days of filing with the Board. Further, Centra is to ensure timely filing of applications and

publishing of public notices so as to provide consumers and other stakeholders one week to provide comments to the Board prior to its deliberations on the respective applications.

For rates effective November 1, 2003, the approved Primary Gas base rate was \$0.2320 per cubic metre, based on the October 1, 2003 forward price strip. The approved Primary Gas billed rate which included an additional \$0.0012 per cubic metre for the Primary Gas PGVA rate rider was \$0.2332 per cubic metre.

2.0 The Application

On January 7, 2004, Centra applied to the Board for approval of interim Primary Gas sales rates and a rate rider to dispose of the estimated January 31, 2004 Primary Gas PGVA to be effective February 1, 2004, in accordance with the approved RSM process. These rates are to remain in effect until a further Order of the Board. The requested rates were determined using the January 2, 2004 forward price strip.

A public notice outlining this application, published in various newspapers commencing on January 17, 2004, invited interested parties to make comments respecting this application to the Board by January 28, 2004. The Board did not receive comments from any party regarding this application.

3.0 Primary Gas Base Rates and Billed Rates

The following table summarizes the various cost components used by Centra to determine Primary Gas Base Rates and Billed Rates and compares the forecast to November 1, 2003 Rates.

Component	Existing Rates November 1, 2003	Requested Rates February 1, 2004
Date of Forward Price Strip	October 1, 2003	January 2, 2004
12 Month Forward Price	\$ 5.5540/GJ	\$ 6.1090/GJ
Estimated Price management Impact	\$ 0.4140/GJ	\$ 0.0340/GJ
Western Supply Price	\$ 5.9680/GJ	\$ 6.1430/GJ
Storage Gas Price	\$ 6.1620/GJ	\$ 6.1730/GJ
Weighed Gas Cost	\$ 6.0030/GJ	\$ 6.1480/GJ
Rate per cubic metre	\$ 0.2269/m ³	\$ 0.2324/m ³
Base Primary Rate	\$ 0.2320/m³	\$ 0.2378/m³
PGVA Rider (\$/m ³)	\$ 0.0012/m ³	\$ (0.0003/m ³)
Total Billed Rate	\$ 0.2332/m³	\$ 0.2375/m³

A number of factors impact Primary Gas Rates. The western supply price of \$6.14300/GJ reflects the current gas supply contract with Nexen Marketing. Estimated negative mark-to-market price management results of \$0.0340/GJ or \$1.36 million have been included in the Primary Gas Rates. These estimated costs result from the placement of cashless collars with \$0.50 out of the money upper

strike prices on volumes of approximately 24.8 million GJ. The cost of gas in storage, projected to be \$6.173/GJ reflects the actual final cost for the 2003/04 withdrawal, which commenced on November 1, 2003.

A PGVA balance is created when primary gas costs differ from the revenues provided by customers. The PGVA Rate Rider of \$0.0003/m³ reflects a PGVA balance of \$446,132 owing to Centra's customers.

The resulting total billed rate, effective February 1, 2004, is \$0.2375/m³, which compares to the billed rate for the previous quarter of \$0.2332/m³.

The following table illustrates the increases to annual natural gas bills of different customer classes as a result of this application. These impacts are based on the existing August 1, 2003 rates for Primary Gas, Supplemental Gas, Transportation and Distribution.

ANNUALIZED AS BILLED CUSTOMER IMPACTS

Customer Class	Range of Impacts
SGS	1.0% to 1.1%
LGS	1.1% to 1.3%
HVF	1.3% to 1.4%
Co-op	1.4%
Mainline	1.4% to 1.5%
Interruptible	1.4% to 1.5%

The average residential consumer would realize an increase in annual heating bills of approximately \$13.

4.0 Presenters' Positions

Comments were not received from any Presenters.

5.0 Board Findings

The Board is of the view that the request by Centra properly reflects the current commodity market price and circumstances, and the RSM and process previously approved by the Board. The Board will approve Centra's February 1, 2004 Schedule of Rates, attached as Appendix "A" to this Order.

The cost of storage gas, impacts of price management transactions and the disposition of deferral account balances will be reviewed at a future hearing expected to occur later this year.

The following table will illustrate the volatility of the market place, and the impact on resulting rates. Because the RSM considers factors other than commodity prices such as the cost of gas in storage and price-hedging impacts, the volatility in rates relative to the market price of gas is somewhat dampened.

Date	Commodity Cost	Average Annual Bill	% change in Cost	% Change in Bill
December, 1999	\$ 3.003/Gj	\$ 840	Base	Base
August 1, 2000	\$ 5.187/Gj	\$ 975	72.7%	16.1%
November 1, 2000	\$ 5.894/Gj	\$ 1,098	13.6%	12.6 %
February 1, 2001	\$ 9.251/Gj	\$ 1,350	57.0%	23.0%
August 1, 2001	\$ 4.614/Gj	\$ 1,204	(50.1%)	(10.7 %)
November 1, 2001	\$ 4.168/Gj	\$ 1,121	(9.7%)	(6.9 %)
February 1, 2002	\$ 4.028/Gj	\$ 1,099	(3.4%)	(2.0 %)
May 1, 2002	\$ 5.094/Gj	\$ 1,209	26.5%	10.0%
August 1, 2002	\$ 4.759/Gj	\$ 1,120	(6.6%)	(7.4 %)
November 1, 2002	\$ 5.024/Gj	\$ 1,167	5.6%	4.2%
February 1, 2003	\$ 5.860/Gj	\$ 1,273	16.6%	9.1%
May 1, 2003	\$ 5.928/Gj	\$ 1,295	1.2%	1.7%
August 1, 2003	\$ 5.857/Gj	\$ 1,213	(1.2%)	(6.3%)
November 1, 2003	\$ 6.003/Gj	\$ 1,250	2.5%	3.0%
February 1, 2004	\$ 6.148/Gj	\$ 1,263	2.4%	1.0%

6.0 IT IS THEREFORE ORDERED THAT:

1. The Schedule of Rates attached to this Order as Appendix "A", to be effective for all gas consumed on and after February 1, 2004, based on the January 2, 2004 forward price strip, BE AND IS HEREBY APPROVED on an interim basis.
2. 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.
11/04 issued by The Public Utilities
Board

Acting Secretary

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 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	\$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	\$0.2378	\$0.2471
33 Large General Class (LGC)	\$0.0450	\$0.0269	\$0.2378	\$0.2471
34 High Volume Firm Class (HVF)	\$0.0208	\$0.0071	\$0.2378	\$0.2471
35 Cooperative (Co-op)	\$0.0069	\$0.0015	\$0.2378	\$0.2471
36 Main Line Class (MLC)	\$0.0074	\$0.0015	\$0.2378	\$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.

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 February 1, 2004.

46 **Approved by Board Order:** _____ - Feb 1, 2004 Primary Gas Application

Supersedes Board Order:161/03
Supersedes: November 1, 2003 Base Rates

47 **Effective From:** Feb 1, 2004

48 **Date Implemented:** Feb 1, 2004

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	\$0.2378	\$0.2639
18 Mainline Interruptible (with firm delivery)	\$0.0081	\$0.0015	\$0.2378	\$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 February 1, 2004.

30

31 **Approved by Board Order:** _____ - Feb 1, 2004 Primary Gas Application

Supersedes Board Order:161/03

32 **Effective From: Feb 1, 2004**

Supersedes: November 1, 2003 Base Rates

33 **Date Implemented: Feb 1, 2004**

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.
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 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.
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 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	\$0.2375	\$0.3874
33 Large General Class (LGC)	\$0.0386	\$0.0277	\$0.2375	\$0.3874
34 High Volume Firm Class (HVF)	\$0.0155	\$0.0070	\$0.2375	\$0.3874
35 Cooperative (Co-op)	\$0.0005	\$0.0019	\$0.2375	\$0.3874
36 Main Line Class (MLC) (Firm)	\$0.0081	\$0.0018	\$0.2375	\$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.

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 February 1, 2004.
 45

46 **Approved by Board Order:** _____ - Feb 1, 2004 Primary Gas Application

Supersedes Board Order:161/03

47 **Effective From: Feb 1, 2004**

Supersedes: November 1, 2003 Billed Rates

48 **Date Implemented: Feb 1, 2004**

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.
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 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 Customers	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	\$0.1647	\$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	\$0.2375	\$0.4230
18 Mainline Interruptible (with firm delivery)	\$0.0025	\$0.0018	\$0.2375	\$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 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

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 30

31 **Approved by Board Order:** _____ - Feb 1, 2004 Primary Gas Application **Supersedes Board Order:161/03**
 32 **Effective From: Feb 1, 2004** **Supersedes: November 1, 2003 Billed Rates**
 33 **Date Implemented: Feb 1, 2004**