

MANITOBA) **Order No. 144/06**
)
THE PUBLIC UTILITIES BOARD ACT) **October 25, 2006**

BEFORE: Graham Lane, B.A., C.A., Chairman
Monica Girouard, C.G.A., Member
Alain Molgat, B.Comm., CMA, Member

**CENTRA GAS MANITOBA INC. PRIMARY
GAS RATES, EFFECTIVE NOVEMBER 1, 2006**

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1.0 Executive Summary

By this Order, the Public Utilities Board (Board) approves an application by Centra Gas Manitoba Inc. (Centra) for interim ex parte primary gas rates. Effective November 1, 2006, the annualized bill for system gas customers will decrease between 1.0% and 1.9%.

For customers receiving primary gas supply from Centra:

| Customer Class | Projected Annualized Bill Reduction |
|------------------|-------------------------------------|
| SGS Residential | (1.0)% to (1.2)% |
| SGS Commercial | (1.2)% to (1.4)% |
| LGS | (1.3)% to (1.6)% |
| High Volume Firm | (1.6)% to (1.8)% |
| Mainline | (1.7)% to (1.8)% |
| Interruptible | (1.7)% to (1.9)% |

Assuming normal weather and no change in heating efficiency, residential customers receiving system gas may anticipate reductions in their aggregate annual bills of approximately 1.1% or \$14 per year (residential rates will decline from \$0.2981/m³ to \$0.2932/m³).

Primary gas rates established by this Order will remain in effect until February 1, 2007, when the next scheduled quarterly primary gas rate change will occur. For residential customers purchasing primary gas from brokers, billed rates will continue in accordance with the fixed price contracts.

Overview

This Order approves rate changes arising out of a quarterly primary gas rate application, processed by the Board in accordance with the Board-approved Rate Setting Methodology (RSM).

Natural gas commodity prices are set by the market and are subject to North American supply/demand situations. Significant market changes continued to drive down natural gas commodity prices from the date of the last quarterly primary gas rate change, August 01, 2006, through the end of the summer and into the fall. Market prices remain well below winter natural gas commodity prices expected a year ago. Centra's proposed and relatively minor November 1 rate decreases are primarily the result of a sharp natural gas commodity market price decline experienced over the last nine months.

November 1 rate decreases would have been considerably greater excepting for Centra's hedging activities, pursued with the goal of achieving reduced rate volatility rather than cost reductions. While Centra's hedging reduced overall primary gas costs as well as rate volatility over the period 1999 to February 2006, when natural gas prices were generally rising, spiking in the summer and fall of 2005, this has not continued to be the case. Indeed, the floor prices of hedges placed by Centra from the late fall of 2005 have limited the magnitude of the cost of gas and rate decreases that would have resulted in the absence of any hedging.

Between February 1, 2006 and October 31, 2006, it is the Board's understanding, subject to review at the upcoming Cost of Gas hearing, that primary gas costs incurred or expected to be incurred by Centra would have been approximately \$30 million lower if no hedges had been in place. Further, based on recent futures prices compared to outstanding Centra hedge positions, hedging may cost another \$51 million through to the end of July 2007. In past hearings, one intervener has suggested that Centra not engage in natural gas hedging, and in past Orders, the Board has suggested that Centra review its current approach to hedging along with other options and approaches to reducing cost and rate volatility.

2.0 Introduction

Centra, a subsidiary of MH, is Manitoba's largest natural gas distributor. Centra's rates are subject to the approval of the Board pursuant to provisions of *The Public Utilities Board Act*.

The five components of the natural gas billings to customers are:

- Primary Gas Rates (either system gas from Centra or purchased gas from brokers);
- Supplemental Gas Rates (applying to all Centra's customers, whether provided primary gas by Centra or through brokers);
- Transportation (to Centra) Rates (applicable to varying degrees to all customers);
- Distribution (to Customer) Rates (applicable to all customers); and
- Basic Monthly Charge (BMC) (applicable to all customers).

This Order deals only with Primary Gas and has implications only for Centra customers purchasing primary gas from Centra rather than private brokers. Primary gas rates are amended quarterly, on February 1, May 1, August 1, and November 1 of each year. These regularly scheduled quarterly primary gas rate amendments occur in accordance with a Board-approved RSM, formula-driven and relying on established accounting and rate setting conventions.

Non-primary gas components of Centra's rates, which affect all customers including those receiving natural gas from brokers, are periodically reviewed and approved by the Board. This occurs either through what has generally been an annual Cost of Gas hearing, which also addresses final approval review of interim quarterly primary gas rates, or in the context of a General Rate Application (GRA).

Natural gas commodity costs represent approximately 75% of a system gas customer's bill. The following table illustrates changes in natural gas prices over the past seven years, since MH acquired Centra in 1999, from the perspective of a residential customer purchasing primary gas from Centra.

| Date | Primary Gas Commodity Cost | Average Annual Bill, including primary gas Costs | % change in Primary Gas Cost | % Change in the Total Annual Bill |
|------------------|-----------------------------------|---|-------------------------------------|--|
| December 1, 1999 | \$3.003/GJ | \$ 758 | Base | Base |
| August 1, 2000 | 5.187/GJ | 878 | 72.7% | 15.8% |
| November 1, 2000 | 5.894/GJ | 975 | 13.6% | 11.1% |
| February 1, 2001 | 9.251/GJ | 1,225 | 57.0% | 25.6% |
| June 1, 2001 | 6.429/GJ | 1,299 | (30.5%) | 6.1% |
| August 1, 2001 | 4.614/GJ | 1,095 | (28.2%) | (15.7%) |
| November 1, 2001 | 4.168/GJ | 1,020 | (9.7%) | (6.9%) |
| February 1, 2002 | 4.028/GJ | 999 | (3.4%) | (2.0%) |
| May 1, 2002 | 5.094/GJ | 1,088 | 26.5% | 8.9% |
| August 1, 2002 | 4.759/GJ | 1,022 | (6.6%) | (6.0%) |
| November 1, 2002 | 5.024/GJ | 1,041 | 5.6% | 1.8% |
| February 1, 2003 | 5.860/GJ | 1,155 | 16.6% | 11.0% |
| May 1, 2003 | 5.928/GJ | 1,149 | 1.2% | (0.5%) |
| August 1, 2003 | 5.857/GJ | 1,091 | (1.2%) | (5.1%) |
| November 1, 2003 | 6.003/GJ | 1,110 | 2.5% | 1.8% |
| February 1, 2004 | 6.148/GJ | 1,121 | 2.4% | 1.0% |
| May 1, 2004 | 6.413/GJ | 1,153 | 4.3% | 2.8% |
| August 1, 2004 | 6.683/GJ | 1,179 | 4.2% | 2.3% |
| November 1, 2004 | 7.032/GJ | 1,152 | 5.2% | (2.3%) |
| February 1, 2005 | 6.637/GJ | 1,121 | (5.6%) | (2.7%) |
| May 1, 2005 | 7.855/GJ | 1,243 | 18.4% | 10.9% |
| August 1, 2005 | 7.957/GJ | 1,276 | 1.3% | 2.7% |
| November 1, 2005 | 9.314/GJ | 1,356 | 17.1% | 6.3% |
| February 1, 2006 | 9.162/GJ | 1,359 | (1.6%) | 0.2% |
| May 1, 2006 | 9.205/GJ | 1,369 | 0.5% | 0.7% |
| August 1, 2006 | 8.818/GJ | 1,273 | (4.2%) | (7.0%) |
| November 1, 2006 | 7.941/GJ | 1,259 | (9.9%) | (1.1%) |

Note 1: With the quarter beginning May 1, 2005 and as applied retroactively, the estimated annual consumption for a typical residential customer has been reduced from 3,201 cubic meters to 2,803 cubic meters, to reflect the estimated effects arising from homeowner efforts to reduce consumption. Also, November 1, 2005 and February 1, 2006 rates were affected by the Board's decision to defer one-half of the otherwise sharp rate increase pursuant to the RSM; in February 2006, when commodity prices had fallen, the RSM was restored

Note 2: Residential customers receiving primary gas from brokers rather than from Centra would likely not have the same cost and bill experience as Centra's customers, as their primary gas costs would be in accordance with their contracts with brokers, and fixed for three to five year periods at rates different than those charged by Centra.

Note 3: The above table incorporates changes approved by the Board for both non-Primary Gas and Primary Gas from 1999 through to November 1, 2006.

Note 4: The Board's RSM considers factors other than natural gas commodity prices, these including the cost of gas in storage and hedging results. Accordingly, the volatility in primary gas rates experienced by primary gas customers is reduced in overall effect as overall rates billed to system gas customers also take into account operating, amortization, administrative and financial costs.

3.0 Primary Gas Rates

Background, Primary Gas Base and Billed Rates

Centra proposed November 1 primary gas customer billed rates of \$0.2932/m³ and \$0.2790/m³ (August 1, 2006: \$0.2981/m³ and \$0.2846/m³) for residential and other classes respectively. The proposal was based on the Board's standard RSM, supported by the following table of factors:

| Component | Existing Costs and Rates, May 1, 2006 | Costs and Proposed Rates, August 1, 2006 | Costs and Proposed Rates, November 1, 2006 |
|---|--|---|---|
| Date of Forward Price Strip | April 3, 2006 | July 3, 2006 | October 2, 2006 |
| 12 Month Forward Price | \$9.007/GJ + | \$8.113/GJ + | \$6.907/GJ |
| Costs resulting from Hedging | \$0.486/GJ = | \$0.908/GJ = | \$1.303/GJ |
| Forecast Gas Supply Price | \$9.493/GJ | \$9.021/GJ | \$8.210/GJ |
| Cost of Gas drawn from Storage | \$7.902/GJ | \$7.902/GJ | \$6.690/GJ |
| Weighted Gas, Cost (mix of Gas Supply & Storage Gas costs) | \$9.205/GJ | \$8.818/GJ | \$7.941/GJ |
| Rate per Cubic Metre | \$0.3479m ³ | \$0.3333/m ³ | \$0.2992 |
| Base Primary Rate, adding Fuel and Overhead cost component less | \$0.3553m ³ | \$0.3401/m ³ | \$0.3065 |
| Less: PGVA Rider | (\$0.0365/m ³) Residential, and (\$0.0499/m ³) Other | (\$0.04200/m ³) Residential, and (\$0.0555/m ³) Other | (\$0.0133/m ³) Residential, and (\$0.0275m ³) Other |
| Total Billed Rate | \$0.3188/m ³ Residential, and \$0.3054/m ³ Other | \$0.2981/m ³ Residential, and \$0.2846/m ³ Other | \$0.2932/m ³ Residential, and \$0.2790m ³ Other |

Notes:

1. Primary gas rate reduction factors in 100% of the reduction between the current 12-month forward price for Western Canadian natural gas commodity supplies for the period November 1, 2006 to October 31, 2007 from the price as of August 1, 2006;
2. Forecast losses on hedges placed for the next twelve months are accounted for with the projected loss for hedging of \$50.9 million. The April 2006 to October 31, 2006 hedging impact is an estimated \$33.4 Million addition to gas costs;
3. The cost of gas drawn from storage for supply to primary gas customers is accounted for, reflecting the actual cost of gas in storage withdrawn in 2006/07 (withdrawals commence November 1, 2006), and blended in on a weighted basis to arrive at a weighted gas cost, which is forecast to be lower for the November 1 to October 31, 2007 gas year;
4. Forecasted volumes of primary gas represented by the costs are used to determine the cost/ 1,000 m³, which is then increased to account for other costs; and Rate reductions by means of rate riders are established to return to customers Primary Gas PGVA balances accumulated and, projected to, October 31, 2006, over a 12-month period beginning November 1, 2006; of \$4.46 million and \$12.38 million, owing to residential and non-residential customers respectively. An additional amount of \$3.54M is also to be refunded to all customers. This resulting in credit rate riders of \$0.0133/ m³ and \$0.0275/ m³, residential and non-residential respectively).

Rate riders take into account the balances remaining to be recovered through rates from customers arising out of rate riders previously established. The total Primary Gas Purchase Gas Variance Account (PGVA) to October 31, 2006 is forecast at \$20.9 million owing to customers.

Adjustments with respect to residential customers are different from non-residential customers owing to rate differences for each class from November 2005 to April 2006.

Through the combination of factors as set out above, proposed November 1, 2006 primary gas billed rates, as previously indicated, of \$0.2932/m³ and \$0.2790/m³, residential and non-residential customers respectively, were proposed, these being less than the base rates (i.e. rates applying in the absence of rate riders).

The following table projects reductions to annual average residential natural gas bills associated with proposed November 1, 2006 Primary Gas rates, as compared to August 1, 2006 rates, assuming November 1 rate reductions were sustained for one year:

| Customer Class | Decrease |
|-----------------------|-----------------|
| SGS Residential | 1.0% to 1.2% |
| SGS Commercial | 1.2% to 1.4% |
| LGS | 1.3% to 1.6% |
| High Volume Firm | 1.6% to 1.8% |
| Mainline | 1.7% to 1.8% |
| Interruptible | 1.7% to 1.9% |

Based on an annual residential consumption of 99Mcf or 2,802 m³, the average residential consumer purchasing primary gas through Centra may anticipate saving approximately \$14 per year as a result of the November 1 amendment. Weather, heating efficiency changes or a host of other factors could lead to a different result.

4.0 Outstanding Positions, Hedging

As previously indicated, Centra enters into financial future contracts, “hedges”, for the purpose of reducing the volatility of primary gas rates for system gas customers. Other factors reducing cost and rate volatility include the equal monthly payment plan, heating efficiency improvements, living style adjustments and the Board’s RSM. Until recently when the

commodity price “tide turned”, Centra’s hedging activities resulted in an overall reduction to gas costs and rates.

The overall cost for Western Canadian natural gas reflected in Centra’s rates to customers receiving primary gas from Centra is impacted by:

- a) the terms of Centra’s gas purchase contract with its commodity supplier, Nexen; and
- b) hedging.

Hedging is undertaken independent of actual gas purchases, those being at then-current market prices. As indicated, hedging results since April 2006 have added to the cost of gas rather than reducing it. Additionally, projections of hedge results through to July 2007 suggest a further addition to primary gas costs of approximately \$51 million. Actual results associated with outstanding hedges will not be known until the future and are dependent upon commodity market price changes and Centra actions with respect to outstanding positions.

Outstanding hedges as of July 1, 2006 were:

- On July 26 & 27, 2006, two tranches of price hedges of 50% of eligible volumes each were placed covering the months of May through July 2007. These instruments were +\$0.50 out-of-the-money cashless collars. The collars’ upper strike prices ranged from \$8.21/GJ to \$8.45/GJ. The lower strike prices ranged from \$7.37/GJ to \$7.66/GJ.
- On September 19, 2006, a second tranche of 50% of eligible volumes was placed covering the months of February through April 2007. These instruments were also +\$0.50 out-of-the-money cashless collars. The upper strike prices on these collars ranged from \$7.47/GJ to \$8.19/GJ. The lower strike prices ranged from \$6.68/GJ to \$7.42/GJ.
- On January 18 and 20, 2006, Centra placed two price hedges of 50% each for eligible primary gas volumes for the months of November 2006 through January 2007. These

instruments were again +\$0.50 out-of-the-money cashless collars. Upper strike prices range from \$10.00/GJ to \$11.07/GJ, lower strike prices range from \$9.20/GJ to \$10.35/GJ.

- On April 10, 2006, Centra placed a hedge for 50% of eligible volumes covering the months of February through April 2007. These instruments were once again +\$0.50 out-of-the-money cashless collars. The upper strike prices range from \$8.83/GJ to \$10.25/GJ and lower strike prices between \$8.00/GJ and \$9.52/GJ.

Future prices at the date of this Order were projected to break through the price floors on all of the instruments in place. If current futures market prices are sustained until the outstanding hedges mature, and Centra does not amend its current positions, it is the Board's understanding that Centra will incur additional primary gas costs arising out of the hedges of approximately \$51 million.

5.0 Board Findings

Approval of Application

The Board will approve Centra's proposal for interim ex parte primary natural gas rates for system gas customers effective November 1, 2006. Centra's proposed interim rate changes properly reflect the Board-approved RSM.

In approving November 1 primary gas rates, the Board notes the effect hedging has and may have on system gas customer rates. While rate volatility has been tempered by the hedges, this has been at the cost of higher natural gas commodity prices and rates during a period of significant price declines. With the hedging, even in the presence of significant market price declines over several quarters, Centra's price to customers has and may show little downward movement.

The Board anticipates a discussion with respect to Centra's hedging practices at the upcoming Cost of Gas hearing.

As previously indicated, November 1 primary gas rate changes will affect only those customers receiving system gas (primary gas) from Centra. The total billed rate for primary gas supply to system gas customers for the three months ending February 28, 2007 will be \$0.2932 and \$0.2790/ m³, for residential and non-residential customers, respectively.

Notification

Centra is to advise primary gas customers of the rate changes arising out of this Order as well as of the upcoming Cost of Gas hearing through its newsletter, *Energy Matters*, and by media release and its website.

6.0 It Is Therefore Ordered That:

1. The Schedules of Rates attached to this Order as Appendix "A", effective for all gas consumed on and after November 1, 2006, BE AND ARE HEREBY APPROVED on an interim basis;
2. This Interim Order shall be in effect until confirmed or otherwise dealt with, by a further Order of the Board.

THE PUBLIC UTILITIES BOARD

"GRAHAM F. J. LANE, B.A., C.A."
Chairman

"G. GAUDREAU, CMA"
Secretary

Certified a true copy of Order No.
144/06 issued by The Public Utilities
Board

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 | Distribution to Customers | | | Primary Gas Supply | | Supplemental Gas Supply ¹ |
|------------------|---|---------------------------|---------------|--------------|--------------------|-----------------|--|
| | | Centra | Sales Service | T-Service | Residential | Non-Residential | |
| 13 | | | | | | | |
| 14 | | | | | | | |
| 15 | Basic Monthly Charge: (\$/month) | | | | | | |
| 16 | Small General Class (SGC) | N/A | \$10.00 | N/A | N/A | N/A | N/A |
| 17 | Large General Class (LGC) | N/A | \$70.00 | \$70.00 | N/A | N/A | N/A |
| 18 | High Volume Firm Class (HVF) | N/A | \$883.42 | \$883.42 | N/A | N/A | N/A |
| 19 | Cooperative (Co-op) | N/A | \$307.21 | \$307.21 | N/A | N/A | N/A |
| 20 | Main Line Class (MLC) | N/A | \$1,589.47 | \$1,589.47 | N/A | N/A | N/A |
| 21 | Special Contract | N/A | N/A | \$106,090.27 | N/A | N/A | N/A |
| 22 | Power Station | N/A | N/A | \$14,220.45 | N/A | N/A | N/A |
| 23 | | | | | | | |
| 24 | Monthly Demand Charge (\$/m³/month) | | | | | | |
| 25 | High Volume Firm Class (HVF) | \$0.1857 | \$0.1287 | \$0.1287 | N/A | N/A | N/A |
| 26 | Cooperative (Co-op) | \$0.2955 | \$0.1216 | \$0.1216 | N/A | N/A | N/A |
| 27 | Main Line Class (MLC) | \$0.3142 | \$0.1349 | \$0.1349 | N/A | N/A | N/A |
| 28 | Special Contract | N/A | N/A | N/A | N/A | N/A | N/A |
| 29 | Power Stations | N/A | N/A | \$0.0276 | N/A | N/A | N/A |
| 30 | | | | | | | |
| 31 | Volumetric Charge: (\$/m³) | | | | | | |
| 32 | Small General Class (SGC) | \$0.0385 | \$0.0834 | N/A | \$0.3065 | \$0.3065 | \$0.2669 |
| 33 | Large General Class (LGC) | \$0.0379 | \$0.0334 | \$0.0334 | \$0.3065 | \$0.3065 | \$0.2669 |
| 34 | High Volume Firm Class (HVF) | \$0.0175 | \$0.0100 | \$0.0100 | \$0.3065 | \$0.3065 | \$0.2669 |
| 35 | Cooperative (Co-op) | \$0.0081 | \$0.0001 | \$0.0001 | \$0.3065 | \$0.3065 | \$0.2669 |
| 36 | Main Line Class (MLC) | \$0.0085 | \$0.0036 | \$0.0036 | \$0.3065 | \$0.3065 | \$0.2669 |
| 37 | Special Contract | N/A | N/A | \$0.0005 | N/A | N/A | N/A |
| 38 | Power Station | N/A | N/A | \$0.0064 | N/A | N/A | N/A |
| 39 | | | | | | | |

40 ¹ Supplemental 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 November 1, 2006.

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 Customers | | Primary Gas Supply | | Supplemental Gas Supply ¹ |
|--|--------------------------------|---------------------------|-------------|--------------------|---------------------|--|
| | | Sales Service | T-Service | Residential | Non- Residential | |
| 7 | | | | | | |
| 8 Basic Monthly Charge: (\$/month) | | | | | | |
| 9 Interruptible Service | N/A | \$942.77 | \$942.77 | N/A | N/A | N/A |
| 10 Mainline Interruptible (with firm delivery) | N/A | \$1,589.47 | \$1,589.47 | N/A | N/A | N/A |
| 11 | | | | | | |
| 12 Monthly Demand Charge (\$/m³/month) | | | | | | |
| 13 Interruptible Service | \$0.0894 | \$0.0702 | \$0.0702 | N/A | N/A | N/A |
| 14 Mainline Interruptible (with firm delivery) | \$0.1376 | \$0.1349 | \$0.1349 | N/A | N/A | N/A |
| 15 | | | | | | |
| 16 Commodity Volumetric Charge: (\$/m³) | | | | | | |
| 17 Interruptible Service | \$0.0124 | \$0.0073 | \$0.0073 | \$0.3065 | \$0.3065 | \$0.2628 |
| 18 Mainline Interruptible (with firm delivery) | \$0.0090 | \$0.0036 | \$0.0036 | \$0.3065 | \$0.3065 | \$0.2628 |
| 19 | | | | | | |
| 20 Alternate Supply Service: | | | Negotiated | | | |
| 21 Gas Supply (Interruptible Sales and Mainline Interruptible) | | | Cost of Gas | | | |
| 22 Delivery Service - Interruptible Class | | | \$0.0096 | | | |
| 23 Delivery Service - Mainline Interruptible Class | | | \$0.0080 | | | |
| 24 | | | | | | |

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

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 November 1, 2006.

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 | Distribution to Customers | | | Primary Gas Supply | | Supplemental Gas Supply ¹ |
|------------------|--|---------------------------|---------------|--------------|--------------------|-----------------|--|
| | | Centra | Sales Service | T-Service | Residential | Non-Residential | |
| 13 | | | | | | | |
| 14 | | | | | | | |
| 15 | Basic Monthly Charge: (\$/month) | | | | | | |
| 16 | Small General Class (SGC) | N/A | \$10.00 | N/A | N/A | N/A | N/A |
| 17 | Large General Class (LGC) | N/A | \$70.00 | \$70.00 | N/A | N/A | N/A |
| 18 | High Volume Firm Class (HVF) | N/A | \$883.42 | \$883.42 | N/A | N/A | N/A |
| 19 | Cooperative (Co-op) | N/A | \$307.21 | \$307.21 | N/A | N/A | N/A |
| 20 | Main Line Class (MLC) | N/A | \$1,589.47 | \$1,589.47 | N/A | N/A | N/A |
| 21 | Special Contract | N/A | N/A | \$106,090.27 | N/A | N/A | N/A |
| 22 | Power Station | N/A | N/A | \$14,220.45 | N/A | N/A | N/A |
| 23 | | | | | | | |
| 24 | Monthly Demand Charge (\$/m³/month) | | | | | | |
| 25 | High Volume Firm Class (HVF) | \$0.2239 | \$0.1289 | \$0.1289 | N/A | N/A | N/A |
| 26 | Cooperative (Co-op) | \$0.2955 | \$0.1216 | \$0.1216 | N/A | N/A | N/A |
| 27 | Main Line Class (MLC) (Firm) | \$0.2256 | \$0.1352 | \$0.1352 | N/A | N/A | N/A |
| 28 | Special Contract | N/A | N/A | N/A | N/A | N/A | N/A |
| 29 | Power Station | N/A | N/A | \$0.0274 | N/A | N/A | N/A |
| 30 | | | | | | | |
| 31 | Commodity Volumetric Charge: (\$/m³) | | | | | | |
| 32 | Small General Class (SGC) | \$0.0357 | \$0.0783 | N/A | \$0.2932 | \$0.2790 | \$0.2669 |
| 33 | Large General Class (LGC) | \$0.0362 | \$0.0281 | \$0.0333 | \$0.2932 | \$0.2790 | \$0.2669 |
| 34 | High Volume Firm Class (HVF) | \$0.0102 | \$0.0045 | \$0.0097 | \$0.2932 | \$0.2790 | \$0.2669 |
| 35 | Cooperative (Co-op) | \$0.0081 | \$0.0002 | \$0.0002 | \$0.2932 | \$0.2790 | \$0.2669 |
| 36 | Main Line Class (MLC) (Firm) | \$0.0077 | \$0.0038 | \$0.0038 | \$0.2932 | \$0.2790 | \$0.2669 |
| 37 | Main Line Class (MLC) (Firm) | N/A | N/A | N/A | N/A | N/A | (\$0.0052) ² |
| 38 | Special Contract | N/A | N/A | \$0.0005 | N/A | N/A | N/A |
| 39 | Power Station | N/A | N/A | \$0.0116 | N/A | N/A | N/A |
| 40 | | | | | | | |

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

42 ² Supplemental Gas Refund Rider; refunded over total annual volumes

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

45
46 **Effective:** Rates to be charged for all billings based on gas consumed on and after November 1, 2006.

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 | | | Distribution to Customers | | Primary Gas Supply | | |
| 7 | | Transportation to Centra | Sales Service | T-Service | Residential | Non-Residential | Supplemental Gas Supply¹ |
| 8 | Basic Monthly Charge: (\$/month) | | | | | | |
| 9 | Interruptible Service | N/A | \$942.77 | \$942.77 | N/A | N/A | N/A |
| 10 | Mainline Interruptible (with firm delivery) | N/A | \$1,589.47 | \$1,589.47 | N/A | N/A | N/A |
| 11 | | | | | | | |
| 12 | Monthly Demand Charge (\$/m³/month) | | | | | | |
| 13 | Interruptible Service | \$0.1005 | \$0.0704 | \$0.0704 | N/A | N/A | N/A |
| 14 | Mainline Interruptible (with firm delivery) | \$0.1377 | \$0.1352 | \$0.1352 | N/A | N/A | N/A |
| 15 | | | | | | | |
| 16 | Commodity Volumetric Charge: (\$/m³) | | | | | | |
| 17 | Interruptible Service | \$0.0082 | \$0.0070 | \$0.0070 | \$0.2932 | \$0.2790 | \$0.2628 |
| 18 | Interruptible Service | | | | | | (\$0.0102) ² |
| 19 | Mainline Interruptible (with firm delivery) | \$0.0048 | \$0.0038 | \$0.0038 | \$0.2932 | \$0.2790 | \$0.2628 |
| 20 | Mainline Interruptible (with firm delivery) | N/A | N/A | N/A | N/A | N/A | (\$0.0052) ² |
| 21 | | | | | | | |
| 22 | Alternate Supply Service: | | | Negotiated | | | |
| 23 | Gas Supply (Interruptible Sales and Mainline Interruptible) | | | Cost of Gas | | | |
| 24 | Delivery Service - Interruptible Class | | | \$0.0093 | | | |
| 25 | Delivery Service - Mainline Interruptible Class | | | \$0.0082 | | | |
| 26 | | | | | | | |
| 27 | ¹ | Supplemental Gas is mandatory for all Sales and Western T-Service Customers. | | | | | |
| 28 | ² | Supplemental Gas Refund Rider; refunded over total annual volumes | | | | | |
| 29 | | | | | | | |
| 30 | Minimum Monthly Bill: | Equal to the Basic Monthly Charge as described above, plus Demand Charge as appropriate. | | | | | |
| 31 | | | | | | | |
| 32 | Effective: | Rates to be charged for all billings based on gas consumed on and after November 1, 2006. | | | | | |