M A N I T O B A	**)**	**Order No. 116/09**
	)	
THE PUBLIC UTILITIES BOARD ACT	**)**	**July 27, 2009**

Before: Graham Lane, CA, Chairman
Len Evans, LL.D., Member
Monica Girouard, CGA, Member

CENTRA GAS MANITOBA INC.
2009/10 AND 2010/11 GENERAL RATE APPLICATION AND
AUGUST 1, 2009 PRIMARY GAS RATE APPLICATION

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6.0 IT IS THEREFORE ORDERED THAT: 36

Executive Summary

On January 20, 2009, Centra Gas Manitoba Inc. (Centra) filed a General Rate Application (GRA) requesting revised rates for all of its customers (the application primarily addresses non-primary gas issues). Subsequently on July 15, 2009, Centra filed an application for revised Primary gas rates (which are established quarterly).

By this Order, the Public Utilities Board (Board or PUB) approves amendments to Centra's rates effective August 1, 2009 rates, comprising:

1) Updated Primary gas rates as requested in Centra's July 15, 2009 Primary Gas Rate Application, on an interim *ex parte* basis;

2) Updated non-Primary gas rates reflecting a decrease in non-Primary gas costs of $6.2 million (a matter arising out of the GRA); and

3) New non-Primary gas rate riders, to collect $9.4 million from customers for the outstanding balances in Centra's gas cost deferral account (accumulated as of October 31, 2008 with related carrying costs – interest – as of July 31, 2009), also a matter arising out of the GRA.

Combined, these rate changes result in a projected increase of 2.4% in the annual bill of a typical residential consumer purchasing Primary gas from Centra ($26). Even with the overall bill increase, consumers may expect to incur annual natural gas bills in the same range as was the case in 2006, three years ago.

Primary gas rates will next be reviewed, and likely amended, as of November 1, 2009 - which represents the next scheduled quarterly Primary gas rate review and setting. The next revision of non-primary gas rates will likely take place in 2010, and this will be addressed in a second Order arising out of the recent GRA hearing, to be issued by this fall.

The effect of this Order on customers purchasing Primary natural gas through fixed price and term contracts (either from a private gas marketer or from Centra) will be less, as Primary gas rates are established by contract not through quarterly changes.

Quarterly Primary Gas Rates

Centra applies to the Board for revised Primary gas rates every quarter, as required pursuant to the PUB approved quarterly Rate Setting Methodology (RSM). On August 1, 2009, the Primary gas rate is to increase by 1.75% to $0.2494/m^3 (as compared to the current Primary gas rate of $0.2451/m^3). For a typical residential consumer purchasing Primary gas from Centra other than by a fixed price and term contract, the projected impact on their annual bill, <u>not</u> including additional impacts from changes to non-Primary gas rates, is a 1.1% increase.

Centra hedges a portion of its Primary gas supply in order to reduce the volatility of rates, and while Centra's mechanistic hedging program has reduced rate volatility, it has also, in recent experience, added millions of dollars to Centra's gas costs and resulted in higher Primary gas rates than those reflected in current commodity market rates. Over the long term, hedging is intended to neither add nor reduce overall costs and rates.

However, in response to the recent large additions to gas costs brought about by hedging during a time of low and declining natural gas commodity prices, Centra began deferring the placement of 50% of the hedges that it would normally place. This "market view" taken by Centra, while intended to benefit customers, is in marked contrast to the "mechanistic" approach to hedging that Centra has been following and does add a risk element. Accordingly, Centra plans to review its hedging program this fall, and expects to continue hedging only 50% of eligible volumes until the review is complete. The Board will review any proposed changes to the hedging program, and may approve, deny or vary any proposal brought forward by Centra.

GRA

In its GRA, Centra applied for approval of its actual Cost of Gas ($400.6 million for 2007/08, and $127.7 million for the period April 1, 2008 to October 31, 2008). The six-month ‘stub’ period ended October 31, 2008 was necessary to re-align the period of Centra’s gas cost deferral accounts with the normal gas year. Previously, the deferral accounts operated coincident with Centra’s fiscal year (from April 1 of one year to March 31 of the next). With the realignment, the deferral accounts are now coincident with the gas year (November 1 of one year to October 31 of the next).

In this Order, the Board approves Centra’s actual gas costs for both 2007/08 and the 2008 stub period, and also approves the change in the deferral period. Further, the Board approves Centra’s forecast gas costs for the 2008/09 gas year of $395.9 million, including $57 million with respect to non-Primary gas costs.

Centra reduced transportation costs by changes made to firm capacity arrangements on Trans Canada Pipelines’ (TCPL) mainline, and these changes more than offset increases to Centra’s transportation costs that resulted from TCPL toll increases. Centra’s updated forecast projected a reduction in non-Primary gas costs of $6.2 million, and this will be reflected in the base rates charged to Centra’s customers.

Also in this Order, the Board directs a revision to the carrying costs on Centra’s gas cost deferral accounts. Centra accumulated a balance of $9.4 million including carrying costs (interest) owing from consumers in its various gas cost deferral accounts. The deferral account balances and carrying costs of $485,000 will be collected from customers through the imposition of rate riders applied to Centra’s Transportation and Distribution rates. The net result will be an increase in Transportation and Distribution rates for most customer classes.

With respect to the accumulated balance owing to Centra, the Board also directs Centra to recalculate the carrying costs based on its most up-to-date short-term interest rates, and to account for any difference (expected to be $100,000) in next year’s gas cost deferral account as a credit to consumers.

Finally, in this order the Board approves Centra's request for final approval of Primary gas Orders (quarterly Primary gas rates for which the Board previously gave interim approval).

1.0 Introduction

Centra is Manitoba's largest natural gas distributor, acquired by Manitoba Hydro (MH) in 1999. The prices charged (rates) for sales of natural gas and the general operations of Centra are subject to the review and approval of the Board, pursuant to the provisions of *The Public Utilities Board Act.*

Centra's mandate is to acquire, manage, and distribute supplies of natural gas to meet the requirements of Manitoba's consumers in a safe, cost-effective, reliable, and environmentally appropriate manner. Centra forecasts that in 2009/10 it will have 263,081 customers in the Small General Service (SGS) and LGS classes (both of these classes include residential customers, with the latter also including commercial and institutional accounts), and 154 customers in the remaining higher volume classes. While a large majority of customers currently purchase Primary gas from Centra, with that rate subject to amendment every three months, a significant number of customers contract with either private marketers/retailers or Centra to secure a certain price for Primary gas for periods of from 1 to 5 years.

Centra's GRA hearing for the 2009/10 and 2010/11 "Test Years" (non-gas rates are set through a process that is supported by forecasts of expenses and revenues for the two years immediately in the future) included matters generally attended to at annual Cost of Gas proceedings.

The hearing, which was preceded by a pre-hearing conference, began on June 2, 2009 and concluded with closing submissions on June 24 by interveners and Board Counsel, and on June 26 by Centra.

The GRA addressed numerous and complex issues related to every rate within Centra's rate schedule, including updates to Centra's Cost of Gas. Other non-gas matters that drive Centra's revenue requirement and affect customer rates and bills, primarily through the non-primary gas components of bills will be addressed in a subsequent Board Order, which, as previously indicated, may be expected to be issued by the fall of this year.

This Order also approves Centra's request for final approval of Orders related to Primary gas rates that were previously approved by the Board on an interim basis by way of quarterly reviews of Primary gas rates.

2.0 Centra's Rates

Centra's rates consist of five components:

(i) Primary Gas (supplied by Centra to "system gas" customers, other customers are supplied by marketers or subscribe to Centra's recently introduced fixed rate supply);

(ii) Supplemental Gas;

(iii) Transportation (to Centra);

(iv) Distribution (to Customers); and

(v) a Basic Monthly Charge (BMC).

Of Centra's five different rate components – Primary Gas, Supplemental Gas, Transportation, Distribution, and BMC – all but the BMC includes a component of overall natural gas costs. The Distribution rate is primarily composed of non-gas costs, although a component of this rate is Unaccounted For Gas.

Centra charges these rates to different rate classes and the rates charged to each class are based on the costs incurred to serve that class. The different rate classes are SGS, LGS, High Volume Firm (HVF), Mainline (ML), Interruptible (IT), Power Station (PS), and Special Contract (SC).

The Primary Gas component of Centra's rates recovers the cost of the natural gas supply received from Western Canadian sources. For 2009/10 and 2010/11, assuming normal weather, Primary Gas supply will represent 98% of Centra's overall gas supply for firm service customers, and 70% of overall supply for interruptible service customers.

Supplemental Gas rates are established to primarily recover the cost of gas purchases from U.S. sources, as these sources are required to meet particularly cold Manitoba winter weather conditions. Supplemental gas is expected to make up only 2% of the overall supply for firm service customers and 30% of the overall supply for interruptible service customers.

Transportation (to Centra) is the component of rates that recovers costs associated with transporting gas supplies from Western Canada to Manitoba, injecting storage gas from Western Canada during the summer months for delivery to Manitoba in the high-use winter period, and for transportation of American supplied gas to Centra's storage facility in Michigan.

The Distribution (to Customer) component of rates recovers the costs associated with operating Centra, including the transportation and distribution pipeline network within Manitoba, as well as the cost related to Unaccounted for Gas (UFG). A portion of operating costs, such as for meter reading and customer billing, are recovered in the BMC. Presently, the BMC for the SGS and Large General Service (LGS) classes recover only a portion of Centra's fixed costs incurred in serving those customers.

At the GRA hearing, Centra sought final approval of all gas costs for 2007/08 and for a stub period of April 1 to October 31, 2008, inclusive of costs approved through interim Primary Gas Orders since the 2007/08 and 2008/09 GRA. Centra also sought approval of new Supplemental Gas, Transportation (to Centra), and Distribution (to Customers) rates.

The BMC is a component of Centra's unbundled bill designed to recover a portion of the costs that Centra incurs in providing gas service to a customer regardless of the customer's consumption. Examples of these costs include the installation and maintenance of service lines and meter sets, reading meters, billing, and customer service. BMC is an important element in achieving fair and reasonable rates, as some customers do not use natural gas for winter space heating but for recreational and seasonal purposes, yet the lines to their premises involve considerable cost.

Centra's BMC for the SGS class was increased to $12 and then to $13 in the past two years as approved by Order 99/07. While Centra did not propose any changes to the BMC in its most current Application, the issue will be considered in the Board's next Order, that to come by the fall.

The billed rates charged to Centra's customers are made up of two components: base rates and rate riders. Each of the Primary Gas, Transportation (to Centra), and Distribution (to Customer) rates has both a base rate and a rate rider component. Base rates reflect an estimate of future gas costs and non-gas costs, and rate riders adjust for differences that arose between previous gas cost estimates and actual gas costs incurred. Rate riders retroactively recover the differences between estimated and actual gas costs.

Centra passes on to its system gas customers its cost of gas without any mark-up or profit. To ensure the exact cost of gas is passed on to system gas customers, Centra maintains deferral accounts, called Purchased Gas Variance Accounts (PGVA), and these accounts record the difference between the cost of gas embedded in sales rates and Centra's actual incurred cost.

The balances in the PGVAs (i.e. the differences between forecasted and actual costs) are periodically either refunded to, or collected from, customers (by way of temporary rate riders). Rate riders either decrease (refund) or add to (collect) base sales rates, and form a separate and identified part of the billed rates to customers. The Primary Gas rate rider is set quarterly, as part of the PUB-approved quarterly RSM.

Rate riders established by prior Orders had previously expired on July 31, 2008, and so non-Primary base rates are currently equal to non-Primary billed rates. In this Application, Centra sought the disposition of the balances in its non-Primary PGVAs, based on the balances at October 31, 2008 (plus carrying costs, interest, to July 31, 2009).

3.0 Application

Overview

Centra filed its 2009/2010 and 2010/11 GRA on January 20, 2009 requesting non-gas cost increases of 1% for May 1, 2009 to be implemented August 1, 2009 (subsequently and attributed to a report that Centra's net income for 2008/09 was higher than expected, the Utility proposed that the 1% non-gas rate increase occur on February 1, 2010 rather than August 1, 2009), and a further 1% for May 1, 2010. Subsequently, Centra updated its Application, for the first time on May 5, 2009. The first update reduced Centra's forecast of Cost of Gas from an initially forecasted $451 million to $318.8 million for 2009/10; and from $463.7 million to $331.4 million for 2010/11 (reflecting actual and projected decreases in the projected commodity price of natural gas). Centra filed additional revisions to its Application on May 29, June 1, and June 9, with each of these additional updates amending non-gas expenses and revenue requirements.

Non-gas expenses and revenue requirements, affecting rates for 2010, will be addressed by the fall in a subsequent Order.

Centra sought:

a) Final approval of gas costs for 2007/08 of approximately $400.6 million;

b) Final approval of gas costs for a stub period in 2008 from April 1 to October 31 of approximately $123.7 million;

c) Final approval of balances and collection from customers of approximately $9.4 million in its non-Primary gas PGVA and other gas cost deferral accounts, as at October 31st, 2008 with carrying costs to July 31st, 2009;

d) Approval of a decrease in non-Primary gas costs of $6.2 million for the 2008/2009 gas year; and

e) Approval of Interim Orders 101/07, 140/07, 06/08, 50/08, 115/08, 147/08, 07/09, and 49/09, related to the August 1st, 2007 through May 1, 2009 quarterly Primary gas applications, respectively.

On July 15, 2009, Centra also filed its Application for revised Primary gas rates for August 1, 2009. Centra's Primary Gas rate will, with this Order, increase from $0.2451/m³ (as set as of May 1, 2009) to $0.2494/m³ (an increase of 1.75%).

If the new Primary gas rate was to remain in place for a year, and weather and all other non-rate factors (such as household heating settings, furnaces, and insulation) remained as before, the "typical" residential customer receiving Primary gas from Centra would expect to experience an overall annual increase in their natural gas bill of $11, or 1.0 %**.** Larger volume customers provided Primary gas by Centra would expect an increase in the range of 1.1% to 1.6%.

Customers purchasing Primary gas on fixed price contracts from either private marketers or Centra are not affected by this Primary gas rate change, their Primary gas rates are established by contract.

Primary Gas Rates for August 1, 2009

As previously indicated, in addition to non-Primary gas costs and resulting rate approvals Centra applied for amended Primary gas rates.

Centra purchases Primary gas from Western Canadian sources. Currently, natural gas commodity costs represent approximately 65% of a 'system gas' customer's annual bill. For customers purchasing Primary gas under a fixed price contract, this percentage may differ.

Primary gas rates are subject to amendment quarterly, on the first day of February, May, August, and November of each year. These regularly scheduled quarterly Primary gas rate reviews occur in accordance with a Board-approved RSM, which is formula-driven and relies on established accounting and rate setting conventions. The procedure was put in place to restrain regulatory costs, and has been supported by interveners.

Non-Primary gas components of Centra's rates, which affect customers including those receiving natural gas from independent marketers, are also periodically reviewed and approved by the Board. These non-Primary gas reviews occur either through the annual Cost of Gas hearing, which also finalizes interim quarterly Primary gas rate changes, or in the context of a GRA, as is the present case.

Factors Driving Rates

Since July 2008, natural gas commodity prices have fallen sharply, driven in part by a concurrent global economic slow-down (due in large part, at least initially, by a credit crisis originating in the United States) and increased natural gas supply. While the economic slowdown that began in 2008 appears to be stabilizing, natural gas commodity prices have continued at very low levels (assisted by historic high levels of gas in storage and increased supplies from newly developed shale reserves).

Forecasters are currently suggesting a continuation of low natural gas commodity prices over the next two years, to be followed by moderate increases. That said, forecasters have been frequently significantly inaccurate in their forecasts over the past decade.

The applied for August 1 Primary gas rates were based in part on forecast market prices for the next twelve months. The Primary gas rates now established by this Order reflect, in part, the futures price strip of July 2, 2009.

Nexen Firm Supply

AECO Price $/GJ

Aug/09	Sept/09	Oct/09	Nov/09	Dec/09	Jan/10	Feb/10	Mar/10	Apr/10	May/10	Jun/10	Jul/10
$3.13	$3.20	$3.45	$4.40	$5.25	$5.48	$5.51	$5.46	$5.30	$5.35	$5.43	$5.54

Notwithstanding the current low market prices for the commodity itself, revised August 1, 2009 rates have been influenced by:

a) Gas purchased at prices higher than current market prices, contained within Centra's natural gas storage facilities and drawn down through the winter months;

b) Hedges placed in the last part of 2008 and early 2009, at a time of higher, yet then-falling, natural gas prices;

c) Primary gas rate riders that either refund or charge to consumers past differences between natural gas costs and costs reflected in prior rates; and

d) The Board-approved RSM, a process agreed to by interveners representing customer groups and Centra/Manitoba Hydro, and approved by the Board, that involves PGVA recording variances between the projected and actual cost of natural gas, for reflection in the next quarterly rate setting.

Quarterly Primary gas rate settings do not involve a public hearing, this to further the objective of least-cost regulation, although a public review of these interim rates occur at each annual public Cost of Gas hearing (the next Cost of Gas hearing is in either late 2009 or early 2010).

Centra hedges its Primary gas purchases pursuant to Centra's policy, the purpose of which is to reduce rate volatility rather than attempt to reduce commodity costs and rates, discussed further in this Order.

Natural gas commodity market prices are largely determined by North American supply and demand circumstances. Significant market price volatility associated with weather variations and events affect futures contract prices in the open natural gas market.

The most recent major price decline for the natural gas commodity began in July, 2008, and natural gas market prices have since declined significantly and have remained very low. The major market price decline has resulted in Primary gas rate decreases for Centra's system gas customers, but, because of

Centra's hedging activities, Primary gas rates are considerably higher than they otherwise would be (if Centra had not hedged).

Overall, as currently forecast Centra's hedges are expected to result in additional Primary gas costs of approximately $37.9 million over the next twelve months – this because of continued low commodity prices, these prices below the floor of Centra's existing hedges. Of course, actual results are expected to vary from forecast, the only question being "by how much".

The projected PGVA balance as of July 31, 2009 is $5 million owing to customers. Accordingly, a Primary gas rate rider of a credit of $0.0045/m^3 will be refunded to customers over the period August 1, 2009 to July 31, 2010, and this rider will be deducted from the Primary gas base rate to result in a final price of $0.2494/m^3 for "system gas" customers (customers purchasing Primary gas from Centra through an arrangement involving quarterly rate amendments), through to October 31, 2009.

The following table illustrates changes in natural gas prices since August 1, 2006, from the perspective of a residential customer purchasing Primary gas from Centra:

Historical Primary Gas Costs and Bill Impacts

Date	Primary Gas Commodity Cost	% change in Primary Gas Cost	Annual Bill Adjusted to Current Typical Residential Volume	% Change in Total Projected Annual Bill at Current Volumes
1-Aug-06	8.818/GJ	-4%	$1163	-6.8%
1-Nov-06	7.941/GJ	-10%	$1150	-1.1%
1-Feb-07	7.661/GJ	-4%	$1150	0.0%
1-May-07	8.040/GJ	5%	$1202	4.5%
1-Aug-07	7.457/GJ	-7%	$1180	-1.8%
1-Nov-07	7.070/GJ	-5%	$1139	-3.5%
1-Feb-08	7.314/GJ	3%	$1153	1.2%
1-May-08	8.308/GJ	14%	$1238	7.4%
1-Aug-08	9.473/GJ	14%	$1309	5.8%
1-Nov-08	7.945/GJ	-16%	$1239	-5.4%
1-Feb-09	7.852/GJ	-1%	$1183	-4.5%
1-May-09	7.041/GJ	-10%	$1095	-7.5%
1-Aug-09	6.628/GJ	-6%	$1122	2.5%

Notes

1. The average annual bill above is based on the estimated annual consumption of a typical customer of 2,530 cubic metres. On August 1, 2009 typical annual consumption, previously estimated at 2,590 cubic metres, was reduced to 2,530 cubic metres to reflect the effects of customer conservation efforts.
2. Residential customers receiving Primary gas from marketers and Centra's Fixed Price Program rather than from Centra would not have the same cost and bill experience as Centra's customers. Primary gas costs of customers on contracts are in accordance with the contract with the supplier, generally fixed for one to five years at rates different than those charged by Centra as per the above Quarterly rates.
3. The above table incorporates changes approved by the Board for both non-Primary Gas and Primary Gas from August 1, 2006 through to August 1, 2009.
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 Centra's Primary gas customers is reduced as overall rates also take into account operating, amortization, administrative and financial costs.

Background

The following table reports the composite elements of recent Primary gas rate amendments:

Historical Primary Gas Costs and Rate Calculations

Component	Costs and Proposed Rates August 1/08	Costs and Proposed Rates November 1/08	Costs and Proposed Rates February 1/09	Costs and Proposed Rates May 1/09	Costs and Proposed Rates Aug 1/09
Date of Forward Price Strip	July 17, 2008	October 15, 2008	January 15, 2009	April 15, 2009	July 2, 2009
[1]12 Month Forward Price	$9.593/GJ	$7.125/GJ	$6.253/GJ	$5.173/GJ	$5.105/GJ
[2]Costs (gains) resulting from Hedging	($0.492/GJ)	$0.740/GJ	$1.510/GJ	$1.628	$1.098/GJ
[4]Forecast Gas Supply Price	$9.101/GJ	$7.865/GJ	$7.763/GJ	$6.801/GJ	$6.203/GJ
[3]Cost of Gas drawn from Storage	$6.319/GJ	$8.372/GJ	$8.333/GJ	$8.333/GJ	$8.333/GJ
Weighted Gas, Cost (mix of Gas Supply & Storage Gas costs)	$8.665/GJ	$7.945/GJ	$7.852/GJ	$7.041/GJ	$6.628/GJ
Rate per Cubic Metre	$0.3275	$0.3003	$0.2968	$0.2662	$0.2505
[5]Base Primary Rate, adding Fuel and Overhead cost component per cubic metre	$0.3342	$0.3057	$0.3017	$0.2705	$0.2539
Plus (Less) PGVA Rider per cubic metre	$0.0045	($0.0039)	($0.0218)	($0.0254)	($0.0045)
Total Billed Rate	$0.3297	$0.3018	$0.27999	$0.2451	$0.2494

Notes:

1. Primary gas rate increase factors in 100% of the increase between the current 12-month forward price for Western Canadian natural gas commodity supplies for the period August 1, 2009 to July 31, 2010 from the price as of July 2, 2009.
2. Forecasts on hedges placed for the next twelve months are accounted for with the projected gains or losses from hedging.
3. Rate changes by means of rate riders are established to collect or refund from customers any accumulated Primary Gas PGVA balances over the next 12 month period.
4. The cost of gas drawn from storage for supply to Primary gas customers is accounted for, reflecting the actual cost of gas in storage (withdrawals commence November 1), and blended in on a weighted basis to arrive at a weighted gas cost.
5. At August 1, 2009, fuel costs are $0.00180 per m^3 and overhead cost components are $0.00163 per m^3.

Primary Gas Base and Billed Rates

Rate riders recover or repay, from or to customers, balances developing through differences that arise between billed rates and actual rates, with interest. The total accumulation of differences forecast for the PGVA to July 31, 2009 was, as previously indicated, $5.0 million owing to customers, and this will be refunded to customers through a rate rider over the next twelve months.

Primary Gas rates also reflect the cost of gas injected into storage during the summer of 2008, that gas having a cost of $8.333/GJ, an increase from $6.319/GJ (which was the average cost of gas in storage for the 2007/08 withdrawal season). At this cost, natural gas withdrawn from storage has an average cost well above that of current strip prices, and is a factor "pushing" Primary gas rates higher.

Through the combination of factors set out above, Centra's August 1, 2009 Primary gas billed rate will be $0.2494/m^3 (for both residential and non-residential customers), an increase from the current rate, set as of May 1, 2009, of $0.2451/m^3.

Combined, a typical residential customer may expect to experience a 2.4% increase in their annual bills (or, approximately $26 over the year), assuming normal weather and no change in the customer's furnace, insulation levels or temperature settings.

The annualized bill impacts effective August 1, 2009 solely resulting from the change in the Primary Gas rates arising out of this Application on the various customer classes, are as follows:

Customer Class	Annualized Rate Impact From Primary Gas Rate Change Only
SGS	0.8% – 1.1%
LGS	1.1% - 1.3%
High Volume Firm	1.3% - 1.5%
Mainline	1.4% - 1.5%
Interruptible	1.4% - 1.6%

The projected annualized net bill impact for a typical residential customer, now based on an average annual consumption of 2,530 m^3 (formerly 2,590 m^3), is an increase of $11 or 1% from May 1, 2009 rates. These rate impacts will be blended with rate impacts from the change in Supplemental Gas, Transportation, and Distribution rates to arrive at the actual bill impacts that Centra's system supply customers will experience on August 1, 2009.

As previously indicated, different weather conditions, changes made by owners to property heating efficiency, or one or more of a number of other factors (such as turning down the thermostat during the fall, winter or spring, lengthy holidays by residents, shower lengths for gas water heated residences, etc.) may result in increased or decreased monthly bills, notwithstanding the rate changes approved in this order.

Derivatives Hedging

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;

b) withdrawals of Primary gas from storage; and

c) hedging.

Hedging is one method that Centra uses to mitigate Primary gas rate volatility; other methods include injecting gas into storage in the summer for use in the winter, and the Board's quarterly RSM. Customers are able to reduce the volatility in their bills with other methods, such as the equal monthly payment plan, heating efficiency improvements, Centra's Power Smart programs, and living-style adjustments (such as adjusting the thermostat).

Centra's hedging activities from 2001 until natural gas commodity prices plunged in 2006 resulted in overall reductions to both gas costs and customer rates. The commodity price plunge of 2006 followed a price spike that developed in the fall of 2005, that the result of hurricanes Katrina and Rita and the damage that occurred both off and on-shore. Since then, with the exception of the period from May to

August, 2008 when commodity prices rose and then fell sharply, the results of hedging have increased overall gas costs.

Hedging activities are undertaken towards the objective of reducing rate volatility for system gas customers. Centra's hedging program consists of the placement of derivatives hedges on the volumes of gas it would expect to consume in a very warm year.

Centra uses "costless collars" which effectively lock the price of gas into a narrow band, a band that was often breached. In 2007 a wider price band was established for the program and was approved by the Board in Order 99/07; the wider band reduces the magnitude of both hedging gains and losses while still providing customers protection from severe price spikes and higher volatility.

At its last GRA, Centra advised that since it began hedging using costless collars, the overall result of its hedging activities has been a large addition to gas costs. Overall, the hedging program has increased gas costs by $61.6 million for the period 2002 to March 31, 2009.

Typically, Centra places two tranches of hedges, each for 50% of eligible volumes (eligible volumes represent the volumes of gas that Centra's system supply customers would consume in the warmest year). In response to the large net additions to gas costs, Centra has deferred the placement of one tranche of hedges, so that for the months of February, March, and April of 2010 only 50% of eligible volumes have been hedged. Centra noted that this deviation from normal practice was in accordance with its Derivatives Hedging Policy (as approved by Manitoba Hydro's Executive Committee, Centra's staff and agents are employed by MH).

Centra stated that the hedges currently in place, based on mark to market results as of May 27, 2009, are expected to increase gas costs by $94.3 million in the period from November, 2008 to October, 2009. Absent hedging, Primary gas costs would be approximately 11.9% lower through to November 1, 2009.

In the GRA proceeding, Centra stated that it was undertaking a review of its derivatives hedging program. The reason for the review is the view adopted and acted on by MH's Executive Committee that the hedging program, as structured, which has resulted in significant additions to gas costs in recent years, may not benefit consumers as intended.

Centra advised that pending a review of its derivatives hedging policy, and derivatives hedging principles and procedures, it planned to only hedge 50% of eligible volumes. Centra expected its review to be completed in the fall of 2009, at which time it is to bring any proposed revisions to the hedging policy before PUB as part of Centra's expected Cost of Gas Application.

Outstanding Positions, Hedging

Hedging is undertaken independent of actual gas purchases, which are made at current market prices. As indicated earlier, hedging results have added to the cost of gas rather than reduced it. Projections of hedging results from August, 2009 through to April, 2010 suggest a total addition to Primary gas costs of approximately $37.9 million. The actual results associated with outstanding hedges will not be known until the derivatives contracts settle in the future, and are dependent upon future commodity market price changes.

Hedges outstanding for the months of August, 2009 to July, 2010 are:

- On October 7 and 22, 2008, two tranches of price hedges of 50% of eligible volumes each were placed covering the months of August through October, 2009. These instruments were costless collars with upper strike prices ranging from $8.32/GJ to $9.34/GJ and lower strike prices ranging from $6.49/GJ to $7.25/GJ.
- On January 6 and 14, 2009, two tranches of price hedges of 50% of eligible volumes each were placed covering the months of November, 2009 through January, 2010. The upper strike prices on the instruments purchased ranged between $7.575/GJ and $8.94/GJ; lower strike prices ranged between $6.015/GJ and $7.13/GJ.
- On April 7, 2009, one tranche of price hedges for 50% of eligible volumes was placed covering the months of February through April, 2010. The upper strike prices on the

cashless collars ranged between $6.255/GJ and $6.495/GJ; corresponding lower strike prices ranged between $4.925/GJ and $5.165/GJ.

Cost of Gas

The most significant cost incurred by Centra relates to the acquisition of natural gas. Centra acquires the majority of its gas supply from Western Canadian sources through a contract with Nexen Marketing. Centra also acquires smaller volumes of gas, called Supplemental gas, from other sources in the United States.

Centra contracts gas storage facilities located in Michigan, and, after injecting gas into storage in the summer, withdraws the gas during the winter months. Centra's pipeline transportation contracts with TCPL, Great Lakes Gas Transmission and ANR move the gas to both Manitoba and Centra's storage facilities.

Centra reported the actual cost of gas for 2007/08 as $400.6 million, and sought approval of the expenditure. The expenditure reflects a reduction in overall gas costs as a result of Centra's capacity management revenues of $8.2 million, and gas cost additions of $42.6 million as a result of Centra's hedging activities.

Centra is forecasting non-Primary gas costs of $57 million, which represents a reduction of $6.2 million compared to the amount that would be recovered with existing non-Primary gas rates. Including Primary gas, Centra's forecast gas costs for the 2008/09 gas year are $395.9 million. For cost allocation modelling purposes, Centra is forecasting the same Cost of Gas for gas year 2009/10 as it is for gas year 2008/09.

Centra plans to review its Cost of Gas forecast in the fall and file a Cost of Gas Application late this year. Centra's forecast gas costs for the 2009/10 and 2010/11 fiscal years at $318.8 million and $331.4 million, respectively.

Centra refunds or collects the balances that have accrued in its PGVAs through rate riders that are applied on top of approved base rates. For the period April 1, 2007 through to October 31, 2008, Centra has under-collected its actual non-Primary gas costs such that customers owe Centra $8.9 million. When carrying costs that are calculated at Centra's short term borrowing rate are included, the $8.9 million balance at October 31, 2008 becomes $9.4 million at July 31, 2009.

Centra has applied to implement rate riders on its Transportation and Distribution rates to recover the $9.4 million balance from customers from August 1, 2009 to July 31, 2010.

Centra is changing the period over which it operates its gas cost deferral accounts, aligning this period with the gas year as opposed to the fiscal year as is the current practice. As a result, Centra sought approval for the actual cost of gas for a stub period that runs from April 1, 2008 to October 31, 2008. The justification for changing the deferral period is described later in this Order. Centra reported the actual cost of gas in this 2008 stub period from at $123.7 million. The expenditure reflects a reduction in overall gas costs as a result of Centra's capacity management revenues of $6.3 million, and additional gas costs of $10 million as a result of Centra's hedging activities.

New Gas Supply Contract

Centra's current gas supply contract with Nexen Marketing concludes October 31, 2009, after being in force for several years, and Centra is currently reviewing proposals for a new Primary gas supply contract. Centra reported having contacted over 50 industry participants with a Request For Proposal, receiving responses from 6. Centra plans to have a new contract in place imminently, for the supply of Primary gas, primarily from Western Canadian sources, for the period November 1, 2009 to October 31, 2012.

The new contract is expected to include similar pricing structures and operational flexibility, as is in place with the current Nexen contract. A secondary benefit of the process is that the utility will achieve 'price discovery' in the current marketplace.

As previously noted, Centra has been experiencing increasing tolls for the firm transportation capacity it has on the TCPL Mainline - tolls are approved by the National Energy Board. For the 2008/09 natural gas year, increased TCPL Mainline tolls represent an increase in overall gas costs of $4.1 million.

Transportation Arrangements

Partially in response to the increasing TCPL tolls, Centra has made changes its transportation arrangements since the last GRA.

Centra reported having segmented its firm transport capacity on the TCPL Mainline such that it has 160,800 GJ/day of capacity from Empress to Welwyn, Saskatchewan, and 160,000 GJ/day of firm capacity from Welwyn to Manitoba. Compared with holding the same amount of firm capacity from the source to the Manitoba delivery area, segmentation is projected to have saved Centra and its ratepayers $2.8 million before the Welwyn segmentation advantage is no longer available, that to occur as of November 1, 2009.

In addition, Centra has eliminated 40,000 GJ/day of firm capacity on the TCPL mainline, and has replaced it with 20,000 GJ/day of firm capacity from a counterparty for 8 months of the year. The de-contracting of 40,000 GJ/day was reported to have saved Centra and its ratepayers $5.1 million, while the 8 months of firm capacity cost $1.6 million to arrive at a net savings of $3.5 million.

To ensure enough firm capacity for the winter months, Centra has also contracted for seasonal delivered service of a further 12,500 GJ/day, at a cost of $0.7 million.

The total savings from these changes to Centra’s transportation arrangements was reported to be $5.7 million, for a net reduction in Centra’s transportation costs, even taking into account the toll cost increases, of $1.6 million.

The current United States transportation and storage arrangements do not expire until March 31, 2013, and Centra anticipates initiating a process in 2011 for either renewing or replacing these arrangements.

Capacity Management

Capacity management revenue arises from Centra's ability to sell excess transportation capacity on its pipeline assets as well as exchanges of gas with counterparties. Centra uses a five-year rolling average to forecast its annual Capacity Management revenue. Centra maintains that since weather is the biggest factor in determining the amount of excess storage and transportation capacity, that allowing for capacity management action, the potential for capacity management revenues varies widely (supporting the use of a rolling average to forecast annual revenues).

Centra earned $8.2 million in 2007/08 and a further $6.3 million in the 2008 stub period, from its capacity management actions, and forecast earnings of $6.8 million for the 2008/09 gas year.

Centra prepared a report for the Board regarding its capacity management activities. The report explained the objectives, the types of transactions undertaken, the relation of the capacity management program to the operational requirements of the utility, risks, and the possibility of outsourcing capacity management activity to a third party. While CAC/MSOS advocated that Centra outsource its capacity management activities, Centra disagreed, citing risks as opposed to a track record of positive returns from its actions.

Deferral Period Change

Centra proposed changing the period over which it operates its various gas cost deferral accounts, or PGVAs. Currently, the PGVAs are aligned with Centra's fiscal year that runs from April 1 to March 31. The proposed alignment, now approved by way of this Order, is with the gas year, which is from November 1 to October 31.

Changing the period over which the accounts are used will reduce the build-up in each account that occurs in one period, with the clearing of the account occurring in a subsequent period, i.e. the following year. Building the account balance in one year and clearing it in the next period results in large balances remaining that flow to the prior period deferral account.

To effect the change, Centra closed its deferral accounts as of October 31, resulting in a stub period from April 1 to October 31, 2008, and asked for approval of gas costs and PGVA balances for this period (which the Board provides herein).

Bill Impacts

In addition to bill impacts arising out of the change to Primary gas rates on August 1, 2009, there are bill impacts arising out of changes to Centra's Transportation, and Distribution rates.

Centra's non-Primary cost of gas is expected to be $6.2 million lower than the amount currently included in rates. In addition, and to the opposite result for consumers, Centra applied to have rate riders collect the outstanding balances in its PGVAs, commencing August 1, 2009.

The rate riders, approved in this Order, are expected to collect $9.4 million from customers, while base rates are being reduced by $6.2 million to largely offset the impact. As a result, most customer classes will see an increase in non-Primary gas billed rates August 1, 2009.

Coincident with this, Primary gas rates will increase, resulting in an overall bill increase for most customer classes. Customers using the Western Transportation Service, Transportation Service, or Centra's fixed rate offering, will not experience the Primary gas rate increase, as they procure their Primary gas from marketers or have locked in their Primary gas rate with Centra.

That said, the majority of customers (excepting for the special contract class) receive Centra's system supply for Primary gas and will see bill impacts on August 1, 2009 as follows:

Class	Annual Bill Increase (Decrease) Effective August 1, 2009
SGS	2.0% - 2.7%
LGS	2.1% - 2.6%
HVF	1.4% - 3/7%
Mainline	2.6% - 2.7%
Interruptible	2.5% - 4.1%
Special Contract	(1.1%)
Power Station	3.3%

Typical residential customers will experience a 2.4% increase in their annual bills, or approximately $26 per year.

Centra also applied for non-gas rate increases, after amendments to their Application to take effect February 1 and May 1, 2010. The Board will address this request in its subsequent Order. If approved as filed, consumers can expect further bill increases from February 1, 2010, unless decreases in Primary gas rates occur and offset non-gas rate increases.

4.0 Intervener Positions

Interveners assist the Board in its assessment of the issues in the public interest, and are involved in all stages of the Board's public hearing process, including the filing of written questions, cross-examination of witnesses, and final argument.

The Board often assists non-profit organizations that are granted Intervener status by approving funding, in whole or in part, for their involvement. Interveners with commercial interests are required to meet their own costs.

The Consumers' Association of Canada (Manitoba) Inc. and Manitoba Society of Seniors (CAC/MSOS) were the only interveners that participated fully in the GRA. CAC/MSOS engaged three witnesses who each provided written evidence. Of the three witnesses, Mr. Mark Stauft testified orally, was cross-examined by the Board and Centra, and in his testimony commented on cost of gas matters.

CAC/MSOS

Mr. Mark Stauft was retained to review Centra's use of its gas supply, storage, and transportation assets and its capacity management activities. In its closing submission, CAC/MSOS advocated for the elimination of Centra's derivative hedging program, and for Centra to make inquiries about outsourcing the management of its US storage and transportation assets.

CAC/MSOS noted that the hedging program had created a very large increase in gas costs, with the current estimate being an addition to 2008/09 gas costs of $94.1 million. CAC/MSOS recommended that Centra should abandon its hedging program, or, alternatively, and if it plans on taking a market view it should hire expertise, as, for CAC/MSOS Centra lacks the necessary expertise internally.

CAC/MSOS noted that although Centra updated its Application on May 29 with new short-term interest rate forecasts, it did not use these updated interest rates to calculate the carrying costs on the outstanding balances in its gas cost deferral accounts. Centra stated that the difference between using the original interest rate and the updated interest rate is $100,000, and advocated that Centra should recalculate the carrying costs and revise the amount that it intends to collect from customers with its non-Primary gas rate riders.

Evidence of Mr. Mark Stauft

CAC/MSOS' witness Mark Stauft reviewed Centra's gas supply, storage and transportation arrangements, including its capacity management activities. In general, Mr. Stauft found the changes that Centra made to its supply, storage, and transportation arrangements to be in the interests of ratepayers, suggesting that Centra is pursuing a least-cost approach in acquiring these arrangements.

Mr. Stauft commented that the reduction in firm transportation capacity has resulted in increased use of Supplemental gas, though he did not consider that to be problematic, although increases in Supplemental gas reduce Primary gas volumes, which affect the sales by gas marketers/retailers.

Mr. Stauft also made comments and recommendations on Centra's capacity management activities - these will be addressed in more detail in the Board's subsequent Order.

5.0 Board Findings

Primary Gas

Centra's quarterly Primary gas rate Application properly reflects the approved RSM and will be approved.

As to the future, the current recession combined with an abundant supply of natural gas coming from shale production suggest relatively stable and low commodity prices for natural gas for the coming twenty-four months, which augurs well for Centra's Primary gas customers, although their rates will also be affected by hedges, storage gas pricing and weather.

Primary gas rates amended by this Order affect only those customers receiving system gas (Primary gas) from Centra, and do not affect customers on contract with either gas marketers or Centra. The next review of Primary gas rates will take place as of November 1, 2009.

Centra is to advise Primary gas customers of the change in Primary gas rates through an appropriate bill insert.

Hedging

Centra hedged only 50% of eligible volumes for the months February, March, and April, 2010; the reason for this change (the norm is that 100% of eligible volumes are hedged) is the large cumulative addition to gas costs recently resulting from the hedging program (and Centra's view that hedging in this current market may not be in the interests of consumers).

The Board understands Centra's perspective, and notes that the reduction to hedging only 50% of eligible volumes is more reflective of CAC/MSOS' perspective, yet remains concerned that Centra is now taking a market view rather than acting "mechanistically" with respect to natural gas commodity prices.

The Board has considered the question of the wisdom of hedging the default system supply of Primary gas over the course of several years and hearings. And, for several years, CAC/MSOS has advocated against hedging, on the basis that hedging distorts the price signals given to consumers.

Yet, other than widening the band of the hedges, which has restrained the addition to gas costs from hedging, the Board has agreed with Centra and maintained approval for hedging the default supply because, until recently, there was no viable alternative to protect consumers against negative rate volatility as a result of commodity price changes, in an environment marked by extreme price swings.

The Board notes that consumers, through research studies conducted on behalf of Centra, have expressed a desire to reduce their risks of rate increases. In the last survey reviewed by the Board well over 50% of natural gas customers sought more rather than less rate protection.

And, now that Centra has introduced its first fixed rate offering, consumers wanting to remain with Centra as their Primary gas supplier have the option of mitigating against Primary gas rate volatility by contracting for a fixed rate for a fixed term with Centra. The problem is that Centra is yet to move ahead with ongoing offerings of fixed term and price Primary gas contracts, and has yet to follow up on its successful initial offering.

Despite the fact that the Board is predisposed to agreeing with CAC/MSOS and ending hedging for the quarterly set Primary gas product, the Board is not prepared to have Centra cease hedging its default supply until Centra’s fixed rate offering program is fully established and ongoing as to offerings.

Consumers should have a viable and ongoing alternative to mitigate their rate volatility before the default system supply becomes an un-hedged and potentially more volatile product. Too often in the past, taking a market view on the direction of natural gas commodity prices has proved very expensive for the firm taking the “view”. Over the last decade, natural gas commodity prices have spiked and then collapsed several times, with price volatility rarely seen other than with respect to oil and certain other commodities.

Centra stated that it was considering ceasing the hedging program as one option, to be reviewed in a planned review of the derivatives hedging program, and that it would bring the findings from this review to the Board for its review. The Board welcomes the opportunity to review any proposed changes to the hedging policy or principles and procedures, and affirms its view that any ceasing of the hedging of system supply gas should be only undertaken in concert with greater availability and promotion of ongoing Centra fixed rate offerings.

Cost of Gas

The Board approves Centra's Cost of Gas for 2007/08 of $400.6 million, including $8.2 million in Capacity Management revenues and additional gas costs of $42.6 million resulting from the derivatives hedging program. The Board also approves Centra's Cost of Gas for the 2008 stub period of April 1 to October 31 of $123.7 million, including $6.3 million in Capacity Management revenues and additional gas costs of $10 million resulting from the derivatives hedging program.

The Board approves Centra's forecast for gas costs for the 2008/09 gas year of $395.9 million. Centra also presented its gas costs for the two test years on a fiscal year basis of $318.8 million and $331.4 million, respectively; the Board likewise approves these amounts.

Centra is currently negotiating for the replacement of its gas supply contract. Centra engaged a consultant, ICF International, to assist it in determining options for replacing the contract and for help developing a Request for Proposals. Although using outside consultants can be an expensive exercise, the Board is satisfied that obtaining external expertise on the North American gas market is a worthwhile expenditure (considering that the Primary gas supply contract is Centra's single biggest expenditure and the volatility of commodity prices).

The Board is satisfied that Centra has provided an appropriate forum for obtaining input from stakeholders, and is satisfied with the process that Centra has undertaken, to-date. The Board understands that Centra will be requesting approval of the cost consequences resulting from this contract, and the Board will pronounce on those consequences at the appropriate time.

The Board may request additional details that support the selection of the successful supplier, and these details may potentially be supplied on a confidential or redacted basis, if necessary.

Carrying Costs on Deferral Balances

Centra amended its Application to reflect a lower Finance Expense based on revisions to its Economic Outlook and forecast interest rates.

The Board notes that Centra used outdated interest rate forecasts for the calculation of carrying costs on the balances in its gas cost deferral accounts, and that these balances result in $485,000 owing to Centra.

Centra provided evidence at the hearing that because actual short-term interest rates are lower than were forecast, the carrying costs owing to Centra are overstated by approximately $100,000. While Centra did not propose recalculating the balance owing and the rate riders, because the impact on the final billed rate would be “negligible”, the Board takes a different view.

The Board agrees with CAC/MSOS, Centra is not to retain the additional $100,000 from consumers, as it is a long-standing regulatory principle that consumers are to pay the cost of gas, neither more nor less.

Accordingly, the Board will direct that Centra recalculate the carrying cost on the deferral balances, from November 1, 2008 to July 31, 2009, using actual short-term interest rates. Centra is to record the difference between the revised carrying cost and the $485,000 from the original application in the deferral account or accounts for the next period.

Transportation Arrangements

The Board applauds Centra's efforts in finding new and creative ways to minimize the impact of increasing transportation tolls.

Reducing Centra's firm contracted transportation, along with other changes to the transportation portfolio, has reduced Centra's transportation expenses by $5.7 million, which is enough to generate transportation expense savings even in light of $4.1 million of additional TCPL tolls, over which Centra has no control.

Centra's current American storage and transportation arrangements expire on March 31, 2013, and the Board expects Centra to diligently prepare to either renew or replace the current arrangements with new arrangements. The Board directs Centra to ensure stakeholders are involved in the process through a technical conference, and the Board anticipates the circulation of a discussion paper prepared by Centra in advance of the conference (one that illustrates the options and risks for the different contracting options).

Capacity Management

The Board approves Centra's forecast capacity management revenues based on the rolling five-year historical average.

The Board has considered Centra's report on capacity management as well as CAC/MSOS' position, and will address these issues in its subsequent Order.

Deferral Period Change

The Board agrees with Centra that the change in the deferral period to align it with the gas year instead of the fiscal year will serve to reduce the balances in prior period deferral accounts, and approves this change.

Board decisions may be appealed in accordance with the provisions of Section 58 of *The Public Utilities Board Act*, or reviewed in accordance with Section 36 of the Board's Rules of Practice and Procedure (Rules). The Board's Rules may be viewed on the Board's website at www.pub.gov.mb.ca.

6.0 IT IS THEREFORE ORDERED THAT:

1. The Schedule of Rates attached to this Order as Appendix “A”, effective for all gas consumed on and after August 1, 2009, 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.

3. Centra’s General Rate Application related to cost of gas and rate issues that take effect August 1, 2009 BE AND ARE HEREBY APPROVED with the following exception:

   Centra is to recalculate the carrying cost on the deferral balances from November 1, 2008 to July 31, 2009 using the actual short term interest rates applicable to Centra, and then to account for the difference between this new carrying cost and the $485,000 from the original Application in the deferral account or accounts for the next period.

4. Centra’s Cost of Gas for 2007/08 of $400.6 million, including $8.2 million in Capacity Management revenues and additional gas costs of $42.6 million resulting from the derivatives hedging program BE AND IS HEREBY APPROVED;

5. Centra’s Cost of Gas for the 2008 stub period of April 1 to October 31, 2008 of $123.7 million, including $6.3 million in Capacity Management revenues and additional gas costs of $10 million resulting from the derivatives hedging program BE AND IS HEREBY APPROVED;

6. Centra’s forecast for gas costs for the 2008/09 gas year of $395.9 million BE AND IS HEREBY APPROVED;

7. The change in the period over which Centra manages its deferral accounts from its Fiscal Year to its Gas Year, corresponding to the period from November through October BE AND IS HEREBY APPROVED; and

8. Interim Orders 101/07, 140/07, 06/08, 50/08, 115/08, 147/08, 07/09, and 49/09, related to the August 1, 2007 through May 1, 2009 quarterly Primary gas applications, respectively BE AND ARE HEREBY APPROVED.

THE PUBLIC UTILITIES BOARD

“GRAHAM LANE, CA”
Chairman

“H. M. SINGH”
Acting Secretary

Certified a true copy of Order No. 116/09 issued by The Public Utilities Board

Acting Secretary

CENTRA GAS MANITOBA INC.
FIRM SALES AND DELIVERY SERVICES
RATES SCHEDULES (BASE RATES ONLY - NO 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
CO-OP:	For gas delivered to natural gas distribution cooperatives
MLC:	For gas delivered through one meter to customers served from the Transmission system
Special Contract:	For gas delivered under the terms of a Special Contract with the Company
Power Station:	For gas delivered under the terms of a Special Contract with the Company

Rates:

	Transportation to Centra	Distribution to Customers: Sales Service	Distribution to Customers: T-Service	Primary Gas Supply	Supplemental Gas Supply[1]
Basic Monthly Charge: ($/month)					
Small General Class (SGC)	N/A	$13.00	N/A	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	$1,040.53	$1,040.53	N/A	N/A
Cooperative (Co-op)	N/A	$300.23	$300.23	N/A	N/A
Main Line Class (MLC)	N/A	$1,495.21	$1,495.21	N/A	N/A
Special Contract	N/A	N/A	$129,173.28	N/A	N/A
Power Station	N/A	N/A	$12,683.06	N/A	N/A
Monthly Demand Charge ($/m³ /month)					
High Volume Firm Class (HVF)	$0.1716	$0.1531	$0.1531	N/A	N/A
Cooperative (Co-op)	$0.2671	$0.1315	$0.1315	N/A	N/A
Main Line Class (MLC)	$0.3090	$0.1740	$0.1740	N/A	N/A
Special Contract	N/A	N/A	N/A	N/A	N/A
Power Stations	N/A	N/A	$0.0154	N/A	N/A
Volumetric Charge: ($/m³)					
Small General Class (SGC)	$0.0361	$0.0885	N/A	$0.2539	$0.1578
Large General Class (LGC)	$0.0352	$0.0378	$0.0378	$0.2539	$0.1578
High Volume Firm Class (HVF)	$0.0170	$0.0094	$0.0094	$0.2539	$0.1578
Cooperative (Co-op)	$0.0087	$0.0001	$0.0001	$0.2539	$0.1578
Main Line Class (MLC)	$0.0091	$0.0031	$0.0031	$0.2539	$0.1578
Special Contract	N/A	N/A	$0.0004	N/A	N/A
Power Station	N/A	N/A	$0.0263	N/A	N/A

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

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 August 1, 2009.

CENTRA GAS MANITOBA INC.
INTERRUPTIBLE SALES AND DELIVERY SERVICES
RATE SCHEDULES (BASE RATES ONLY - NO 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 680,000m^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.

Rates:

		Distribution to Customers			
	Transportation to Centra	**Sales Service**	**T-Service**	**Primary Gas Supply**	**Supplemental Gas Supply**[1]
Basic Monthly Charge: ($/month)					
Interruptible Service	N/A	$1,028.85	$1,028.85	N/A	N/A
Mainline Interruptible (with firm delivery)	N/A	$1,495.21	$1,495.21	N/A	N/A
Monthly Demand Charge ($/$m^3$/month)					
Interruptible Service	$0.0804	$0.0861	$0.0861	N/A	N/A
Mainline Interruptible (with firm delivery)	$0.1237	$0.1740	$0.1740	N/A	N/A
Commodity Volumetric Charge: ($/$m^3$)					
Interruptible Service	$0.0128	$0.0074	$0.0074	$0.2539	$0.2682
Mainline Interruptible (with firm delivery)	$0.0096	$0.0031	$0.0031	$0.2539	$0.2682
Alternate Supply Service:			Negotiated		
Gas Supply (Interruptible Sales and Mainline Interruptible)			Cost of Gas		
Delivery Service - Interruptible Class			$0.0102		
Delivery Service - Mainline Interruptible Class			$0.0088		

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

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 August 1, 2009.

CENTRA GAS MANITOBA INC.
FIRM SALES AND DELIVERY SERVICES
RATE SCHEDULES (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 m^3.
HVF:	For gas delivered through one meter at annual volumes greater than 680,000 m^3.
Co-op:	For gas delivered to natural gas distribution cooperatives.
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.
Power Station:	For gas delivered under the terms of a Special Contract with the Company.

Rates:

		Distribution to Customers			
	Transportation to Centra	**Sales Service**	**T-Service**	**Primary Gas Supply**	**Supplemental Gas Supply[1]**
Basic Monthly Charge: ($/month)					
Small General Class (SGC)	N/A	$13.00	N/A	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	$1,040.53	$1,040.53	N/A	N/A
Cooperative (Co-op)	N/A	$300.23	$300.23	N/A	N/A
Main Line Class (MLC)	N/A	$1,495.21	$1,495.21	N/A	N/A
Special Contract	N/A	N/A	$129,173.28	N/A	N/A
Power Station	N/A	N/A	$12,683.06	N/A	N/A
Monthly Demand Charge ($/m^3 /month)					
High Volume Firm Class (HVF)	$0.2805	$0.1541	$0.1541	N/A	N/A
Cooperative (Co-op)	$0.2671	$0.1315	$0.1315	N/A	N/A
Main Line Class (MLC) (Firm)	$0.3784	$0.1759	$0.1759	N/A	N/A
Special Contract	N/A	N/A	N/A	N/A	N/A
Power Station	N/A	N/A	$0.0148	N/A	N/A
Commodity Volumetric Charge: ($/m^3)					
Small General Class (SGC)	$0.0429	$0.0896	N/A	$0.2494	$0.1578
Large General Class (LGC)	$0.0404	$0.0390	$0.0371	$0.2494	$0.1578
High Volume Firm Class (HVF)	$0.0117	$0.0106	$0.0087	$0.2494	$0.1578
Cooperative (Co-op)	$0.0087	$0.0001	$0.0001	$0.2494	$0.1578
Main Line Class (MLC) (Firm)	$0.0099	$0.0042	$0.0023	$0.2494	$0.1578
Special Contract	N/A	N/A	$0.0004	N/A	N/A
Power Station	N/A	N/A	$0.0225	N/A	N/A

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

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 August 1, 2009.

Approved by Board Order: **Supersedes Board Order: 49/09**
Effective from: August 1, 2009 **Supersedes: May 1, 2009 Rates**
Date Implemented: August 1, 2009

CENTRA GAS MANITOBA INC.
INTERRUPTIBLE SALES AND DELIVERY SERVICES
RATE SCHEDULES (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 680,000m^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.

Rates:

		Distribution to Customers			
	Transportation to Centra	**Sales Service**	**T-Service**	**Primary Gas Supply**	**Supplemental Gas Supply[1]**
Basic Monthly Charge: ($/month)					
Interruptible Service	N/A	$1,028.85	$1,028.85	N/A	N/A
Mainline Interruptible (with firm delivery)	N/A	$1,495.21	$1,495.21	N/A	N/A
Monthly Demand Charge ($/$m^3$/month)					
Interruptible Service	$0.1565	$0.0868	$0.0868	N/A	N/A
Mainline Interruptible (with firm delivery)	$0.2408	$0.1759	$0.1759	N/A	N/A
Commodity Volumetric Charge: ($/$m^3$)					
Interruptible Service	$0.0113	$0.0089	$0.0068	$0.2494	$0.2682
Mainline Interruptible (with firm delivery)	$0.0063	$0.0042	$0.0023	$0.2494	$0.2682
Alternate Supply Service:					
Gas Supply (Interruptible Sales and Mainline Interruptible)			Negotiated Cost of Gas		
Delivery Service - Interruptible Class			$0.0117		
Delivery Service - Mainline Interruptible Class			$0.0088		

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

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 August 1, 2009.