MANITOBA	Order No. 65/11
THE PUBLIC UTILITIES BOARD ACT	April 28, 2011

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

CENTRA GAS MANITOBA INC.
2011/12 COST OF GAS APPLICATION AND
MAY 1, 2011 PRIMARY GAS RATE
AND RELATED MATTERS

Table of Contents

Page

Executive Summary

By this Order, the Public Utilities Board (Board) provides approvals and additional direction to Centra Gas Manitoba Inc. (Centra or the Corporation). This Order arises out of Centra's recent Cost of Gas (COG) Application and the May 1, 2011 Primary Gas Quarterly Rate Application.

The Board approves:

a) 2009/10 gas costs (from November 1, 2009 to October 31, 2010) of approximately $268.6 million;

b) Purchased Gas Variance Accounts' net balance of approximately $4.5 million (which includes carrying costs), to be recovered from Centra's customers;

c) On a final basis, interim Orders 147/09, 4/10, and 81/10 (related to Primary Gas rates that became effective November 1, 2009, February 1, 2010, and August 1, 2010, respectively);

d) On a final basis, interim Order 46/10 (for Primary, Supplemental, Transportation and Distribution rates that became effective May 1, 2010);

e) On an interim basis, a Primary Gas rate of $0.1548/m^3$ (effective May 1, 2011);

f) Centra's revised methodology for determining the normal weather degree days heating (which is used in the determination of the Natural Gas Volume Forecast); and

g) Centra's proposed changes to the Schedule of Sales and Transportation Service and Rates, limiting the eligibility of new customers to receive Centra's Transportation Service (T-Service) to customers that consume natural gas in excess of 200 GJ/day.

As well, the Board directs Centra to:

a) Recalculate the 2010/11 forecast of gas costs to reflect the approved interim TransCanada Pipeline Limited (TCPL) tolls (this expected to increase non-

Primary Gas costs by $7.1 million);

b) Recalculate the 2010/11 forecast of gas costs to reflect the actual Canadian to U.S. dollar exchange rates as experienced to date, while maintaining Centra's forecast for the exchange rate of $1.02 CAD/USD for the remainder of the gas year;

c) Revise the process for replacing U.S. storage and transportation assets by including an information request process, submissions by interveners and stakeholders, and an oral public hearing;

d) File, by May 20, 2011, a detailed and revised schedule for obtaining Board approval of the gas cost consequences prior to Centra replacing U.S. storage and transportation assets; and

e) Disclose, to CAC/MSOS the contract and pricing details for Centra's Primary Gas supply contract with ConocoPhillips, along with the pricing proposals of the other contract proponents (pursuant to the conditions described herein).

Gas Costs:

The Board approves the gas costs that Centra incurred for the 2009/10 Gas Year, which ran from November 2009 to October 2010. Because of interim tolls established by the National Energy Board (NEB) for TCPL's Mainline, effective March 1, 2011, the Board requires Centra to revise its 2010/11 gas cost forecast to include these interim tolls, even though TCPL's Application for final tolls is still before the NEB.

Foreign Exchange Rate:

The Board also requires Centra to recalculate the forecast of 2010/11 gas costs using the actual CAD/USD exchange rates to date, while retaining Centra's current forecast exchange rate for the balance of the year.

May 1, 2011 Primary Gas Rate:

A Primary Gas rate of $0.1548/m^3 is approved, which is an 8% decrease from the current primary gas rate of $0.1687/m^3. The approximate impact of this rate reduction (combined with rate adjustments from the Cost of Gas Application) for a typical residential customer consuming 2,465 m^3 of natural gas annually is a 3% decrease (or $28) of the total annual natural gas bill. Customers with different consumption levels or in other rate classes will experience a different annual bill impact. Customers receiving Primary Gas from either a private broker or Centra pursuant to a fixed term and rate contract will not be affected by this change, their billings will be in accordance with their contracts.

ConocoPhillips Contract:

The Board will direct Centra to allow CAC/MSOS' counsel and advisor to review the ConocoPhillips contract. The review will occur at the Board's offices and with Centra present, with no copies to be made nor any future reference to the specific confidential terms to be made by either CAC/MSOS, its counsel, or its advisor.

A non-disclosure agreement will be required to be signed before they review either the contract or the pricing proposals submitted by the other supply contract Proponents. The terms of the non-disclosure agreement are to stipulate that both intentional and unintentional disclosure will not be permitted, and liquidated damages will be capped at $10,000.

Gas Portfolio Changes:

Centra made changes to its gas supply portfolio for the 2010/11 Gas Year. Its Primary Gas supplies and firm capacity on TCPL's pipeline were reduced and replaced with Delivered Services.

The changes are expected to save Centra's ratepayers $2.1 million. With the changes, Centra's consumers will consume considerably less Primary Gas, but more Supplemental Gas.

Gas marketers' and Centra's own Fixed Rate Primary Gas Service (FRPGS) will thus be expected to flow reduced volumes, since these services only supply Primary Gas. The Board also directs that a review of Centra's rate structure, and specifically the features of Primary Gas and Supplemental Gas, occur in the near future.

US Storage and Transportation Arrangements:

This summer Centra will conduct a review process aimed at replacing its U.S. storage and transportation assets.

Previously, Centra was scheduled to distribute a discussion paper on the various options, and follow this with a technical conference to present and discuss these options. The Board requires a more fulsome dialog on this matter, and so directs Centra to amend its process to include information requests, submissions from stakeholders, and an oral public hearing before the Board.

Board approval of the gas cost consequences of the new storage and transportation arrangements shall be a condition precedent in any contracts Centra executes.

Future Cost of Gas Proceedings:

In the current (and in the 2010 COG) proceeding, the Board ordered changes to the gas cost forecast, due, in part, to changes in the Canadian and U.S. dollar exchange rates. In addition, while Centra's gas cost forecast is typically prepared at the beginning of November, it forms the basis of rates that become effective May 1. Thus, the forecast is somewhat dated.

To address this, the Board requests an update to the forecast gas costs in future COG proceedings.

Furnace Replacement Program (FRP):

The Board recently ruled on Centra's application to amend its Furnace Replacement Program, a component of its Lower Income Energy Efficiency Program. Order 56/11 rejected Centra's application to increase the term of the customer co-payment (of $19 per month) from five years to ten years.

Demographic Survey:

In response to Directive 7 from Order 128/09, an Order resulting from the 2009 General Rate Application proceeding, Centra filed a Demographic Survey of its lower income customers.

This Survey identified the population and percentage of lower income customers in relation to Centra's customer base, and provided insight into the number of lower income homes that have low efficiency furnaces (which are the homes targeted by the FRP).

The Survey and accompanying information provided by Centra also identified the proportion of energy efficiency program funding provided to lower income households. The proportion of funding now exceeds the population proportion, reversing the historical proportion of efficiency program spending.

Fixed Rate Primary Gas Service (FRPGS):

Centra provided updates on its FRPGS including the number of offerings, the pricing details, and the number of customers that have contracted for FRPGS. Centra reported that customer participation remains low, but is increasing.

Centra intends to continue offering its FRPGS, even though it has not recovered all of its program administrative costs; in Centra's view, FRPGS offers consumers choice at minimal extra cost.

The Board recommends that Centra consider alternative dispositions of its hedges for which it has no corresponding contracted sales volumes. Those alternatives include either closing off open positions or “repackaging” un-subscribed hedges into new FRPGS offerings, the latter requiring Board review and approval.

Degree Day Heating (DDH):

The Board approves Centra’s proposed change to the methodology it uses to normalize weather for load forecasting purposes.

Centra calculates the normal degree days heating in order to define “normal weather”. Previously, Centra used a rolling 10-year average; the new method is a 25-year average. The previous 10-year average methodology introduced significant year-over-year fluctuations in the normal weather DDH, and this resulted in fluctuations in the forecasted load and resulting consumer revenue requirement.

The change to a 25-year average is expected to reduce these fluctuations at the expense of a small degree of accuracy.

Commodity Rate Comparisons:

Centra filed a comparison of natural gas commodity rates for major cities across Canada. While Centra ranked 5th of 9 on average in 2010, Centra cautions that such comparisons are challenging due to the differing rate structures of Canadian utilities, the fact that some utilities hedge, some include storage and/or transportation costs, and how cost deferrals are collected or recovered.

Centra’s Financial Information:

Concurrent with the COG proceeding, which deals with non-Primary Gas costs, the Board received supplemental information from Centra detailing its financial position, including its forecast of Net Income for 2011/12 and its resulting closing retained earnings.

The impending implementation of International Financial Reporting Standards (IFRS), and the potential for write-offs of rate regulated accounts, is of some concern to the Board.

The forecasted Net Income of $3.7 million exceeds the Net Income typically approved by the Board of $3 million, but due to the likelihood of increasing Operating and Administration expenses and overall declining throughput (average natural gas consumption per customer has been falling, largely through the implementation of energy efficiency measures), the Board will await a General Rate Application filing before considering further Distribution rate changes.

Expected Rate Impacts

In this Order, the Board has provided Centra with directions that will require Centra to recalculate the Non Primary Gas costs and customer class rates. Centra is required to perform these calculations with its cost allocation and rate design models to calculate the class specific rates.

Once the rates have been recalculated, Centra is required to file the new Rate Schedules and Bill Impacts with the Board for approval, prior to implementing any rate adjustments.

The Board estimates the combined rate impacts (of the Non Primary Gas and Primary Gas rate changes) for a typical residential natural gas customer consuming an average of 2465 m^3/year, to be an annual bill reduction of approximately 3% which equates to an annual savings of $28. The annual bill reduction for other customers will be dependent on their customer class and the volumes of natural gas consumed.

The Board will include a more detailed explanation of the annual Bill Impacts in its subsequent Order approving actual rates.

1.0 Introduction

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

Centra's mandate is to acquire, manage, and distribute supplies of natural gas to meet Manitoba's requirements in a safe, cost-effective, reliable, and environmentally appropriate manner.

The primary purpose of the recent proceeding with respect to Centra's Cost of Gas Application (COG) was to review and approve non-Primary Gas costs for the Corporation's 2009/10 "Gas Year" (which runs November 1, 2009 to October 31, 2010) and establish the rates to be charged to Centra's customers for the 2010/11 Gas Year (based on forecast non-Primary Gas costs).

Centra proposed a decrease in non-Primary Gas rates as a result mainly of decreased costs of non-Primary Gas supplies. Centra's proposed rates result in its customers experiencing differing bill reductions depending on their customer class and consumption.

Typical bill reductions, based on Centra's proposed rates, follow:

<u>Proposed Bill Impacts – Non-Primary Gas Billed Rate Changes Only</u>

Class	Annual (Decrease)	Percentage (Decrease)
SGS (including Residential)	($6) – ($63)	(1.2%) – (1.8%)
LGS	($56) – ($3,331)	(1.5%) – (2.0%)
High Volume Firm	($10,781) – ($198,310)	(5.5%) – (7.4%)
Mainline	($47,024) – ($738,000)	(7.0%) – (8.7%)
Interruptible	($34,023) – ($572,385)	(17.4%) – (20.4%)

If approved, a typical residential customer consuming 2,465 m^3 of gas each year would experience a bill reduction of 1.5% or $14 over a period of a year.

In addition, the COG proceeding included matters generally attended to at General Rate Application (GRA) proceedings, which primarily deal with matters other than gas costs.

This proceeding included a pre-hearing conference, which was held on February 25, 2011, and was conducted through a written process (without an oral hearing). Non-gas rates were last amended by Order 128/09.

There will be, pursuant to the ongoing quarterly Rate Setting Mechanism (RSM), a change in Primary Gas rates as of May 1, 2011, in addition to the change in non-Primary Gas rates. The next change in Primary Gas rates may be expected to occur as of August 1, 2011.

2.0 Centra's Rates

Centra's rates have five components: i) Primary Gas (supplied by Centra to "system gas" customers - other customers are supplied by either retail marketers or Centra on a fixed term and price basis); ii) Supplemental Gas; iii) Transportation (to Centra); iv) Distribution (to Customers); and v) a Basic Monthly Charge (BMC).

Centra's rates differ by rate class; rates are charged based on the cost to serve each class. The different rate classes are Small General Service (SGS) which includes residential and small commercial customers, Large General Service (LGS), High Volume Firm (HVF), Mainline (ML), Interruptible (IT), Power Station (PS), and Special Contract (SC).

The COG proceeding dealt with costs and rates for Supplemental Gas, Transportation (to Centra), and (for a small component) Distribution (to Customers) rates. The cost of gas, which includes both commodity and transportation costs, is by far the most significant component of the overall rate charged customers, and currently represents approximately 60% of Centra's overall billings to typical residential consumers.

The Primary Gas component of Centra's rates is established to recover the cost of the natural gas supply received by Centra from Western Canadian sources. For the 2010/11 gas year, and given normal weather, Primary Gas supply will comprise approximately 81% of Centra's overall gas supply for its "firm service" customers and 67% of overall supply for its interruptible service customers.

Supplemental Gas rates are established primarily to recover Centra's cost of gas purchases from U.S. sources; supplementary sources are required to meet Manitoba's cold winter weather conditions. Supplemental Gas is expected to make up 19% of the overall supply for firm service customers, and 33% of the overall supply for interruptible service customers.

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

The Distribution (to Customer) component of rates recovers the costs associated with operating Centra, which include the Corporation's transportation and distribution pipeline network within Manitoba and costs related to Unaccounted for Gas (UFG), a small amount of gas that is "lost" during the transportation and delivery process. (The portion of the Distribution rate related to UFG is addressed in the COG proceeding.)

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 LGS classes recover only a portion of Centra's fixed costs incurred in serving those customers.

Primary Gas rates are set on a quarterly basis in accordance with the Board-established RSM. Quarterly approvals are provided on an interim basis, until such time as they are reviewed and finalized through either a GRA or COG proceeding. In the most recent COG proceeding, Centra sought final approval of interim Primary Gas Orders 147/09, 4/10, 81/10, 106/10, and 20/11. (Board orders may be accessed on the Board's website, www.pub.gov.mb.ca)

Centra does not mark up its cost of gas. To ensure that the "exact" cost is passed on to customers, Centra maintains deferral accounts (Purchased Gas Variance Accounts, PGVA). The accounts record differences between the cost of gas embedded in rates and Centra's actual incurred costs.

Balances in PGVAs (i.e. the differences between forecasted and actual cost), are periodically either refunded to, or collected from, Centra's customers by way of temporary rate riders. The rate riders either decrease (refund) or add to (collect) the base sales rates, and form a separate and identified part of the billed rates to customers.

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, and are not used to recover variances between actual and forecasted non-gas costs. New rate riders for non-Primary Gas rates are approved resulting from COG proceedings, while the Primary Gas rate rider is, as indicated previously, set quarterly through the RSM.

Rate riders that were established by prior Order 55/10 expire April 30, 2011, and Centra applied for new rate riders in its COG application. The new rate riders, as established herein, are expected to continue for 12 months and expire on April 30, 2012.

3.0 Intervener Positions

Interveners assist the Board in its assessment of the issues in the public interest, and are, accordingly, involved in all stages of the Board's public process, including the filing of written questions and the provision of final argument. The Board often assists non-profit organizations granted Intervener status by approving funding, in whole or in part, for the costs of their involvement. Interveners with commercial interests are required to meet their own costs.

Interveners that participated in the recent COG proceeding were:

- Consumers' Association of Canada (Manitoba) Inc. and Manitoba Society of Seniors Inc. (CAC/MSOS), which combined their intervention efforts;
- Just Energy (Manitoba) Limited Partnership (JEMLP);
- BP Canada Energy Company; and
- Koch Fertilizer Canada Ltd.

The Green Action Centre (formerly Resource Conservation Manitoba) and Time to Respect Earth's Ecosystems requested, and received, written materials related to the proceeding, but did not request Intervener status. JEMLP, BP Canada Energy Company, and Koch Fertilizer Canada Ltd. chose not to submit a final submission.

4.0 Application

Final Approvals

Centra sought final approval of several Board orders that had been previously approved on an interim basis (these include Orders 147/09, 4/10, and 81/10, all related to Primary Gas rates). Centra also sought approval of interim Orders subsequent to the filing of its 2011 COG application (these Orders are 106/10 and 20/11, and relate to November 1, 2010 and February 1, 2011 Primary Gas rates, respectively).

Centra also sought final approval of Order 46/10, which approved Primary, Supplemental, Transportation, and Distribution rates as of May 1, 2010 on an interim basis.

Board Findings

The Board withheld final approval of interim Primary Gas rate orders 147/09 and 4/10 at the 2010 COG proceeding, choosing to wait until the outcome of Centra's outstanding Primary Gas supply and hedging contracts are known.

The costs related to these contracts impact the Primary Gas PGVA, including derivative hedging results, and were provided by Centra in its 2011 COG Application. Based on its review of these results, the Board will provide final approval to interim Orders 147/09, 4/10, and 81/10. As well, the Board will provide final approval to the rates specified in Order 46/10 (for Primary, Supplemental, Transportation and Distribution rates as of May 1, 2010).

The results of Centra's gas supply contracts and derivatives hedging results for the months of November 2010 through April 2011, which affect the Primary Gas PGVA, have neither been presented nor reviewed by the Board.

Accordingly, and as with the 2010 COG proceeding, the Board will withhold final approval of interim Orders 106/10 and 20/11 until the results are known and have been reviewed.

May 1, 2011 Primary Gas Rate Application

On April 15, 2011, Centra filed its May 1, 2011 Primary Gas Quarterly Rate Application with the Board. Centra applied to reduce its Primary Gas rate by 8%, from $0.1687/m^3 to $0.1548/m^3. This Primary Gas Application was filed concurrently with the non-Primary COG Application, and both share the proposed implementation date of May 1, 2011.

Centra's Primary Gas rates are determined by Centra's approved Rate Setting Methodology (RSM), and are approved on an interim *ex parte* basis until such time as they are reviewed in a public process and given final approval or otherwise adjusted.

If the new Primary Gas rates were to remain in place for a year, and weather and other non-rate factors (such as household heating settings and the efficiency of furnaces and insulation levels) remained as before, the "typical" residential customer receiving Primary Gas from Centra would expect to experience an overall annual decrease in their natural gas bills of $28, or 3.1%.

Larger volume customers that also receive Primary Gas from Centra would expect a decrease in the range of 3.4% to 5.3%. Customers purchasing Primary Gas on fixed price contracts from either private marketers or from Centra are not affected by this rate change.

The Primary Gas rates established by this Order reflect, in part, the futures price strip of April 1, 2011:

AECO Price$/GJ (Canadian)

May/11	Jun/11	Jul/11	Aug/11	Sep/11	Oct/11	Nov/11	Dec/11	Jan/12	Feb/12	Mar/12	Apr/12
$3.5889	$3.5925	$3.6300	$3.6700	$3.6950	$3.7825	$3.9400	$4.0875	$4.1250	$4.1150	$4.1275	$4.0350

As well, May 1, 2011 Primary Gas rates have been influenced by:

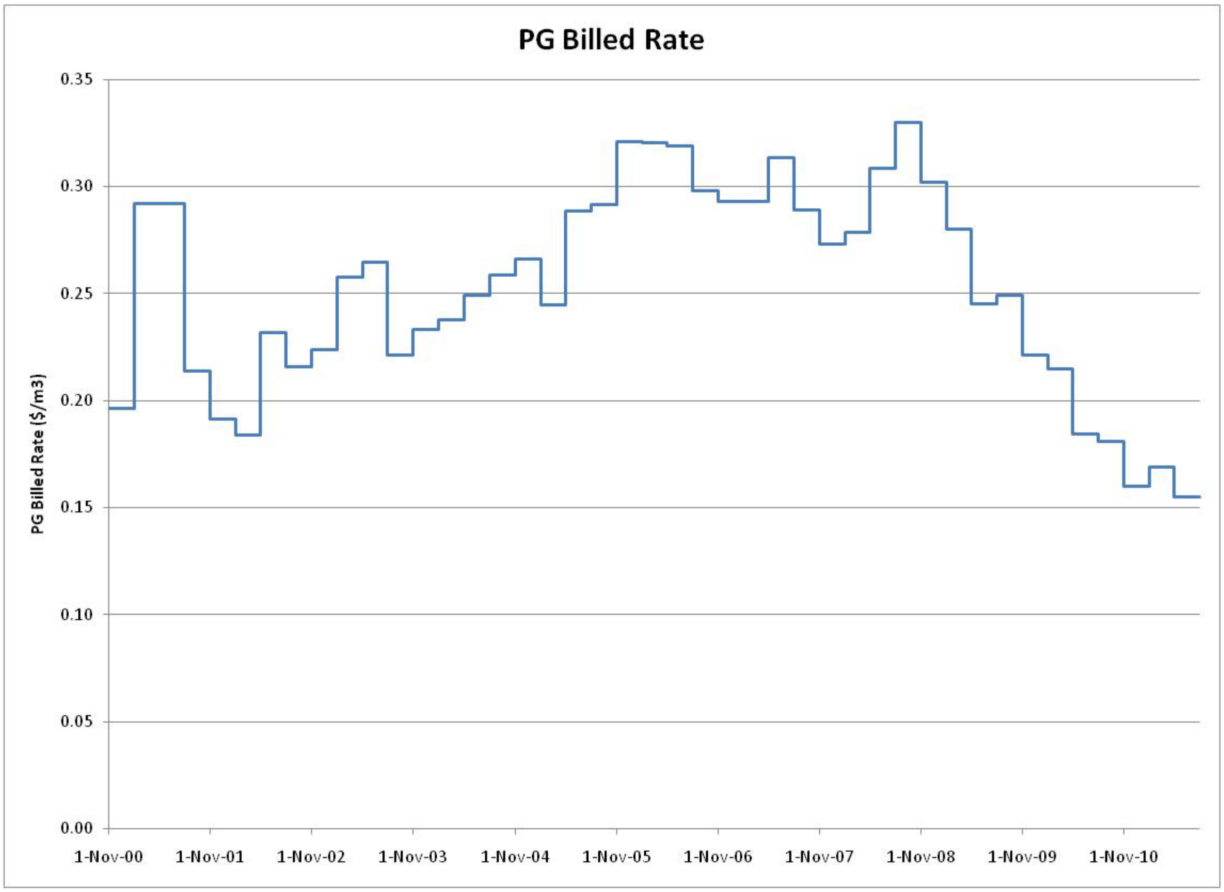
a) Gas purchased at prices lower than current market prices and stored within Centra’s natural gas storage facilities, to be drawn down through the winter months (decreasing rates);

b) Hedges placed in July 2010 that have resulted in additions to gas costs and thus an increase in the Primary Gas rate;

c) A Primary Gas rate rider that refunds to consumers past differences between actual natural gas costs and forecasted costs reflected in prior rates; and

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

The following graph illustrates the residential Primary Gas rate since November 2000, including the proposed May 1, 2011 Primary Gas rate:



The following table illustrates changes in natural gas commodity prices and prospective overall Primary Gas billed rates since August 1, 2006, from the perspective of the average residential customer purchasing Primary Gas from Centra by way of quarterly Primary Gas rates:

Historical Primary Gas Costs and Bill Impacts

Date	Primary Gas Commodity Cost (per GJ)	% 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	-4%	$1136	(6.8%)
1-Nov-06	$7.941	-10%	$1124	(1.1%)
1-Feb-07	$7.661	-4%	$1124	0.0%
1-May-07	$8.040	5%	$1174	4.5%
1-Aug-07	$7.457	-7%	$1154	(1.7%)
1-Nov-07	$7.070	-5%	$1114	(3.5%)
1-Feb-08	$7.314	3%	$1128	1.2%
1-May-08	$8.308	14%	$1211	7.4%
1-Aug-08	$8.665	4.3%	$1280	5.8%
1-Nov-08	$7.945	-8.3%	$1212	(5.4%)
1-Feb-09	$7.852	-1%	$1158	(4.5%)
1-May-09	$7.041	-10%	$1072	(7.4%)
1-Aug-09	$6.628	-6%	$1097	2.4%
1-Nov-09	$5.566	-16.0%	$1028	(6.3%)
1-Feb-10	$5.500	-1.2%	$1012	(1.6%)
1-May-10	$4.864	-12%	$942	(6.1%)
1-Aug-10	$4.740	-2.5%	$934	(0.8%)
1-Nov-10	$4.166	-12%	$885	(5.2%)
1-Feb-11	$4.245	1.9%	$910	2.9%
1-May-11	$4.105	-3.3%	$882	(3.1%)

Notes

1. The average annual bill above is based on the estimated annual consumption of a typical customer of 2,465 cubic metres. As of May 1, 2011 typical annual consumption, previously estimated at 2,530 cubic metres, was reduced to 2,465 cubic metres to reflect the effects of customer conservation efforts.
2. Residential customers receiving Primary Gas from marketers or Centra's Fixed Rate Primary Gas Service with a contract-specified rate rather than Centra's default "system supply" would not have the same cost and bill experience. 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 default quarterly rates.
3. 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.
4. Quarter-to-quarter % change in total bill may not reconcile with tabulated numbers dues to changes in average annual consumption, changes in Primary Gas billing percentage, and rounding.

The following table reflects the composite elements of recent Primary Gas rate amendments:

Historical Primary Gas Costs and Rate Calculations

Component	Costs and Proposed Rates May 1/10	Costs and Proposed Rates August 1/10	Costs and Proposed Rates Nov 1/10	Costs and Proposed Rates Feb 1/11	Costs and Proposed Rates May 1/11
Date of Forward Price Strip	April 1, 2010	July 15, 2010	October 15, 2010	January 4, 2011	April 1, 2011
[1]12 Month Forward Price per GJ	$4.610/GJ	$4.480/GJ	$3.671	$4.294	$4.145
[2]Costs (gains) resulting from Hedging	$0.4148/GJ	$0.3924GJ	$0.5695	$0.0428	$0.02
Forecast Gas Supply Price per GJ	$5.025/GJ	$4.8719/GJ	$4.240	$4.337	$4.165
[3]Cost of Gas drawn from Storage per GJ	$4.177/GJ	$4.177/GJ	$3.851	$3.852	$3.852
Weighted Gas, Cost (mix of Gas Supply & Storage Gas costs)	$4.864/GJ	$4.740/GJ	$4.166	$4.245	$4.105
Rate per Cubic Metre	$0.1838	$0.1792	$0.1575	$0.1604	$0.1552
[4]Base Primary Rate, adding Fuel and Overhead cost component per cubic metre	$0.1869	$0.1823	$0.1603	$0.1634	$.1582
[5]Plus (Less) PGVA Rider per cubic metre	($0.0025)	($0.0013)	($0.0003)	$0.0053	($0.0034)
Total Billed Rate	$0.1844	$0.1810	$0.1600	$0.1687	$0.1548

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 May 1, 2011 to April 30, 2012 from the price as of April 1, 2011.
2. Forecasts on hedges placed for the next three months are accounted for with the projected gains or losses from hedging.
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 (withdrawals commence November 1), and blended in on a weighted basis to arrive at a weighted gas cost.
4. At May 1, 2011, compressor fuel costs are $0.0014 per m^3 and overhead cost components are $0.00164 per m^3.
5. 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.

A Primary Gas rate rider of $0.0034/$m^3$ (reflecting an estimated balance, to April 30, 2011, of $3.8 million owing to customers), will be applied to the Primary Gas base rate. This rate rider, if left in place over the period May 1, 2011 to April 30, 2012, and with normal volumes of gas being consumed, will refund the $3.8 million to customers. Any under-refunded or over-refunded balances will be included in the calculation of future rate riders.

Primary Gas rates also reflect the cost of gas withdrawn from storage. Lower market prices resulted in an average cost of $3.852/GJ for the 20010/11 “withdrawal” season, which began November 1, 2010. This is a decrease from $4.177/GJ, that being the average cost of gas in storage during the prior, 2009/10, withdrawal season.

Outstanding Positions, Hedging

Centra enters into financial future contracts, “hedges”, for the primary purpose of reducing Primary Gas rate volatility. Bill volatility is reduced by other factors such as equal monthly payment plan, heating efficiency improvements, living style adjustments (adjusting the thermostat), and the Board’s Rate Setting Methodology (RSM).

The overall cost for Western Canadian natural gas, reflected in Centra’s rates for those customers receiving Primary Gas from Centra, is impacted by the terms of Centra’s gas purchase contract with its commodity supplier ConocoPhillips Canada Marketing & Trading ULC (ConocoPhillips) as of November 1, 2009, Centra’s hedging, future prices, and the cost of gas in storage.

Hedging is undertaken independent of actual gas purchases, those always at then-current market prices. Actual results of the hedges are dependent upon commodity market price changes and/or any special actions undertaken to unwind or build on current positions, though no such actions are expected. Centra’s hedging activities have previously resulted in increases or decreases to overall gas costs. In Centra’s current Application, hedging activities are projected to result in increases to both gas costs and customer rates.

The current situation with respect to hedges now outstanding is:

- On July 6, 2010, price hedges were executed for 25% of eligible volumes for the months May 2011 to July 2011. The upper strike price on the instruments purchased ranged from $5.2650/GJ to $5.3400/GJ. Corresponding lower strike prices ranged between $4.1100/GJ and $4.1800/GJ.

The mark-to-market forecast for these unsettled hedges is an increase in Primary Gas costs of $672,000, which is a 0.5% addition to gas costs.

Order 170/09 allowed Centra to hedge eligible volumes for November 2010 through to January 2011 to a maximum of 75%. Thereafter, the hedges for volumes for the following three months (i.e. February, March and April 2011) were not to exceed 50% of eligible volumes, and, for the next three months thereafter (i.e. May, June and July 2011), hedges are not to exceed 25% of eligible volumes.

Commencing with the gas month of August 2011, and following, there is to be no hedging for quarterly-priced Primary Gas. As of May 1, 2011, only the last tranche of hedges remains to be settled.

The annualized bill impacts, effective May 1, 2011, related solely to the change in Primary Gas rates are as follows:

<u>Proposed Bill Impacts – Primary Gas Billed Rate Change Only</u>

Class	Annualized Decrease
SGS (including Residential)	2.4% - 3.6%
LGS	3.4% - 4.5%
High Volume Firm	4.2% - 5.2%
Mainline	4.6% - 5.3%
Interruptible	4.0% - 4.6%

The projected annualized bill impact from the Primary Gas rate change only for a typical residential customer, and based on forecast average annual consumption of 2,465 m^3, is a decrease of $28 (or 3.1%) from February 1, 2011 rates.

Board Findings

Centra's April 1, 2011 Application to decrease Primary Gas rates properly reflects the Board-approved RSM. Accordingly, the Board will approve Centra's proposal for a reduced Primary Gas rate of $0.1548/$m^3$ on an interim basis.

Again, Primary Gas rate changes affect only customers receiving system gas (Primary Gas) from Centra and do not affect customers on fixed price contracts (with either gas marketers or Centra).

Centra is to advise its Primary Gas customers of the May 1, 2011 change in Primary Gas rates.

The Board notes that Centra's system supply Primary Gas rate continues to trend downward in an almost uninterrupted decline since August 2008, and is now the lowest rate since the current RSM was implemented in 2000.

At this level of Centra's residential rates, the Board notes that heating a home with a high efficiency natural gas furnace may be expected to be 40% less expensive than heating with electricity.

The next review and setting of Primary Gas rates will take place as of August 1, 2011.

Primary Gas Supply Contract

After a competitive "Request For Proposal" (RFP) process, Centra entered into a new gas supply contract (effective November 1, 2009) with ConocoPhillips. The contract provides for ConocoPhillips to exclusively supply (for the three years expiring October 31, 2012) Centra's Primary Gas requirements out of the Western Canadian Sedimentary Basin (primarily Alberta) that are transported on Centra's firm TCPL capacity.

The details of the pricing structure of the contract remain confidential. In Order 55/10, the Board directed Centra to disclose the pricing details to CAC/MSOS and their external consultant, only after duly executing non-disclosure agreements. Currently, the Board understands that Centra and CAC/MSOS are negotiating the finalization of the non-disclosure agreements.

ConocoPhillips was selected after Centra's evaluation of competitive bids. The most important factor, as weighted by Centra, was the proponent's ability to deliver reliable gas supply. Throughout the past year, ConocoPhillips has met that expectation and delivered gas to Centra without interruption.

According to Centra, 'Proponent B' (which Centra evaluated as its 'second choice'), experienced a creditworthiness downgrade and was subsequently sold. It is not clear whether those subsequent events would have impacted its ability to reliably supply gas to Centra.

In last year's COG proceeding, comparisons were made between the forecasted supply costs for each submitting Proponent, with ConocoPhillips forecasted to be the least expensive supply, and with Proponent B the second least expensive.

In the current COG proceeding, 2009/10 actual gas costs were re-calculated, based on the pricing formulae, for each of the six Proponents of the RFP. On an "actual" basis, Proponent B, if it had been selected and delivered as per expectations, would have been the least expensive approach, with ConocoPhillips being the second least expensive of the Proponents which met all of Centra's requirements.

For 2010/11 gas costs, Proponent B, on a modelling forecast basis, would again have been expected to be the least expensive supplier, and with ConocoPhillips, again, being the second least expensive of the Proponents who met all of Centra's pricing requirements.

Centra advised that the "reversal" was due to the different pricing elements contained within each Proponents' contract, which, in unprecedented market circumstances that materialized after the ConocoPhillips contract was executed, favoured the supplier that was not chosen.

However, Centra also stated that the ConocoPhillips contract provided sufficient flexibility to allow Centra to adjust its gas supply portfolio to realize $2.1 million in savings (this by displacing some ConocoPhillips supply with Delivered Service).

Centra provided additional evidence concerning the "transportation adder" (that is, the difference between the AECO index price and the price for supply at Empress, where Centra takes delivery of gas from its Primary Gas suppliers). Historically, the transportation adder has been in the range of $0.12/GJ to $0.19/GJ on a forecast basis, with an average of $0.14/GJ. However, the past year's average forecast adder was $0.17/GJ. On an actual basis back to April 2007, including two years when Nexen was the Primary Gas supplier, the transportation adder averaged $0.16/GJ. In 2009/10, under the ConocoPhillips contract, the transportation adder averaged $0.13/GJ.

CAC/MSOS' Position

CAC/MSOS asserted that the requirement (imposed by Centra and ConocoPhillips) to include a provision in the required non-disclosure agreements that provides for "liquidated" damages of $100,000 in the event of a disclosure (of confidential information) is a major impediment to the finalization of the non-disclosure agreements.

Furthermore, CAC/MSOS opined that the requirement for payment of damages in the event of 'unintentional' disclosure is an unrealistic requirement. CAC/MSOS noted that lawyers are under an implied undertaking, meaning they may not use information obtained in one proceeding for other purposes than those of the proceeding itself.

CAC/MSOS propose that the Board allow CAC/MSOS' lawyers and consultant to view the contract and its pricing details in person at the Board's office, under the provision that no copies may be taken. Further, CAC/MSOS suggest it should be allowed to make comments on the contract, in camera if necessary, and that "liquidated damages" should not apply to CAC/MSOS' lawyers.

As well, with respect to the quantum of liquidated damages applicable to CAC/MSOS' consultant, CAC/MSOS suggest it be limited to $10,000. CAC/MSOS (the agencies themselves as opposed to its lawyers and consultant) would not view the contract and pricing details, and future documents prepared by CAC/MSOS would not be considered confidential (unless direct reference was to be made to the pricing details).

In Centra's April 15, 2011 Reply Submission, Centra is now requesting the Board utilize a separate procedural track for the completion of this matter (as initially envisioned by the Board in Order 55/10)

Board Findings

The Board notes that even if an agreement is reached with respect to the required non-disclosure agreements, it appears Centra will contest the need for CAC/MSOS to do any further comparisons between the Proponents that submitted quotes for the gas contract let to ConocoPhillips.

In its review of the ConocoPhillips contract, that occurring in the course of the 2010 COG proceeding, the Board found that Centra selected the best proponent, this view based on the carefully weighted evaluation matrix developed by Centra, and the use of information possessed at that time.

From Order 55/10: "*the comparison at hand is not to the previous expired contract but to the other options that Centra had to choose from, which were the proposals submitted by the six responses to its RFP.*"

As is often the case, hindsight may perceive anticipated but unrealized outcomes as being representative of errors in judgement. The Board does not take this view. The fact that the Centra's 2009/10 gas costs were higher with the ConocoPhillips contract, than would have been the case if Proponent B was chosen and was able to fulfill its commitments, was due to unexpected market dynamics. Furthermore, 2009/10 is only the first year of a three-contract, and the future may yet bring different outcomes.

The Board also recognizes the additional flexibility in the ConocoPhillips contract that allowed Centra to adjust its gas supply portfolio to take advantage of Delivered Service from the Western Canadian Sedimentary Basin, bringing about a savings of $2.1 million, which exceeds the difference in cost between Proponent B and ConocoPhillips. That flexibility was not embedded in the previous Nexen supply contract.

As to the contract disclosure issue, the Board notes that CAC/MSOS are longstanding interveners at Board proceedings, and have proven to be responsible. The Board also notes that CAC/MSOS' legal counsel and advisor have also acted appropriately in proceedings before the Board, and the Board has no reason to expect either the

Intervener itself or its agents would breach the intended confidentiality of the pricing terms of the ConocoPhillips contract.

Accordingly, given the significance of the purchase agreement, representing costs approaching 60% of the overall bills to consumers, that CAC/MSOS represent the majority of Centra's customers, and the need for a reasonable degree of transparency even in matters of considerable importance to the supplier (ConocoPhillips) and the purchaser (Centra), the Board will direct Centra to allow CAC/MSOS' counsel and advisor to review the ConocoPhillips contract along with pricing proposals of the other Proponents.

The review will occur at the Board's offices and with Centra present, with no copies to be made nor any future reference to be made to the specific confidential pricing details by either CAC/MSOS, its counsel, or its advisor. Trust is an "earned" benefit, and CAC/MSOS' actions in the past and most recently, warrant it be extended to this Intervener.

The Board believes the non disclosure agreement that CAC/MSOS, its counsel and its advisors will be required to sign it (before the "viewing" will be permitted to occur) should stipulate that both intentional and unintentional disclosure will not be permitted, and that liquidated damages will be capped at $10,000.

Centra is to cooperate in this venture. Primary Gas costs represent the largest component of a residential customer's bill, and it is important that transparency be achieved pursuant to reasonable terms with respect to needed commercial confidentiality and CAC/MSOS be permitted to review contract details.

TCPL Tolls

Centra uses TransCanada Pipelines' (TCPL) Mainline to deliver its Primary Gas from Empress, Alberta to Manitoba.

Rising tolls have been a concern for Centra and a number of other shippers on the TCPL Mainline for the past several years. The primary reason for the increases in tolls is reduced throughput on the Mainline, which drives the unit rate higher (TCPL, a regulated entity, is granted a return on its asset base and equity by the NEB).

Centra advised that the NEB recently approved interim tolls for TCPL for the transmission of natural gas on its Mainline system. The new tolls, which take effect on March 1, 2011, increase by 37% approved 2010 tolls. The resulting impact on gas costs for the 2010/11 gas year is a projected $7.1 million increase, which represents a 3% increase to Centra's forecasted 2010/11 gas costs (and an 8% increase to forecasted non-Primary Gas costs).

However, the NEB's ruling is for interim tolls; TCPL plans to file an application for final tolls in May 2011. As there is still uncertainty with respect to the final tolls for fiscal 2010/11, Centra has not updated its 2010/11 gas cost forecast at this time.

CAC/MSOS' Position

Because of the uncertainty of the level of the final tolls that will be approved by the NEB, CAC/MSOS do not advocate amending the gas cost forecast at this time to incorporate the $7.1 million of additional TCPL tolls.

Board Findings

The Board notes that at the time of the 2010 COG proceeding, Centra expected that TCPL was going to prepare a Competitiveness Plan that would reduce the tolls for 2011 to the range of the 2009 tolls.

However, in the current COG proceeding, Centra confirmed that the expected Competiveness Plan had been rejected by the Tolls Task Force, a stakeholder group consisting of TCPL and shippers using TCPL's pipelines, and that TCPL has obtained interim approval from the NEB for an increase to Eastern Zone Mainline tolls in the amount of $2.24/GJ, an increase of 37% over the 2010 toll and 88% greater than 2009 tolls.

The Board directs Centra to recalculate its 2010/11 gas cost forecast to account for the $7.1 million interim increase in TCPL tolls. The Board takes this position despite the fact that CAC/MSOS is not in favour of updating the gas cost forecast (the Intervener does not expect the tolls to remain at the interim level).

In any case, at the present time there is no “good” estimate of what the tolls will eventually be. The information before the Board is that the currently approved tolls will result in an increase to Centra’s gas costs of $7.1 million. While Centra and CAC/MSOS may expect the final tolls to be less than the interim tolls, neither party has suggested an alternative toll.

In the absence of a better estimate of the final tolls, the Board makes its ruling on the information before it, and considers it prudent to include the interim tolls that have been approved by the NEB in rates.

The Board expects that including the interim TCPL toll increase will mostly eliminate the non-Primary Gas rate decrease previously forecasted for the SGS (residential and small commercial customers) and LGS classes, and will also reduce the anticipated bill decrease for the higher volume classes.

Changes to Gas Transportation Portfolio

In response to continued uncertainty and escalation of tolls on TCPL’s Mainline, Centra has, over the past several years, de-contracted some of its firm capacity on the Mainline.

For the 2006/07 gas year, Centra held 200,000 GJ/day of firm capacity on TCPL’s Mainline to the Manitoba delivery area, and for the 2008/09 gas year this firm capacity was reduced to 160,000 GJ/day, along with additional capacity provided by a third party for 20,000 GJ/day. For the 2010/11 gas year, Centra reduced its firm capacity on the Mainline by an additional 25,000 GJ/day, to 135,000GJ/day.

In addition to this, Centra did not re-contract the 20,000 GJ/day of firm capacity provided by a third party on the Mainline. In aggregate, these changes reduced Centra’s firm winter capacity by 45,000 GJ/day compared to the 2009/10 gas year.

To maintain sufficient capacity to serve the load in Manitoba, Centra arranged for delivered service to provide 25,000 GJ/day of additional capacity in the “shoulder” months of April, May, June, September, and October. During these months, gas is not available from storage.

Centra also reduced its firm capacity to the Saskatchewan Southern Delivery Area (SSDA). Centra serves some of its customers in western Manitoba through a take-off from the TCPL Mainline in Saskatchewan. Centra reduced its SSDA capacity from 3,000 GJ/day to 2,200 GJ/day.

The decontracting of firm service on TCPL’s Mainline reduced Centra’s transportation costs by $2.1 million based on the currently approved interim tolls, the saving is net of the additional costs of Delivered Service.

The reason for these transportation portfolio changes is to reduce the transportation costs to Centra and to reduce Centra’s exposure to escalating TCPL Mainline tolls, as addressed in the preceding section.

CAC/MSOS’ Position

CAC/MSOS support the change Centra made to the methodology for pricing Delivered Service. Formerly, Delivered Service was forecasted as a Michigan price. The Delivered Service price is now forecasted using the future AECO index prices and it has also been split into a commodity component and a transportation component. CAC/MSOS state that this approach better reflects the underlying structure of Delivered Service.

CAC/MSOS compared the transportation cost component of Delivered Service to the transportation cost of Primary Gas, and noted that the Delivered Service transportation cost is less expensive. The commodity component of Primary Gas is also priced at AECO, thus Delivered Service is less expensive than Primary Gas. Delivered Service was also contracted for only the winter months, meaning Centra will not have unused pipeline capacity in the summer months as it may have with its full-year Mainline capacity.

CAC/MSOS support Centra's changes to its supply portfolio by reducing its Mainline contracted capacity by 25,000 GJ/day and not renewing 20,000 GJ/day, as this results in more Delivered Service and less Primary Gas, a savings of $2.1 million at the approved interim Mainline tolls.

CAC/MSOS further support the allocation of Delivered Service costs, with the transportation costs classified as demand-related costs and the commodity costs classified as energy-related costs in Centra's Cost of Service methodology.

CAC/MSOS note that the increased reliance on Delivered Service means Supplemental Gas, of which Delivered Service is a component, is now no longer only used when weather is colder than forecasted, but is now an integral part of Centra's normal weather supply portfolio. CAC/MSOS suggest that the rate and service structure – specifically the distinction between Primary and Supplemental Gas – be reviewed in the upcoming review of the replacement of Centra's US storage and transportation assets.

Board Findings

The Board is supportive of Centra's efforts to minimize gas costs through changes to its gas supply portfolio. The Board notes CAC/MSOS' concern that the increased use of Supplemental Gas, even under normal winter weather, may not be in line with the original intention of Supplemental Gas. The Board further notes that increased use of Supplemental Gas reduces the amount of Primary Gas sold by retail marketers and pursuant to Centra's FRPGS.

CAC/MSOS have indicated a desire for the Board to direct Centra to consider the definitions of Primary and Supplemental Gas in its U.S. storage and transportation asset portfolio review, planned for this summer. The Board agrees that a review of these definitions is warranted. This matter, and Centra's overall rate structure, should be considered in relation to the Cost of Service Study review currently underway. The perspectives and implications of and for private marketers also need consideration – specifically whether marketers will be able to supply what is referred to as Supplemental Gas, which, now, only Centra can supply to customers.

Some other Canadian utilities only have a three-part rate structure for smaller customers: commodity, delivery, and monthly charge. Combining the Primary and Supplemental Gas charges, and/or the transportation and distribution charges, may help simplify Centra's rate structure.

While such a review is beyond the scope of the planned process for the replacement of the current U.S. storage and transportation assets, it needs to be undertaken in the near to mid-future. Notwithstanding that the rate design review is beyond the scope of the storage and transportation asset review, maintaining the rigid separation between Primary Gas and Supplemental Gas is not to be a constraint in the asset review that will occur this summer.

Cost of Gas

The most significant cost incurred by Centra is the acquisition of natural gas. Centra purchases the majority of its gas supply from the Western Canadian Sedimentary Basin (WCSB) and smaller volumes of gas, called Supplemental Gas, from other sources (historically, the majority of those being in the United States). Centra's Primary Gas is acquired through a contract with ConocoPhillips.

Centra also 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.

By Order 41/10, the Board approved Centra's actual cost of gas incurred in the 2008/09 gas year and its forecast cost of gas for the 2009/10 gas year (subject to amendments).

In its current COG Application, Centra stated that its cost of gas for the 2009/10 gas year totaled $268,647,199. This was less than the approved forecast of gas costs; that forecast being approved by Order 41/10.

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 2009/10 gas year, Centra under-collected its actual non-Primary Gas costs by $3.5 million. Previously uncollected gas cost deferrals are being collected from customers according to rate riders that were approved by the Board in Order 41/10 and became effective May 1, 2010. Combined, these uncollected amounts total $4.47 million at April 30, 2011 including carrying costs.

Centra requested approval of these non-Primary PGVA balances and approval of the disposition of these balances through non-Primary Gas rate riders beginning May 1, 2011 and expiring April 30, 2012. Centra determined the magnitude of these rate riders by allocating these balances to the various customer rate classes using its approved cost allocation and rate design model.

Centra also requested approval of its gas cost forecast for the 2010/11 gas year of $241,023,859, of which $85,942,592 relate to non-Primary Gas costs. Centra is forecasting its non-Primary Gas costs to increase, and proposes that the unit rates for the non-Primary Gas costs be decreased (while the unit price is expected to decrease, Centra is purchasing greater quantities of non-Primary Gas). As a result, Centra is requesting a decrease in its Supplemental Gas and Distribution rates. Without the decrease in the Supplemental Gas and Distribution rates, Centra forecasts over-collecting $14.7 million in non-Primary Gas costs.

Centra procures some of its non-Primary Gas supplies from the United States, as well it has contracted capacity on US pipelines and for storage in Michigan. These contracts and supplies are paid in US dollars, so Centra's CAD/USD exchange rate forecast is an integral part of the 2010/11 gas cost forecast. Based on a forecast prepared in April 2010, and reviewed in the Fall of 2010, Centra is forecasting a CAD/USD exchange rate forecast of $1.02 Canadian dollars to one US dollar. The Fall 2010 forecast was even further directionally different ($1.04 CAD/USD) from the current exchange rate of $0.96 CAD/USD.

At the time of this Order, the CAD/USD exchange rate is the inverse of Centra's forecast: approximately $0.96 CAD/USD. Centra reported that if actual exchange rates to February 2011 are factored into the 2010/11 gas cost forecast, the gas cost forecast decreases by $97,000. If an exchange rate of parity is assumed for the remainder of the gas year, the gas cost forecast decreases an additional $245,000, for a total decrease of $342,000.

The Board notes the volatility of world currencies since the global credit crisis and economic recess in of 2008/09. This is evident by the fact that about 18 months ago the Canadian dollar was below 80 cents American. While the Board does not expect a similar "swing" in direction any time soon, it can and does accept the "conservatism" of Centra's forecast for the Cost of Gas Application and fiscal year going-forward.

Any variation in the exchange rate from the forecasted rate, and the resulting impacts on the cost of gas, are captured in the various PGVAs, and these variations will be collected from or refunded to Centra's customers the following year.

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 earned $6 million in 2009/10 from its capacity management actions, which was less than the forecasted revenues of $7 million.

Centra utilizes a five-year rolling average when forecasting Capacity Management revenues. The forecast of Capacity Management revenues for the 2010/11 gas year is $6.9 million, based on the average of the last five years of Capacity Management revenues.

Included in Centra's 2009/10 gas costs are the costs of Unaccounted For Gas, or UFG. UFG arises out of inaccuracies in meters, barometric pressure and ambient temperature effects, super-compressibility, pressure factor metering, physical loss and fugitive emissions. Centra experienced lower than forecasted UFG in 2009/10. Centra forecasted $3.8 million of UFG costs in the 2009/10 gas year, but experienced only $2.5 million.

Centra reported a charge that was paid to the United States Customs and Border Protection in the amount of $324,593, plus legal and brokerage fees. The breakdown of costs is: the customs charge of U.S. $272,657 from prior periods, U.S. $51,936 from the current period, U.S. $37,080 for legal assistance, CDN $3,663 for customs brokering, and U.S. $51,921 in interest on the Customs charge.

Centra explained that this charge is a result of deficient reporting to U.S. Customs of gas that it transported from Manitoba to its Michigan storage facilities; Centra has corrected its reporting procedures, and thus will not be required to pay these charges in the future.

Centra presented bill impacts based on its proposed non-Primary Gas rates. The proposed bill impacts, if Centra's Application is approved by the Board, are shown in the table below:

Proposed Bill Impacts – Non-Primary Gas Billed Rate Changes Only

Class	Annual (Decrease)	Percentage (Decrease)
SGS (including Residential)	($6) – ($63)	(1.2%) – (1.8%)
LGS	($56) – ($3,331)	(1.5%) – (2.0%)
High Volume Firm	($10,781) – ($198,310)	(5.5%) – (7.4%)
Mainline	($47,024) – ($738,000)	(7.0%) – (8.7%)
Interruptible	($34,023) – ($572,385)	(17.4%) – (20.4%)

The bill impacts are primarily driven by a reduction in the unit cost of Supplemental Gas and a "slight" reduction in the Distribution rate, the latter because of a reduction in the cost of UFG. These reductions are partially offset by an increase in the magnitude of rate riders recovering additional gas costs from consumers.

The Interruptible class will experience the greatest percentage decrease in annual bills. This class has a Primary Gas billing percentage of 67%, which means that Interruptible customers consume 67% Primary Gas and 33% Supplemental Gas. The billing percentage for Firm customers (SGS, LGS, HVF, Mainline) is 81% Primary Gas and 19% Supplemental Gas. Interruptible customers therefore consume a greater percentage of Supplemental Gas than Firm customers; because the cost of Supplemental Gas is forecasted to significantly decrease, Interruptible customers will experience a larger bill reduction.

CAC/MSOS' Position

CAC/MSOS reviewed Centra's actual 2009/10 gas costs and found that the prices paid by Centra for Oklahoma gas supply and Delivered Service were reasonable relative to the AECO index.

CAC/MSOS found the 2010/11 gas cost forecast reasonable at the time it was made. The impact of the interim TCPL tolls approved by the NEB is addressed in a different section of this Order.

CAC/MSOS observed that Centra's Unaccounted For Gas (UFG) fluctuated every year by approximately the same amount, and questioned whether these fluctuations are in fact random. Centra estimates the UFG for each Test Year, but performs a true-up each June to determine the actual amount of UFG for the previous 12 months. The last review of UFG occurred at the 2004/05 COG proceeding. CAC/MSOS advocate a review of UFG, since the gas costs involved for the forecast year are $2.8 million, and thus of considerable magnitude.

CAC/MSOS noted that Centra's gas cost forecast for 2010/11 has been impacted by the variance in the CAD/USD exchange rate from the forecasted exchange rate. Centra maintained its forecast of $1.02 Canadian dollars to one US dollar. The experience to date for the 2010/11 gas year has been a range of exchange rates from $0.9739 to $1.0264. CAC/MSOS recommend that Centra update its 2010/11 gas cost forecast to account for actual exchange rates to date and the most current forecast of exchange rates.

CAC/MSOS are of the view that the US Customs charge and the associated customs and legal fees were incurred in the normal course of business and should not be recovered from customers. Furthermore, $272,657 of the U.S. Customs fee relates to prior periods for which the Board has already finalized its gas cost orders and thus these costs cannot be recovered from customers in the current period.

Board Findings

2009/10 gas cost and PGVA schedules appear to be in order. Accordingly, the Board will approve 2009/10 gas costs of $268.6 million and PGVA balances in aggregate of approximately $4.5 million owing to Centra.

The Board directs changes to the 2010/11 gas cost forecast. As mentioned above, the gas cost forecast is to be amended to reflect the approved interim TCPL tolls, expected to increase the gas cost forecast by $7.1 million.

While the Board approves Centra's U.S. exchange rate forecast of $1.02 CAD/USD for the remainder of the 2010/11 gas year, it directs that the 2010/11 gas cost forecast be amended to reflect the actual exchange rate experience to date. The Board understands that this will reduce the gas cost forecast by at least $97,000 once the March exchange rate cost variance is considered.

These cost variances are captured in PGVAs and ultimately customers pay the actual exchange rates. But because Centra is recalculating the gas cost forecast to address the interim TCPL tolls, Centra is able to update the gas cost forecast with the actual exchange rates with minimal additional effort. Adjusting the gas cost forecast for the up-to-date U.S. exchange rates will lower the forecasted gas costs, and is consistent with the Board's approach last year.

The capacity management forecast of $6.9 million was developed according to established practice, and so is approved by the Board.

With respect to the U.S. Customs charge, the Board will not disallow the costs as requested by CAC/MSOS. The Board notes that while disallowing the U.S. Customs charge from the gas costs would reduce costs for ratepayers, it would also "punish" Centra for an oversight that began in 1993 (when Centra was owned by a private company).

The Board expects Centra to file updated rate schedules and bill impact schedules showing both the bill impacts arising out of the changes in non-Primary Gas rates as well as combined with the change in the Primary Gas rate.

The question of updating the gas cost forecast has arisen in the past two COG proceedings. In the current application, CAC/MSOS recommended the forecast be updated for U.S. exchange rates and the Board has decided that the forecast be updated for the interim TCPL tolls as well as the exchange rates.

That said, the Board's concern is that this is happening at the end of the proceeding with limited time before the requested rate implementation date.

Centra prepares its gas cost forecast as of November 1, and then expects it to be put into rates May 1, so it is somewhat "stale". In GRA proceedings, Centra prepares the forecast on or about the same date in November, but issues an update in May in order to calculate rates for August.

The Board will amend the COG methodology, and require Centra to provide a gas cost update in future COG proceedings. This will allow for more up-to-date information, which is expected to yield more accurate forecasts, more accurate rates, and reduced build-ups in PGVAs.

When the Board orders amendments to the gas cost forecast, as has been the past practice and is the current situation, Centra has little time to prepare the new forecast, and the Board even less time to review it. Under this time pressure, errors are more likely to be made, and even less likely to be discovered, before rates are set.

The Board recognizes that updating the gas cost forecast entails extra work for Centra. While all gas costs are subject to PGVA treatment and consumers (in aggregate) are eventually held harmless from stale or inaccurate forecasts, it is better to employ less dated information in establishing rates.

US Storage and Transportation Assets

Centra has storage and transportation assets under contract in the United States. Natural gas storage in Michigan is used by Centra to assist in supplying its customers throughout the winter. Gas is injected into storage in the summer months and withdrawn from storage in the winter. Centra holds pipeline capacity in the U.S. to move the gas to and from storage. In order for Centra to use the gas it withdraws from storage, it withdraws gas from the TCPL Mainline for use in Manitoba and injects a complementary amount of gas from its Michigan storage to a downstream point, a procedure called "notional backhaul".

Centra contracts for storage from ANR and for pipeline capacity (to move its storage gas from ANR storage) from ANR and Great Lakes Gas Transmission (GLGT). Centra also contracts for pipeline capacity from ANR to transport gas from Oklahoma and Louisiana; the Louisiana capacity is only available in the summer and is used to re-fill storage, while the Oklahoma capacity is available year round and is used by Centra to meet the winter load as well as to re-fill storage.

In aggregate, these contracted storage and transportation arrangements are referred to as Centra's U.S. storage and transportation assets, and Centra's contracts with ANR and GLGT expire March 31, 2013.

Centra has initiated a process to investigate alternatives and options for replacing its storage and transportation contracts. This process includes the engaging of consultants to assist Centra in reviewing options and scenarios for storage and transportation, developing a discussion paper on the various options, providing this paper to the stakeholders in Centra's gas supply, storage, and transportation arrangements, and obtaining stakeholder input by way of a technical conference that is scheduled for June 2011. Stakeholders in this process include the Board, Interveners in this and prior proceedings, as well as larger customers of Centra.

In response to Directive 2 from Order 55/10, Centra filed a timeline detailing the milestones involved in the process. Centra confirmed that it is undertaking activities in accordance with the timeline.

CAC/MSOS' Position

CAC/MSOS propose that a meaningful dialog be conducted concerning the replacement of Centra's US storage and transportation assets. The discussion paper that is to be filed in May 2011 should provide economic analysis of the preferred options, operational implications, and Centra's recommendations, not just discuss the options that are available to Centra. Otherwise, in CAC/MSOS' view, the discussion paper and the subsequent technical conference will be of little value to CAC/MSOS and the Board. CAC/MSOS want consensus among CAC/MSOS, the Board, and Centra to be achieved prior to finalization of contractual commitments.

CAC/MSOS recommend that the discussion paper include a full explanation of alternatives available to Centra and the economic and operational evaluations of these alternatives, Centra's initial recommendations, and be followed by further discussion and exchanges of information with the aim of achieving consensus.

Board Findings

The Board has considered the public process proposed by Centra for the replacement of its portfolio of U.S. storage and transportation assets. In Centra's proposed process, Centra plans to distribute a discussion paper to interested stakeholders, to be followed by a technical conference. This is insufficient in order to canvass and discuss the options involved in this change to a critical component of Centra's operations.

Centra held a technical conference in 2006 prior to the renewal of its gas supply contract with Nexen to provide an opportunity for interveners and stakeholders to voice their opinions on the proposed replacement or renewal of the gas supply contract. While the Board found that Centra had followed the process outlined in Order 175/06 for the replacement or renewal of the gas supply contract, the Board was of the view that the process did not allow for sufficient dialog, and the Board does not want a repeat of that process.

The Board agrees with CAC/MSOS and sees a need for additional disclosure and dialog in order to illuminate the various options along with their benefits and drawbacks. The Board has permitted CAC/MSOS to hire a consultant to assist them in reviewing Centra's proposed plans to replace its U.S. assets. Without an information request process, it would be difficult to for either the Board or interveners to sufficiently test Centra's plan and recommendations.

As such, the Board directs the following changes to the portfolio review process. Centra's discussion paper is to be of sufficient breadth that the myriad options available to Centra are considered, but also of sufficient depth that the favoured options are analyzed, both economically and operationally. Centra is to administer an information request process following the technical conference. Following the information request process, stakeholders are invited to provide the Board with written submissions giving their positions.

Centra is to schedule an oral hearing into this matter following the receipt of the submissions. The hearing will be limited to matters involving the replacement of the U.S. storage and transportation assets, a review of the TCPL tolls situation, and the updated gas costs for both 2010/11 – as impacted by the tolls situation – and for future years, as impacted by the storage and transportation portfolio.

Centra will complete its internal economic and business case analysis in September and make its final recommendation to the Centra Board of Directors and obtain approval in October. The Board understands that Centra will undertake contractual negotiations after obtaining approval from the Centra Board.

It is the Board's intention that Centra seek approval of the gas cost consequences of any arrangements <u>prior</u> to those arrangements being finalized. Board approval of the gas cost consequences is to be a condition precedent to any contractual obligations entered into by Centra.

With the inclusion of an information request process, an oral hearing, and the requirement for Board approval of the gas cost consequences of intended contractual arrangements, the timeline filed by Centra in response to Directive 2 form Order 55/10 will require amendment. Centra should contact the Board to determine the Board's availability. Interveners may notify Centra as to availability. The Board requests an amended timeline from Centra by May 20, 2011.

Hedging

The overall cost for Primary natural gas reflected in Centra's rates to customers receiving Primary Gas from Centra is impacted by:

- The terms of Centra's gas supply contract with its commodity supplier, ConocoPhillips;
- Withdrawals of Primary Gas from storage; and
- Hedging.

Hedging is one method that Centra has used 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 have the ability to reduce volatility of their bills, as opposed to rates, with other methods such as the Equal Payment Plan, heating efficiency improvements, and Centra's Power Smart programs. Hedging activities are undertaken with the primary objective of reducing rate volatility for system supply customers.

In Order 170/09, the Board directed Centra to phase out its hedging of quarterly-priced system supply Primary Gas, primarily because Centra now offers a Fixed Rate Primary Gas Service (FRPGS) to customers that desire additional certainty of their Primary Gas rate. Those that do not subscribe to the fixed rate service (from marketers or from Centra) will continue to receive the quarterly-priced system supply that is no longer hedged. The Board confirmed its position on phasing out Centra's hedging with Order 93/10 by denying Centra's application to review and vary 170/09. The phase out of hedging will be complete in July 2011 as the last of Centra's hedges for its system supply Primary Gas are settled.

In the recent proceeding, Centra provided an update for the hedging results for 2009/10 gas year – that being an addition to gas costs of $32.1 million. For the 2010/11 gas year, based on mark to market results as of March 7, 2011, settled hedges result in an increase in Primary Gas costs of $17.6 million with current unsettled positions expected to increase gas costs by an additional $2 million for a total impact of $19.6 million. The actual results associated with outstanding hedges will not be known until the derivatives contracts settle in the next four months, and are dependent upon future commodity market price changes.

On a cumulative basis since 2002, the hedging program has resulted in net additions to gas costs of over $175 million (representing approximately 7% of Primary Gas costs over that period); annual Primary Gas price volatility reductions ranged from 8% to 53%.

CAC/MSOS' Position

CAC/MSOS maintained their position, as articulated in previous Centra proceedings, that Centra's hedging program generated exorbitant additional gas costs for ratepayers for the dubious benefit of Primary Gas rate volatility reduction.

CAC/MSOS have long advocated the cessation of Centra's hedging program, an outcome which the Board directed in Order 170/09. In CAC/MSOS' view, Centra stubbornly refused to cease hedging and applied to the Board to review and vary Order 170/09. And, even when the Board confirmed its decision with Order 93/10, according to CAC/MSOS, Centra chose to maximize the volumes that it hedged according to the maximums allowed by the Board. The result was an addition to gas costs for the 2009/10 gas year of $32.1 million and a forecasted addition to gas costs for 2010/11 of a further $19.6 million.

CAC/MSOS noted that, in its denial of Centra's application to review and vary Order 170/09, the Board reaffirmed the priorities it established for the RSM in Order 55/00 when the RSM was developed in 2000. Those priorities are: market responsiveness, frequency and oscillation of changes, and finally simplicity of implementation.

CAC/MSOS stated that Centra has failed to advance a plausible reason for not hedging less than the maximum level approved by the Board, and thus the Board should consider a disallowance of some of the gas cost additions that ratepayers have and are experiencing. In taking this stance, CAC/MSOS have recognized that the disallowance of the gas cost additions in 2009/10 and/or the forecasted additions for 2010/11 would severely weaken the financial strength of Centra (and, to a lesser extent, Manitoba

Hydro), but recommends that a disallowance of some magnitude be made in order to reject Centra's imprudent activities but maintain Centra's financial integrity.

Board Findings

The Board disagrees with CAC/MSOS' view of the prudence of hedging up to the amount permitted by the Board.

The Board's decision to phase-out hedging of system supply Primary Gas priced on a quarterly basis was predicated on the expectation of the availability of regular and adequate fixed price and term contract offerings from Centra. Centra has continued to offer its FRPGS, although not as frequently as desired by the Board.

Furthermore, the Board finds that Centra followed its direction with respect to the phase-out of hedging, as the remaining hedges will settle by July 2011. Order 170/09, while permitting Centra to hedge up to 75%, 50%, and 25% for the various gas quarters, provides no specific direction to Centra to hedge less than the maximums or to cease hedging altogether in advance of the Board's end date for hedging of July 2011. As such, the Board sees no reason to disallow any of Centra's hedging costs for prudence reasons or any other reasons.

The end of hedging for the quarterly priced Primary Gas product will mean an increase in price risk for consumers, a risk that the Board considers reasonable given the history of natural gas prices and the current ability for consumers to avail themselves of fixed price and term contracts not only from private marketers but also from Centra, if consumers want to lock-in their Primary Gas rates for terms of one to five years.

The Board reminds residential and smaller commercial consumers that in addition to their ability to lock-in their Primary Gas rates with fixed rate contracts from private natural gas brokers and marketers or Centra's FRPGS, consumers can fix the amount of their monthly bills with Centra's Equal Payment Plan.

Lower Income Energy Efficiency Programs

Centra launched its Lower Income Energy Efficiency Program (LIEEP) in December 2007, including a Furnace Replacement Program (FRP) as directed by the Board in Order 99/07. The LIEEP provides financial and administrative support for energy efficiency improvements to homeowners and tenants who qualify based on income thresholds.

The energy efficiency improvements include low cost improvements such as weather stripping, hot water tank pipe wrap, faucet aerators, compact fluorescent light bulbs, as well as more elaborate improvements such as improved insulation in attics and walls and replacement of low-efficiency gas furnaces.

In response to directives from the Board in Orders 128/09 and 55/10, Centra currently reports to the Board on the status of the LIEEP and FRP every quarter.

As of December 31, 2010, LIEEP has resulted in energy retrofits to over 1000 homes, with, currently, an additional 1,000 homes are reported to be in various stages of the retrofit process. Over 1,000 homeowners have upgraded their furnace or boiler, while over 800 have upgraded the insulation levels of their homes. Approximately $2 million has been spent on replacing low-efficiency gas furnaces with high-efficiency models. Yet, the FRP fund still has close to $11.8 million remaining to fund additional furnace replacements and, through rates and interest on the balance, the balance continues to increase.

Due to the loss of Federal ecoEnergy funding for the FRP, Centra applied to the Board to increase the customer co-payment period from five years to 10 years while maintaining the co-payment amount of $19 per month. The Board rejected Centra's application in Order 56/11, maintaining the five-year co-payment term and the $19 per month co-payment. Centra is required to fund the remaining cost of the furnace installations from the FRP funds collected from rate payers.

Centra's latest LIEEP and FRP quarterly report state that there are 17,022 low-efficiency furnaces that are targeted by the FRP as of Dec 31, 2010.

Centra is using LIEEP funding and the AEF to target insulation initiatives in lower-income homes. Centra is targeting insulation with the AEF because insulation is not a “must eventually retrofit” measure. By this, it means that furnaces will eventually fail and be replaced, but 50 to 100 year old homes that have little or no insulation will continue to have little or no insulation in perpetuity unless there are generous programs available to fund the expensive insulation measures.

Centra is also in favour of insulation programs because the cost per cubic metre of gas saved is much lower than with the FRP. It costs Centra’s ratepayers $0.136 to save one cubic metre of gas by adding insulation, but it costs ratepayers $0.93 to save one cubic metre of gas by replacing the furnace.

Board Findings

The Board addressed Centra’s application to amend the FRP in Order 56/11. In that Order, the Board stated:

> *“The FRP offers lower-income customers needed relief from the capital costs of a new high-efficiency gas furnace. Installation of a high-efficiency gas furnace is expected to reduce home heating costs for those who can least afford to pay high heating bills. The provision of affordable heat in Manitoba’s climate is not a luxury but a health necessity; without the FRP, many if not almost all lower-income homeowners will likely be unable to “safely” finance a needed furnace replacement.*
>
> *The implications of not replacing conventional natural gas furnaces include higher and possibly unaffordable bills for lower-income households, ongoing excessive GHG emissions, and the risk that illness and health-care requirements may develop as lower-income customers attempt to reduce energy bills by reducing thermostat settings during the colder months of the year. (As noted earlier, the cost of a single day in the hospital, for one person let alone an entire household, which is assumed by the Province, can exceed the cost of heating the typical home for a year.)*
>
> *The Board suggests that marketing efforts be expanded from the current, more passive information campaigns to ones involving engaging with community groups towards developing more direct in-person marketing approaches, perhaps even through door-to-door campaigns. It seems apparent that more success in program marketing is critical if the upwards*

> *of 17,000 qualifying furnaces in the lower-income customer bracket are to be replaced under the program.*
>
> *Accordingly, the Board will deny Centra's request to extend the customer contribution of $19 per month from five to 10 years."*

As for the insulation component of the LIEEP, the Board supports Centra's efforts to upgrade the insulation levels of homes with the LIEEP and AEF funds currently available. However, the Board does not want Centra to advocate for insulation upgrades at the expense of the FRP; both should be advanced.

Demographic Study

In Order 128/09, the Board directed Centra to perform a demographic study in order to identify the size of the lower-income market, assist in developing and targeting the LIEEP and the FRP, and to ensure that funding for these programs is at least commensurate with their proportion of Centra's customer base. Centra's previous demographic data were based on a customer survey conducted in 2003.

In the 2007/08 & 2008/09 GRA, CAC/MSOS' witness recommended Centra undertake a demographic study in order to ensure that the costs of Centra's Demand Side Management ("DSM", also known as energy efficiency) programs were fairly distributed to all Centra's customers, and not just to the non-lower income customer base who typically participate in DSM programs.

In the 2009/10 and 2010/11 GRA, Centra reported lower-income customer numbers based on updates to its 2003 survey data. Centra also did not have accurate data on the numbers of furnaces and boilers in lower income homes. Thus, the Board issued Directive 7 in Order 128/09:

> 7. *Centra is to undertake and file with the Board by December 31, 2009 a demographic study that will assist it in reaching the target demographic for its lower income programs.*

Centra completed its Residential survey in 2009 and filed its Residential Energy Use Survey Report – LICO Sector report ("Demographic Survey") on May 28, 2010. A comparison of the new Demographic Survey data with the older data shows that Centra was previously underestimating the numbers of lower-income customers (by 16%) and the numbers of standard efficiency furnaces used by these customers (by 45%). The Demographic Survey estimated 22,000 lower income households have low-efficiency furnaces.

With the updated information, Centra is now able to more accurately report the population of furnaces targeted by the FRP and the number of homes targeted by the LIEEP. Based on the number of replacements of furnaces in the past year, as well as the fact that only owner-occupied households are eligible, Centra estimates there are 17,000 low efficiency furnaces that are targeted by the FRP.

The Demographic Survey also attempted to establish a relationship between income and consumption. While customers with higher incomes tend to use more electricity, a similar correlation does not exist between income and gas consumption.

The Demographic Survey helped Manitoba Hydro and Centra establish the percentage of their customer bases that are lower-income and to try to match (or exceed) the percentage of funding of residential DSM programs. That is, the Board wanted Manitoba Hydro and Centra to ensure that the lower income population was receiving at least its pro rata share of DSM program spending.

Prior to 2007, many lower-income customers were not participating in Centra's DSM programs. In response to this, Centra has increased its funding to lower income DSM programs to $2.9 million as of 2009/10, representing 39% of residential DSM spending, while the lower-income group represents only 24% of Centra's residential customer base. Lower income DSM spending is projected to increase to $7.9 million, representing 69% of residential DSM spending by 2011/12. Cumulatively, from 2001/02 to 2012/13, Manitoba Hydro has and will spend 42% of its residential DSM budget on lower-income programs, a percentage that exceeds the lower income population percentage.

In the 2007/08 and 2008/09 GRA, there was a discussion of "energy cost burden", or energy burden, and the definition of energy poverty. CAC/MSOS' witness Dr. Higgin stated that energy poverty is defined as utility bills that are 10% of disposable income.

Dr. Higgin based this on literature referenced in his evidence. Resource Conservation Manitoba and Time to Respect Earth's Ecosystems (RCM/TREE), in their closing submission, agreed that the threshold of energy poverty is 9 or 10% of household income.

Centra's report does not define a particular threshold energy burden that denotes energy poverty. The majority of LICO-125 customers, and roughly half of LICO-100 customers, are not suffering from energy poverty by the definition of CAC/MSOS' witness and RCM/TREE. Centra does not attach any significance to this.

Centra observes that energy burden increases as the number of persons in the household decreases. Centra also observes that gas LICO customers have a higher energy burden than all-electric LICO customers, and that is because lower income gas customers are more likely to live in single detached homes compared to all-electric lower income customers who are more likely to live in apartments.

Board Findings

The Board finds Directive 7 from Order 128/09 satisfied as Centra has filed the Demographic Survey report. Further, the Board understands that Centra has used the information obtained by the survey to refine the numbers of targeted households for the LIEEP and FRP, to target specific neighbourhoods, and to assess the size and scope of the lower income customer base.

With a lower income population – defined as those households with combined incomes less than the Statistics Canada Lower Income Cut-Off plus 25% (LICO-125) - of 53,312, 22% of Centra's customer base is considered lower-income. While available to all residential customers, for years Centra's lower income customers were less likely to participate in Centra's residential DSM programs.

Based on information provided by Centra to the Board, interveners, and other stakeholders in August 2010, the Board is pleased to see that the pendulum has swung in favour of Centra's lower-income customers, who for years have, in effect, been subsidizing through rates Centra's Power Smart DSM programs that are implemented by non-lower income customers.

Fixed Rate Offerings

Since the Board authorized Centra to offer fixed rate Primary Gas contracts with Order 156/08, Centra has offered these contracts eight times beginning in February 2009 and most recently in February and March of 2011. Centra's Fixed Rate Primary Gas Service (FRPGS) is available to the SGS, including residential and commercial customers, and the LGS classes, and these offerings compete with offerings from private natural gas marketers.

In Order 55/10, the Board instructed Centra to continue to make FRPGS available to small and medium-sized gas consumers, as well as investigate ways to offer FRPGS to larger volume industrial customers. Since that Order, Centra has offered FRPGS four times, but has not extended FRPGS to larger volume customers.

Centra reported the results of the enrolment of three of these most recent offerings. The offering made in September 2010 achieved 100% enrolment, while the December 2010 enrolment was not fully subscribed with an average of 84% of the volume subscribed. For the January 2011 offering, Centra permitted over-subscription of the three-year offerings, while at the same time the one year and five year offerings were not fully subscribed. The net enrolment by volume for the January 2011 offering is 68%.

The level of interest in Centra's offerings has varied. Centra attributed the varying levels of consumer interest to the differences between the default quarterly-priced system supply rate and the fixed rates. Where the quarterly rate significantly undercuts the fixed rate, consumer interest is muted. Also, Centra noted that natural gas prices have fallen considerably, and that in such an environment (where price declines are prevalent) there is less incentive or inclination on a customer's part to sign up for a longer-term fixed price contract.

Centra reported that the impact of its FRPGS offerings on its retained earnings, as of December 31, 2010, has been negative $1.4 million. This negative impact includes program administration costs that have not been recovered through the rates charged to participants, unsettled hedge impacts, and settled hedges for gas volumes that are not offset by corresponding sales volumes ("un-subscribed hedges").

Due to lower than anticipated enrolment in FRPGS, program administration costs and start-up costs have not been fully recovered. This is the case because costs are to be recovered through the volume-based Program Cost Rate (PCR). The PCR is established based on a forecast of sales volumes; the forecast was last developed prior to the 2009 GRA, and the volumes that have flowed to the FRPGS have been much less than were forecasted. Centra reported that it only recovered 9% of its program administration and start-up costs in 2009/10, and only 11% as of January in fiscal 2010/11.

In aggregate, Centra has under-recovered $815,000 in program administrative and start-up costs as of January 31, 2011, and Centra does not plan to recover these costs in future periods or with subsequent offerings.

Centra's current long-term forecast for FRPGS enrolment shows a seven-fold increase in volumes over the next five years and a fifteen-fold increase in the number of FRPGS customers. Compared to the forecast presented at the 2010 COG proceeding, Centra now expects over four times the FRPGS volumes but only half as many customers by 2013/14. Centra's updated forecast anticipates fewer residential customers and more commercial and LGS customers.

Centra reported that residential customers who have completed one year FRPGS contracts to date have paid between 7 and 16% more for their Primary Gas than had they remained on Centra's system supply service. Centra, in promoting its FRPGS, does not guarantee savings.

Board Finding

The Board notes that customer participation has increased in the FRPGS program since the low point of enrolment in the Spring of 2010. The Board is encouraged that the level of interest has increased; the Board understands this to mean that more consumers are becoming aware of their options for Primary Gas service. With Primary Gas rates at levels that have not been experienced since the 1990s, the Board recognizes that interest in fixed price and term contracts may continue to be low.

As directed in Order 55/10, the Board is awaiting Centra's findings concerning larger volume customers and their ability to lock-in their Primary Gas rates, potentially through a fixed rate service offered by Centra; Centra expects to file this market research by May 31, 2011. In addition, in Order 93/10 the Board requested proposals for alternative business models or options to allow for the continuous availability of FRPGS options for gas customer; likewise the Board awaits Centra's response.

The Board accepts that under-recovery of program administration costs and amortized start-up costs may well arise and be sustained, but continues to hold that having Centra in the fixed term and price market is, on balance, of benefit to consumers. In a prior proceeding, Centra provided evidence that customers, whether served by private marketers or Centra, preferred to have Centra in the fixed price market.

The Board acknowledges that there is a concern about the level of the PCR that will be determined at the next GRA, if the current volume forecast proves inaccurate and the updated volume forecast is appreciably lower. The PCR is determined by the allocated program costs divided by the forecasted volumes. If the volume forecast is low, the resulting high PCR could make the FRPGS rates uncompetitive.

The Board heard evidence that if the PCR was based on the 2010/11 volumes and costs, it would be $0.1585/m^3$, which would almost double each offerings' rate. Thus, it is expected that Centra's forecast for FRPGS volumes must be sufficiently high such that the PCR is a reasonable value. This inherent bias could lead to additional losses in the FRPGS that would be borne by system and WTS ratepayers.

The Board will pay particular attention to the forecasted FRPGS volumes in Centra's next application for a revised PCR. Over-estimating the future volumes would allow the PCR to be set at a level that makes the FRPGS offerings competitive, but over-estimating future volumes will likely result in chronic under-recovery of program costs with a negative impact to retained earnings. System supply customers bear the brunt and cross-subsidize Centra's fixed-rate customers. The Board notes that CAC/MSOS were silent on the FRPGS and the risk of substantial un-recovered program administration costs. The Board further acknowledges that overall program losses impact system supply and marketer customers, which, while desirable to avoid, may not prove to be material.

For several of its FRPGS offerings, Centra is left with considerable hedged volumes with no corresponding subscriptions, or contracted sales, to its customers. These un-subscribed hedges remain on Centra's books and will result in additions or reductions to Centra's retained earnings, depending on the final settlement of the hedges.

In Centra's original application for its FRPGS, Centra stated that it would not unwind hedges except in extraordinary circumstances. Closing off any open hedge positions immediately after a fixed-rate offering closes may result in an immediate gain or loss – depending on the short-term movement of gas market prices; this will reduce Centra's long-term exposure to market price movements. Centra should consider this where it has significant volumes of un-subscribed hedges.

The Board recommends that Centra consider closing off its open positions where there are volumes un-subscribed. This will crystallize any gains or losses and not leave Centra exposed to longer-term fluctuations in the market price of gas.

Alternatively, un-subscribed hedged volumes may be put to another use – for example surplus five-year hedged volumes could be repackaged as three-year volumes, leaving only two years of volumes un-hedged. As this does not conform to the currently approved FRPGS pricing methodology, Centra must apply to the Board for approval of such offerings that utilize repackaged hedges. The Board is also interested in seeing a proposal for an amended methodology that contemplates this scenario.

It is possible that the amount of open hedged positions to be closed off may be so small that there are no counterparties willing to close them off at a realistic price. If this is the situation, or if there are other administrative obstacles, then the Board understands that it may not be practical to close off open hedge positions.

Weather Normalization Methodology

Centra made a change to its methodology for determining the normal weather, as represented by the number of degree days heating (DDH) in a year. Centra defines DDH as the number of degrees that the average daily temperature is below 14ºC. This is different than Environment Canada's definition of DDH, which uses 18ºC as its base temperature. The DDH for each day is summed over the course of the year to determine an annual DDH.

Centra investigated several different methodologies for obtaining the normal number of DDH each year, including:

- rolling averages of varying periods from 5 to 30 years,
- an Olympic average where the highest and lowest DDH are eliminated from the most recent 12 years of data,
- the Environment Canada method where 30 years of data are averaged, and this average is updated every 10 years,
- the five-year fixed method where 10 years of data are averaged, and this average is updated every five years, and
- the statistical significance method where the normal DDH is determined from the most recent 10 years of data, and the normal is not changed until there is statistical evidence that it is no longer an accurate average.

The 25-year average produced the lowest average change from year-to-year. The Olympic average produced the lowest average annual difference of the forecast normal DDH to actual DDH, making it the most accurate method, but only marginally more accurate than the current 10-year rolling average. Centra did not identify any trends in the actual DDH that would favour either a longer or shorter averaging period.

In its COG Application, Centra changed its methodology from using a 10-year rolling average of DDH to a 25-year rolling average. The result of this change is a reduction in the volatility of the weather normal each year; that is, reduced volatility of the number of DDH each year. A more stable weather normal means Centra's forecast of revenue is less variable each year. Centra found that as warm years or cold years were added to or deleted from the 10-year average, the normal DDH changed significantly.

The result of the change in normal DDH is that Centra's revenue at its current rates changes significantly, even if all other customer consumption patterns remained unchanged. The resulting changes in revenue affected its Net Income each year. Centra gave the example of the 2009/10 fiscal year, where the warm year of 1998/99 was removed from the 10-year average and was replaced with the cold year of 2008/09. The resulting increase in the normal DDH by 88 DDH resulted in an increase in the forecasted revenue of $1.3 million. Therefore Centra's forecast would collect an additional $1.3 million in revenue solely as a result in the volatility of the weather normalization methodology.

CAC/MSOS' Position

CAC/MSOS expressed a concern that Centra's proposed change to its weather normalization may introduce a bias into the load forecast. CAC/MSOS did not recognize any trends that would necessarily cause this, but they noted that if there was a recent trend of higher DDH, the 25-year average would not capture the trend as effectively. If that occurred, the normal DDH would be too low, resulting in a lower load forecast and higher than necessary rates. Since CAC/MSOS did not identify any trends that would cause the 25-year average to introduce bias into the determination of the weather normal, CAC/MSOS are not opposed to the change in methodology.

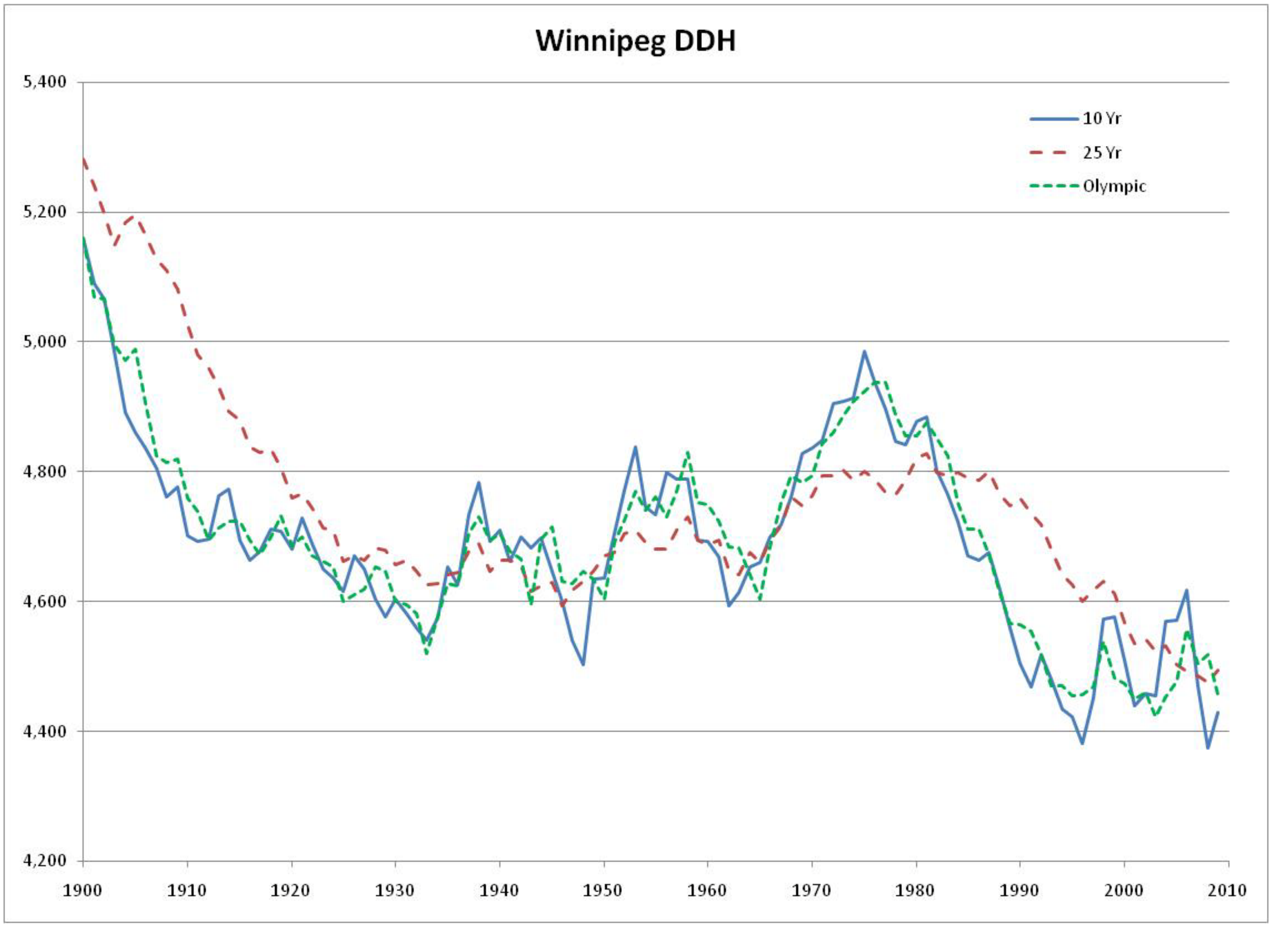
Board Findings

With the proposed change to a 25-year average to calculate the weather normal DDH from a 10-year average, Centra surrenders a small degree of accuracy to obtain much greater stability, year-over-year, in the weather normal DDH, and the Board notes that annual swings in revenue due to changes in the weather normal will become less pronounced.

The Board notes that Centra’s rates are determined based on the load forecast, which in turn is based on the weather normalization. Where the weather normalization is reduced in accuracy, so is the load forecast, resulting in rates that will over or under-recover the revenue requirement.

Centra argues that because it is a cost-of-service regulated utility, it is focused on long-term financial objectives, meaning Centra looks at historical financial results and its future outlook when determining the need for non-gas revenue increases. The corollary of this is that Centra is willing to tolerate short-term inaccuracies in its forecasts in exchange for the year-over-year stability of DDH of the 25-year average.

In response to a request from the Board, Centra graphed the DDH for Winnipeg since 1900 to show that there are no trends in the number of DDH. However, the Board sees that there are two definite warming trends: one covers the period 1900 to 1935, while the other is a recent trend from 1975 to the present. Closer inspection shows that all three weather normalization methodologies capture the trends, with the 25-year average lagging the 10-year average and Olympic methodologies.



Because each methodology captures the warming trends, the Board has no objection to Centra switching to the 25-year average. The Board agrees that stability in the annual weather normal DDH and thus annual load forecast is desirable, and therefore approves Centra's application to adjust its methodology for calculating the weather normal DDH.

Load Forecasting

Centra prepares a load forecast which estimates the expected consumption of its various customer classes for each of the next two years. The forecast of gas volumes is used by Centra to determine the unit rates it charges to each customer class. The load forecast per DDH is calculated independently of the weather normalization forecasting methodology.

Centra provided evidence demonstrating the accuracy of its load forecasts for SGS and LGS classes has been in a range of an underestimate of 3% to an overestimate of 3.5% over the past five years (once the effect of weather is removed). Historically, Centra's forecast has been more accurate for the first year of its two-year forecast than the second year.

At the 2010 COG proceeding, Centra provided evidence that suggested its forecasts had been consistently low, resulting in the approved rates being higher than they would have been if the forecasts had been more accurate. However, in the 2011 COG proceeding Centra corrected these data by also normalizing the actual volumes to the normal heating value of natural gas. Once this was corrected, the load forecasts for the SGS residential and combined commercial customers in the SGS and LGS classes were over-estimated more frequently than underestimated.

In Order 55/10, the Board directed Centra to review its load forecasting methodology to ensure there was no systemic bias in the load forecasting methodology. Centra concluded that its methodology has performed well and is satisfied with the first year forecast accuracy of 1.6% and the second year forecast accuracy of 3.4%.

Board Findings

The Board is satisfied with Centra's load forecasting accuracy. A first year accuracy of 1.6% is an acceptable "accuracy" in the Board's view. The second year forecast accuracy (meaning the forecast two years out) is, of course, less accurate. The systemic bias visible last year in the COG proceeding appears to have been an error, as Centra has corrected this data. With the corrected evidence introduced in the current COG proceeding, the systemic under-forecasting of gas volumes appears to be absent; if anything, Centra has been over-forecasting gas volumes.

As with all of Centra's activities, the Board encourages Centra to continuously assess itself and strive for continuous improvement in every aspect of its operations.

Commodity Rate Comparison

In the 2010 COG proceeding, Centra provided a comparison of the natural gas commodity rate for several major urban centres in Canada; Winnipeg ranked last for 2009. In other words, the commodity rate, which Centra calls its Primary Gas rate, was more expensive in Winnipeg than in all other urban centres included in the survey for 2009.

Centra updated this comparison for the current proceeding, and provided a ranking of the commodity rate at four dates throughout 2010. The ranking for Winnipeg improved, having on average the fifth lowest commodity rate amongst the eight cities in this comparison.

In addition to the comparison of rates, Centra provided a qualitative description of each Canadian utility's methodology for determining the commodity rate, including whether the rate was hedged, how often the rate was adjusted, whether and how the rate included recovery or refund of deferral balances, whether the rate was weighted for the cost of gas in storage, and whether transportation-related costs were included in the commodity rate. With the effect of hedging removed from Centra's Primary Gas rate, the commodity rate ranking for Winnipeg improved to fourth place of eight cities.

Centra did not make any suggestions or recommendations for how it could make its commodity rate less expensive.

Board Findings

The natural gas commodity rate comparison presented by Centra showed that comparing commodity rates across jurisdictions is not an "apples to apples" comparison.

There are too many variables for the Board to draw definitive or even preliminary conclusions about what is the optimal way to structure the commodity rate and RSM. The elimination of hedging will remove one item that distorts Centra's commodity rate in comparison to several other Canadian jurisdictions, notably Alberta and Ontario. The Board may request updates to this comparison in future proceedings.

Cost of Service Methodology Review

Centra is undertaking a review of the Cost of Service (COS) methodology concurrently with a review of MH's COS methodology.

Centra's COS is used to allocate the costs incurred in operating the gas utility to each of the customer classes, and eventually to determine the rates that are charged to each class. Centra's COS was last reviewed by an external consultant in 1996.

While Centra's COS methodology has not been reviewed in over a decade, Centra is of the view that it has served Centra well. Addressing issues with MH's COS methodology is the primary driver for reviewing both COS methodologies at this time.

Board Findings

The Board does not take issue with Centra bearing approximately 35% of the $175,000 cost of the external review of the COS methodology. After 15 years of use, the COS methodology is due for a review. If an Intervener has views that it wishes Centra to consider, it should make them known to the Corporation, with a copy to the Board.

Transportation Service Eligibility

Centra sought approval of a change to its Schedule of Sales and Transportation Services and Rates ("Terms and Conditions") related to the provision of Transportation Service (T-Service) to commercial and industrial customers. T-Service is provided by Centra to those customers that desire to make their own arrangements for the transportation of gas to Centra's city gates. Centra then transports the gas on its system within Manitoba to the customer's premises. T-Service customers do not pay Primary Gas, Supplemental Gas, or the Transportation (to Centra) rates.

Currently, customers in the LGS, HVF, ML, and INT are eligible for T-Service. The SC and PS classes are, by definition of the classes, T-Service customers. Centra sought to change the eligibility to require a minimum threshold of 200 GJ/day of consumption under normal operations. All T-Service customers are required to arrange to have their daily gas requirements delivered to Centra's city gates on the TCPL Mainline each day. If they consume more or less gas than they arranged to receive, then Centra is required to pay TCPL a load balancing penalty, and Centra must then recover this penalty from its customers that caused it.

Centra stated that it does not have the ability to monitor most of the T-Service customers to determine whether they have balanced their daily load requirements and thus pass through any penalties that TCPL levies on Centra. The change proposed by Centra – to establish a minimum daily volume threshold for T-Service customers – would potentially affect only two of the 17 current T-Service customers, and Centra proposes to continue to allow these two to receive T-Service. As a result, the proposed change to the Terms and Conditions of Service will not affect, in the near term, any of Centra's existing customers or the load balancing penalties that Centra pays.

Board Findings

The Board notes that Centra asked for a change in the Terms and Conditions four years ago to address this issue. That change was to include wording such that Centra would collect any load balancing charges incurred due to the actions of the T-Service customers directly from the customers that caused them. Previously, wording to this effect was included in individual contracts between Centra and the T-Service customers.

Centra is now of the view that those changes were insufficient to ensure that it did not bear any load balancing costs itself resulting from the actions of the T-Service customers. However, the Board notes that Centra's proposed changes to the Terms and Conditions will not alter the status quo since Centra is permitting existing T-Service customers, regardless of their daily volumetric consumption, to continue to receive T-Service. That is, Centra is "grandfathering" the two small T-service customers.

The Board will grant Centra's request to change the Terms and Conditions. The change is to hold Centra and its other ratepayers harmless from the actions of a small number of new T-Service customers and does not affect any current T-Service customers.

Non-Gas Matters

Centra did not apply to amend its non-gas rates. While there are non-gas cost components in the Primary Gas and Transportation rates, non-gas costs are primarily recovered through Distribution rates and the Basic Monthly Charge.

Concurrently with the 2011 COG proceeding, the Board requested additional information concerning Centra's financial situation, including its Integrated Financial Forecast (IFF), Revenue Requirement, forecasted Net Income, and Capital Expenditure Forecast. Centra provided this information, and, at the Board's request, distributed it to the Interveners in the COG proceeding.

Past Results

Centra reported that its Net Income in 2009/10 was negative $1 million, due primarily to warmer than normal weather, but also because Operation and Administration (O&A) Expense was $1.8 million higher than forecasted due to a reduction in DSM costs eligible for capitalization which required these costs to be expensed.

Centra originally forecasted its Net Income for 2010/11 to be $6.2 million. The Net Income exceeds the approved amount of $3 million, helped by the reduction in Grants In Lieu of Taxes (GILT) of $4.4 million but reduced because of International Financial Reporting Standards-related (IFRS) accounting changes. These accounting changes include the reduction in the capitalization rate from 24% to 17% and the reduction in DSM costs eligible for capitalization. However, warmer than normal weather throughout the first part of 2010/11 has reduced this forecast. Centra now predicts a Net Income in the $2 million to $3 million range.

2011/12 Forecast Results

Centra is not seeking a non-gas rate change because its forecasted Net Income for fiscal 2011/12 is $3.7 million, which is nominally greater than the Board's target for Net Income of $3 million.

Centra provided additional information about the changes to its Revenue Requirement compared to the previous fiscal year. Centra's O&A Expense has increased by $3.7 million: $2 million is due to changes in the overhead capitalization rate (from 24% to 17%), $1 million is a result of reduced DSM expenditures eligible for capitalization, and $0.7 million is due to general inflation. Both accounting changes, the overhead capitalization rate change and the reduction in eligible DSM expenditures eligible for capitalization, arise out of the impending implementation of IFRS.

Centra indicated that it has reduced its overhead capitalization rate from 24% to 17%. An election under IFRS-1 will allow for a first time adopter of IFRS to carry forward historical cost-based balances, and Centra has indicated that it plans to make this election. By doing this now Centra has increased O&A Expense prematurely, as Centra is not planning to adopt IFRS until its 2012/13 fiscal year.

Centra's Capital and Other Taxes expense has decreased by $4.4 million due to a decrease in GILT that it pays to the municipalities in Manitoba. This decrease arose out of the Province-wide reassessment of property values that occurred in 2010.

IFRS Impacts

Centra provided a summary of its rate-regulated accounts as of March 31, 2010:

Item	**Centra** (millions)
Power Smart Programs	$32
Site Restoration Costs	$2
Deferred Taxes	$35
PGVA	($3)
Regulatory Costs	$4
Total	**$70**

Source: PUB/Centra 45 Attachment p.16

IFRS does not have a standard that recognizes rate-regulated accounts. Centra's view is that it is unlikely that IFRS will recognize regulatory assets and liabilities

Other impacts to Centra that are expected upon adoption of IFRS include a reduction in Net Income of $0.5 million due to expensing of annual research-related charges, a change to the capitalization rate for overhead costs as mentioned above, changes to its depreciation expense related to Property, Plant, and Equipment, and changes to the accounting of its defined benefit pension plan.

Centra has not determined the impact to Net Income of the latter two items.

Board Findings

While the forecast of $3.7 million of net income is slightly over the net income that has been the Board's past practice to annually approve, declining throughput and the risks from rising O&A costs weigh on the Board.

The Board anticipates Centra will file a GRA in December 2011 or January 2012 once Centra's 2011 IFF is approved. Currently, most of MH's regulatory staff are occupied with the current electric GRA. While Centra's Gas Supply staff are not involved in the electric GRA, they are involved with the process to replace the U.S. storage and transportation assets. Thus, the Board does not expect Centra to file a GRA until the late Fall at the earliest.

IFRS may be a more focused issue by then, as the International Accounting Standards Board may have additional information on rate-regulated accounting at that time.

The Board agrees with the elections Centra has made in response to IFRS requirements, which have increased Centra's O&A expense for 2010/11 and 2011/12. While Centra adjusted its overhead capitalization rate sooner than required, thereby reducing Centra's Net Income for 2010/11 and its prospects for 2011/12, making the changes earlier is preferable and allows for more comparative statements at its year-end 2012.

The Board is concerned with the impending write-off of rate-regulated accounts against retained earnings. For example, Centra currently has $32 million in deferred expenses for Power Smart and DSM expenditures. Under the proposed implementation of IFRS, these accounts will be written off.

Centra's DSM programs provide benefits to its customers. Customers who implement DSM measures will reduce their gas consumption and decrease their bills. In aggregate, as customers decrease their consumption Centra must increase its non-gas unit rates to ensure that it collects its revenue requirement.

Furthermore, upon IFRS implementation future DSM expenditures must be expensed in the year they are incurred, and Centra's non-gas Distribution rates will increase even more.

As these unit rates increase, customers may pay more, but there remains a net benefit to customers' bills that participated in the DSM programs as their reduced consumption means they are purchasing less Primary and Supplemental Gas. That is, customers who made efficiency improvements will see reduced bills even as Centra increases its Distribution rates.

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.

5.0 IT IS THEREFORE ORDERED THAT:

1. Centra is to calculate and submit, for Board approval, rate schedules, proof of revenue by class and bill impacts for all natural gas consumed on and after May 1, 2011 reflecting:
   a. Interim approved TCPL tolls that will increase the 2010/11 gas cost forecast by $7.1 million;
   b. Actual CAD/USD exchange rates to date which are expected to decrease the gas cost forecast in excess of $97,000;

2. Centra's forecast for Capacity Management revenues of \$6.9 million and the forecast for a Canadian to U.S. dollar exchange rate of \$1.02 CAD/USD BE AND IS HEREBY APPROVED;

3. Centra's Application for a revised Primary Gas rate of \$0.1548/m^3, effective May 1, 2011, BE AND IS HEREBY APPROVED;

4. Centra's Cost of Gas for 2009/10 of \$268,647,199, including \$5,969,609 in Capacity Management revenues and additional gas costs of \$32,118,598 resulting from the derivatives hedging program BE AND IS HEREBY APPROVED;

5. Interim Orders 147/09, 4/10, and 81/10 related to the November 1st, 2009, February 1, 2010, and August 1, 2010 quarterly Primary Gas applications, respectively, BE AND ARE HEREBY APPROVED;

6. Interim Order 46/10 related to the May 1, 2010 Primary Gas application and the May 1, 2010 non-Primary Gas application BE AND IS HEREBY APPROVED;

7. Centra's revised methodology for determining the normal weather degree days heating, which is used in the determination of the Natural Gas Volume Forecast, BE AND IS HEREBY APPROVED;

8. Amendments to the Schedule of Sales and Transportation Services and Rates, for new customers, related to establishing a minimum consumption threshold of 200 GJ/day to be eligible for Transportation Service (T-Service) BE AND ARE HEREBY APPROVED;

9. CAC/MSOS' counsel and advisor are to view the ConocoPhillips gas supply contract and pricing details including the proposal submissions of the other Proponents. This review will take place in the Board's office subject to the execution of non-disclosure agreements that limit liquidated damages to \$10,000 for both intentional and unintentional disclosure;

10. Centra amend the COG methodology such that Centra is to provide a gas cost forecast update in future COG proceedings, in a manner similar to that of GRA proceedings;

11. Centra amend the process for replacing its U.S. storage and transportation assets to include a detailed discussion paper with sufficient economic and operational analysis, an information request process, submissions from interveners and stakeholders, and an oral public hearing before the Board;

12. Centra file, by May 20, 2011,a revised timeline for the amended process of replacing its U.S. storage and transportation assets such that Board approval of the gas cost consequences be a condition precedent to the formation of any contracts related to this issue;

13. Centra be permitted to unwind or otherwise close off any hedge positions related to its FRPGS that are not subscribed by customers. Alternatively, Centra may use these hedges to provide modified fixed rate service offerings to customers, subject to Board approval of the pricing and other terms; and

14. Centra to propose, by May 20, 2011, a process to review and obtain Board approval of Centra's rate and service structure – including the distinction between Primary and Supplemental Gas.

The Public Utilities Board

"GRAHAM LANE"
Chairman

"KURT SIMONSEN"
Acting Secretary

Certified a true copy of Order No. 65/11 issued by The Public Utilities Board

Acting Secretary