

M A N I T O B A)	Order No. 110/14
)	
<i>THE PUBLIC UTILITIES BOARD ACT</i>)	September 29, 2014

BEFORE: Régis Gosselin, B ès Arts, M.B.A., CGA, Chair
Marilyn Kapitany, B.Sc. Hon., M.Sc., Member
Neil Duboff, BA (Hons), LLB, TEP, Member

CENTRA GAS MANITOBA INC.: FRANCHISE APPLICATION
(RURAL MUNICIPALITY OF ROSSER)

1.0 Summary

By this Order, the Public Utilities Board (Board) approves on an interim ex parte basis Centra Gas Manitoba Inc.'s (Centra) Application for an amended franchise agreement with the Rural Municipality (RM) of Rosser. The amended agreement extends Centra's franchise area over the remainder of the Municipality not already covered by previous franchise agreements. The Board also approves the financial feasibility test for the extension of gas services to one customer in the proposed expansion area.

2.0 Application

On September 16, 2014, Centra applied to the Board, requesting:

1. Approval and authorization of an amended agreement between Centra and the RM of Rosser; and
2. Approval of the financial feasibility test for the planned expansion of natural gas service to one commercial customer within the RM of Rosser.

The proposed agreement expands Centra's franchise into the remaining areas of Rosser not already covered by franchise agreements on the expectation that there will be additional customer attachments in the future. These areas include:

- Sections W ½ 15, 16 through 22, and 25 through 36, Township 12, Range 2 EPM;
- Sections 14 through 23 and 26 through 35, Township 11, Range 1 EPM;
- Sections 2 through 11 and 13 through 36, Township 12, Range 1 EPM;
- Sections 13, 23 through 27 and 33 through 36, Township 11, Range 1 WPM;
- Sections 1 through 5 and 7 through 36, Township 12, Range 1 WPM;
- Sections 10, 13 through 16 and 20 through 36, Township 12, Range 2 WPM; and
- All lots of the Parish of St. James adjacent to and located west of Section 15 EPM, Township 11, Range 2 EPM contained within the limits of the Municipality.

The franchise extension will involve the construction of a large farm tap connecting to Centra's existing 168.3 mm (NPS 6) transmission pipeline, a service line, and a meterset.

The proposed farm tap and service line will be installed within existing government road allowances and private easements. Centra estimates the commercial customer will consume 119,430 m³ of gas annually in each of the first two years, and 487,494 m³ in each subsequent year. As such, the customer will be in the Large General Service class. The estimated capital cost of the farm tap, service line, and meterset is \$82,078. No contribution from the customer towards construction costs is required. The 30 year net present value (NPV) of the revenues in excess of costs of this extension is \$191,750, and the revenues exceed the revenue requirements after five years.

The RM of Rosser gave first reading to the By-law on August 12, 2014 authorizing the amended franchise agreement between the RM of Rosser and Centra (and allowing for the proposed extension).

As the extension is less than 10 km long and environmental screening indicated no environmentally sensitive areas, Centra indicates that a licence from Manitoba Conservation is not required.

3.0 Board Findings

The Application was filed consistent in form with the Board's requirements (as established in Board Order 109/94). The Board finds that the form of the feasibility test is in accordance with the Board-approved methodology as approved in Orders 109/94, 124/96, 89/97, and 123/98.

Typically, Centra only applies for franchise areas where Centra has identified potential customers that will take gas service as opposed to applying for a franchise area to encompass an entire rural municipality. As the RM of Rosser anticipates the need for Centra to provide gas service to additional new customers and since the RM supports granting Centra the additional franchise areas, the Board approves the Application.

Board decisions may be appealed either 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.

4.0 IT IS THEREFORE ORDERED THAT:

1. The Amendment to the existing Franchise Agreement between Centra Gas Manitoba Inc. and the Rural Municipality of Rosser, attached hereto as Appendix “A” to this Order, **BE AND IS HEREBY APPROVED** on an interim ex parte basis;
2. The financial feasibility test for the extension of natural gas service to one commercial customer within the Rural Municipality of Rosser **BE AND IS HEREBY APPROVED**, on an interim ex parte basis; and
3. This interim Order will remain in full effect until confirmed or otherwise by a subsequent Order of the Board.

THE PUBLIC UTILITIES BOARD

“Régis Gosselin, B ès Arts, MBA, CGA”
Chairman

"KURT SIMONSEN P.Eng."
Acting Secretary

Certified a true copy of Order No. 110/14
issued by The Public Utilities Board

Acting Secretary

SCHEDULE A

THIS AMENDING AGREEMENT made as of the _____ day of _____, 2014.

BETWEEN:

RURAL MUNICIPALITY OF ROSER,

(hereinafter called the "Municipality"),

OF THE FIRST PART,

- and -

CENTRA GAS MANITOBA INC.,

(hereinafter called "Centra"),

OF THE SECOND PART.

WHEREAS the Municipality entered into a franchise agreement (hereinafter called the "Franchise Agreement") dated October 15, 1965 with Greater Winnipeg Gas Company granting the company the franchise to supply natural gas to the Municipality and inhabitants within the areas set forth in Exhibit "A" to the said Franchise Agreement;

AND WHEREAS By-Law No. 5-1965 of the Municipality authorizing the Municipality to enter into the Franchise Agreement was approved by the Public Utilities Board of Manitoba by Order No. 128/65;

AND WHEREAS the Franchise Agreement was renewed pursuant to *The Greater Winnipeg Gas Distribution Act*, S.M. 1988-89 c. 40;

AND WHEREAS Centra Gas Manitoba Inc. ("Centra") is the corporate successor to Greater Winnipeg Gas Company;

AND WHEREAS the Municipality entered into a franchise amending agreement ("the First Amending Agreement") dated September 27, 2000 with Centra Gas Manitoba Inc. ("Centra") which granted to Centra the further franchise to supply natural gas to Sections 13, 14, 23 and 24, Township 12, Range 2 EPM of the Municipality;

AND WHEREAS By-Law No. 7-00 of the Municipality authorizing the Municipality to enter into the franchise amending agreement was approved by the Public Utilities Board of Manitoba by Order No. 140/00;

AND WHEREAS the Municipality entered into a second franchise amending agreement (the "Second Amending Agreement") dated April 26, 2005 with Centra Gas Manitoba Inc. ("Centra") which granted to Centra the further franchise to supply natural gas to E ½ of Section 15, Township 12, Range 2 EPM of the Municipality;

AND WHEREAS By-Law No. 6-03 of the Municipality authorizing the Municipality to enter into the franchise amending agreement was approved by the Public Utilities Board of Manitoba by Order No. 54/05;

AND WHEREAS the Franchise Agreement was renewed again in 2011 pursuant to *The Greater Winnipeg Gas Distribution Act*, S.M. 1988-89 c. 40;

AND WHEREAS the Municipality entered into a crossing agreement dated May 14, 2013 with Centra Gas Manitoba Inc. ("Centra") to construct, lay and maintain a pipeline for the conveying of natural gas through all those portions of Sections 14 through 23, Township 11, Range 1 EPM, and Sections 13, 23, and 24, Township 11, Range 1 WPM of the Municipality;

AND WHEREAS By-Law No. 1-13 of the Municipality authorizing the Municipality to enter into the crossing agreement was approved by the Public Utilities Board of Manitoba by Order No. 33/13;

AND WHEREAS the Municipality has agreed that it is in its interest to grant Centra a further franchise for the supply of natural gas to those portions of Sections W ½ 15, 16 through 22, and 25 through 36, Township 12, Range 2 EPM; Sections 14 through 23 and 26 through 35, Township 11, Range 1 EPM; Sections 2 through 11 and 13 through 36, Township 12, Range 1 EPM, Sections 13, 23 through 27 and 33 through 36, Township 11, Range 1 WPM; Sections 1 through 5 and 7 through 36, Township 12, Range 1 WPM; Sections 10, 13 through 16 and 20 through 36, Township 12, Range 2 WPM; and all those Lots of the Parish of St. James adjacent to and located west of Section 15 EPM, Township 11, Range 2 EPM contained within the limits of the Municipality, as a further addition to its existing franchise territory;

AND WHEREAS by by-law duly passed by the Council of the Municipality, the Reeve and the Chief Administrative Officer have been authorized and directed to execute the Amending Agreement on behalf of the Municipality;

NOW THEREFORE pursuant to the premises and in consideration of the sum of TEN (\$10.00) DOLLARS now paid by Centra to the Municipality, and in further consideration of the mutual covenants hereinafter set forth, it is mutually covenanted and agreed by the parties as follows:

1. That Paragraph 1 of the Franchise Agreement is hereby amended by extending the franchise area designated therein to include those portions of:
 - Sections W ½ 15, 16 through 22 and 25 through 36, Township 12, Range 2 EPM;
 - Sections 14 through 23 and 26 through 35, Township 11, Range 1 EPM;
 - Sections 2 through 11 and 13 through 36, Township 12, Range 1 EPM,
 - Sections 13, 23 through 27 and 33 through 36, Township 11, Range 1 WPM;

- Sections 1 through 5 and 7 through 36, Township 12, Range 1 WPM;
 - Sections 10, 13 through 16 and 20 through 36, Township 12, Range 2 WPM; and
 - All those Lots of the Parish of St. James adjacent to and located west of Section 15 EPM, Township 11, Range 2 EPM contained within the limits of the Municipality (as set out in the map attached as Appendix 1).
2. The parties hereby confirm that all other terms and conditions of the Franchise Agreement, as amended from time to time through Orders of the Public Utilities Board and *The Greater Winnipeg Gas Distribution Act*, S.M. 1988-89 c.40, remain in full force and effect and continue to be binding upon the successors and assigns of each of the parties hereto.
3. This Amending Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.

IN WITNESS WHEREOF the parties have affixed their corporate seals, attested to by the signatures of their proper officers, as of the day and year first above written.

RURAL MUNICIPALITY OF ROSSER

Per: _____
Reeve

Per: _____
Chief Administrative Officer

CENTRA GAS MANITOBA INC.

Per: _____
Authorized Signing Officer

Per: _____
Authorized Signing Officer