



News Release

December 21, 2009

By Board Order 170/09, the Public Utilities Board (Board) directs Centra Gas Manitoba Inc.'s (Centra) to phase-out hedging Primary natural gas purchases for system gas customers (i.e. consumers purchasing natural gas from Centra, priced quarterly).

With Centra and private brokers offering fixed price and term Primary gas contracts to consumers (residential and commercial), the Board has concluded that Centra's hedging of natural gas commodity purchase prices for consumers buying Primary gas from Centra through Centra's variably priced quarterly set "system gas" is no longer in the public interest. Centra is to transition away from such hedging, and will be allowed to hedge no more than 75% of eligible gas volumes for hedges to be placed in January 2010, no more than 50% in hedges to be placed in April 2010, and no more than 25% for hedges to be placed in July 2010 – following July hedging, no hedging of the quarterly set variably priced system gas supply is to occur.

In recent years, hedging has added to, rather than reduced gas costs and rates for "system gas" customers, and with the entry of Centra into the fixed price and term gas contract market, in competition with private marketers, "system gas" customers wanting to "lock-in" Primary gas rates can commit to a fixed price and term contract. As for customers wishing to remain on "system gas", the volatility of those quarterly set rates will continue to be mitigated by the availability of the equal monthly payment plan, Centra's storage of natural gas during the summer months, and the Board-approved quarterly price methodology.

Primary gas rates will next be reviewed, and likely amended, as of February 1, 2010.

Bills are the result of both rates and volumes consumed, and, accordingly, customers are continued to be encouraged to avail themselves of the Manitoba Hydro's energy efficiency programs, which include special programs for low-income customers, and, as well, the federal government's current tax credit offering.

Petroleum prices including natural gas remain volatile, and current natural gas prices remain considerably lower than expected. Given current global economic conditions, i.e. indication of a slow economic recovery, and Centra's on-going storage programs, the availability of the equal monthly payment plan, and the quarterly rate setting methodology, the Board does not currently foresee significant rate changes for Centra's "system gas" customers in the immediate future.

A copy of the Order, which contains significant additional information, may be reviewed on the Board's website www.pub.gov.mb.ca, or be obtained through the Board's Office.

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