

PUBLIC UTILITIES BOARD OF MANITOBA

IN THE MATTER OF the *Public Utilities Board Act* (Act) of Manitoba, C.C.S.M. c.
P280; and

IN THE MATTER OF an application by Stittco Utilities Man Ltd. pursuant to Parts II
and IV of the Act for orders of the Public Utilities Board of Manitoba relating to the
non-commodity rates to be charged to propane customers in Thompson, Flin Flon, and
Snow Lake, Manitoba

STITTCO UTILITIES MAN LTD.

APPLICATION

August 30, 2024

To: Public Utilities Board
400 – 330 Portage Avenue
Winnipeg, Manitoba
R3C 0C4

APPLICATION

1. Stittco Utilities Man Ltd. (**Stittco** or **Company**) hereby applies to the Public Utilities Board of Manitoba (**Board**) for an Order fixing just and reasonable non-commodity rates for all gas customers served by Stittco, effective November 1, 2024, including:
 - (a) a determination of the non-commodity cost revenue requirement of the Company for the year ending July 31, 2024; and
 - (b) a determination of the rate base of Stittco as of July 31, 2024 (the **Application**).
2. The 2023 normalization financial reconciliation report (**2023 Normalized Report**) was filed with the Board on June 25, 2024 based on the same methodology as prior applications (i.e. normalized financials based on weather). The 2024 normalization financial reconciliation report is expected to be filed before June 2025, subject to availability of audited financial statements.
3. Stittco certifies that, to the best of its knowledge and belief, the information provided in this Application is accurate and correct.

BACKGROUND

4. Stittco is a small public utility that distributes propane by pipeline to customers in Thompson, Flin Flon, and Snow Lake, Manitoba. The majority of Stittco's customers (by number) are residential and located in Thompson.
5. The Board has been approving the rates of Stittco and its predecessor company since 1963.
6. Stittco is a wholly-owned subsidiary of Superior Plus LP (**Superior**). Superior is Canada's largest distributor of propane and related products and services. It has many years of operating experience, a large, sophisticated network of infrastructure, and the proven technical capability to operate propane distribution services in a proficient and

effective manner. Stittco continues to be the owner of the public utility subject to oversight by the Board.

7. The rates of the Company include commodity costs and non-commodity costs. By Order No. 141/08 dated October 15, 2008, the Board accepted a proposal by Stittco to establish a rate review process involving quarterly commodity rate changes (August 1, November 1, February 1, and May 1 of each year) and annual reviews of non-commodity rates.¹
8. The commodity costs include the cost of propane and expenses relating to transportation of that propane to the Stittco franchise area, both of which are reflected in rates without markup. Differences between estimated and actual commodity costs are recorded in a Purchased Propane Variance Account that is settled as part of the quarterly rate setting process established in Board Order No. 11/09.²
9. By Order No. 123/23 dated October 26, 2023, the Board finalized the interim ex parte commodity rates established in Order No. 115/22 (dated October 25, 2022, effective November 1, 2022), Order No. 13-23 (dated January 26, 2023, effective February 1, 2023), Order No. 51-23 (dated April 26, 2023, effective May 1, 2023), and Order No. 86-23 (dated July 25, 2023, effective August 1, 2023).³
10. As required by Order No. 104/19⁴, Stittco will file the information required for the quarterly commodity cost price adjustment by July 15, 2024, which will be effective August 1, 2024.
11. The most recent Board Order relating to non-commodity costs was Order No. 123/23, which determined the non-commodity revenue requirement of the Company, set non-commodity rates effective November 1, 2023, and approved the rate base for Stittco as of July 31, 2023.

¹ Board Order No. 141/08, page 13 of 14, section 6.0, paragraph 3.

² Board Order No. 11/09, dated February 11, 2009, page 3 of 8.

³ Board Order No. 123/23, page 26 of 26.

⁴ Board Order No. 104/19, pages 7 of 8.

FIVE-YEAR CAPITAL PLAN REPORT

12. In Order No. 169/18⁵ the Board directed Stittco to file a report regarding Stittco's five-year capital plan that reflects management's current estimates of capital expenditures over the next five years.

13. As noted in Order No. 169/18:

Through subsequent responses to the Board's information requests, Stittco advised that it was not in a position to provide detailed explanations regarding the justification and pacing of each future item included in its five year plan but clarified that decisions regarding its capital expenditures are thoroughly vetted by Superior Plus management and account for the age and condition of the assets, overall regional budget levels, and best available information. Once determined to be a prudent investment by Stittco's management, each capital investment is subsequently presented to the Board in order to seek approval for cost recovery through rates.

14. By Order No. 123/23, the Board required Stittco to continue to include revised five-year capital plans with future non-commodity cost applications.⁶

15. The content of the five-year capital plan attached hereto reflects the requirements of the Board and the approach taken by Stittco in its prior five-year capital plans, including the capital plan filed in the proceeding for Stittco's 2023 non-commodity cost application dated July 14, 2023 (**2023 Application**).

16. Since this time, Stittco has revised its capital planning to reflect updated information and to adjust to changed circumstances. These revisions are related to the following:
 - (a) The rail tank car riser swing arms in Thompson have developed leaks which require repair.

⁵ Board Order No. 169/18, page 4 of 24.

⁶ Board Order No. 123-23, page 22 of 26.

- (b) Alan Brands has evaluated the cathodic protection of the pipeline system and indicates 2 remediations are required. A new sacrificial magnesium system is recommended in Flin Flon estimated to cost \$3,500 for parts and Stittco estimates \$1,500 for hydrovac services. The control panel in Thompson is at the end of its life and requires replacement with parts cost of \$2,200 and Stittco estimates electrician labour at \$800.
- (c) Service truck replacement previously expected to be completed in 2024 was not received by Stittco until August 2024 due to delivery delays from the vendor and has been included in 2025.
- (d) To address the Thompson pipe under a garage, the potential remediation costs have been included in 2026. Stittco is aligned with the plan discussed during the virtual conference call to complete these repairs when other directional drilling is required in the area which would spread the costs to mobilize drilling contractors to Thompson across a greater scope of work. The cost included above reflect a worst-case remediation for tracking purposes if other directional drilling projects do not occur within an acceptable time horizon.
- (e) The software system upgrade previously planned for 2026 at the earliest has been deferred until at least 2027. As noted in the Stittco response to 2021 Information Request I-13, the existing software system that is utilized by Stittco is dated and reaching its end of life with limited available support. A thorough review of system requirements and available options is required before a cost estimate and detailed timeline for upgrade can be provided. This review is planned for the 2026-2027 timeframe, when it is expected that the Stittco Information Technology team will have sufficient capacity to undertake the review work required.

DISTRIBUTION ASSET REVIEW

17. In Order 123/23, the Commission required Stittco to file a report that “provides the Board with a better understanding of existing and emerging risks and challenges

faced by Stittco, including the long-term economics of maintaining or replacing Stittco's distribution assets."⁷ That review report is attached to this Application.

INSURANCE

18. A breakdown of insurance premium payments and non-covered claim costs are included in Tab 10 of the supporting schedules and will be included in Stittco's normalized financial reconciliation reports, as required by Order No. 123/23.⁸

PROPOSED NON-COMMODITY RATES

19. Stittco proposes the continuation of the rate methodology established in Board Order No. 141/08 and implemented in subsequent orders, including the most recent Order No. 123/23. Stittco proposes the continuation of the Basic Monthly Charge of \$10.00 per month for all customers plus Monthly Delivery Charges per cubic metre, as follows.

GENERAL SERVICE RATE STRUCTURE

Basic Monthly Charge	10.00 Per Month
Non-Commodity Costs Recovery	
Delivery Charge	
FIRST 100 m ³	1.7266
NEXT 400 m ³	1.5400
NEXT 1000 m ³	1.4572
NEXT 2500 m ³	1.1807
OVER 4000 m ³	0.9055

20. The non-commodity rates proposed in this Application are calculated to recover the non-commodity costs incurred by Stittco in the provision of service. The non-

⁷ Board Order 123/23, page 21-22 of 26.

⁸ Order No. 123/23, page 24 of 26.

commodity cost revenue requirement⁹ includes operating expenses,¹⁰ income taxes,¹¹ depreciation¹² and the allowed rate of return on rate base of 10%.¹³

21. Stittco seeks approval of a 3.17% overall increase in non-commodity rates from Order No. 123/23.
22. The Stittco projected mid-year rate base for 2024 per Order No. 123/23 was \$3,030,800,¹⁴ while the actual and budgeted rate base for 2024 in the current Application is \$2,860,631.¹⁵ The projected mid-year rate base for 2025 is \$2,913,083,¹⁶ relatively consistent with the actual/budgeted rate base for 2024.¹⁷
23. Stittco submits that the costs described in this Application and the attachments, including operating costs, are prudent, in the public interest and result in rates that are just and reasonable.
24. Superior and Stittco have long-established reputations as dependable, customer service-oriented propane suppliers, consistently honoring service and supply commitments to customers and maintaining industry-leading health, safety and environmental standards. The focus of Superior and Stittco on safety and security is the driver behind the continuing capital investments that are being made in 2024 and into 2025 (and beyond).
25. The actual return earned by Stittco for fiscal year 2023 (year ending July 31, 2023) was 12.33%.¹⁸ Normalized (that is, adjusted to reflect normal weather), the return would have been 13.69%¹⁹ which is above the allowed return of 10%. This result was due to the timing of the payment of insurance settlement costs, which was forecasted to occur in the year ending July 31, 2023 but actually occurred in the year ending July 31, 2022.

⁹ See Tab No. 2, Revenue Requirement, Schedule, Revenue Requirement Projected for Year Ending July 31, 2024.

¹⁰ See Tab No. 10, Operating Expenses, Schedule, Summary of Operating Expenses Projected for Years Ending July 31, 2024/2025.

¹¹ See Tab No. 4, Income Tax Requirement, Schedule, Income Tax Requirement Projected for Years Ending July 31, 2024/2025.

¹² See Tab No. 9., Depreciation Schedules, Depreciation Schedules Projected for the Years Ending July 31, 2024/2025.

¹³ See Tab No. 3, Income Statements, Schedule, Income Statements Projected for Years Ending July 31, 2024/2025.

¹⁴ Board Order 123/23, page 24 of 26

¹⁵ See Tab No. 3, Income Statement, Schedule, Income Statements Projected for Years Ending July 31, 2024/2025.

¹⁶ See Tab No. 3, Income Statement, Schedule, Income Statements Projected for Years Ending July 31, 2024/2025.

¹⁷ See Tab No. 6.

¹⁸ See Tab No. 1, Historical Earnings, Schedule.

¹⁹ See Tab No. 1, Historical Earnings, Schedule.

This caused the 2022 rate of return to be lower than the allowed rate of return and offsetted the higher return in fiscal year 2023.

26. The projected actual return on rate base for fiscal year 2024 (derived from 9 months of actual numbers and 3 months of projections) is 0.53%.²⁰ This return is lower than the allowed return of 10% and reflects the impact of lower customer consumption relating to unusually warm weather.
27. In Order No. 123/23, the Board considered the existing allowed rate of return on rate base of 10% and approved rates that included that rate of return.²¹ The Board noted that “Stittco’s 10% return on rate base is reasonable given that Stittco operates in a small market area and faces competition from other service providers.”²²
28. Stittco does not seek an increase in its allowed rate of return of 10%. By law²³ and the stand alone principle, the equity investors in Stittco are entitled to a return that is equivalent to the returns available from investing in enterprises of similar risk. The range of rates of return awarded to natural gas utilities much larger and significantly less risky than Stittco is from 9.0% for Alberta utilities²⁴ to 8.8-10.1% for Group 1 natural gas pipelines regulated by the Canada Energy Regulator.²⁵ Stittco continues to

²⁰ See Tab No. 3, Income Statement, Schedule, Income Statements Projected for Years Ending July 31, 2024/2025.

²¹ Order No. 123/23, page 15 of 26.

²² Order No. 123/23, page 15 of 26.

²³ See, e.g. *Northwestern Utilities Limited v. City of Edmonton*, [1929] S.C.R. 186; *TransCanada PipeLines Limited v. National Energy Board et al.*, 2004 FCA 149.

²⁴ Alberta Utilities Commission Decision 27084-D02-2023, Determination of the Cost-of-Capital Parameters in 2024 and Beyond, October 9, 2023, 2022, para 115.

²⁵ See, for example, NOVA Gas Transmission Ltd. (“NGTL”) Application for Approval of the 2020-2024 Revenue Requirement Settlement and for Approval of Revised Interim 2020 and Final 2020 Rates and Abandonment Surcharges, PDF 10 of 17 ([C06105-2](#)) [NGTL 2020-2024 Revenue Requirement Application] and NGTL Application for Approval of Final 2024 Rates, Tolls, Charges and Final 2024 Abandonment Surcharges for the NGTL System ([C29388-1](#)) [NGTL Final 2024 Tolls Application] (See also Canada Energy Regulator Order TG-009-2020 approving NGTL 2020-2024 Revenue Requirement Application ([C07938-1](#)) and Canada Energy Regulator Order TG-005-2024 approving the NGTL Final 2024 Tolls Application ([C29861-3](#))); Trans Québec & Maritimes Pipeline Inc. (“TQM”) 2024 to 2025 Toll Settlement and 2024 Final Tolls and Abandonment Surcharges Application, PDF 13 of 41 ([C29084-1](#)) [TQM 2024-2025 Toll Settlement] (See also Canada Energy Regulator Order TG-004-2024 approving the TQM 2024-2025 Toll Settlement ([C29761-3](#))); Westcoast Energy Inc. (“Westcoast”) Application for Approval of 2022-2026 Transmission Toll Settlement and Amendments to Westcoast’s Pipeline Tariff ([C21967-2](#)), PDF 8-9 of 35 [Westcoast 2022-2026 Toll Settlement] and Westcoast Application for 2024 Final Tolls for Transmission Services ([C29081](#)) (see also Canada Energy Regulator Order TG-010-2022 approving the Westcoast 2022-2026 Toll Settlement ([C22660-3](#)) and Canada Energy Regulator Order TG-003-2024 approving the Westcoast Final 2024 Tolls Application ([C29478-3](#))); Maritimes & Northeast Pipeline Management Ltd. (“M&NP”) Application for Approval of 2024-2025 Toll Settlement [M&NP 2024-2025 Toll Settlement], Attachment 1, PDF 22 of 22 ([C27433-2](#)) (see also Canada Energy Regulator Order TG-001-2024 approving the M&NP Toll Settlement ([C28397-3](#))); and TransCanada PipeLines Limited (“TCPL”) Application for Approval of the Mainline 2021-2026 Settlement, PDF 16 of 22 [TCPL 2021-2026 Toll Settlement] ([C03833-1](#)) and TCPL Application for One-Time Adjustment to the Long-Term Adjustment Account and Final Tolls for the 2021-2026 Settlement Period ([C09248-1](#)) [TCPL Final 2021-2026 Tolls Application] (see also Canada Energy Regulator Order TG-003-2020 approving the TCPL 2021-2026 Toll Settlement ([C05780-3](#)) and Order TG-014-2020 approving the TCPL Final 2021-2026 Tolls Application ([C10387-3](#))).

hold the view that its investment risk justifies a rate of return on rate base (which is entirely financed by equity) that is significantly higher than the approved 10%. However, the Company is rate constrained because it operates in a very competitive market in a small service area where it faces primary competition from electricity. A higher rate of return would therefore impact the competitiveness of Stittco's rates.

29. Stittco requests that this Application be handled in writing with email correspondence as per the contact information below.
30. Attached is a proposed notice to customers for review and consideration by the Board prior to it being sent to Stittco customers.

WHEREFORE, Stittco requests an Order of the Board:

- (a) fixing just and reasonable non-commodity rates for all gas customers served by Stittco, effective November 1, 2024, including:
 - (i) approval of the non-commodity cost revenue requirement of the Company as proposed in this Application; and
 - (ii) approval of the projected rate base of \$2,913,083 for Stittco as of July 31, 2024; and
- (b) providing such other relief as Stittco may request or the Board may consider appropriate.

All of which is respectfully submitted this 15th day of July, 2024.

Stittco Utilities Man Ltd.

Per: _____

Brian Brandsgard

Communications relating to this Application should be directed to:

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STITTCO UTILITIES MAN LTD.

Customer Notification

The non-commodity rates of Stittco Utilities Man Ltd. were last approved in Board Order 123/23.

Stittco Utilities Man Ltd. has filed an application with the Manitoba Public Utilities Board requesting a rate increase of 3.17% for the non-commodity rates as established in Board Order 123/23.

Stittco is not requesting any change to the rate of return on rate base.

Should additional information be required, please contact your local office at (204) 677-2304, or customers may contact The Public Utilities Board at:

400 – 330 Portage Avenue

Winnipeg, MB R3C 0C4

Telephone: (204) 945-2638

Facsimile: (204) 945-2643

Toll Free: 1-866-854-3698

Email: publicutilities@gov.mb.ca

**STITTCO UTILITIES MAN LTD.
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APPLICATION**

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TAB NO. 1

HISTORICAL EARNINGS

YEAR	MID-YEAR RATE BASE	ACTUAL RETURN	ACTUAL RETURN	NORMALIZED RETURN	ALLOWED RETURN
1984	\$1,496,193	\$16,756	1.12%	6.00%	12.25%
1985	\$1,744,082	\$134,949	7.74%	7.85%	13.75%
1986	\$1,635,439	\$209,853	12.83%	13.17%	13.75%
1987	\$1,473,205	\$134,529	9.13%	12.90%	13.75%
1988	\$1,496,963	\$115,922	7.74%	10.13%	13.75%
1989	\$1,501,948	\$231,257	15.40%	16.36%	13.75%
1990	\$1,565,802	\$232,851	14.87%	14.57%	13.75%
1991	\$1,680,332	\$107,171	\$0.06	7.02%	13.75%
1992	\$1,922,222	\$186,471	9.70%	9.73%	13.75%
1993	\$2,199,789	\$196,083	8.91%	9.99%	13.75%
1994	\$2,214,616	\$202,893	9.16%	7.64%	13.75%
1995	\$2,136,964	\$159,392	7.46%	9.19%	13.75%
1996	\$2,166,767	\$307,970	14.21%	12.49%	13.75%
1997	\$2,317,714	\$223,207	9.63%	8.75%	13.75%
1998	\$2,159,054	\$68,968	3.19%	5.18%	13.75%
1999	\$2,002,605	\$103,706	5.18%	8.96%	10.89%
2000	\$2,004,411	\$187,564	9.36%	11.32%	10.89%
2001	\$2,285,548	\$155,238	6.79%	7.78%	10.89%
2002	\$2,073,547	\$108,883	5.25%	6.04%	10.89%
2003	\$2,039,653	\$223,741	10.97%	11.92%	10.83%
2004	\$1,897,533	\$169,904	8.95%	10.29%	10.83%
2005	\$1,929,813	\$83,480	4.33%	4.76%	10.83%
2006	\$1,937,865	-\$93,102	-4.80%	0.03%	10.83%
2007	\$1,927,450	-\$88,036	-4.57%	-0.81%	10.00%
2008	\$2,138,168	-\$11,520	-0.54%	-1.99%	10.00%
2009	\$2,009,574	\$112,030	5.57%	4.10%	10.00%
2010	\$1,980,700	-\$160,751	-8.12%	-0.48%	10.00%
2011	\$2,051,484	\$111,698	5.44%	6.72%	10.00%
2012	\$1,953,864	\$67,310	3.44%	10.02%	10.00%
2013	\$1,733,284	\$258,248	14.90%	13.78%	10.00%
2014	\$1,745,302	\$150,468	8.62%	3.05%	10.00%
2015	\$1,556,473	\$107,523	6.91%	5.91%	10.00%
2016	\$1,808,243	\$157,230	8.70%	13.99%	10.00%
2017	\$2,324,873	-\$147,889	-6.36%	-4.35%	10.00%
2018	\$2,377,585	\$149,533	6.29%	7.17%	10.00%
2019	\$2,329,073	\$197,232	8.47%	6.93%	10.00%
2020	\$2,347,109	\$529,390	22.55%	24.42%	10.00%
2021	\$2,706,809	\$211,710	7.82%	9.40%	10.00%
2022	\$3,049,085	\$226,076	7.41%	7.33%	10.00%
2023	\$2,891,625	\$356,597	12.33%	13.69%	10.00%

TAB NO. 2

REVENUE REQUIREMENT

Tab #2

**STITTCO UTILITIES MAN LTD
REVENUE REQUIREMENT
PROJECTED FOR YEARS ENDING
JULY 31, 2024**

	PUB ORDER NO. 123/23	2025 PROJECTED
TOTAL PROJECTED VOLUMES, LITRES		
Sales	6,280,000	6,214,000
Purchases	6,437,000	6,369,000
Cost, \$/M3	\$415.26	\$370.32
PROPANE REVENUE REQUIREMENT		
Balance PPVA		
Cost Of Product	\$ 2,673,091	\$ 2,358,692
TOTAL C3 REV REQ'D	\$ 2,673,091	\$ 2,358,692
RATE BASE		
Mid-Year Rate Base	\$ 3,030,800	\$ 2,913,083
DISTRIBUTION REVENUE REQUIREMENT		
Other Cost Of Sales	\$ 75,175	\$ 75,175
Operating Expenses	\$ 1,927,808	\$ 1,892,038
Depreciation	\$ 140,251	\$ 149,314
Accretion	-\$ 25,434	\$ 37,007
Return On Rate Base @ 10.00%	\$ 303,080	\$ 291,308
Income Tax Requirement	\$ 91,807	\$ 118,818
Other Income	-\$ 218,600	-\$ 218,600
	\$ 2,294,087	\$ 2,345,060
Annual % Change		2.2%
REVENUE REQUIRED FROM COMMODITY		\$ 2,358,692
REVENUE REQUIRED FROM YEARLY BILLS		\$ 85,630
REVENUE REQUIRED FROM NON-COMMODITY		\$ 2,259,430
REVENUE FROM REQUESTED GAS RATES		\$ 2,259,430
REVENUE FROM GAS RATES		\$ 2,259,430

TAB NO. 3

INCOME STATEMENT

STITTCO UTILITIES MAN LTD
INCOME STATEMENTS
PROJECTED FOR YEARS ENDING
JULY 31, 2024/2025

	PUB ORDER NO. 123/23	2024 9 MONTHS ACTUAL 3 MONTHS BUDGET	2025 PROJECTED
PROPANE SALES VOL, LITRES			
Residential	1,340,000	1,162,000	1,290,000
Commercial	4,940,000	4,440,000	4,924,000
TOTAL SALES VOLUME	6,280,000	5,602,000	6,214,000
TOTAL PROPANE PURCHASED	6,437,000	5,742,000	6,369,000
UNIT PROPANE COST \$/LITRE	\$0.42	\$0.38	\$0.37
REVENUE			
Gas Sales Non Commodity	\$2,294,087	\$1,949,431	\$2,345,060
Gas Sales	\$2,673,091	\$2,172,801	\$2,358,692
Appl & Mat'l Sales	\$97,000	\$67,812	\$97,000
Service Revenue	\$30,000	\$36,297	\$30,000
Stittco Energy Rev	\$51,600	\$51,600	\$51,600
Other Revenue	\$40,000	\$51,502	\$40,000
TOTAL REVENUE	\$5,185,778	\$4,329,444	\$4,922,352
EXPENSES			
Actual Cost Of Propane	\$2,673,091	\$2,172,801	\$2,358,692
Other Cost Of Sales	\$75,175	\$16,978	\$75,175
Operating Expenses	\$1,927,808	\$1,835,532	\$1,892,038
Depreciation	\$140,251	\$135,600	\$149,314
Accretion	-\$25,434	\$103,829	\$37,007
TOTAL EXPENSES	\$4,790,891	\$4,264,741	\$4,512,225
OPER INCOME B/TAX	\$394,887	\$64,703	\$410,126
Income Tax Payable	\$91,807	\$49,551	\$118,818
NET INCOME (RETURN)	\$303,080	\$15,153	\$291,309
MID YEAR RATE BASE	\$3,030,800	\$2,860,631	\$2,913,083
RETURN ON RATE BASE	10.00%	0.53%	10.00%

TAB NO. 4

INCOME TAX REQUIREMENT

Tab #4

**STITTCO UTILITIES MAN LTD.
INCOME TAX REQUIREMENT
PROJECTED FOR YEARS ENDING
JULY 31, 2024/2025**

	2023/2024	2024/2025
	PROJECTED	PROJECTED
OPERATING INCOME	\$64,703	\$410,126
ADD DEPRECIATION	\$135,600	\$149,314
ADD ACCRETION	\$103,829	\$37,007
LESS CCA	\$120,612	\$156,382
TAXABLE INCOME	<u>\$183,521</u>	<u>\$440,065</u>
TAX @ 27.00%	<u>\$49,551</u>	<u>\$118,818</u>
CALCULATED INCOME TAX	<u>\$49,551</u>	<u>\$118,818</u>

TAB NO. 5

CAPITAL COST ALLOWANCES

Tab #5

**STITTCO UTILITIES MAN LTD
CAPITAL COST ALLOWANCE
PROJECTED FOR YEAR ENDING 31 JULY 2024**

CLASS NO.	RATE %	UCC 1 AUG 2023	ADDITIONS	ADJUST	LESSER OF COST OR PROCEEDS	CCA	UCC 31 JUL 2024
1	4%	\$1,236,001	\$0	\$0	\$0	\$49,440	\$1,186,561
2	6%	\$198,858	\$0	\$0	\$0	\$11,931	\$186,926
6	10%	\$12,093	\$0	\$0	\$0	\$1,209	\$10,884
8	20%	\$121,512	\$128,396	\$0	\$0	\$49,982	\$199,927
9	25%	-	\$0	\$0	\$0	\$0	\$0
10	30%	\$3,500	\$0	\$0	\$0	\$1,050	\$2,450
10.1	30%	\$0	\$0	\$0	\$0	\$0	\$0
38	30%	\$2,718.52	\$0	\$0	\$0	\$816	\$1,903
50	50%	\$1	\$0	\$0	\$0	\$0	\$0
17	8%	\$77,292	\$0	\$0	\$0	\$6,183	\$71,109
		\$1,651,977	\$128,396	\$0	\$0	\$120,612	\$1,659,761

**STITTCO UTILITIES MAN LTD
CAPITAL COST ALLOWANCE
PROJECTED FOR YEAR ENDING 31 JULY 2025**

CLASS NO.	RATE %	UCC 1 AUG 2024	ADDITIONS	ADJUST	LESSER OF COST OR PROCEEDS	CCA	UCC 31 JUL 2025
1	4%	\$1,186,561	\$60,000	\$0	\$0	\$49,862	\$1,196,699
2	6%	\$186,926	\$0	\$0	\$0	\$11,216	\$175,711
6	10%	\$10,884	\$0	\$0	\$0	\$1,088	\$9,796
8	20%	\$199,927	\$10,000	\$0	\$0	\$41,985	\$167,941
9	25%	\$0	\$0	\$0	\$0	\$0	\$0
10	30%	\$2,450	\$71,140	\$0	\$4,000	\$20,877	\$48,713
10.1	30%	\$0	\$0	\$0	\$0	\$0	\$0
38	30%	\$1,903	\$83,644	\$0	\$0	\$25,664	\$59,883
50	50%	\$0	\$0	\$0	\$0	\$0	\$0
17	8%	\$71,109	\$0	\$0	\$0	\$5,689	\$65,420
		\$1,659,761	\$224,784	\$0	\$4,000	\$156,382	\$1,724,163

TAB NO. 6

RATE BASE

STITTCO UTILITIES MAN LTD
RATE BASE
PROJECTED FOR YEARS ENDING
JULY 31, 2024/2025

	PUB ORDER NO. 123/23	2023 PROJECTED	2024 PROJECTED
PLANT IN SERVICE			
Beginning Year Balance	\$6,731,532	\$6,701,056	\$6,829,452
Additions, Net	\$204,000	\$128,396	\$187,697
End Of Year Balance	\$6,935,532	\$6,829,452	\$7,017,149
Average, Mid-year	\$6,833,532	\$6,765,254	\$6,923,301
ACCUMULATED DEPRECIATION			
Beginning Year Balance	\$4,698,263	\$4,633,187	\$4,768,787
Additions, Net	\$140,251	\$135,600	\$112,227
End Of Year Balance	\$4,838,514	\$4,768,787	\$4,881,014
Average, Mid-year	\$4,768,388	\$4,700,987	\$4,824,901
AVERAGE MID-YEAR NET PLANT IN SERVICE	\$2,065,144	\$2,064,267	\$2,098,400
WORKING CAPITAL	\$965,656	\$796,364	\$814,683
MID-YEAR RATE BASE	\$3,030,800	\$2,860,631	\$2,913,083

TAB NO. 7

WORKING CAPITAL

Tab #7

**STITTCO UTILITIES MAN LTD
WORKING CAPITAL
PROJECTED FOR YEARS ENDING
JULY 31, 2024/2025**

	PUB ORDER NO. 123/23	2024 PROJECTED	2025 PROJECTED
PRODUCT INVENTORY	\$351,812	\$320,583	\$313,733
MATERIAL INVENTORY			
Average Monthly Balance	\$101,333	\$89,702	\$89,667
ACCOUNTS RECEIVABLE ARREARS			
Average Monthly Balance	\$286,250	\$266,235	\$266,250
ACCOUNTS RECEIVABLE PREPAYMENTS			
Average Monthly Balance	-\$87,500	-\$134,038	-\$134,417
CONDITIONAL SALES CONTRACTS			
Average Monthly Balance	-	-	-
ALLOWANCE FOR DOUBTFUL ACCOUNTS			
Average Monthly Balance	-\$117,955	-\$128,510	-\$128,510
CASH WORKING CAPITAL			
(a) 1/8 of Operating Expenses	\$240,976	\$229,441	\$236,505
(b) 25/365 of Product Purchases	\$183,088	\$148,822	\$161,554
INCOME TAX			
1/12 of Income Tax	\$7,651	\$4,129	\$9,902
TOTAL	\$965,656	\$796,364	\$814,683

TAB NO. 8

FIXED ASSET SCHEDULES

**STITTCO UTILITIES MAN LTD
FIXED ASSET SCHEDULE
PROJECTED FOR THE YEAR ENDING 31 JULY 2024**

DESCRIPTION	BALANCE	ADJUST- MENTS	ADDITIONS	DISPOSALS	BALANCE
	1 AUG 2023				31 JUL 2024
ASSET RETIREMENT	\$222,530	\$0	\$0	\$0	\$222,530
LAND	\$145,729	\$0	\$0	\$0	\$145,729
BUILDINGS	\$493,722	\$0	\$0	\$0	\$493,722
STORAGE & PLANT	\$2,244,154	\$0	\$0	\$0	\$2,244,154
PLANT SITE IMPROVEMENTS	\$557,926	\$0	\$0	\$0	\$557,926
SPUR TRACK	\$10,795	\$0	\$0	\$0	\$10,795
MAINS	\$1,275,787	\$0	\$118,021	\$0	\$1,393,807
SERVICES	\$960,140	\$0	\$0	\$0	\$960,140
METERS	\$342,270	\$0	\$9,225	\$0	\$351,495
OFFICE EQUIP	\$64,976	\$0	\$0	\$0	\$64,976
COMPUTER EQUIPMENT	\$15,285	\$0	\$0	\$0	\$15,285
TRANS EQUIP	\$74,203	\$0	\$0	\$0	\$74,203
ROU ASSETS	\$88,303	\$0	\$0	\$0	\$88,303
HEAVY WORK EQUIPMENT	\$91,604	\$0	\$0	\$0	\$91,604
TOOLS & EQUIP	\$113,633	\$0	\$1,150	\$0	\$114,783
COMMUNICATIONS	\$0	\$0	\$0	\$0	\$0
TOTAL PLANT IN SERVICE	\$6,701,056	\$0	\$128,396	\$0	\$6,829,452

Tab #8

**STITTCO UTILITIES MAN LTD
FIXED ASSET SCHEDULE
PROJECTED FOR THE YEAR ENDING 31 JULY 2025**

DESCRIPTION	BALANCE	ADJUST- MENTS	ADDITIONS	DISPOSALS	BALANCE
	1 AUG 2024				31 JUL 2025
ASSET RETIREMENT	\$222,530				\$222,530
LAND	\$145,729				\$145,729
BUILDINGS	\$493,722				\$493,722
STORAGE & PLANT	\$2,244,154		\$60,000		\$2,304,154
PLANT SITE IMPROVEMENTS	\$557,926				\$557,926
SPUR TRACK	\$10,795				\$10,795
MAINS	\$1,393,807				\$1,393,807
SERVICES	\$960,140				\$960,140
METERS	\$351,495		\$10,000		\$361,495
OFFICE EQUIP	\$64,976				\$64,976
COMPUTER EQUIPMENT	\$15,285				\$15,285
TRANS EQUIP	\$74,203		\$71,140	\$37,087	\$108,256
ROU ASSETS	\$88,303				\$88,303
HEAVY WORK EQUIPMENT	\$91,604		83,644		\$175,248
TOOLS & EQUIP	\$114,783				\$114,783
COMMUNICATIONS	\$0				\$0
TOTAL PLANT IN SERVICE	\$6,829,452	\$0	\$224,784	\$37,087	\$7,017,149

TAB NO. 9

DEPRECIATION SCHEDULES

Tab #9

STITTCO UTILITIES MAN LTD
ACCUMULATED DEPRECIATION SCHEDULE
PROJECTED FOR THE YEAR ENDING 31 JULY 2024

DESCRIPTION	BALANCE 1 AUG 2023	2024 DISPOSAL	DEPR RATE	2024 DEPR	BALANCE 31 JUL 2024
ASSET RETIREMENT	\$222,530	\$0		\$0	\$222,530
LAND	\$0	\$0	0.00%	\$0	\$0
BUILDINGS	\$444,047	\$0	2.80%	\$1,631	\$445,678
STORAGE & PLANT	\$1,084,477	\$0	2.80%	\$80,587	\$1,165,064
PLANT SITE IMPROVE	\$152,577	\$0	2.80%	\$13,543	\$166,120
SPUR TRACK	\$10,795	\$0	2.80%	\$0	\$10,795
MAINS	\$1,148,943	\$0	2.80%	\$8,853	\$1,157,797
SERVICES	\$960,140	\$0	2.80%	\$0	\$960,140
METERS	\$229,046	\$0	2.80%	\$9,529	\$238,575
OFFICE EQUIPMENT	\$64,976	\$0	10.00%	\$0	\$64,976
COMPUTER EQUIPMENT	\$15,285	\$0	20.00%	\$0	\$15,285
TRANS EQUIP	\$73,942	\$0	24.00%	\$92	\$74,034
ROU ASSETS	\$21,193	\$0	24.00%	\$21,193	\$42,385
HEAVY WORK EQUIPMENT	\$91,604	\$0	20.00%	\$0	\$91,604
TOOLS & EQUIP	\$113,633	\$0	20.00%	\$173	\$113,805
COMMUNICATIONS	\$0	\$0	10.00%	\$0	\$0
TOTAL	\$4,633,187	\$0.00		\$135,600	\$4,768,787

Tab #9

**STITTCO UTILITIES MAN LTD
ACCUMULATED DEPRECIATION SCHEDULE
PROJECTED FOR THE YEAR ENDING 31 JULY 2025**

DESCRIPTION	BALANCE 1 AUG 2024	2025 DISPOSAL	DEPR RATE	2025 DEPR	BALANCE 31 JUL 2025
ASSET RETIREMENT	\$222,530			\$0	\$222,530
LAND	\$0		0.00%	\$0	\$0
BUILDINGS	\$445,678		2.80%	\$1,631	\$447,309
STORAGE & PLANT	\$1,165,064		2.80%	\$59,314	\$1,224,378
PLANT SITE IMPROVE	\$166,120		2.80%	\$13,293	\$179,414
SPUR TRACK	\$10,795		2.80%	\$0	\$10,795
MAINS	\$1,157,797		2.80%	\$9,949	\$1,167,746
SERVICES	\$960,140		2.80%	\$0	\$960,140
METERS	\$238,575		2.80%	\$9,809	\$248,384
OFFICE EQUIPMENT	\$64,976		10.00%	\$0	\$64,976
COMPUTER EQUIPMENT	\$15,285		20.00%	\$0	\$15,285
TRANS EQUIP	\$74,034	\$37,087	24.00%	\$17,166	\$54,113
ROU ASSETS	\$42,385		24.00%	\$21,193	\$63,578
HEAVY WORK EQUIPMENT	\$91,604		20.00%	\$16,729	\$108,333
TOOLS & EQUIP	\$113,805		20.00%	\$230	\$114,035
COMMUNICATIONS	\$0		10.00%	\$0	\$0
TOTAL	\$4,768,787	\$37,087		\$149,314	\$4,881,014

TAB NO. 10

OPERATING EXPENSES

**STITCO UTILITIES MAN LTD
SUMMARY OF OPERATING EXPENSES
PROJECTED FOR YEARS ENDING
JULY 31, 2024/2025**

	PUB ORDER NO. 123/23	2024 9 MONTHS ACTUAL 3 MONTHS BUDGET	2025 PROJECTED
WAGES & BENEFITS	\$887,733	\$880,131	\$912,231
MATERIALS & SUPPLIES	\$38,200	\$33,475	\$34,332
CONTRACT SERVICES	\$120,628	\$111,938	\$107,957
OTHER OPERATING COSTS	\$139,346	\$138,703	\$139,595
AUTOMOTIVE	\$79,328	\$66,699	\$69,738
INSURANCE	\$18,759	\$15,919	\$15,919
PROPERTY TAXES	\$144,395	\$149,412	\$149,412
ADMINISTRATIVE & GENERAL	\$292,867	\$242,591	\$260,137
TOTAL DIRECT OPERATING EXPENSES	\$1,721,257	\$1,638,868	\$1,689,320
 ADMINISTRATION FEE	 \$206,551	 \$196,664	 \$202,718
 TOTAL OPERATING EXPENSES	 \$1,927,808	 \$1,835,532	 \$1,892,038

KEY ASSUMPTIONS FOR 2025 PROJECTED COSTS AGAINST PUB ORDER NO. 123/23:

1. Wages & Benefits increase in line with CPI inflation
2. Contract service reduction due to pipeline drawings required every 2 years, 2024 costs won't repeat in 2025
3. Property Tax forecast based on prior year actual

STITTCO UTILITIES MAN LTD
DETAILED OPERATING EXPENSES
PROJECTED FOR YEARS ENDING
JULY 31, 2024/2025

	PUB ORDER NO. 123/23	2024 9 MONTHS ACTUAL 3 MONTHS BUDGET	2025 PROJECTED
WAGES			
Regular	\$728,462	\$718,015	\$750,362
Overtime	\$21,946	\$29,157	\$21,946
Casual	\$0	\$0	\$0
	<u>\$750,408</u>	<u>\$747,172</u>	<u>\$772,308</u>
EMPLOYEE BENEFITS			
Canada Pension	\$33,800	\$30,191	\$32,900
Employment Insurance	\$9,022	\$8,893	\$8,918
Workers' Compensation	\$3,190	\$3,559	\$3,720
Life Insur, Medical & Dental	\$33,368	\$36,990	\$38,657
Employee Pension Plan	\$23,193	\$18,574	\$19,411
Other Employee Benefits	\$34,752	\$34,752	\$36,317
Total Employee Benefits	<u>\$137,325</u>	<u>\$132,959</u>	<u>\$139,923</u>
TOTAL WAGES AND BENEFITS	<u>\$887,733</u>	<u>\$880,131</u>	<u>\$912,231</u>
MATERIALS & SUPPLIES			
Employee Material	\$3,000	\$3,000	\$3,000
Tools & Equipment	\$2,500	\$1,600	\$1,632
Office Supplies	\$18,000	\$14,948	\$15,000
Plant Materials	\$7,000	\$7,072	\$7,000
Main & Service Line Materials	\$7,000	\$6,156	\$7,000
Meters and Regs	\$700	\$700	\$700
Other Distribution	-	-	-
TOTAL MATERIAL & SUPPLIES	<u>\$38,200</u>	<u>\$33,475</u>	<u>\$34,332</u>
CONTRACT SERVICES			
Office	\$25,000	\$29,827	\$30,000
Plant	\$22,000	\$13,114	\$14,000
Pipelines	\$5,000	\$4,944	\$0
Meters & Regulators	\$2,000	\$0	\$0
Stittco Contract Services	\$66,280	\$64,053	\$63,957
TOTAL CONTRACT SERVICES	<u>\$120,280</u>	<u>\$111,938</u>	<u>\$107,957</u>
OTHER OPERATING COSTS			
Leak Surveys	\$88,572	\$88,572	\$90,343
Rentals	\$12,000	\$13,073	\$13,000
Vaporizer Consumption	\$36,274	\$34,486	\$33,751
Product Loss	-	-	-
Obsolete Material Write Off	\$2,500	\$2,572	\$2,500
Switch & Detention	-	-	-
TOTAL OTHER COSTS	<u>\$139,346</u>	<u>\$138,703</u>	<u>\$139,595</u>

**STITCO UTILITIES MAN LTD
 DETAILED OPERATING EXPENSES
 PROJECTED FOR YEARS ENDING
 JULY 31, 2024/2025**

	PUB ORDER NO. 123/23	2024 9 MONTHS ACTUAL 3 MONTHS BUDGET	2025 PROJECTED
AUTOMOTIVE			
Maintenance	\$30,000	\$29,692	\$30,000
Fuel	\$37,328	\$25,006	\$27,738
Auto Lease	\$0	\$0	\$0
Licenses & Insurance	\$12,000	\$12,000	\$12,000
TOTAL AUTOMOTIVE	\$79,328	\$66,699	\$69,738
INSURANCE			
Insurance - Premium	\$18,759	\$15,919	\$15,919
Insurance - Non Covered Claim Costs	\$0	\$0	\$0
INSURANCE	\$18,759	\$15,919	\$15,919
PROPERTY TAXES	\$144,395	\$149,412	\$149,412
ADMINISTRATIVE & GENERAL			
Bank Charges	\$37,587	\$30,275	\$30,275
Safety & Branch Mtgs	\$10,000	\$10,000	\$10,000
Freight & Express	\$7,050	\$7,050	\$7,050
Memberships, Sub, Permits Etc	\$2,735	\$1,341	\$2,038
Postage	\$15,624	\$13,616	\$14,620
Consulting Fees	\$31,000	\$49,628	\$49,628
Public Utility Board Costs	\$2,000	\$2,000	\$2,000
Sales Promotion	\$600	\$600	\$600
Advertising	\$971	\$857	\$857
Telephone	\$13,903	\$16,057	\$16,057
Training	\$17,000	\$11,073	\$7,000
Travel & Entertainment	\$12,000	\$4,946	\$5,000
Bad Debt	\$28,557	-\$20,918	\$3,820
Utilities	\$43,136	\$51,045	\$43,136
Manitoba Payroll Tax	\$17,000	\$16,613	\$17,000
Legal Fees	\$30,000	\$24,706	\$27,353
Audit Fees	\$23,704	\$23,704	\$23,704
TOTAL ADMIN	\$292,867	\$242,591	\$260,137
TOTAL DIRECT OPERATING EXPENSES	\$1,721,257	\$1,638,868	\$1,689,320
ADMINISTRATION FEE	\$206,551	\$196,664	\$202,718
TOTAL OPERATING EXPENSES	\$1,927,808	\$1,835,532	\$1,892,038