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MANITOBA) Order No. 108/96
)
THE PUBLIC UTILITIES BOARD ACT) October 24, 1996

BEFORE: G. D. Forrest, Chairman
D. L. Barrett-Hrominchuk, Member
W. E. Chiswell, Member
J. Hillard, Member

APPLICATION BY CENTRA GAS MANITOBA INC. FOR AN
ORDER TO GRANT AUTHORITY TO ISSUE UP TO
\$45,000,000 OF SENIOR DEBENTURES

By letter dated October 18, 1996, Centra Gas Manitoba Inc. ("the Company"), applied to The Public Utilities Board of Manitoba ("the Board") pursuant to paragraph 82(1) (f) of The Public Utilities Board Act for an Order of the Board granting the Company authority to issue up to \$45,000,000 of Senior Debentures. The Debentures are to be issued pursuant to the provisions of a Trust Indenture which is the same in all material respects as the Trust Indentures previously issued by the Company.

The Company advised that the net proceeds of the issue will be used to fund the Company's capital expenditure program, and to reduce short term debt. The Company confirmed that their external financial advisors and the treasury group of Westcoast Energy Inc. have recommended the proposed issue based on current market conditions.

The interest rate payable by the Company on the Senior Debentures will not be known until such time as the proposed issue is priced in the market place. Currently, the Company's Senior Debentures are rated A and A (low), respectively by Dominion Bond Rating Service and Canadian Bond Rating Service. Analysis of market data conducted by the Company's external financial advisors indicates that securities carrying these ratings typically are issued for between 65 and 85 basis points over the interest rate payable on equivalent term long-term Government of Canada Bonds. Currently, the rate on 30 year long Canada Bonds is in the range 7.11%. The Company anticipates a maximum term of 30 years. Accordingly, the Senior Debentures, if issued today, would carry an interest rate slightly below 8%.

It is anticipated that the Senior Debentures will be issued in November 1996, and the Company has acknowledged that, until further Orders of the Board, the issue of the Senior Debentures shall not result in any change to the current approved rates at which the Company sells gas to its customers. Any rate impact as a result of this issue will be considered at the upcoming 1997 General Rate Application.

Having reviewed the Company's application and weighing all of the evidence, the Board will authorize the Company to issue the Senior Debentures.

IT IS THEREFORE ORDERED THAT:

1. An application of the Company dated October 18, 1996 for authority to issue up to \$45,000,000 of Senior Debentures for a term not to exceed 30 years at an interest rate not to exceed the long-term Government of Canada Bond rate of a similar maturity plus a premium not to exceed 85 basis points, BE AND IS HEREBY APPROVED.
2. A final copy of the Debenture be filed with the Board in due course.

THE PUBLIC UTILITIES BOARD

"G. D. FORREST"
Chairman

"H. M. SINGH"
Acting Secretary

Certified a true copy of
Order No. 108/96 issued
by The Public Utilities
Board

H. M. Singh
Acting Secretary