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MANITOBA

Order No. 11/99

THE PUBLIC UTILITIES BOARD ACT

January 20, 1999

Before: G. D. Forrest, Chairman
D. L. Barrett-Hrominchuk, Member
J. A. MacDonald, Member

**CENTRA GAS MANITOBA INC. APPLICATION
FOR AN EX-PARTE ORDER AUTHORIZING
THE DEFERRAL AND SUBSEQUENT RECOVERY OF
INCREMENTAL MARKETING AND DEVELOPMENT
SALARIES AND BENEFITS**

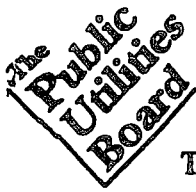


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1.0 Application

By letter dated October 19, 1998, Centra Gas Manitoba Inc. ("Centra") applied to The Manitoba Public Utilities Board ("the Board") for an accounting order "authorizing the deferral and subsequent recovery of incremental marketing and development salaries and benefits."

2.0 Background

In the past, Centra has capitalized incremental marketing and development salaries and benefits for feasibility, accounting and regulatory purposes. In response to Board Order 79/98, Centra has requested to defer the costs as they are incurred and then recover them in future rates through revenue requirement by amortizing them over a period of one year, or such other period as determined by the Board.

3.0 Board Findings

The Board's comments on page 114 of Board Order 79/98 were intended to apply to incremental marketing and development salaries specifically related to 1998. They were not intended to apply to other incremental marketing and development salaries to be incurred in the future.

The Board agrees with Centra's position stated in the letter of October 19, 1998 that it is appropriate to treat incremental marketing costs that contribute to the development of an expansion project as part of the project cost. The Board also agrees with Centra that the most

appropriate treatment for these costs is to capitalize them, with the overriding provision that all costs added to rate base are reasonable and prudent.

The Board's conclusion therefore is that, except for the 1998 incremental marketing and development costs specifically referred to in Order 79/98, Centra should continue to capitalize incremental marketing and development costs for feasibility, accounting and regulatory purposes as they have in the past and those will be examined on a year by year basis as of 1998 were dealt with in Board Order 79/98. Centra's application for an accounting order to defer incremental marketing costs is therefore denied.

4.0 It Is Therefore Ordered That:

1. Centra's application for an accounting order authorizing the deferral and subsequent recovery of incremental marketing and development salaries and benefits **BE AND IS HEREBY DENIED.**

THE PUBLIC UTILITIES BOARD

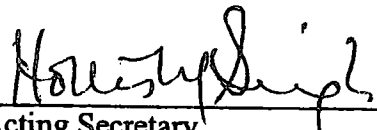
"G. D. FORREST"

Chairman

"H. M. SINGH"

Acting Secretary

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by The Public Utilities Board



Acting Secretary