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280 Smith Street
Winnipeg, Manitoba
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MANITOBA) Order No. 6/96
))
THE PUBLIC UTILITIES BOARD ACT) February 5, 1996

BEFORE: G. D. Forrest, Chairman
 Catherine Milner, Member
 W. C. Pearson, Q.C., Member
 Glenda Russell, Member

CENTRA GAS MANITOBA INC.
APPROVAL OF RATES
FLOWING FROM BOARD ORDER NO. 3/96

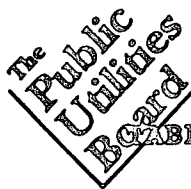


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5.0 IT IS THEREFORE ORDERED THAT 7

Schedule "A" 1996 Interim Rates

Schedule "B" 1996 Annual Base Rates

EXECUTIVE SUMMARY

The Public Utilities Board issued Order No 3/96 in response to Centra Gas Manitoba Inc.'s ("Centra") application for approval of 1996 rates, the disposition of a number of variance accounts and other administrative matters. The Board approved in principle the continuation of price management by the company. The company was ordered to file a cost allocation and rate design study and to make recommendations for the reporting requirements for engineering and credit collection matters in addition to regular quarterly reports. The Board approved a method of calculating a price which Centra would pay to its direct purchase gas suppliers. The Board also required the company to provide on a monthly basis, the reference price paid by the Company for its direct purchase gas supply. The Board also indicated its intention to review Centra's initiatives to control operating costs and therefore is only approving the 1996 annual base rates on an interim refundable basis pending a review of Centra's actual 1996 operating results. The Board reviewed in detail the variance accounts verifying the balances for each account and adjusting each accordingly.

The net results of the Board's decision is that the typical residential customer, in a year experiencing normal weather would see a decrease in the typical annual natural gas energy bill from \$782 to \$683 or 12.7%. Other classes of customers would also experience decreases depending on customer class and on annual consumption. The new rates take effect as of February 1, 1996.

In approving these rates the Board notes that the costs of gas embedded in these rates, as applied for by the company, are at the low end of the price spectrum. Variations affecting the final price to consumers will be determined by weather and market conditions over the next eleven months. The actual cost of gas will be taken into consideration at the time of the setting of the rates for 1997, and could well be higher than gas costs embedded in the February 1, 1996 rates.

1.0 BOARD ORDER 3/96

Board Order 3/96, dated January 30, 1996, detailed the decisions of the Manitoba Public Utilities Board ("the Board") regarding an application of Centra Gas Manitoba Inc. ("Centra") for Board approval on a number of matters. The matters dealt with in that Order included: the disposition of balances in various 1993, 1994 and 1995 deferral accounts; Centra's price management policy and procedures; 1994 and 1995 price management transactions; status of prior various Board directives to Centra; reference price considerations for Agent, Broker and Marketer ("ABM") gas supplied to Centra; 1996 annual base rates; and 1996 interim rates.

With respect to the 1996 annual base rates and 1996 interim rates, Order 3/96 instructed Centra to:

1. Refile the 1996 annual base rates to embed a commodity cost of gas for Western Canadian supply of \$1.343 per Gigajoule ("GJ"), and a heat value content of 37.8 GJ/10³m³.
2. Refile revised 1996 interim rates, to come into effect on February 1, 1996 to reflect all applicable Board decisions.

The decision of the Board, in Order 3/96 which affected the 1996 interim rates related to the treatment of the balances of the 1994 and 1995 Purchase Gas Variance Account ("PGVA") by eliminating the carrying costs for the 1994 and 1995 price management transactions. Additionally, the effective date of February 1 rather than January 1, 1996 meant that the revenue requirement for the 1996 calendar year would be recovered over 11 months, necessitating a recalculation of another rate rider. As well, the various rate riders which were included in the July 1, 1995 interim rates were intended to be effective only until December 31, 1995. The impact

of these rate riders continuing until January 31, 1996 must also be recognized in the February 1, 1996 interim rates.

2.0 CENTRA'S FILING

On February 1, 1996 Centra filed required information with the Board, pursuant to Board Order 3/96.

2.01 1996 ANNUAL BASE RATES

During the December 4, 1995 hearing Centra provided revised gas costs which had already reflected an average annual commodity price for Western Canadian gas of \$1.343/GJ and a heat value content of 37.8 GJ/10³m³. Some of the schedules submitted by Centra at the hearing indicated that a heat value content of 38.0 GJ/10³m³ had been utilized. In the February 1, 1996 filing Centra verified that the heat value content of 37.8 GJ/10³m³ as requested by the Board had, in fact, been utilized.

2.02 1994 & 1995 PURCHASE GAS VARIANCE ACCOUNTS

A summary of Centra's filing showed the amounts by which the 1994 and 1995 PGVAs were reduced to reflect Board ordered adjustments for carrying costs. Centra has calculated these carrying costs to be \$239,830 for 1994 and \$278,837 for 1995, for a total of \$518,667. The estimated balance of the 1995 PGVA has been reduced by \$518,667 and the residual balance in the 1995 PGVA has been allocated to Centra's customer classes in a manner consistent with the allocation used in the original application.

2.03 OTHER 1995 DEFERRAL ACCOUNTS

The Board approved the disposition of the estimated balances in the 1994 Non-Traditional Revenue Deferral Account and the 1995 Heat Value Margin Deferral Account on an interim basis, all as requested

by Centra, in Board Order 3/96. Therefore, no change in either the balances or the allocation of these balances to Centra's customer classes from the original application was necessary.

2.04 1996 INTERIM RATES

The 1996 annual base rates, the removal of the previous rate riders and the addition of new rate riders resulting in 1996 interim rates, effective on February 1, 1996 for all billings based on volumes consumed on and after February 1, 1996, as submitted by Centra are shown below. The rates and rate riders are expressed in \$ per 10³ m³.

Rate Schedules

Customer Class	Current Rates	1996 Annual Base Rates	1995 Deferral Accounts Riders	Retroactivity Riders	1996 Interim Rates
Small General Service	\$178.9	\$163.6	(\$7.7)	(\$3.8)	\$152.1
Large General Service					
Class 1	\$128.9	\$117.0	(\$9.2)	(\$2.4)	\$105.4
Class 2	\$129.4	\$117.5	(\$9.2)	(\$2.4)	\$105.9
Class 3	\$130.4	\$118.5	(\$9.2)	(\$2.6)	\$106.7
Class 4	\$132.4	\$120.5	(\$9.2)	(\$2.9)	\$108.4
Interruptible Sales					
Class 1	\$101.2	\$89.4	(\$8.1)	(\$1.7)	\$79.6
Class 2	\$101.7	\$89.9	(\$8.1)	(\$2.0)	\$79.8
Class 3	\$102.7	\$90.9	(\$8.1)	(\$2.2)	\$80.6
Class 4	\$104.7	\$92.9	(\$8.1)	(\$1.2)	\$83.6
Firm T-Service					
Class 1	\$30.1	\$28.7	(\$0.1)	(\$0.1)	\$28.5
Class 2	\$30.6	\$29.2	(\$0.1)	\$0.0	\$29.1
Class 3	\$31.6	\$30.2	(\$0.1)	(\$0.2)	\$29.9
Class 4	\$33.8	\$32.2	(\$0.1)	(\$0.2)	\$31.9
Special Contract	\$1.6	\$1.6	\$0.0	\$0.0	\$1.6
Interruptible T-Service					
Class 1	\$22.6	\$20.1	(\$0.1)	(\$0.3)	\$19.7
Class 2	\$23.1	\$20.6	(\$0.1)	\$0.0	\$20.5
Class 3	\$24.1	\$21.6	(\$0.1)	(\$0.3)	\$21.2
Class 4	\$26.1	\$23.6	(\$0.1)	\$0.0	\$23.5

3.0 BOARD FINDINGS

The Board has reviewed the information submitted by Centra on February 1, 1996 and is satisfied that the submission properly reflects the Board directives contained in Board Order 3/96. The 1995 annual base rates and 1995 interim rates were approved on a final basis in that Order and no further action is required in that regard. The Board is also satisfied that the reduction for the carrying costs related to the 1994 and 1995 price management transactions undertaken by Centra, and all other current and proposed rate riders have been properly calculated and allocated. The Board will therefore approve the 1996 annual base rates on an interim refundable basis, as discussed in Board Order 3/96. The Board will also approve the 1996 interim rates, to become effective February 1, 1996.

4.0 RATE IMPACT SUMMARY

A summary of annual natural gas energy bills for each of Centra's customer classes for various annual consumptions, reflecting Board approved rates, is shown on the following table.

Rate Impact Summary

Customer Class/Consumption	Current Rates	1995 Annual Rates	1996 Annual Rates	1996 Interim Rates
SGS - 2.8 10 ³ m ³	\$621	\$613	\$578	\$546
3.7 10 ³ m ³	782	771	725	683
11.3 10 ³ m ³	2,142	2,109	1,969	1,839
LGS - Low	2,096	2,109	1,962	1,825
High	548,322	552,996	497,756	448,466
Interruptible - Low	35,588	35,418	31,577	28,416
High	573,359	570,526	506,505	452,115
Firm T-Service - Low	980	970	964	960
High	128,501	124,677	122,552	121,702
Interruptible T-Service				
Low	8,871	8,090	8,022	7,988
High	\$128,043	\$115,012	\$113,879	\$111,612

The "Current Rates" are the rates which came into effect on July 1, 1995 and expire on January 31, 1996.

The "1995 Annual Rates" reflect the removal of all the 1993 and 1994 deferral account rate riders, as they were approved, on an interim basis, in Order 74/95. The "1995 Annual Rates" do not reflect the removal of the carrying costs for the 1994 and 1995 price management transactions.

The "1996 Annual Rates" are the rates approved on an interim refundable basis by the Board in this Order and reflect estimated 1996 gas costs and other 1995 test year cost of service items as approved in Board Order 49/95. The 1996 annual rate will come into effect January 1, 1997 only if there are no further rate changes.

The "1996 Interim Rates" are the rates approved by the Board which will become effective on February 1, 1996. These rates are the 1996 annual base rates, with rate riders reflecting reductions related to 1994 and 1995 price management transactions carrying costs, the impact of an effective date of February 1, 1996 and the inclusion of the 1995 Purchase Gas Variance Account, the 1995 Non-Traditional Revenue Deferral Account and the 1995 Heat Value Margin Deferral Account.

5.0 IT IS THEREFORE ORDERED THAT:

1. The Schedule of Rates attached as Appendix "A" to this Order, to be charged by Centra Gas Manitoba Inc. for all billings based on gas consumed on and after February 1, 1996 up to and including December 31, 1996 BE AND IS HEREBY APPROVED, on an interim basis.

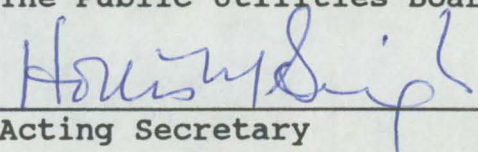
2. The 1996 Annual Base Rates, attached as Appendix "B" to this Order, BE AND ARE HEREBY APPROVED, on an interim refundable basis.
3. This Order shall remain in full force and effect until dealt with by the Board, on a final basis, at the earliest practical opportunity.

THE PUBLIC UTILITIES BOARD

"G. D. FORREST"
Chairman

"H. M. SINGH"
Acting Secretary

Certified a true copy of Order
of the Board No. 6/96 issued by
The Public Utilities Board


Acting Secretary

SCHEDULE "A"

Schedule 6.5.3
 January 31, 1996
 Page 1 of 1

CENTRA GAS MANITOBA INC.

Firm Sales and T-Service
Interim Rate Schedule

Territory: Entire natural gas service area of the Company, including all zones.

Availability: SGS - For gas supplied through one domestic sized meter on a firm basis.

LGS & T-Service - For gas delivered through one meter other than domestic sized meters on a firm basis.

Rate: Fixed Monthly Charge:
 SGS Sales \$10.00 per Month
 LGS and T-Service 50.00 per Month

<u>SGS</u>	<u>LGS</u>	<u>LGS</u>
<u>Sales</u>	<u>Sales</u>	<u>T-Service</u>
(/m ³)	(/m ³)	

Categories:

SGS Sales \$0.1521

LGS Sales and T-Service

Class 4		
- 0 to 680,000 m ³ Annually	\$0.1084	0.0319
Class 3		
- 680,000 to 1,700,000 m ³ Annually	0.1067	0.0299
Class 2		
- 1,700,000 to 3,400,000 m ³ Annually	0.1059	0.0291
Class 1		
- Over 3,400,000 m ³ Annually	0.1054	0.0285

Special Contract Fixed Monthly Charge 47,200.00

Special Contract Commodity Charge 0.0016

Minimum

Monthly Bill: Equal to the Fixed Monthly Charge as described above.

Late Payment

Charge: A late payment charge of 1 1/2% per month shall be charged on the dollar amount owing after each billing due date. The due date will be at least 21 days after the mailing date of the bills.

Effective: Rates to be charged for all billings based on gas consumed on and after February 1, 1996.

SCHEDULE "A"

Schedule 6.5.4
 January 31, 1996
 Page 1 of 1

CENTRA GAS MANITOBA INC.

Interruptible Sales and Interruptible T-Service
Interim Rate Schedule

Territory: Entire natural gas service area of the Company, including all zones.

Availability: For any customer at one location whose natural gas requirements equal or exceed annual rate of 340,000 m³ and who contract for such service for a minimum of one year. Sales under this rate shall be limited to the extent that the Company considers it has available natural gas supplies.

Service: Shall be agreed upon by contract between customer and Company recognizing, among other factors, the size and characteristic of customer's requirements, amount of facilities required to be constructed by Company, minimum purchase obligation of customer, priority of delivery service, and term of contract. The contract shall be filed with The Public Utilities Board.

Rates:	Categories:	<u>Sales Rates</u> (/m ³)	<u>T-Service Rate</u> (/m ³)
	Class 4		
	- 340,000 to 680,000 m ³ Annually	\$0.0836	\$0.0235
	Class 3		
	- 680,000 to 1,700,000 m ³ Annually	0.0806	0.0212
	Class 2		
	- 1,700,000 to 3,400,000 m ³ Annually	0.0798	0.0205
	Class 1		
	- Over 3,400,000 m ³ Annually	0.0796	0.0197
	Peaking Supply - Actual Cost of Peaking Gas Delivered Plus a Delivery Charge of	0.0208	N/A

Late Payment Charge: A late payment charge of 1 1/2% per month shall be charged on the dollar amount owing after each billing due date. The due date will be at least 21 days after the mailing date of the bills.

Effective: Rates to be charged for all billings based on gas consumed on and after February 1, 1996.

SCHEDULE "B"

Schedule 6.5.1
 January 31, 1996
 Page 1 of 1

CENTRA GAS MANITOBA INC.

Firm Sales and T-Service
Annual Base Rate Schedule

Territory: Entire natural gas service area of the Company, including all zones.

Availability: SGS - For gas supplied through one domestic sized meter on a firm basis.

LGS & T-Service - For gas delivered through one meter other than domestic sized meters on a firm basis.

Rate: Basic Monthly Charge:
 SGS Sales \$10.00 per Month
 LGS and T-Service 50.00 per Month

<u>SGS</u>	<u>LGS</u>	<u>T-Service</u>
<u>Sales</u>	<u>Sales</u>	<u>T-Service</u>
(/m ³)	(/m ³)	

Categories:

SGS Sales \$0.1636

LGS Sales and T-Service

Class 4		
- 0 to 680,000 m ³ Annually	\$0.1205	0.0322
Class 3		
- 680,000 to 1,700,000 m ³ Annually	0.1185	0.0302
Class 2		
- 1,700,000 to 3,400,000 m ³ Annually	0.1175	0.0292
Class 1		
- Over 3,400,000 m ³ Annually	0.1170	0.0287

Special Contract Fixed Monthly Charge 47,200.00
 Special Contract Commodity Charge 0.0016

Minimum Monthly Bill: Equal to the Fixed Monthly Charge as described above.

Late Payment Charge: A late payment charge of 1 1/2% per month shall be charged on the dollar amount owing after each billing due date. The due date will be at least 21 days after the mailing date of the bills.

Effective: Rates to be charged for all billings based on gas consumed on and after January 1, 1997.

SCHEDULE "B"

Schedule 6.5.2
 January 31, 1996
 Page 1 of 1

CENTRA GAS MANITOBA INC.

Interruptible Sales and Interruptible T-Service
 Annual Base Rate Schedule

Territory: Entire natural gas service area of the Company, including all zones.

Availability: For any customer at one location whose natural gas requirements equal or exceed annual rate of 340,000 m³ and who contract for such service for a minimum of one year. Sales under this rate shall be limited to the extent that the Company considers it has available natural gas supplies.

Service: Shall be agreed upon by contract between customer and Company recognizing, among other factors, the size and characteristic of customer's requirements, amount of facilities required to be constructed by Company, minimum purchase obligation of customer, priority of delivery service, and term of contract. The contract shall be filed with The Public Utilities Board.

Rates:	Categories:	<u>Sales Rates</u> (/m ³)	<u>T-Service Rate</u> (/m ³)
	Class 4		
	- 340,000 to 680,000 m ³ Annually	\$0.0929	\$0.0236
	Class 3		
	- 680,000 to 1,700,000 m ³ Annually	0.0909	0.0216
	Class 2		
	- 1,700,000 to 3,400,000 m ³ Annually	0.0899	0.0208
	Class 1		
	- Over 3,400,000 m ³ Annually	0.0894	0.0201
	Peaking Supply - Actual Cost of Peaking Gas Delivered Plus a Delivery Charge of	0.0206	N/A

Late Payment Charge: A late payment charge of 1 1/2% per month shall be charged on the dollar amount owing after each billing due date. The due date will be at least 21 days after the mailing date of the bills.

Effective: Rates to be charged for all billings based on gas consumed on and after January 1, 1997.