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MANITOBA

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Order No. 165/98

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THE PUBLIC UTILITIES BOARD ACT

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December 22, 1998

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

**CENTRA GAS MANITOBA INC. APPLICATION
FOR AN EX PARTE ORDER APPROVING INTERIM
SALES RATES TO BE EFFECTIVE JANUARY 1, 1999**

1.0 **Background**

Subsequent to a public hearing to review a 1998 future test year general rate application ("GRA") filed by Centra Gas Manitoba Inc. ("Centra"), the Manitoba Public Utilities Board ("the Board") issued its decisions in Order 79/98, dated June 19, 1998. That Order adjusted Centra's applied for 1998 rate base and revenue requirement, and instructed Centra to refile revised schedules to reflect Board ordered adjustments. On July 3 and 10, 1998, Centra complied with the Board's request, and filed the necessary information including Centra's revised estimate of revised 1998 gas costs. Subsequent to an additional hearing considering this filing, the Board issued Order 103/98, dated August, 1998 which further adjusted the 1998 revenue requirement to reflect, among other matters, the revised gas cost estimates for 1998. The Board instructed Centra to file the appropriate rate schedules to incorporate these adjustments. Centra filed the requested rate schedules, and the Board approved sales rates and transportation service rates to be effective for all gas consumed on and after January 1, 1998, in Order 104/98, dated August, 1998.

Order 104/98 approved sales rates to be billed from August 1, 1998 to December 31, 1998. These sales rates were structured to recover Centra's approved 1998 revenue requirement and various December 31, 1997 deferral account balances over the remaining five months of 1998. Because the new rates did not become effective until August 1, 1998, a further rate rider was required to adjust for the seven month delay in implementing the 1998 rates. Order 104/98 also approved a schedule of annual rates (rates without rate riders) which, absent any other changes in either gas or other costs, would become effective on January 1, 1999. The gas costs currently embedded into these approved rates reflected a Western Canadian gas supply cost of \$2.20 per Giga joule ("GJ"), and deferral account balances totaling approximately \$38.4 million in total.

On November 19, 1998, Centra advised the Board that the expected revenue deficiency for 1999 with respect to non-gas costs was estimated at \$4.9 million. Centra further suggested that, by assuming no 1999 GRA hearing costs, capping amortization account balances, and assuming an expected tax refund from Revenue Canada, this amount could

be reduced to approximately \$800,000. Centra further submitted that a revenue deficiency in the range of \$800,000 does not require a 1999 GRA. Centra also estimated that the 1999 cost of gas would increase from the 1998 estimated gas costs of \$191.9 Million by approximately \$42.2 million.

The impacts, on an as billed to as billed basis, due to expected gas cost increases would result in an increase to the average Small General Service (“SGS”) Customer Class of 0.8%; and, depending upon annual consumption, between 1.0 and 1.4% for the Large General Service (“LGS”) Class; approximately 11% for the High Volume Firm (“HVF”) Class; 10.7 to 13.0% for the Mainline Class; and 32.5 to 42% for the Interruptible Class. The rate impacts differed for the various customer classes because the existing rate rider amount varies by customer classes and for some classes is insufficient to cover the expected increased gas costs.

2.0 The Application

On December 8, 1998, Centra applied to the Board for an Interim Ex Parte Order, pursuant to Section 45 of the Public Utilities Board Act, approving interim sales rates to be effective January 1, 1999. Centra requested that the current billed rates continue to remain in effect from January 1, 1999 to December 31, 1999 or until a further Order of the Board. In its application, Centra stated that should currently approved base sales rates, which are lower than the current billed rates, be implemented on January 1, 1998, the balance of the Purchase Gas Variance Account (“PGVA”) would increase by approximately \$11.3 Million by March 31, 1999.

Based on the most current futures market price curves, Centra estimated that the 1999 cost of gas are forecasted to increase by \$21.3 Million over 1998 gas costs, compared to the estimated \$42.4 Million in its November 19, 1998 communication to the Board. The revised gas cost estimates embedded an average Western Canadian supply commodity price of \$2.56/GJ. Centra also estimated the December 31, 1998 balances of various deferral accounts, which it proposed to start to recover on January 1, 1999 would be approximately \$17 Million. These deferral accounts included existing deferral account

residual balances, 1998 PGVA balances including Board allowed 1998 price management impacts and 1998 Heat Value deferral balances.

If rates were changed on January 1, 1999 to generate sufficient revenues to cover expected gas costs and the above referenced deferral account balances, Centra estimated that the rate impacts for the various customer classes would be a decrease of between 4.1% and 4.6% for the SGS Class; a decrease of 4.5% to 6.2% for the LGS Class; a decrease of 0.4% for the Interruptible Class; an increase of 1.6% to 1.9% for the Mainline Class, and an increase of 4.4% to 5.6% for the HVF Class.

Centra stated that it intended to file an application for the final review of 1999 gas costs in early 1999 for a hearing in March, with any required rate changes to be implemented on April 1, 1999.

3.0 Board Findings

The Board has reviewed Centra's application on a prime facia basis and is prepared to approve the continuation of the existing billed rates on an interim refundable ex parte basis, until changed by a further order of the Board. While reverting to base rates at this time would reduce Centra's revenues by approximately \$38.4 million , it is noted that the cost of gas today is estimated to be \$21.3 million higher than is currently embedded in customers' base rates and further, a \$17.0 million deficit exists in the purchase gas variance account owing to Centra. If the higher gas costs and the purchase gas variance account are approved by the Board then rates would need to increase effective April 1, 1999 by approximately \$38.3 million.

At a previous generic hearing conducted by the Board regarding issues of price stability customers expressed a strong desire for rate stability over frequent upward and downward adjustments. In the interest of price stability and recognizing that current market prices for gas is higher than the gas costs embedded in base rates, the Board will approve Centra's application for the continuation of existing rates on an interim refundable ex parte basis.

This entire matter will be reviewed by the Board at a March 1999 public hearing at which time all parties will have a full opportunity to review these gas cost items and the Board will make adjustments to these rates, as required, on a final basis.

IT IS THEREFORE ORDERED THAT:

1. The Rate Schedules, attached as Appendix A, Page 1 and Appendix A, Page 2 to this Order BE AND ARE HEREBY APPROVED on an Interim Ex Parte Refundable basis, to become effective on January 1, 1999 and to remain in effect until confirmed or otherwise by a further Order of the Board.
2. Centra Gas Manitoba Inc. file an application for final review of 1999 gas costs and finalization of rates by no later than January 31, 1999.

THE PUBLIC UTILITIES BOARD

"G. D. FORREST"

Chairman

"D. DEGRAFF"

Acting Secretary

Certified a true copy of Order No. 165/98
issued by The Public Utilities Board



Acting Secretary

VIII. Rate Schedules (Base Rates Plus Riders)

CENTRA GAS MANITOBA INC.
 Firm Sales and Delivery Services*

1999 Test Year Annualized Rate Schedule (Base Rates Plus Riders)

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

Availability:

SGC: For gas supplied through one domestic-sized meter.

LGC: For gas delivered through one meter at annual volumes less than 680,000 m³

HVF: For gas delivered through one meter at annual volumes greater than 680,000 m³

MLC: For gas delivered through one meter to customers served from the Transmission system

Special Contract: For gas delivered under the terms of a Special Contract with the Company

Rate:

Basic Monthly Charge (\$/month):

	Sales and Delivery	Delivery Service Only	Sales ¹ Service Only	T Service Only
Small General Class (SGC)	\$10.00	\$10.00		\$10.00
Large General Class (LGC)	\$70.00	\$70.00		\$70.00
High Volume Firm (HVF)	\$758.24	\$758.24		\$758.24
Main Line Class (MLC)(Firm & Interruptible)	\$1,233.71	\$1,233.71		\$1,233.71
Special Contract	N/A	N/A		\$89,666.24

Monthly Demand Charge (\$/m³/mo.)

High Volume Firm Class (HVF)	\$0.3328	\$0.1244	\$0.2084	\$0.1244
Main Line Class (MLC)(Firm Supply Only)	\$0.5646	\$0.0994	\$0.4652	\$0.0994
Main Line Class (MLC)(Interruptible Supply Only)	\$0.3052	\$0.0994	\$0.2058	\$0.0994
Special Contract	N/A	N/A		N/A

Commodity Charge (\$/m³):

Small General Class (SGC)	\$0.2359	\$0.0705	\$0.1654	N/A
Large General Class (LGC)	\$0.1885	\$0.0239	\$0.1646	\$0.0239
High Volume Firm (HVF)	\$0.1294	\$0.0087	\$0.1207	\$0.0087
Main Line Class (MLC)(Firm Supply Only)	\$0.1034	\$0.0000	\$0.1034	\$0.0000
Main Line Class (MLC)(Interruptible Supply Only)	\$0.0914	\$0.0000	\$0.0914	\$0.0000
Special Contract	N/A	N/A	N/A	\$0.0007

¹ Sales Service is not available as an independent service - it is available in conjunction with delivery service (see Sales & Delivery column).

Minimum Monthly Bill: Equal to the Basic Monthly Charge as described above, plus Demand Charge as appropriate.

Effective: Rates to be charged for all billings based on gas consumed on and after January 1, 1999.

* Including Firm Mainline Delivery combined with Interruptible Supply

Approved by Board Order #	Effective from: January 1, 1999	Date Implemented: see interim rates
Supersedes Board Order # 104/98		Supersedes: Aug. 1 1998 Interim Rates

Rate Schedules (Base Rates Plus Riders)

CENTRA GAS MANITOBA INC.

Interruptible Sales and Delivery Services

1999 Test Year Annualized Rate Schedule (Base Rates Plus Riders)

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

Availability: For any consumer at one location whose annual natural gas requirements equal or exceed 680,000 m³ and who contracts for such service for a minimum of one year, or who received Interruptible Service continuously since December 31, 1996. Service under this rate shall be limited to the extent that the Company considers it has available natural gas supplies and/or capacity to provide delivery service.

Rates:	Sales and Delivery	Delivery Service Only	Sales¹ Service Only	T Service Only
Basic Monthly Charge (\$/month):	\$855.39	\$855.39		\$855.39
Monthly Demand Charge (\$/m³/mo.)				
Interruptible Service	\$0.1737	\$0.0708	\$0.1029	\$0.0708
Commodity Charge (\$/m³):				
Interruptible Service	\$0.1031	\$0.0051	\$0.0980	\$0.0051
Alternate Supply Service:				
Gas Supply (Interruptible Sales and Mainline Interruptible)			Negotiated Cost of Gas	
Delivery - Interruptible Class		\$0.0074		\$0.0074
Delivery - Mainline Interruptible Class		\$0.0033		\$0.0033

¹ Sales Service is not available as an independent service - it is available in conjunction with delivery service (see Sales & Delivery column).

Minimum Monthly Bill: Equal to Basic Monthly Charge as described above, plus Demand charges as appropriate.

Effective: Rates to be charged for all billings based on gas consumed on and after January 1, 1999.

Approved by Board Order #	Effective from: January 1, 1999	Date Implemented: see interim rates
Supersedes Board Order # 104/98		Supersedes: Aug. 1 1998 Interim Rates