

MANITOBA) **Order No. 116/13**
)
THE PUBLIC UTILITIES BOARD ACT) **October 3, 2013**

BEFORE: Régis Gosselin, B.A., M.B.A., CGA, Chair
Marilyn Kapitany, B.Sc. Hon., M.Sc., Member
Larry Soldier, Member

CENTRA GAS MANITOBA INC.: FRANCHISE APPLICATION
(RURAL MUNICIPALITY OF STANLEY)

1.0 Summary

By this Order, the Public Utilities Board (Board) approves on an interim ex parte basis Centra Gas Manitoba Inc.'s (Centra) Application for an amendment to its franchise agreement with the Rural Municipality (RM) of Stanley. The amending agreement extends Centra's franchise area to serve a new commercial customer. The Board also approves the financial feasibility test for the extension.

2.0 Application

On September 26, 2013, Centra applied to the Board, requesting:

1. Approval and authorization of an amending agreement between Centra and the RM of Stanley; and
2. Approval of the financial feasibility test for the planned expansion of natural gas service to one commercial customer within the RM of Stanley.

The proposed amending agreement between Centra and the RM of Stanley amends an existing franchise agreement approved by Order 82/13 of the Board. The proposed amending agreement includes expansion of Centra's franchise into the following sections of the RM of Stanley:

- Sections 1 through 36 inclusive of Township 1, Ranges 4, 5, and 6 WPM;
- Sections 1 through 12 inclusive of Township 2, Ranges 4 and 5 WPM;
- Sections 1 through 12 inclusive, 14 through 23 inclusive, and 26 through 35, inclusive of Township 2 Range 6 WPM;
- Sections 19 through 36 inclusive, Township 3, Range 4 WPM; and
- Sections 2 through 11 inclusive and 14 through 36, inclusive of Township 3, Range 6 WPM.

All other terms and conditions of the existing Franchise Agreement remain in full force and effect and continue to be binding upon Centra and the RM of Stanley.

The franchise extension will involve the construction of approximately 2,220 metres of 60.3 mm (NPS 2) polyethylene medium pressure main from an existing transmission pipeline located at SE Section 23, Township 3, Range 5 WPM. The proposed pipeline will follow existing government road allowances and Manitoba Hydro easements. Centra estimates the commercial customer will consume 103,169 m³ of gas annually. As such, the customer will be in the Large General Service class. The estimated capital cost of the main extension and service facilities is \$85,852. The customer has agreed to contribute \$36,699 towards these construction costs, with the balance of \$49,153 to be contributed by Centra. The 30 year net present value (NPV) of the revenues in excess costs of this extension is \$8,997, and the revenues exceed the costs after five years.

The RM of Stanley gave first reading to the By-law on September 26, 2013 authorizing an amending agreement between the RM of Stanley and Centra Gas Manitoba Inc. (and allowing for the proposed extension).

As the extension is less than 10 km long and environmental screening indicated no environmentally sensitive areas, Centra indicates that a licence from Manitoba Conservation is not required.

3.0 Board Findings

The Application was filed consistent in form with the Board's requirements (as established in Board Order 109/94). As well, the form of the feasibility test is in accordance with Board-approved methodology as approved in Orders 109/94, 124/96, and 89/97.

Accordingly, the Board approves the Application.

Board decisions may be appealed either in accordance with the provisions of Section 58 of The Public Utilities Board Act, or reviewed in accordance with Section 36 of the Board's Rules of Practice and Procedure (Rules). The Board's Rules may be viewed on the Board's website at www.pub.gov.mb.ca.

4.0 IT IS THEREFORE ORDERED THAT:

1. The Franchise Amending Agreement between Centra Gas Manitoba Inc. and the Rural Municipality of Stanley, attached hereto as Schedule "A" to this Order, BE AND IS HEREBY APPROVED on an interim ex parte basis;
2. The financial feasibility test for the extension of natural gas service to one commercial customer within the Rural Municipality of Stanley BE AND IS HEREBY APPROVED, on an interim ex parte basis; and
3. This interim Order will remain in full effect until confirmed or otherwise by a subsequent Order of the Board.

THE PUBLIC UTILITIES BOARD

"Régis Gosselin"
Chairman

"Kurt Simonsen, P.Eng."
Acting Secretary

Certified a true copy of Order
No. 116/13 issued by The Public
Utilities Board

Acting Secretary

SCHEDULE "A"

THIS AMENDING AGREEMENT made as of the _____ day of _____, 2013.

BETWEEN:

RURAL MUNICIPALITY OF STANLEY,

(hereinafter called the "Municipality"),

OF THE FIRST PART,

- and -

CENTRA GAS MANITOBA INC.,

(hereinafter called "Centra"),

OF THE SECOND PART.

WHEREAS the Municipality gave 2nd and 3rd reading of By-Law No. 8-12 to enter into a franchise agreement (hereinafter the "Franchise Agreement") with Centra Gas Manitoba Inc., on August 9th, 2013 which grants the company the franchise to supply and deliver natural gas to the Municipality and inhabitants within the areas set forth in the said Franchise Agreement;

AND WHEREAS the Municipality has agreed that it is in its interest to enter into an Amending Agreement (hereinafter the "Amending Agreement") with Centra to grant a further franchise agreement for the supply and delivery of natural gas to all those portions of Sections 2-11, 14-36, Township 3, Range 6 WPM; Sections 19-36, Township 3, Range 4 WPM; Sections 1-12, 14-23, 26-35, Township 2 Range 6 WPM; Sections 1-12, Township 2, Range 5 WPM; Sections 1-12, Township 2, Range 4 WPM; and all of Township 1 Range 4, 5 and 6 WPM contained within the limits of the Municipality, as a further addition to its existing franchise territory;

AND WHEREAS by by-law duly passed by the Council of the Municipality, the Reeve and the Chief Administrative Officer have been authorized and directed to execute the Amending Agreement on behalf of the Municipality;

NOW THEREFORE pursuant to the premises and in consideration of the sum of TEN (\$10.00) DOLLARS now paid by Centra to the Municipality, and in further consideration of the mutual covenants hereinafter set forth, it is mutually covenanted and agreed by the parties as follows:

1. That Paragraph 1 of the Franchise Agreement is hereby amended by extending the franchise area designated therein to include all those portions of Sections 2-11, 14-36, Township 3, Range 6 WPM; Sections 19-36, Township 3, Range 4 WPM; Sections 1-12, 14-23, 26-35, Township 2 Range 6 WPM; Sections 1-12, Township 2, Range 5 WPM; Sections 1-12, Township 2, Range 4 WPM; and all of Township 1 Range 4, 5 and 6 WPM contained within the limits of the Municipality (as set out in the map attached as Appendix 1).
2. The parties hereby confirm that all other terms and conditions of the Franchise Agreement, as amended from time to time through Orders of the Public Utilities Board remain in full force and effect and continue to be binding upon the successors and assigns of each of the parties hereto.
3. This Amending Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.

IN WITNESS WHEREOF the parties have affixed their corporate seals, attested to by the signatures of their proper officers, as of the day and year first above written.

RURAL MUNICIPALITY OF STANLEY

Per: _____
Reeve

Per: _____
Chief Administrative Officer

CENTRA GAS MANITOBA INC.

Per: _____
Authorized Signing Officer

Per: _____
Authorized Signing Officer