

**CENTRA GAS MANITOBA INC.**  
**2019/20 GENERAL RATE APPLICATION**

**INVESTMENT CATEGORY DEFINITIONS**

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Centra, in conjunction with Manitoba Hydro, developed and incorporated the use of investment categories as part of the development of the Capital Asset Management framework. Investment categories are commonly used within the industry to provide stakeholders with a better understanding of the primary driver for the investments. The primary investment categories are further broken down into sub-categories. The level 1 investment categories utilized by Centra in this application are Capacity & Growth and Sustainment. The level 2 investment categories reflected by Centra include Customer Connections (Residential, Commercial & Industrial), System Load Capacity, Mandated Compliance, System Renewal and System Efficiency.

A detailed description of all level 1 primary investment categories along with the level 2 sub-categories are discussed in more detail below.

Capacity & Growth

Capacity & Growth Investments are required for the expansion of Manitoba Hydro's generation, transmission or HVDC systems, gas transmission main and station assets, gas distribution main and station assets, as well as cathodic protection assets. Forecasted investments under capacity and growth are categorized as follows:

NEW ENERGY – Addition of new generating assets, or upgrades to existing generating assets for the purpose of increasing generation capacity or energy including the associated new or upgraded infrastructure. Also includes new or upgraded transmission assets required to deliver the new or increased energy into the grid.

SYSTEM LOAD CAPACITY – Addition of new or upgrades to existing transmission or distribution assets for the purpose of increasing the system's capacity to address anticipated load growth not driven by one large customer.

1 GRID INTERCONNECTIONS – IMPORT / EXPORT – New assets to deliver energy  
2 associated with requests for transmission service (import, export and through-flow  
3 requirements).

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5 CUSTOMER CONNECTIONS – RESIDENTIAL, COMMERCIAL & INDUSTRIAL – New  
6 customer-driven connections for domestic service resulting from residential,  
7 commercial and/or industrial customer load.

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9 GRID INTERCONNECTIONS – INDEPENDENT POWER PRODUCERS – New assets to  
10 deliver energy associated with requests for transmission service for connections to  
11 independent power producers.

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13 Sustainment

14 Sustainment investments are required to sustain the current and future performance  
15 capability of Manitoba Hydro’s generation, transmission, HVDC, electric distribution assets,  
16 gas transmission main and station assets, gas distribution main and station assets as well as  
17 cathodic protection assets. Forecasted investments under sustainment are categorized as  
18 follows:

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20 SYSTEM RENEWAL – Work performed to either replace, refurbish or remove an  
21 existing asset as the asset is approaching or is at the end of its useful life, the  
22 existing technology is approaching obsolescence, spare parts are not available,  
23 and/or the technology is/will be no longer supported. Includes repairs or  
24 replacement of assets due to damage caused by the public.

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26 SYSTEM EFFICIENCY – Addition of new assets or work performed on existing assets  
27 in order to improve the operation of the system. Such enhancements are aimed at  
28 reducing costs, minimizing the frequency and duration of outages and/or preventing  
29 equipment damage.

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31 MANDATED COMPLIANCE – Investments required to address application of  
32 legislative, legal, regulatory or corporate policy, or to address requests from  
33 government or other agencies to relocate Manitoba Hydro assets to accommodate  
34 other infrastructure.

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DECOMMISSIONING – Expenditures associated with the permanent decommissioning of a Manitoba Hydro generation, transmission, or distribution asset as well as gas transmission or distribution assets. The removal of an asset which is preparation for the construction of an asset in its place is categorized with system renewal.

Business Operations Support

Investments to support business operations and are shared or common throughout the corporation including:

INFORMATION TECHNOLOGY – Expenditures associated with information technology assets for the data centres, network connectivity, infrastructure, security and business systems including hardware and printers, software licenses, installation and implementation. This category does not include technology assets which operate the electric or natural gas systems.

FLEET – Expenditures associated with corporate vehicles, mobile equipment and trailers. Primarily includes cars, vans, SUVs, trucks, aerial devices, radial boom diggers, cranes, construction equipment, and all recreation equipment and trailers. These assets typically transport people or goods over land (both on and off road) or water, or are pieces of mobile equipment.

CORPORATE FACILITIES – Expenditures associated with corporate buildings and properties and the required telecommunications. Corporate buildings are facilities where the primary function is to house staff or storage of equipment/inventory, and include customer service centres, office buildings, warehouses, storage facilities and vehicle service garages. They do not include buildings which have a direct association with the generation, transmission or distribution of energy.

TOOLS AND EQUIPMENT – Expenditures on tools and equipment used by maintenance crews and/or field staff while working on maintenance or capital projects. Also includes specialized tools and equipment used by design staff to test apparatus and systems.

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2 GENERATION BUILDINGS AND GROUNDS – Expenditures associated with site  
3 buildings related to generating station assets which are primarily designed for  
4 operations, as well as property, fencing, roads, railway spurs, water & sewer, public  
5 safety, security, PCB, fire suppression and drainage.

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7 TOWNSITE INFRASTRUCTURE – Expenditures associated with community  
8 infrastructure including staff houses, housing and permanent camps. Costs for  
9 infrastructure associated with the first-time construction of new or incremental  
10 generation, transmission, HVDC or distribution asset would typically be included  
11 with the corresponding project and not classified as Business Operations Support.

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13 Demand Side Management

14 Expenditures related to pursuit of electric energy conservation and efficiency activities  
15 designed to manage the demand for energy.