



Media Release

For Immediate Release

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Manitoba Hydro to purchase Swan Valley Gas from SaskEnergy

Manitoba Hydro and SaskEnergy announced today a tentative agreement, pending regulatory approval, for the sale of SaskEnergy's Swan Valley Gas to Manitoba Hydro for the purchase price of \$200,000. Swan Valley Gas distributes natural gas in and around Swan River, Manitoba, including the towns of Minitonas and Benito.

The proposed sale is subject to approval by the Manitoba Public Utilities Board.

Under the proposed sale, Swan Valley Gas Corporation's distribution assets and responsibility for approximately 240 customers will be transferred to Manitoba Hydro. Manitoba Hydro would also assume any existing gas supply contracts.

"Swan Valley's customers are facing a significant increase in their rates because of a substantial reduction in natural gas consumption by the area's industrial sector," said Scott Thomson, Manitoba Hydro's President & Chief Executive Officer. "We view this acquisition as an opportunity for these customers – who are all Manitobans – to benefit from being a part of a much larger customer base."

Swan Valley Gas Corporation was established in 2000 as a subsidiary of SaskEnergy to expand natural gas service to an area just north of Duck Mountain Provincial Park in Manitoba.

"SaskEnergy has been proud to serve the people and businesses of Swan Valley Gas, and we look forward to working with Manitoba Hydro to continue supplying natural gas to the region," said Doug Kelln, President & Chief Executive Officer, SaskEnergy. "As an independent utility outside of SaskEnergy's Saskatchewan customer base, Swan Valley Gas would have been unable to offer competitive rates due to significant changes in industrial customer demand - something that will now be achievable as part of Manitoba Hydro."

If the purchase is approved, Swan Valley Gas customers will become customers of Manitoba Hydro and pay the same natural gas rates as the corporation's other customers in their respective customer classes.

An additional charge will be temporarily applied to Swan Valley customers' bills to recoup the purchase price paid by Manitoba Hydro. Even with this additional temporary surcharge, the overall annual natural gas bill for the typical residential customer is expected to be lower than that currently charged by Swan Valley Gas.

SaskEnergy and Manitoba Hydro will make a joint application to the Manitoba Public Utilities Board to approve the sale and the temporary rate surcharge.

Manitoba Hydro is a major distributor of natural gas in Manitoba, serving over 267,000 natural gas customers in nearly 100 communities.

SaskEnergy is Saskatchewan's natural gas distribution, transmission and storage company, serving more than 365,000 residential, business and industrial customers.

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