

Rating Report

Report Date:

February 4, 2010

Previous Report:

February 10, 2009



Insight beyond the rating.

Gaz Métro Limited Partnership

Analysts

Income Funds

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The Fund

The operations of Gaz Métro Limited Partnership (GMLP) include natural gas distribution in Québec and natural gas and electricity distribution in Vermont; transportation; storage of natural gas; energy services and other. Gas transportation operations include wholly owned Champion Pipeline, a 50% interest in Trans Québec & Maritimes Pipeline Inc. (TQM) and a 38.3% interest in Portland Natural Gas Transmission System (PNGTS). GMLP is 71% owned by Gaz Métro inc. (GMI), which is indirectly owned by Trencap, s.e.c (Trencap) (50.4%), Enbridge Inc. (Enbridge) (32.1%) and GDF-Suez (17.6%).

Rating History

Current	2009	2008	2007	2006	2005
STA-2 (middle)	STA-2 (middle)	STA-2 (middle)	STA-2 (middle)	STA-2 (middle)	STA-1 (low)

Stability Rating Summary

Legend

Operating Characteristics	Asset Quality	Financial Profile	Diversification	Size & Market Position	Sponsorship & Governance	Growth

Stability Rating Update

DBRS has confirmed the stability rating of Gaz Métro Limited Partnership (GMLP or the Partnership) at STA-2 (middle) based on the stable cash flow from its low business risk operations, stable financial profile and a supportive regulatory regime. A significant portion of the Partnership's earnings and cash flow continue to be generated from its natural gas distribution activities in Québec and other regulated activities, with approximately 86% of consolidated EBITDA derived from natural gas and electricity distribution activities in Québec and Vermont. Though earnings remain sensitive to interest rates through approved return on equity (ROE) levels, the Partnership continues to have a good command of its regulatory processes in Québec and Vermont, and has been able to achieve incentive returns higher than the authorized rate of return. Though the Régie de l'énergie (the Régie) rejected the ATWACC (after-tax weighted cost of capital) methodology of calculating the authorized base rate of return proposed by GMLP, it chose to modify certain parameters of the current formula and established a base return on equity of 9.20% for fiscal 2010. This is an increase over the 8.64% the current formula would have produced. (Continued on page 2.)

Rating Considerations

Strengths

- (1) Low-risk gas distribution activities provide financial stability
- (2) Strong operating cash flow finances capital expenditures and distributions
- (3) Supportive regulatory environments
- (4) Non-core assets provide geographic and operational diversification

Challenges

- (1) Earnings sensitivity to interest rates through approved ROEs
- (2) Limited organic growth in gas distribution activities
- (3) Cash flow sensitivity to weather and economic cycles
- (4) Relative pricing of competitive energy sources
- (5) Operational risks

Financial Information

	For the years ended September 30				
	2009	2008	2007	2006	2005
Paid distributions per unit (\$)	1.24	1.24	1.24	1.33	1.36
Cash available for distribution per unit (\$)	1.94	2.09	1.76	1.55	2.17
Net income per unit (\$)	1.32	1.28	1.02	1.25	1.33
EBITDA interest coverage (times) †	3.90	3.70	3.74	3.90	4.11
Percent of total debt in capital structure	65.3%	66.1%	64.8%	60.8%	60.1%
Cash flow from operations / Total debt	19.8%	19.6%	18.5%	19.5%	20.6%
Return on average equity	16.8%	16.6%	13.3%	15.8%	16.9%
Paid distributions / Cash avail. for distribution ‡	63.9%	59.4%	70.0%	85.9%	62.5%
Paid distributions / Net income	94.3%	96.7%	120.8%	106.2%	102.1%
Market capitalization (\$ millions)	1,904	1,760	1,929	2,068	2,644

† EBITDA does not reflect the Partnership's 38.3% ownership of PNGTS.

‡ DBRS defines 'Cash available for distribution' as Cash flow from operations less maintenance CAPEX, but before growth CAPEX and working capital changes.

Stability Rating Update (Continued from page 1.)

Difficult economic conditions continue to affect GMLP's ability to generate productivity gains as it experiences a decline in gas deliveries in all its markets. Its industrial gas deliveries have been particularly affected with the continued shutdown of the Partnership's largest customer, (a TransCanada Energy Ltd. power plant) and other major industrial customers announcing temporary plant closings in 2009. GMLP's expects a productivity loss of \$19 million for 2010, which will be fully reflected in the 2010 rates but should be fully repaid to customers from future overearnings or productivity gains.

The Partnership also continues to face limited organic growth in its gas distribution system in Québec, where the price of electricity in the residential market is low. GMLP signed up fewer residential customers in 2009 than in 2008 due to the economic situation. Market penetration of natural gas in Québec is well below the Canadian national average due to the low cost of electricity in Québec. Though gas distribution throughputs in the industrial and commercial markets are somewhat volatile in conjunction with the tight competitive situation between natural gas and fuel oil in Québec, natural gas is generally competitive in the commercial markets compared to electricity.

DBRS expects that GMLP will continue to explore ways to diversify its operations through targeted acquisitions and new project developments in connection with its strategy to become an integrated energy provider. Some growth in earnings and cash flow could come from the completion of the Seigneurie de Beaupré wind projects in Québec after 2013. Electricity supply agreements expiring on December 1, 2033, have been signed with Hydro-Québec for the output from the plants. GMLP will be applying for construction permits, signing the final agreement with turbine supplier Enercon Canada Inc. (Enercon) and implementing appropriate financing, after passing key environmental approvals in 2009. DBRS expects that the project would be financed in a manner that will limit GMLP's exposure. Furthermore, the Partnership continues to generate cash flow from operations that is sufficient to internally finance both maintenance capital expenditures and distributions to its partners, which DBRS expects to continue.

GMLP continues to evaluate its various alternatives to mitigate the impact of the new tax legislation. If GMLP were to announce a response to the tax changes, DBRS would evaluate it at that time. The Partnership will continue to maintain the capital structure of its regulated utility business in accordance with regulatory approved levels.

Operating Characteristics

Superior The icon for the Superior rating is a square with diagonal hatching lines.

Strengths

(1) Regulated gas distribution and transportation operations account for virtually all of the Partnership's net income and provide it with a degree of long-term financial stability. The Partnership derives approximately 86% of its consolidated EBITDA from natural gas and electricity distribution activities in Québec and Vermont. Favourable regulatory support of these operations is demonstrated by the permitted use of deferral accounts that smooth the earnings impact of: a) weather-induced revenue fluctuations in Québec; (b) expenses related to natural gas and electricity costs; and (c) interest rate fluctuations on floating-rate debt in Québec. DBRS notes that while these deferral accounts smooth income, they do not smooth the impact on cash flow from operations.

(2) The Partnership continues to generate cash flow from operations that are sufficient to internally finance both maintenance capital expenditures and distributions to its partners. DBRS expects this to continue over the medium to long term; credit metrics should remain generally consistent with historical levels, with temporary variation due to acquisitions, major project developments and approved ROE trends.

(3) The Partnership continues to explore ways to diversify operations through targeted acquisitions and new project developments in connection with its strategy to become an integrated energy provider.



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Challenges

(1) Earnings and cash flow are sensitive to interest rates through authorized ROEs. A 25 basis point change in approved ROE for the Québec Distribution Activity equates to approximately a \$2.5 million impact on earnings.

(2) Earnings and cash flow are sensitive to changes in economic cycles on a medium-term basis, while weather affects cash flow on a short-term basis. The rate stabilization account mitigates weather-induced fluctuations on income in Québec. Approximately 47% of gas volumes are delivered to industrial customers that are most sensitive to economic conditions but with lower margins. This declined from 51% in fiscal 2008 due to decreased volumes, reflecting more difficult economic conditions.

(3) New housing market penetration of natural gas in the Greater Montreal Area, of 19% in 2009 (2008: 23%) is well below the national average, resulting from the low cost of electricity in Québec. Gas distribution throughputs for industrial customers are somewhat volatile in conjunction with the tight competitive situation between natural gas and fuel oil in Québec. In the commercial market, the competitiveness of natural gas is generally favourable compared with fuel oil and electricity. The Partnership continues to look for ways to distribute greater volumes of gas and has had recent success with increased short-term interruptible service sales to industrial customers, due to the favourable competitive position of natural gas compared to heavy fuel oil.

(4) The Partnership's natural gas transportation sector depends on a limited number of customers. Portland Natural Gas Transmission System's (PNGTS) earnings have been challenged by the loss of two major customers and subsequent excess transportation capacity. PNGTS has filed an application with the U.S. Federal Energy Regulatory Commission (FERC) to get its tolls increased.

Asset Quality

Superior

The Partnership's asset quality ranks as Superior, based on the following characteristics:

The Partnership's assets at the end of September 2009 consisted of approximately 82% energy distribution, 10% gas transportation, 4% gas storage and 4% in non-regulated activities.

The majority of the Partnership's natural gas distribution and transportation assets have long operating lives, with highly predictable and manageable capital expenditures.

The 2007 acquisition of Green Mountain Power (GMP) expands the Partnership's asset base on a geographic and operational basis.

The Partnership's annual maintenance capital expenditures have increased in recent years in order to ensure the reliability and security of the distribution network and the acquisition of GMP. However, they remain reasonable and continue to be financed with internally generated cash flow from operations, leaving a significant portion of cash available for distribution to unitholders.



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Financial Profile

Moderate 

	For the years ended September 30				
	2009	2008	2007	2006	2005
Statement of Cash Flow (\$ millions)					
Net income before extras	158.5	154.4	122.8	147.2	154.4
Depreciation & amortization	193.4	172.2	159.7	140.7	133.8
Other non-cash adjustments	1.8	33.4	31.0	(8.0)	1.9
Cash Flow From Operations	353.7	360.0	313.5	279.9	290.2
Maintenance capital expenditures	(119.9)	(108.5)	(101.4)	(98.1)	(37.9)
Cash Available For Distribution	233.8	251.5	212.1	181.8	252.2
Cash distributions	(149.4)	(149.4)	(148.4)	(156.3)	(157.7)
Cash Available After Distributions	84.4	102.1	63.7	25.6	94.5
Reduction in def. charges related to gas costs	86.8	70.9	58.0	54.5	57.1
Rate stabilization account	(13.2)	(15.9)	(21.8)	(37.1)	(1.7)
Changes in working capital	57.1	(47.3)	48.9	12.1	(26.1)
Free Cash Flow After Working Capital Changes	215.1	109.9	148.7	55.0	123.8
Growth capital expenditures	(32.0)	(27.0)	(23.4)	(55.8)	(136.3)
Acquisitions & divestitures	(0.4)	(47.6)	(225.8)	14.6	(96.7)
Deferred charges	(114.9)	(154.8)	(108.9)	(37.0)	(64.8)
Cash flows before financing	67.8	(119.5)	(209.4)	(23.2)	(174.0)
Debt financing (net)	(46.8)	114.4	157.8	32.9	123.3
Equity financing (net)	-	0.2	50.1	0.1	66.1
Net Change In Cash	20.9	(5.0)	(1.5)	9.8	15.4
Key Financial Ratios					
EBITDA interest coverage (times) †	3.90	3.70	3.74	3.90	4.11
Cash flow from operations to total debt	19.8%	19.6%	18.5%	19.5%	20.6%
Percent of total debt in capital structure	65.3%	66.1%	64.8%	60.8%	60.1%
Cash available for distribution per unit	1.94	2.09	1.76	1.55	2.17
Paid distributions per unit (\$) *	1.24	1.24	1.24	1.33	1.36
Paid distributions / Cash avail. for distribution * ‡	63.9%	59.4%	70.0%	85.9%	62.5%
Distributions / Net income *	94.3%	96.7%	120.8%	106.2%	102.1%

* Level of distributions paid were reduced 9% in July 2006.

† EBITDA does not reflect the Partnership's 38.3% ownership of PNGTS.

‡ DBRS defines 'Cash available for distribution' as Cash flow from operations less maintenance CAPEX, but before growth CAPEX and working capital changes.

Summary

GMLP continues to generate strong cash flow that remains sufficient to cover both maintenance capital expenditures and cash distributions. In contrast to most income funds that make distributions that exceed their net income, the Partnership's policy is to make cash distributions that approximate its adjusted net income in order to preserve the capital structure of its core gas distribution business.

Cash available for distribution was modestly lower in fiscal 2009 due to the higher maintenance capex needed to extend and improve the natural and electricity distribution systems in Québec and Vermont and lower distributions received from PNGTS.

Maintenance capex is calculated as the equivalent of the lower of investments during the year in a particular sector or the sector amortization expense. As a result, maintenance capex has increased significantly from 2005 levels, while the distribution segment represents about 91% of total maintenance capex.

Free cash flow remains sensitive to fluctuations in weather and natural gas costs. For fiscal 2009, free cash flow was significantly higher than in 2008 due to the impact of lower natural gas prices and positive working capital changes. The regulatory mechanism in Québec provides for normalization in rates in future years.



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Outlook

Over the medium term, cash flow from operations is expected to remain strong, with very modest growth coming from its regulated distribution activities in Québec and Vermont from new construction. Cash flow from operations is expected to remain sufficient to fund maintenance capital expenditures and distributions to partners.

Total capex for fiscal 2010 is expected to be approximately \$170 million, higher than what GMLP spent in 2009, with a significant portion allocated to maintenance capex. Development capex will include the equipment investments needed for the wind energy projects in Québec.

GMLP, jointly with Boralex Inc., was awarded two wind power projects for a total installed capacity of 272 MW, expected to be in service by December 2013. Electricity supply agreements expiring on December 1, 2033, have also been signed with Hydro-Québec for the output from the plants. The project has successfully passed the key environmental approval stage and the partners can proceed with other planned stages of the project such as applying for construction permits, signing the final agreement with Enercon (the turbine supplier) and implementing financing.

DBRS expects that the Partnership will continue to look at opportunities that have a similar risk profile, and development projects with long-term agreements with creditworthy counterparties in order to grow its cash flow.

GMLP continues to evaluate its various alternatives to mitigate the impact of the new tax legislation expected and to maintain the capital structure of its regulated utility business in accordance with regulatory approved levels.

Liquidity, Credit Facilities and Long-Term Debt

<u>Debt Repayments</u>							
<u>as at Sep. 30, 2009</u>		(CAD Millions)	(CAD Millions)				
<u>Year</u>	<u>Payment</u>		<u>Credit Facilities as of Sep. 30, 2009</u>	<u>Amt</u>	<u>Drawn</u>	<u>Available</u>	<u>Expiry</u>
2010	218.5		Term credit facilities	556.2	137.9	418.3	2010-2017
2011	52.2		Operating credit lines	145.8	49.1	96.7	
2012	13.8						
2013	204.9		Long Term Debt as at Sep. 30, 2009	Maturity	Interest rate	Amt	
2014	62.2		Gaz Metro First mortgage bonds	2010-36	5.40%-10.45%	1,175.8	
Thereafter	<u>1,179.1</u>		NNEEC unsecured senior notes	2017-22	5.93%-6.12%	107.1	
Total	1,730.8		Vermont Gas Systems	2014-36	7.03%	32.1	
			Green Mountain Power	2017-38	5.98%-9.64%	152.8	
			TQM	2010-14	3.91%-7.05%	<u>125.0</u>	
			Total			1,592.8	

The Partnership has adequate credit facilities to support its operations and the decline in usage in 2009 was due to the drop in natural gas prices. Gaz Métro inc. (GMi) issued \$100 million of Series L First Mortgage Bonds in June 2009, which was used in part to repay the \$73.1 million unpaid balance of the bridge loan.

The Partnership will continue to turn to the capital markets directly or through GMi to raise any financing it needs for major investment projects that are not part of its ongoing business requirements.

DBRS expects that GMLP will bring its debt-to-capital ratio back to levels comparable with those of previous years by issuing units in the near term.

Diversification

Moderate 

The Partnership still generates a significant amount of its revenue in Canada despite the acquisition of GMP in 2007, which provides some geographic and operational diversification benefits and is consistent with the Partnership's strategy to become an integrated energy provider.

Gas distribution operations in Quebec (approximately 72% of EBITDA) are balanced between economy-sensitive industrial customers (47% of normalized throughputs) and weather-sensitive residential and commercial customers (53% of normalized throughputs) and also benefit from operating in two different regulatory environments – Québec and Vermont.

The Partnership continues to pursue the development of the Seigneurie de Beaupré wind project, which should further diversify the operations of GMLP once completed.

Size & Market Position

Superior 

The Partnership ranks as Superior in terms of the size of its asset base and market capitalization:

With a market capitalization of approximately \$1.98 billion as of February 3, 2010, the Partnership is one of the largest limited partnerships in Canada.

The Partnership's regulated gas and electricity distribution activities are monopoly operations in their established service areas.

The Partnership's large size results in economies of scale, better operating efficiencies and access to capital markets.

Sponsorship & Governance

Superior 

Sponsorship

The Partnership is 71% owned by GMi, with the remainder owned by the public.

GMi is indirectly owned by Trencap s.e.c. (50.4%), Enbridge Inc. (32.1%) and GDF-Suez (17.6%). The General Partner of Trencap is a subsidiary of the Caisse de dépôt et placement du Québec and the limited partners include Fonds de solidarité des travailleurs du Québec, SNC-Lavalin Inc., British Columbia Investment Management Corp., the Régime des rentes du Mouvement Desjardins and the Régime de retraite de l'Université du Québec. These companies maintain a long-term investment horizon in the Partnership and could provide a potential source of financial support.

GMi acts as a financing vehicle by raising debt capital and lending the funds to the Partnership on similar terms and conditions.

Management Agreement

GMi is the General Partner of GMLP and, under the Limited Partnership Agreement, has the exclusive right, power and authority to administer, manage, control and operate the business of the Partnership and hold title to its assets. GMi receives a management fee of \$50,000 per fiscal year plus reimbursement of expenses from GMLP.

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Growth

Moderate



	For the years ended September 30				
	2009	2008	2007	2006	2005
Weighted ave. units outstanding (basic, thousands)	120,452	120,452	120,437	117,507	116,496
Net income per unit	1.32	1.28	1.02	1.25	1.33
Cash flow from operations per unit	2.94	2.99	2.60	2.38	2.49
Cash available for distribution per unit	1.94	2.09	1.76	1.55	2.17
Paid distributions per unit *	1.24	1.24	1.24	1.33	1.36
Paid distributions / Cash avail. for distribution * ‡	63.9%	59.4%	70.0%	85.9%	62.5%
Paid distributions / Net income *	94.3%	96.7%	120.8%	106.2%	102.1%

* Level of distributions paid were reduced 9% in July 2006.

The overall growth outlook remains moderate, with limited organic growth potential in its regulated gas distribution system in Québec. The Partnership continues to seek ways to strengthen its key natural gas franchise in Québec and to grow its business through targeted acquisitions and project development.

The development of the 272 MW Seigneurie de Beaupré wind project is also expected to be a source of growth for the Partnership in the medium term.

As the Partnership's practice is to pay out distributions at a level that approximates its adjusted net income, it relies on capital markets to raise any financing needed for major investment projects that are not part of its ongoing business requirements.

Regulation

Québec Gas Distribution: Operations are regulated by the Régie, by a hybrid of cost of service/rate of return methodologies and performance-based regulations (revenue cap). The Régie approved GMLP's performance incentive mechanism applicable from October 1, 2007, to September 30, 2012.

Deemed capital structure by the regulator is 38.5% common equity, 7.5% preferred shares and 54% debt. Authorized ROE is derived from a base ROE plus an incentive component.

- Base ROE is derived from: (1) the August Consensus Forecast yield for ten-year bonds plus the market spread between Government of Canada ten- and thirty-year bond yields; (2) 75% of the year over year variation in the August forecast rate of return on 30-year Government of Canada bonds.

The gas costs are flowed through to customers with monthly price adjustments.

In the recent rate application decision, the Régie rejected the ATWACC (after-tax weighted cost of capital) methodology of calculating the authorized base rate of return proposed by GMLP, but chose to modify certain parameters of the current formula and established a base return on equity of 9.20% for fiscal 2010. This is an increase over the 8.64% the current formula would have produced.

GMLP's expects a productivity loss of \$19 million for 2010, which will be fully reflected in the 2010 rates but should be fully repaid to customers from future overearnings or productivity gains, before GMLP can start sharing in future overearnings or productivity gains.

Vermont Gas and Electricity Distribution: VGS and GMP are regulated by the Vermont Public Service Board (VPSB) on a compliant basis based on a cost of service/rate of return methodology.

The shareholder's equity was 55% of the rate base for 2009 in the case of VGS and 51.4% in the case of GMP. The allowed base rate of return has been 10.5% since 2006 for VGS but has been reduced by 0.25% commencing January 1, 2010. GMP filed a rate case in 2009, which was approved to include a projected return of 9.69% and a 4.8% rate increase, covering the period from October 1, 2009 to September 30, 2010.

Temperature normalization reserve accounts are disallowed.

A new regulatory framework came into effect for VGS and GMP, which includes a quarterly price adjustment mechanism to reflect the cost of purchasing gas or electricity sold to customers.

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Canadian Gas Transportation: TQM is regulated by the National Energy Board (NEB) on a rate of return/cost of service basis.

The NEB rendered a decision in October 2009, stating the formula used since 1994 to determine the ROE of pipeline companies was no longer in effect. Rather, the cost of capital would now be determined by negotiations between pipeline companies and their shippers or by the NEB if the company files a cost of capital application.

The NEB rendered a favourable decision following the provisional rate application to adjust TQM's rate of return upward to reflect an ATWACC of 6.4% effective November 1, 2009, with no explicit deemed capital structure. TQM has indicated that it would likely move its capital structure towards the 60% debt/40% equity ratio of its partners over the course of its 2010 fiscal year.

U.S. Gas Transportation: PNGTS gas transportation activities are regulated by the FERC.

The last rate adjustment has been effective since April 2002 and a new rate case was filed in April 2008. The hearings were held in July 2009 and the decision is still pending.

Description of Operations

GMLP's operations are divided into following sectors: Energy Distribution; Transportation of Natural Gas; Storage of Natural Gas; and Energy Services and Other.

Energy Distribution includes the electricity distribution activities of GMP and the natural gas distribution activities in Québec and Vermont. The sector accounted for 86% of consolidated EBITDA in 2009.

GMLP's core business is natural gas distribution in Québec, which delivers approximately 97% of the natural gas consumed in Québec, serving approximately 179,370 customers, and is one of the largest natural gas distributors in Canada. This activity is regulated by the Régie, which fixes the annual transportation, load balancing and distribution rates and the rate of return allowed on deemed common equity.

Vermont Gas Systems (VGS) is the sole gas distributor in Vermont with approximately 42,000 customers and is regulated by the VPSB under the cost of service framework.

GMP is the second largest utility in Vermont. It transports, distributes and sells electricity and provides electric network construction services in that state. Serving approximately 94,000 customers, 93% of the electricity distributed by GMP is purchased from others, and the remaining 7% is obtained through ownership interests in generation facilities. The company's activities are regulated by the VPSB under the cost of service framework.

Natural Gas Transportation includes a 50% interest in Trans Québec & Maritimes Pipeline Inc. (TQM), 100% of the Champion pipeline and a 38.3% interest in PNGTS. This segment reflected about 10% of assets and contributed 9% of total EBITDA at the end of September 2009.

TQM operates a gas pipeline in Québec that connects upstream with TransCanada PipeLines and downstream with PNGTS and GMLP. The Champion pipeline operates two gas pipelines that cross the Ontario border to supply GMLP's distribution system in northwestern Québec. In Canada, transportation activities are regulated by the NEB.

PNGTS's pipeline originates at the Québec border and extends to the suburbs of Boston. In the United States, transportation activities are regulated by the FERC.

Natural Gas Storage: The Partnership owns an interest in the Intragaz Group, whose main activity is underground natural gas storage. This activity tallies with GMLP's mission because the storage of natural gas in Québec is part of its supply chain. The Intragaz Group operates the only two underground storage facilities in Gaz Métro's service territory in Québec. GMLP is also its only customer. Its rates are approved by the Régie on the basis of avoided costs. The sector represents 2% of total EBITDA.

Energy Services and Other includes non-regulated activities.

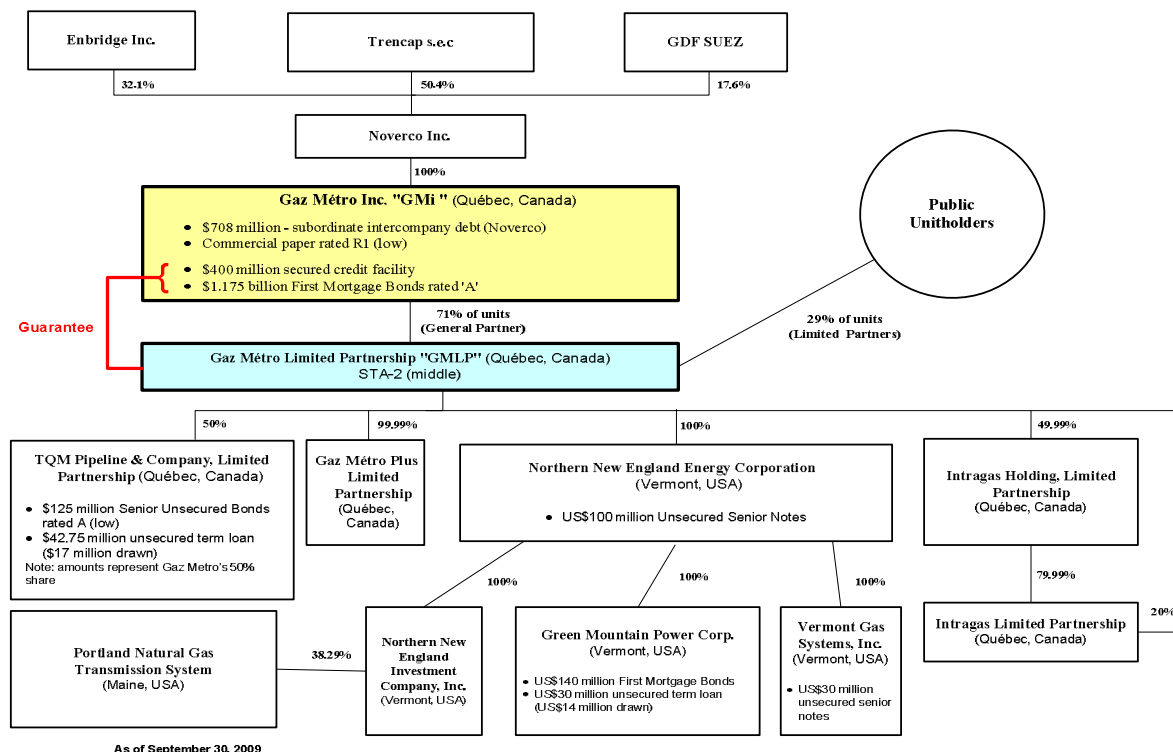
Energy-related activities are focused on the maintenance and repair of residential, commercial and industrial equipment; the heating and cooling of large buildings; and the leasing of residential water heaters.

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Water-related activities are focused on water system and sewer rebuilding. GMLP sold its shares in Aqua-Rehab Group Inc. in 2009 as these activities were no longer consistent with its core mission. Fibre-optic activities exist mainly in Montréal, Toronto and Ottawa through GMLP's 49.8% interest in MTO Telecom Inc.

Description of Partnership Structure





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Consolidated Balance Sheet

(\$ millions)

Assets	For the years ended Sep. 30		
	2009	2008	2007
Cash	49.0	32.0	30.5
Accounts receivable	114.1	148.7	126.0
Inventories	189.2	235.1	204.4
Prepaid expenses	7.7	8.8	6.7
Current Assets	360.0	424.6	367.6
Net fixed assets	2,209.0	2,194.7	2,155.6
Deferred charges	413.0	347.6	340.4
Investments and other	195.0	179.6	144.6
Financial instruments	5.6	13.6	8.2
Intangible assets	124.1	126.4	124.1
Total	3,306.8	3,286.5	3,140.5

Liabilities & Equity	For the years ended Sep. 30		
	2009	2008	2007
Bank debt	52.4	61.7	38.9
Payables & Accruals	240.5	265.1	250.6
L.t.d. due in one year	218.5	152.7	9.4
Current Liabilities	511.4	479.5	298.9
Deferred credits	29.4	20.8	59.9
Other Liabilities	201.5	175.4	131.3
Financial instruments	102.8	46.7	82.5
Long-term debt	1,512.2	1,622.1	1,646.0
Partners' equity	949.6	941.9	921.9
Total	3,306.8	3,286.4	3,140.5

For the years ended September 30

	2009	2008	2007	2006	2005
Balance Sheet Ratios					
Current ratio (times)	0.70	0.89	1.23	1.08	1.30
Accumulated depreciation / Gross fixed assets	39.3%	38.1%	36.9%	36.6%	35.8%
Percent debt in capital structure	65.3%	66.1%	64.8%	60.8%	60.1%
Payout Ratios					
Paid distributions / Cash avail. for distribution † ‡	63.9%	59.4%	70.0%	85.9%	62.5%
Distributions / Net income †	94.3%	96.7%	120.8%	106.2%	102.1%
Cash Flow Ratios					
Cash flow from operations/ CAPEX (times)	2.33	2.66	2.51	1.82	1.67
(Cash flow from operations- Distributions) / CAPEX (times)	1.35	1.55	1.32	0.80	0.76
Cash flow from operations / Total debt	19.8%	19.6%	18.5%	19.5%	20.6%
Coverage Ratios					
EBIT interest coverage (times) *	2.26	2.21	2.30	2.45	2.65
EBITDA interest coverage (times) *	3.90	3.70	3.74	3.90	4.11
Profitability Ratios					
Operating margin	34.5%	35.9%	39.7%	40.2%	43.0%
Net margin	20.5%	21.7%	19.7%	25.5%	27.4%
Return on partners' equity	16.8%	16.6%	13.3%	15.8%	16.9%
Québec Gas Distribution Regulatory Statistics					
Authorised base ROE	8.76%	9.05%	8.73%	8.95%	9.69%
Authorised total ROE	8.94%	9.52%	9.57%	9.33%	11.64%
Deemed common equity	38.5%	38.5%	38.5%	38.5%	38.5%
Average rate base (\$ millions)	1,807.0	1,770.4	1,765.0	1,733.9	1,673.2
Gas Distribution Normalized Volumes (bcf)					
Firm industrial	62.8	80.0	103.1	79.4	81.3
Interruptible industrial	25.2	29.1	23.3	30.6	24.1
Commercial	77.7	80.0	77.7	66.1	67.0
Residential	24.3	24.5	25.1	25.7	25.9

* EBIT and EBITDA do not reflect 38.3% ownership of PNGTS.

† Level of distributions paid were reduced 9% in July 2006.

‡ DBRS defines 'Cash available for distribution' as Cash flow from operations less maintenance CAPEX, but before growth CAPEX and working capital changes.

n.a. = not available



**Gaz Métro
Limited
Partnership**

Report Date:
February 4, 2010

Rating History

Current	2009	2008	2007	2006	2005
STA-2 (middle)	STA-2 (middle)	STA-2 (middle)	STA-2 (middle)	STA-2 (middle)	STA-1 (low)

Notes:

All figures are in Canadian dollars unless otherwise noted.

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