Insight beyond the rating.

Rating Report

Report Date:
August 6, 2014

Previous Report:
May 31, 2013

Gaz Métro inc.

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The Company

Gaz Métro inc. (GMi) is a holding company with majority ownership of Gaz Métro Limited Partnership (GMLP), which owns and operates natural gas distribution in Québec and natural gas and electricity distribution in Vermont, as well as transportation, energy production, storage of natural gas, and other services. GMLP's gas transportation operations include wholly owned Champion Pipe Line Corporation Limited, 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 GMi and 29% owned by Valener Inc.

Commercial Paper Limit
$600 million

Rating

Debt	Rating	Rating Action	Trend
Commercial Paper	R-1 (low)	Confirmed	Stable
First Mortgage Bonds*	A	Confirmed	Stable
Senior Secured Notes*	A	Confirmed	Stable
Issuer Rating	A	Confirmed	Stable

*Guaranteed by Gaz Métro Limited Partnership.

Rating Update

DBRS has confirmed the ratings of Gaz Métro inc. (GMi or the Company) as listed above, all with Stable trends. The ratings of GMi are based on the credit quality of Gaz Métro Limited Partnership (GMLP or the Partnership), which guarantees GMi's First Mortgage Bonds (FMB) and Senior Secured Notes, and a secured credit facility that supports the Commercial Paper (CP). GMi is the general partner of GMLP and serves as its financing entity. Funds raised by GMi are loaned to the Partnership on similar terms and conditions.

The Partnership's low business risk profile is supported by its (1) regulated gas distribution operations in Québec, (2) regulated electricity and gas distribution operations in Vermont and (3) regulated cash flow from its natural gas transportation business, which includes a 50% interest in Trans Québec & Maritimes Pipeline Inc. (TQM), a 38.3% indirect interest in Portland Natural Gas Transmission System (PNGTS) and Champion Pipe Line Corporation Limited (Champion), a wholly owned subsidiary of the Partnership. These regulated operations accounted for approximately 97% of reported FY2013 EBITDA, excluding corporate affairs. The remaining EBITDA was contributed from its regulated natural gas storage operations and higher but manageable risk non-regulated operations. DBRS recognizes that under the Partnership Agreement, GMLP must invest at least 90% of its assets on a non-consolidated basis in the regulated energy sector. In addition, the majority of regulated earnings are from Québec, where the regulatory framework is supportive and provides for a reasonable rate of return with no commodity price risk and limited volume risk due to its rate stabilization mechanism. In the non-regulated business, DBRS notes the commissioning of Wind Farms 2 and 3, which would reduce developmental risk and provide additional cash flow, as well as the creation of Gaz Métro LNG in FY2013, which are not expected to have a material impact on GMLP's overall business risk profile.

Although the Partnership's credit metrics in FY2013 were slightly weaker as compared to FY2012, due to rising debt levels to finance high capex, its credit metrics remained within the current rating category. In the 12 months ended March 31, 2014, the Partnership's financial profile remained relatively stable, reflecting higher incremental earnings and cash flow to support higher debt levels.

Rating Considerations

Strengths	Challenges
(1) Supportive regulatory environment in Québec	(1) Higher volume risk in operations in Vermont
(2) Solid financial profile	(2) Limited growth in Québec
(3) Diversification of cash flow	(3) Industrial customers sensitive to economy

Financial Information

Gaz Métro Limited Partnership (consolidated)	12 mos. Mar. 31	For the year ended September 30th				
(CA$ millions)	2014	2013	2012	2011	2010	2009
EBIT gross interest coverage (times) (1)	1.89	1.83	2.11	2.42	2.37	2.35
Total debt in capital structure (1) (2)	65.2%	65.3%	63.7%	62.1%	65.6%	64.4%
Cash flow/Total debt (1)	13.2%	12.6%	13.0%	18.2%	18.2%	20.5%
Cash flow-gross interest coverage (times)	3.62	3.50	3.87	4.23	4.21	4.25
Net income before non-recurring items	190	166	152	147	179	158
Cash flow from operations	404	356	327	323	341	368

(1) Adjusted for operating leases. (2) Adjusted for accumulated other comprehensive income.

Rating Considerations Details

Strengths

(1) **Supportive regulation in Québec.** The regulatory framework in Québec is viewed as supportive, reflecting the following factors: (1) full recovery on gas supply costs, with a monthly adjustment; and (2) rate stabilization accounts to mitigate revenue fluctuations due to the weather.

(2) **Solid financial profile.** GMLP's non-consolidated financial profile has remained solid, with moderate debt leverage and solid interest coverage ratios.

(3) **Cash flow diversification.** Cash distributions from pipeline operations and U.S. gas and electricity distribution provide a diverse source of cash flow to GMLP toward servicing its debt. The acquisition of Central Vermont Public Service Corporation (CVPS) in June 2012 (the Acquisition), along with the recently commissioned Seigneurie de Beaupré Wind Farms 2 and 3, further improves cash flow diversification.

Challenges

(1) **Higher volume risk in operations in Vermont.** The Partnership faces a higher level of volume risk in Vermont than in Québec, as there is no rate stabilization mechanism for Green Mountain Power Corporation (Green Mountain or GMP) in Vermont to mitigate volume delivery fluctuations due to the weather.

(2) **Limited organic growth in Québec.** The overall growth outlook remains modest, with limited organic growth potential in its regulated gas distribution areas in Québec.

(3) **Industrial customers are sensitive to economic conditions.** In Québec, over 50% of the gas volume delivered in FY2013 was consumed by industrial customers, whose consumption is highly sensitive to economic conditions. A significant reduction in demand from these customers could affect GMLP's earnings; however, this risk is mitigated by contracts, with a large number of these customers providing guaranteed payment of a significant portion of distribution services, regardless of their levels of consumption.

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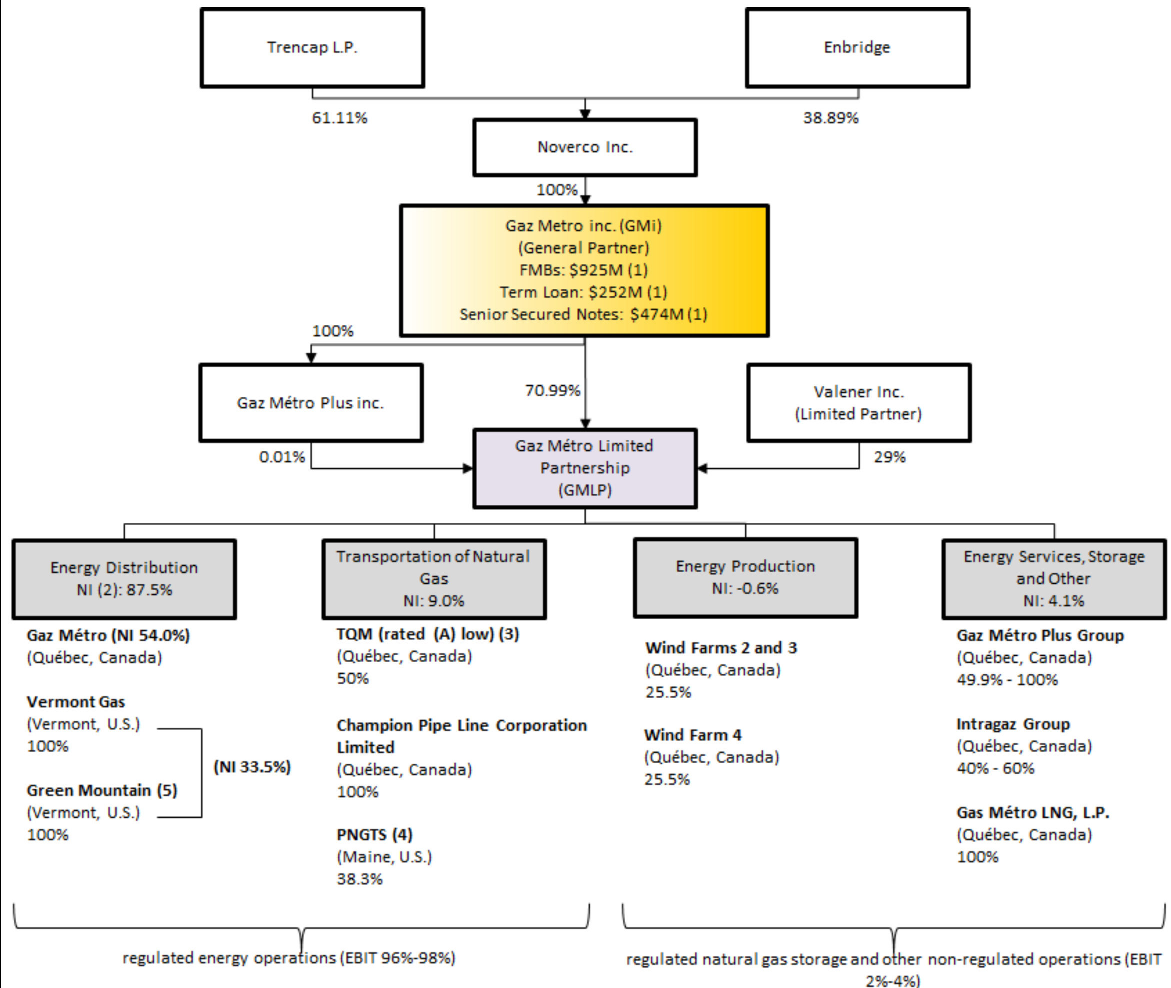
Simplified Organizational Chart



(1) FMBs, Senior Secured Notes and the term loan at GMi are guaranteed by GMLP. Balances are as at September 30, 2013.
(2) Net income (NI) in the chart above is based on FY2013 and is calculated as net earnings before financing costs and corporate expenses, excluding non-recurring items.
(3) TQM refers to Trans Québec & Maritimes Pipeline Inc.
(4) PNGTS refers to Portland Natural Gas Transmission System.
(5) Includes CVPS; acquired in June 2012.

Notes

- GMi is the financing vehicle for GMLP, with funds raised loaned to GMLP on similar terms and conditions as those imposed on GMi.
- Given the mirror-like structure of the financing, the only substantive difference between the two entities is the subordinated debt at GMi (intercompany debt from Noverco, Inc.), which was approximately $892.8 million outstanding on September 30, 2013 (not rated by DBRS), and not shown in the chart above.

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Earnings and Outlook

Gaz Métro Limited Partnership (consolidated)

(C$ millions)	12 mos. Mar. 31 2014	For the year ended September 30th 2013	2012	2011	2010	2009
EBITDA	515	461	402	417	427	459
EBIT	291	258	239	242	252	266
Gross interest expense	155	142	114	100	106	113
Total share in earnings	70	62	29	23	22	23
Net income before non-recurring items	190	166	152	147	179	158
Reported net income	190	180	144	164	179	158
Return on avg. common equity	12.0%	11.3%	12.1%	14.3%	18.1%	31.9%
Regulated rate base (GMLP only)	1,903	1,837	1,820	1,757	1,758	1,759
Approved deemed common equity (GMLP only)	38.5%	38.5%	38.5%	38.5%	38.5%	38.5%
Allowed base ROE (GMLP only)	8.90%	8.90%	9.09%	9.20%	8.76%	9.05%

FY2013 Summary

- Overall, the Partnership's earnings before non-recurring items increased in FY2013, mainly due to: (1) a full year's earnings generated by CVPS following its acquisition in June 2012 and (2) greater than anticipated synergies from the merger of GMP and CVPS. These factors were partially offset by higher interest, operating and depreciation expenses following the Acquisition, and a decrease in revenues due to the sale of its interest in HydroSolution L.P. in the first quarter of FY2013.

Segment Analysis

Reported Segmented Income Before Financing Costs

For the year ended September 30th	%	FY2013	%	FY2012
Gaz Metro - QDA	54.0%	105.9	64.7%	110.7
VGS and GMP	33.5%	65.6	17.5%	29.9
Natural Gas Transportation	9.0%	17.6	11.2%	19.1
Energy Production	-0.6%	(1.1)	-0.6%	(1.1)
Energy Services, Storage and Other	4.1%	8.1	7.3%	12.5
Total	100.0%	**196.1**	100.0%	**171.1**
Corporate and Other*		(15.7)		(27.3)
Total		**180.4**		**143.8**

* Other includes: financing costs, acquisition costs, and non-recurring items.

- Gaz Métro-QDA's earnings were negatively affected by a lower allowed return on equity (ROE) (8.90%) which now does not include a productivity gain (previously 9.69% with the productivity gain) and reduction in the Global Energy Efficiency Plan (GEEP) performance incentive.
- Higher earnings from VGS were due to an increase in natural gas deliveries as a result of the positive impact of the weather normalization mechanism in FY2013, a growing customer base and favourable rate case parameters.
- GMP also benefited from a favourable impact on volumes from colder weather in FY2013 and further benefited significantly from the acquisition of CVPS, which combined its operations with GMP to form a single entity. Given the merger between GMP and CVPS, these two entities filed a combined rate case for FY2013 that reflected a rate decrease.
- Earnings from natural gas transportation operations decreased slightly, largely due to TQM's lower final rates approved by the National Energy Board (NEB) in May 2013, which came into effect on a retroactive basis on January 1, 2013.

FY2014 Outlook

- Overall earnings of the Partnership for the full year FY2014 are expected to grow, reflecting favourable rate case parameters for Gaz Métro-QDA, GMP and VGS, synergies from the operational integration of GMP and CVPS, and the favourable impact of much colder temperatures on GMP's electricity deliveries for the first half of FY2014.

Financial Profile

Gaz Métro Limited Partnership (consolidated)						
Cash Flow Statement	12 mos. Mar. 31	For the year ended September 30th				
(C$ millions)	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Net income before non-recurring items	190	166	152	147	179	158
Depreciation & amortization	227	205	166	177	180	193
Distributions received	53	36	30	14	12	14
Non-cash share in earnings	(70)	(62)	(29)	(23)	(22)	(23)
Deferred income taxes/Other	5	12	8	7	(7)	26
Cash flow from operations	404	356	327	323	341	368
Distributions to partners	(167)	(165)	(141)	(106)	(187)	(149)
Capex	(533)	(475)	(471)	(215)	(148)	(152)
Gross free cash flow	(296)	(284)	(286)	2	7	67
Change in working capital (WC)	(20)	45	37	(5)	(46)	57
Change in regulatory assets & deferred charges	11	(84)	(81)	(27)	(37)	(56)
Net free cash flow	(306)	(323)	(330)	(29)	(77)	68
Acquisitions/Long-term investments	(25)	6	(485)	21	(13)	(2)
Net change in equity	57	56	382	106	0	0
Net change in debt	390	292	490	(96)	89	(47)
Other	(69)	(13)	(53)	(13)	(1)	(0)
Change in cash	47	19	5	(10)	(1)	20
Total debt	3,035	2,805	2,484	1,767	1,867	1,783
Total debt in capital structure (1)(2)	65.2%	65.3%	63.7%	62.1%	65.6%	64.4%
EBIT gross interest coverage (times) (1)	1.89	1.83	2.11	2.42	2.37	2.35
Cash flow/Total debt (1)	13.2%	12.6%	13.0%	18.2%	18.2%	20.5%
Distribution payout ratio	87.9%	99.7%	93.3%	72.0%	104.5%	94.5%

(1) Adjusted for operating leases. (2) Adjusted for accumulated other comprehensive income.

FY2013 Summary

- Overall, the Partnership's consolidated key credit metrics slightly weakened but remained in line with its current rating category.
- Cash flow from operations in FY2013 increased mainly from a full year's operation of CVPS following the Acquisition. However, this was insufficient to cover the elevated level of capex and distributions, which led to a significant free cash flow deficit.
- Capex increased slightly and remains elevated as the Partnership continued to invest heavily in wind power projects in Québec and in its energy distribution networks in Québec and Vermont.
- In FY2013, the Partnership distributed substantially most of its net income before non-recurring items to its limited partners, which is in line with its distribution policy. Under the Partnership Agreement, the Partnership will not, except under extraordinary circumstances, distribute any less than 85% of its net income before non-recurring items to its partners.
- The Company financed free cash flow shortfall primarily with debt issuances.

FY2014 Outlook

- As of the 12 months to March 31, 2014 (LTM 2014), the Partnership's financial profile remained relatively stable, with all of its credit metrics remaining consistent with the current rating category.
- Operating cash flow is expected to grow for the full year of FY2014, primarily driven by the commissioned wind farms, favourable rate case parameters for Gaz Métro-QDA, GMP and VGS, colder than normal temperatures, and by the impact of much colder temperatures for the first half of FY2014 as compared to the previous year.
- Higher capex for FY2014 is expected as the Partnership and its regulated subsidiaries further invest in extensions and improvements relating to their distribution networks and wind power projects. As of March 31, 2014, the Partnership was on track with its initial investment projections and expects to invest an additional $270 million for the remainder of FY2014.
- The Partnership is expected to maintain distribution payments in line with FY2013 levels.
- As a result, free cash flow deficits are expected to be at similar to FY2013, and will be financed with a mix of debt and equity in a proportion sufficient to maintain a capital structure in line with regulatory parameters.

Liquidity

Long-Term Debt

GMLP's Non-consol. debt maturities as of September 30, 2013	2014	2015	2016	2017	2018	Thereafter	Total
C$ millions	-	-	-	125	-	800	925
US$ millions	-	-	-	-	-	460	460
Total	-	-	-	125	-	1,260	1,385
% of total	0%	0%	0%	9%	0%	91%	100%

- On April 10, 2013, GMi issued two secured senior notes of USD 100 million each, maturing in 2043 and 2048, respectively. The proceeds were loaned to GMLP for general business purposes and to repay the $150 million FMB which matured in April 2013.
- GMLP and GMi have sufficient liquidity to finance their ongoing operational needs.
- The following is a table of the debt maturities of GMLP on a consolidated basis:

Consolidated Debt maturities as of Sept 30, 2013	2014	2015	2016	2017	2018	Thereafter	Total
(C$ millions)							
Gaz Métro	-	2	-	125	252	1,274	1,652
NNEEC	-	-	-	52	-	52	103
VGS	10	-	-	-	-	21	31
GMP	-	1	50	-	31	518	599
Intragaz	-	-	-	-	-	48	48
TQM	38	-	21	50	-	-	109
Wind Farms 2 and 3	25	-	-	-	-	233	257
Other	-	-	16	-	-	-	16
Sub Total	**72**	**3**	**87**	**227**	**283**	**2,144**	**2,815**
Financing costs							(33)
Total							**2,782**

Credit Facilities

Credit facilities (non-consolidated)	Maturity	Committed	Oustanding	Available
Secured term loan	Mar-19	600	252	348
Total		600	252	348

As at Sept. 30, 2013

- The Partnership and GMi have a joint secured credit line (term loan) of $600 million to support the CP program. GMi is the borrower and is guaranteed by the Partnership. This term loan will expire in March 2019.
- As of September 30, 2013, the total amount outstanding was approximately $252 million.
- The Partnership has restrictive covenants, in which if their debt-to-capital, on a non-consolidated basis, is over 65%, it may not issue any more additional debt. If it reaches over 75%, it will not make any distributions to its partners. As of March 31, 2014, the Partnership has not breached these covenants.

Regulations

Gaz Métro-QDA, regulated by the Régie de l'énergie

Gaz Métro-QDA is regulated by the Régie de l'énergie (the Régie). The regulatory framework in 2013 is based on a cost of service (COS) method. The incentive mechanism expired on September 30, 2012. The Régie determined that Gaz Métro-QDA will continue to be regulated on a COS basis until a new incentive mechanism is approved. The regulatory framework in Québec is viewed as supportive, with major features as follows:

- Under the COS method, Gaz Métro-QDA sets annual rates that allow it to recover the costs it expects to incur, along with a reasonable rate of return. Authorized base rates of return are determined using an automatic adjustment formula approved by the Régie. However, for the fiscal year ended September 30, 2013, the Régie agreed not to apply the automatic adjustment formula and to set the 8.90% rate on the partners' deemed common equity.
- For rate-setting purposes, Gaz Métro-QDA's capital structure is 54.0% in the form of debt, 7.5% in the form of deemed preferred shares and 38.5% in the form of deemed common equity.
- For Gaz Métro-QDA's 2013 rate case, the Régie decided on a $5.0 million reduction in operating expense budget, as well as the sharing of distribution overearnings, where (1) the first 50 basis points shall be allocated 50% to Gaz Métro-QDA customers and 50% to partners, and (2) 100% of the amount beyond the first 50 basis points shall be attributed to Gaz Métro-QDA's customers. Any shortfalls will be fully borne by the partners.
- In June 2013, the Régie approved the renewal of the 8.90% rate of return (Phase I of its 2014 rate case application) for FY2014.
- Gaz Métro-QDA filed Phase II of its 2014 rate case application in June 2013, which covers the 2014-2016 supply plan and seeking of approval to raise the liquefaction capacity of the LSR plant. In November 2013, a supply plan for an additional three-year period (2017-2019) was submitted for Régie approval. In December 2013, the Régie approved the 2014 supply plan, and in January 2014, approved the 2015-2019 supply plan.
- In October 2013, Gaz Métro-QDA filed Phase III of the 2014 rate case, requesting a 1.3% average increase in overall rates. For the distribution service, the rate increase requested was 14.4%. In September 2013, the Régie approved a temporary renewal of the interim rates for fiscal 2014, but limited the average distribution rate increase to 12.8%, lowering the average rate increase for all services from 1.3% to 0.4%.
- Gaz Métro-QDA filed an application in March 2014 for the 2015 rate case, requesting to renew the 8.90% base ROE. The process is currently under Phase I.

Vermont Gas, regulated by the Vermont Public Service Board (VPSB)

- VGS is subject to an Alternative Regulation Plan (ARP), which includes: (1) a quarterly adjustment of gas costs sold to customers and (2) an annual rate application for other activities.
- VGS's deemed equity is 55%, while authorized ROE for 2014 is 10.26% (9.75% in 2013).
- The annual rate application includes a mechanism for productivity gains, along with an earnings sharing mechanism when the actual ROE is outside of a 50 basis point dead band from the allowed ROE.
- In August 2012, the VPSB approved the proposed settlements to eliminate the sharing mechanism on the gas cost recovery and to include a temperature normalization mechanism. The implementation of the new ARP is effective as of October 1, 2012, and will expire on September 30, 2015. The new ARP includes provisions for two two-year extensions, which would bring the expiry to September 30, 2019.
- In December 2012, VGS filed an application with the VPSB seeking regulatory approval to extend its system into Addison County (Phase I). In December 2013, the VPSB issued a Certificate of Public Good enabling VGS to begin construction of Phase I.
- In June 2013, the 2014 rate case was previewed with the Vermont Department of Public Service (DPS) and the VPSB and was submitted in August 2013. The VPSB approved the rate case in October 2013, with new rates which came into effect in November 2013, reflecting a 5.86% overall decrease in rates.
- In November 2013, VGS filed an application with the VPSB seeking regulatory approval to extend the natural gas distribution service to International Paper Company in New York State, with a decision to be expected by December 2014.

Green Mountain and Central Vermont Public Service, regulated by the VPSB

- Similar to VGS, Green Mountain is under the ARP, which currently provides for (1) a power supply mechanism, (2) the adjustment for annual base rates and (3) a formula to determine the authorized rate of return on common equity.
- In December 2013, Green Mountain filed its 2015 rate case, which provides for a 10.0% rate of return and an approximate 49% common equity ratio. No rate increase was proposed for fiscal 2015.
- Green Mountain also filed an application in December 2013 seeking VPSB's approval to renew its ARP, which expires on September 30, 2014. The application seeks to maintain the existing features. A decision is expected to be issued in September 2014.
- In March 2014, the DPS submitted its recommendation that Green Mountain should reduce its rates by 2.92% and reduce its ROE to 9.0%. Green Mountain later filed its rebuttable in April 2014 which presented a 0.72% reduction in rates. A final decision is expected to be made by the VPSB in September 2014.
- Green Mountain will file a new rate structure for all categories of customers in October 2014 to satisfy a VPSB condition related to the CVPS acquisition.

Pipelines, regulated by the National Energy Board (NEB) in Canada and by the Federal Energy Regulatory Commission (FERC) in the U.S.

- TQM (50% owned) was under a multi-year rate agreement in which annual rates were calculated using a formula that includes a fixed-cost component, along with a cost-operating component that was fully recovered from or refunded to customers. This plan expired in 2012, and interim rates for 2013 were approved by the NEB.
- In November 2013, TQM reached a multi-year settlement agreement with its interested parties, establishing the mechanisms for determining TQM's annual revenue requirements for 2014-2016 based on fixed and flow-through components, which received NEB approval in February 2014.
- Based on this settlement, TQM filed an application with the NEB in November 2013 for approval of its fiscal 2014 interim rates. The application was approved in December 2013, and the rates took effect until the final rates, submitted in March 2014, were approved by the NEB in April 2014.
- Champion (100% owned) is regulated by the NEB, with tolls based on annual COS.
- PNGTS (38.3% owned) is regulated by the FERC. The objective of the FERC is to ensure the recovery of costs expected to be incurred and a reasonable base return on equity.

Description of Operations

GMLP's operations are divided into the following sectors: Energy Distribution, Transportation of Natural Gas, Energy Production, and Energy Services, Storage and Other. Under the Partnership Agreement, GMLP is not allowed to invest in non-regulated assets for more than 10% of its total assets (on a non-consolidated basis).

(1) **Energy Distribution** (87.5% of Reported Adjusted FY2013 Net Income)

- GMLP's core business is natural gas distribution in Québec, delivering approximately 97% of the province's natural gas consumed and serving over 190,000 customers as of September 30, 2013.
- VGS is the sole gas distributor in Vermont, with approximately 46,000 customers as of September 30, 2013.
- Green Mountain transports, distributes and sells electricity and provides electric network construction services in the state of Vermont. Following the acquisition and merger of CVPS, Green Mountain is the largest electricity distributor in Vermont and serves approximately 260,000 customers as of September 30, 2013.

(2) **Natural Gas Transportation** (9.0% of Reported Adjusted FY2013 Net Income)

- TQM operates a gas pipeline in Québec that connects upstream with TransCanada PipeLines Limited and downstream with PNGTS and GMLP.
- Champion operates two gas pipelines that cross the Ontario-Québec border to supply GMLP's distribution system in northwestern Québec.
- PNGTS's pipeline originates at the Québec border and extends to the suburbs of Boston.

(3) **Energy Production** (-0.6% of Reported Adjusted FY2013 Net Income)

- This segment consists of non-regulated energy production activities related to the Seigneurie de Beaupré wind power projects 2, 3 and 4.
- Wind Farms 2 and 3 are an equal-share joint venture of Boralex and Beaupré Éole, in which 51% is owned by the Partnership and the remaining 49% owned by Valener. The joint venture's core business includes developing, constructing, owning and operating wind farms with an installed capacity of 272 megawatts, and was commissioned in November 2013 and December 2013. Wind Farm 4 will have an installed capacity of 68 megawatts and is expected to be in service December 2014.

(4) **Energy Services, Storage and Other (including non-regulated activities)** (4.1% of Reported Adjusted FY2013 Net Income)

- The Partnership owns an interest in the Intragaz Group, whose main activity is underground natural gas storage.
- This activity tallies with GMLP's mission, as 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-QDA's service territory in Québec. GMLP is also its only customer. On May 17, 2013, the Régie approved COS as the method for setting rates, whereas previously the avoided-cost method had been used.
- Energy-related activities are focused on the maintenance and repair of residential, commercial and industrial equipment, the heating and cooling of large buildings, the sale of natural gas for heavy transport and the sale of LNG.

Gaz Métro inc.

Report Date:
August 6, 2014

Gaz Métro Limited Partnership (consolidated)

Balance Sheet (C$ millions) Assets	Mar. 31 2014	Sep. 30 2013	Sep. 30 2012	Liabilities & Equity	Mar. 31 2014	Sep. 30 2013	Sep. 30 2012
				S.T. borrowings	0	23	24
Cash & equivalents	89	59	48	Current portion L.T.D.	88	90	165
Accounts receivable	462	223	195	Accounts payable	402	314	295
Inventories	49	93	119	Deferred tax	0	2	0
Others	59	44	43	Others	52	69	92
Total Current Assets	**660**	**420**	**404**	**Total Current Liabilities**	**542**	**499**	**576**
Net fixed assets	3,787	3,591	3,249	Long-term debt (L.T.D.)	2,947	2,692	2,296
Goodwill & intangibles	414	382	380	Other L.T. liabilities	758	684	639
Deferred charges	366	473	498	Deferred credits	265	264	285
Investments & others	883	716	601	Shareholders equity	1,597	1,444	1,337
Total Assets	**6,109**	**5,583**	**5,132**	**Total Liab. & SE**	**6,109**	**5,583**	**5,132**

Gaz Métro Limited Partnership (consolidated) Balance Sheet & Liquidity & Capital Ratios	12 mos. Mar. 31 **2014**	For the year ended September 30th **2013**	**2012**	**2011**	**2010**	**2009**
Current ratio	1.22	0.84	0.70	0.76	0.85	0.70
Net debt in capital structure	64.8%	65.5%	64.6%	63.0%	66.1%	64.6%
Total debt in capital structure	65.5%	66.0%	65.0%	63.5%	66.7%	65.3%
Total debt in capital structure (1) (2)	65.2%	65.3%	63.7%	62.1%	65.6%	64.4%
Cash flow/Net debt	13.7%	13.0%	13.4%	18.6%	18.8%	21.2%
Cash flow/Total debt	13.3%	12.7%	13.1%	18.3%	18.3%	20.7%
Cash flow/Total debt (1)	13.2%	12.6%	13.0%	18.2%	18.2%	20.5%
Cash flow-interest coverage	3.62	3.50	3.87	4.23	4.21	4.25
(Cash flow - dividends)/Capex	0.44	0.40	0.39	1.01	1.05	1.44
Distribution payout ratio	87.9%	99.7%	93.3%	72.0%	104.5%	94.5%
Coverage Ratios (times)						
EBIT gross interest coverage	1.88	1.81	2.10	2.42	2.37	2.35
EBITDA gross interest coverage	3.33	3.24	3.53	4.18	4.01	4.05
Fixed-charge coverage	1.88	1.81	2.10	2.42	2.37	2.35
Debt/EBITDA	5.89	6.09	6.19	4.24	4.38	3.89
EBIT gross interest coverage (1)	1.89	1.83	2.11	2.42	2.37	2.35
Profitability Ratios						
EBITDA margin	21.0%	20.8%	21.0%	21.3%	21.1%	20.4%
EBIT margin	11.8%	11.6%	12.5%	12.3%	12.5%	11.8%
Profit margin	7.7%	7.5%	7.9%	7.5%	8.8%	7.0%
Return on equity	12.0%	11.3%	12.1%	14.3%	18.1%	31.9%
Return on capital	6.7%	6.3%	6.8%	7.6%	9.0%	17.0%
Deemed common equity	38.5%	38.5%	38.5%	38.5%	38.5%	38.5%
Allowed base ROE (Gaz Métro-QDA)	8.90%	8.90%	9.09%	9.20%	8.76%	9.05%

(1) Adjusted for operating leases. (2) Adjusted for accumulated other comprehensive income.

Gaz Métro inc.

Report Date:
August 6, 2014

Rating

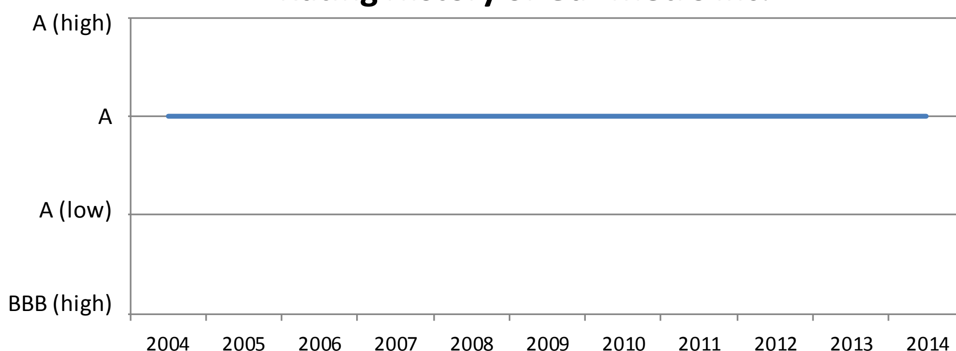
Debt	Rating	Rating Action	Trend
Commercial Paper	R-1 (low)	Confirmed	Stable
First Mortgage Bonds*	A	Confirmed	Stable
Senior Secured Notes*	A	Confirmed	Stable
Issuer Rating	A	Confirmed	Stable

*Guaranteed by Gaz Métro Limited Partnership.

Rating History

	Current	2013	2012	2010	2009	2008
Commercial Paper	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)
First Mortgage Bonds*	A	A	A	A	A	A
Senior Secured Notes*	A	A	NR	NR	NR	NR
Issuer Rating	A	A	A	NR	NR	NR

*Guaranteed by Gaz Métro Limited Partnership



Note:
All figures are in Canadian dollars unless otherwise noted.

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