Rating Report

Gaz Métro inc.

Eric Eng, MBA
+1 416 597 7578
eeng@dbrs.com

Henry Zhu
+1 416 597 7459
hzhu@dbrs.com

James Jung, CFA, FRM, CPA, CMA
+1 416 597 7577
jjung@dbrs.com

DBRS
Insight beyond the rating.

Ratings

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

*Guaranteed by Gaz Métro Limited Partnership.

Rating Update

On January 23, 2015, DBRS Limited (DBRS) 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), 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 business risk profile is strongly supported by (1) regulated gas distribution operations in Québec, which benefit from a supportive regulatory framework with no exposure to commodity price risk and a rate stabilization program; (2) regulated electricity and gas distribution operations in Vermont with modest volume risk and manageable energy cost risk; (3) regulated cash flow from its natural gas transportation business (see chart on page 3). These regulated operations account for substantially all of the Partnership's net income in fiscal year 2014 (F2014). The Partnership's business profile is further supported by the Partnership Agreement that stipulates that GMLP may invest no more than 10% of its total assets (on a non-consolidated basis) outside of the regulated energy sector (2.9% as at September 30, 2014). This helps maintain the stability of the Partnership's long-term business risk profile in the event that GMLP expands its business in the future. On a non-regulated activity basis, DBRS believes the Partnership Agreement does not have a material impact on the Partnership's business risk profile as (1) the amount of investment in the non-regulated activities, including liquefied natural gas (LNG) activities, is very modest and (2) Seigneurie de Beaupré Wind Farms 2 and 3 (25.5% owned), commissioned in Q1 F2014, and Wind Farm 4 (25.5% owned), completed in December 2014, have all of their output sold to Hydro-Québec (rated A (high) with a Stable trend by DBRS) under long-term contracts.

The Partnership's consolidated financial risk profile remained relatively stable in F2014. Most of its consolidated metrics were consistent with the current rating category. Although the consolidated debt-to-capital ratio (67.9%) was slightly above the "A" rating range, the non-consolidated debt leverage was only 55.6%, consistent with the current rating. Going forward, DBRS does not expect any significant change in the Partnership's financial profile as its estimated capital expenditure (capex) for F2015 (approximately $460 million) is expected to be financed through a reasonable mix of debt and equity (see page 5 for further detail).

Financial Information

Gaz Métro Limited Partnership	For the year ended September 30th				
(consolidated) (CA$ millions)	**2014**	**2013**	**2012**	**2011**	**2010**
EBIT gross interest coverage (times) 1	1.85	1.83	2.11	2.42	2.37
Total debt in capital structure 1,2	67.9%	65.3%	63.7%	62.1%	65.6%
Cash flow/Total debt 1	14.4%	12.6%	13.0%	18.2%	18.2%
Cash flow-gross interest coverage (times)	3.87	3.50	3.87	4.23	4.21
Net income before non-recurring items	175	166	152	147	179
Cash flow from operations	460	356	327	323	341

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

Issuer Description

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 is 71% owned by GMi and 29% owned by Valener Inc.

Rating Considerations

Strengths

1. Supportive regulation in Québec.

The regulatory framework in Québec is viewed as supportive, reflecting the following factors: (a) full recovery on gas supply costs through an automatic monthly adjustment mechanism, (b) rate stabilization accounts to mitigate revenue fluctuations due to the weather and (c) reasonable return on common equity.

2. Solid financial profile.

GMLP's consolidated financial profile has remained solid. The Partnership has maintained solid cash flow and interest coverage ratios, and its non-consolidated debt leverage is in line with the regulatory capital structure. As at September 30, 2014, the Partnership's non-consolidated debt-to-capital ratio was 55.6%, significantly lower than the consolidated debt-to-capital ratio of 67.9%.

3. Cash flow diversification.

The Partnership benefits from a large base of regulated utility and long-term contracted assets, including: (a) gas distribution in Québec, (b) U.S. gas and electricity distribution in Vermont, (c) cash distributions from pipeline operations (PNGTS) and (d) wind power generation, such as Seigneurie de Beaupré Wind Farms 2 and 3 and Wind Farm 4.

Challenges

1. Higher risks associated with volume and energy cost in Vermont.

The Partnership faces a higher level of volume risk with its regulated operations in Vermont than in Québec, as there is no rate stabilization mechanism for Green Mountain Power Corporation (Green Mountain or GMP) to mitigate against volume delivery fluctuations due to the weather. In addition, Green Mountain also faces potential exposure to rising energy costs as for each quarter, 90% of energy costs that are USD 615,000 higher (or lower) than energy costs included in rates will not be recovered from (or refunded to) customers.

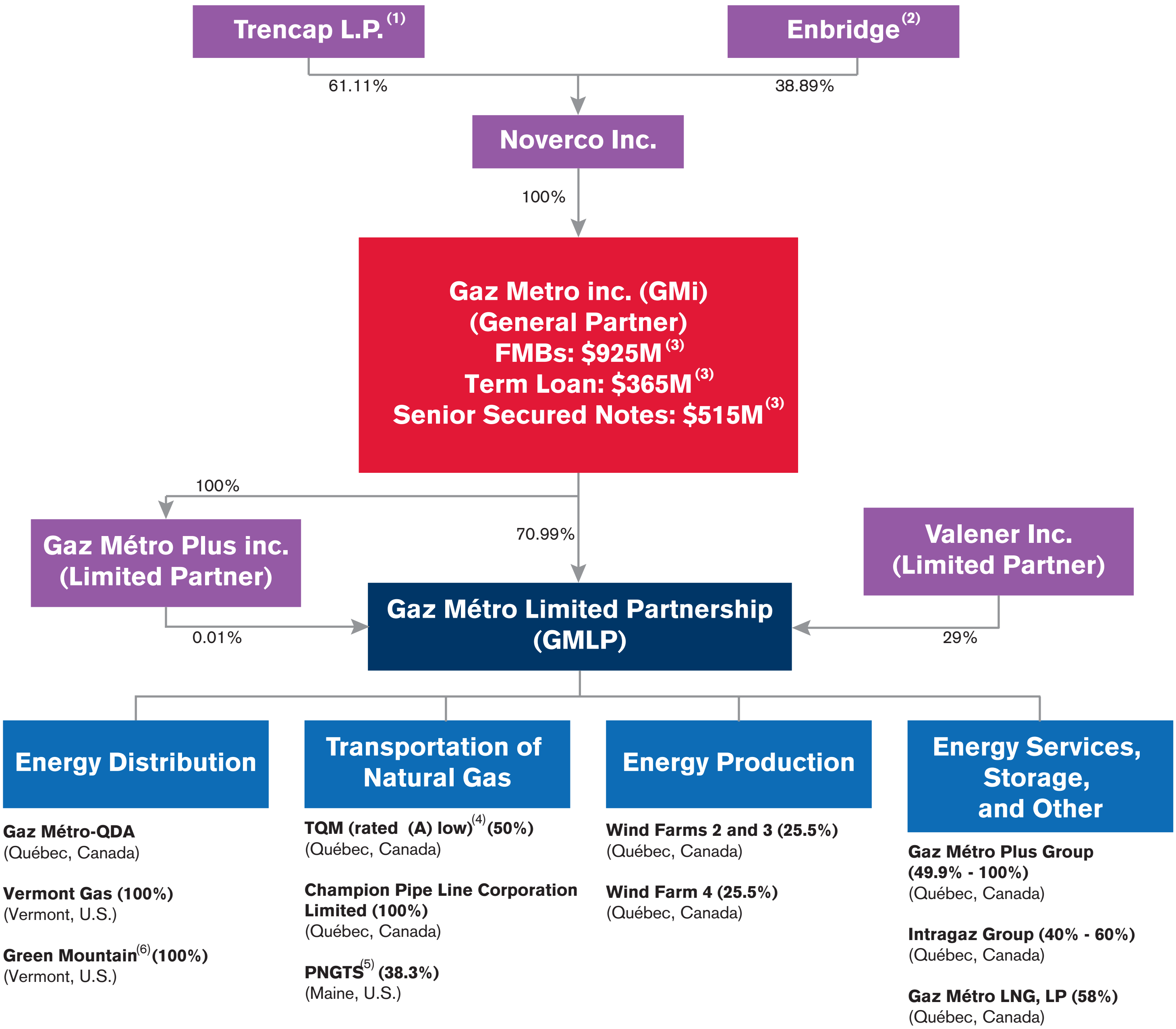
2. Risk associated with inaccurate cost projection.

Under the current cost-of-service (COS) methodology in Québec for F2015, Gaz Métro-QDA may not recover the shortfall between allowable net income and earned net income due to its earnings sharing mechanism fixed by the Régie de l'énergie (the Régie) in 2013. This difference may arise if the projected cost of performing Gaz Métro-QDA's activities is lower than the actual cost of providing such services. If the projected cost is significantly lower than the actual cost, it could have a material impact on the Partnership's non-consolidated credit metrics.

3. Industrial customers are sensitive to economic conditions.

In Québec, approximately 59% of the gas volume delivered in F2014 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 firm service contracts, with a large number of these customers providing guaranteed payment of a significant portion of distribution services, regardless of their levels of consumption. Firm service contracts accounted for approximately 88% of all industrial volume consumption in F2014.

Simplified Organizational Chart



1 The general partner of Trencap was Capital d'Amérique CDPQ inc., a subsidiary of Caisse de dépôt et placement du Québec which, as a limited partner of Trencap, held 59.64% of its units. The other limited partners were Fonds de solidarité des travailleurs du Québec (F.T.Q.) (19.11%), British Columbia Investment Management Corporation (13.01%), the Régime des rentes du Mouvement Desjardins (6.87%) and the Régime de retraite de l'Université du Québec (1.37%).
2 Enbridge held its shares through its subsidiary, IPL System Inc.
3 FMBs, Senior Secured Notes and the term loan at GMi are guaranteed by GMLP. Balances are as at September 30, 2014.
4 TQM refers to Trans Québec & Maritimes Pipeline Inc.
5 PNGTS refers to Portland Natural Gas Transmission System.
6 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, 2014 (not rated by DBRS), and not shown in the chart above.
- As at September 30, 2014, GMLP's interests in non-regulated energy-related activities and in non-energy-related activities were only 2.9%.

Earnings and Outlook

Gaz Métro Limited Partnership (consolidated)

(CA$ millions)	2014	2013	2012	2011	2010
	For the year ended September 30th				
EBITDA	543	461	402	417	427
EBIT	295	258	239	242	252
Gross interest expense	160	142	114	100	106
Total share in earnings	77	62	29	23	22
Net income before non-recurring items	175	166	152	147	179
Reported net income	175	180	144	164	179
Return on avg. common equity	11.6%	11.3%	12.1%	14.3%	18.1%
Regulated rate base (Gaz Métro-QDA)	1,897	1,837	1,820	1,757	1,779
Approved deemed common equity (Gaz Métro-QDA)	38.5%	38.5%	38.5%	38.5%	38.5%
Allowed ROE (Gaz Métro-QDA)	8.90%	8.90%	8.90%	9.09%	9.20%

F2014 Summary

Overall, EBIT increased significantly in 2014 mainly due to the following factors:

- Colder weather experienced throughout the 2013–2014 winter.
- Energy distribution in Vermont benefited from an increase in the rate base and authorized return on equity (ROE), and lower operating expenses as a result of the integration of GMP and Central Vermont Public Service Corporation (CVPS).
- Higher EBIT contribution from Gaz Métro-QDA mainly reflecting a positive impact from the share of distribution service overearnings due to higher gas deliveries given a very cold winter.
- Earnings also benefited from the exchange rate.

Reported Segmented Income Before Financing Costs

	%	FY2014	%	FY2013
	For the year ended September 30th			
Gaz Metro - QDA	53.2%	111	54.0%	106
VGS and GMP	38.9%	81	33.5%	66
Natural Gas Transportation	8.6%	18	9.0%	18
Energy Production	0.2%	0	-0.6%	(1)
Energy Services, Storage and Other	-1.0%	(2)	4.1%	8
Total	100.0%	**209**	100.0%	**196**
Corporate and Other*		(34)		(16)
Total		**175**		**180**

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

Segment Analysis

- Following the acquisition of CVPS and the disposition of HydroSolution L.P., a substantial part of the consolidated earnings generated by the Partnership are from low-risk regulated utilities.
- Natural gas transportation earnings account for the majority of the remainder of earnings. Earnings from this segment benefit from long-term contracts.

F2015 Outlook

- Earnings from regulated utilities and pipelines for F2015 are expected to increase modestly, with Gaz Métro-QDA's net income expected to be higher by $2.5 million. The Partnership will also benefit from additional synergies, and rate base growth for energy distribution in Vermont. However, Energy Production's contributions to earnings will be marginal (favourable impact on cash flows).

Financial Profile

Gaz Métro Limited Partnership (consolidated)

Cash Flow Statement

(CA$ millions)	For the year ended September 30th 2014	2013	2012	2011	2010
Net income before non-recurring items	175	166	152	147	179
Depreciation & amortization	252	205	166	177	180
Distributions received	65	36	30	14	12
Non-cash share in earnings	(77)	(62)	(29)	(23)	(22)
Deferred income taxes/Other	45	12	8	7	(7)
Cash flow from operations	**460**	**356**	**327**	**323**	**341**
Distributions to partners	(169)	(165)	(141)	(106)	(187)
Capex	(471)	(475)	(471)	(215)	(148)
Gross free cash flow	**(180)**	**(284)**	**(286)**	**2**	**7**
Change in working capital (WC)	12	45	37	(5)	(46)
Change in regulatory assets & deferred charges	17	(84)	(81)	(27)	(37)
Net free cash flow	**(152)**	**(323)**	**(330)**	**(29)**	**(77)**
Acquisitions/Long-term investments	(26)	6	(485)	21	(13)
Net change in equity	4	56	382	106	0
Net change in debt	241	292	490	(96)	89
Other	(25)	(13)	(53)	(13)	(1)
Change in cash	42	19	5	(10)	(1)
Total debt	3,173	2,805	2,484	1,767	1,867
Total debt in capital structure 1 2	67.9%	65.3%	63.7%	62.1%	65.6%
EBIT gross interest coverage (times) 1	1.85	1.83	2.11	2.42	2.37
Cash flow/Total debt 1	14.4%	12.6%	13.0%	18.2%	18.2%
Distribution payout ratio	96.8%	99.7%	93.3%	72.0%	104.5%

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

F2014 Summary

- Overall, the Partnership's consolidated key credit metrics remained in line with its current rating category. Although the consolidated debt-to-capital ratio was not within the "A" rating category, the non-consoldiated debt-to-capital ratio was consistent with the current rating category at 55.6%.
- Cash flow deficits declined in F2014 as the Partnership benefited from stronger cash flow, stable capex and distribution payout.
- In F2014, the Partnership distributed approximately 97% of its net income before non-recurring items to its limited partners. 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 its free cash flow shortfall primarily by drawing on its credit facilities. However, the debt financing in F2014 did not have any material impact on the consolidated capital structure.

F2015 Outlook

- The Partnership's financial profile is expected to remain relatively stable based on the recent rate cases on regulated utilities, contracts for regulated pipeline operations and incremental cash flow from the newly commissioned Wind Farm 4.
- The financing of an estimated $460 million in capex for F2015 is not expected to have a material impact on the current metrics. The financing is expected to be funded with: (1) internally generated cash flow and credit facilities (approximately $226 million), (2) long-term debt (approximately $93 million), (3) contribution from Investissement Québec (approximately $21 million), (4) equity from GMi (approximately $85 million) and (5) equity injection from Valener (approximately $35 million).

Liquidity

Credit Facilities

Credit Facilities (non-consolidated)

	As at Sept. 30, 2014			
	Maturity	Committed	Oustanding	Available
Secured Term Loan	Mar-2019	600	365	235
Total		**600**	**365**	**235**

- The Partnership and GMi have a joint secured credit line (term loan) of $600 million to support the CP program, with GMi as the borrower. The debt issued under this term loan is guaranteed by the Partnership, and will expire in March 2019.

Long-Term Debt

The following is a table of the debt maturities of GMLP on a consolidated basis:

Consolidated Debt maturities as of Sept 30, 2014

(CA$ millions)	2014	2015	2016	2017	2018	Thereafter	Total
Gaz Métro	-	1	-	125	-	1,680	1,806
NNEEC	-	-	-	56	-	56	112
VGS	-	-	-	-	-	62	62
GMP 1	-	2	45	-	27	645	719
Intragaz	-	-	-	-	-	45	45
TQM	-	-	-	50	58	-	108
Wind Farms 2 and 3	-	-	-	-	-	260	260
Wind Farm 4	-	1	-	-	-	71	73
Other 2	-	-	-	-	-	17	17
Sub Total	**-**	**4**	**45**	**231**	**84**	**2,836**	**3,201**
Financing costs							(33)
Total							**3,168**

1 Includes Series 2010A First mortgage bonds in an amount of US$22.1 million maturing in tranches of variable amounts on April 1 of each year (2015-2035).
2 Includes Secured term loans in an amount of $16.8 million maturing from 2016 to 2023.

- The debt maturity schedule is very reasonably spread out through 2018. Refinancing risk is minimal.

Covenants and Restrictions

- The Partnership has restrictive covenants, in which if its long-term debt-to-total capitalization ratio exceeds 65%, and its long-term debt interest coverage ratio is less than 1.5 times (both on a non-consolidated basis), it may not issue any additional long-term debt.
- If the Partnership's long-term debt-to-capitalization ratio exceeds 75% (on a non-consolidated basis), it will not make a distribution to its partners.
- As of September 30, 2014, the Partnership's non-consolidated long-term debt-to-total capitalization ratio and the non-consolidated long-term debt interest ratio were 55.6% and 3.01 times, respectively.
- The trust deeds stipulate that all of the Partnership's interest in non-regulated energy-related activities and non-energy-related activities must not be more than 10% of its total non-consolidated assets. As at September 30, 2014, the Partnership's assets used for such activities accounted for 2.9% of its total non-consolidated assets.
- As for non-energy-related activities, GMLP's interest in such activities may not exceed 5% of its total non-consolidated assets. As at September 30, 2014, the Partnership had no interest in such activities.

Regulation Update

Gaz Métro-QDA — Regulated by the Régie de l'énergie (the Régie)

Pending a new incentive mechanism, the 2015 rate case was based on a COS methodology. The regulatory framework in Québec is viewed as reasonably supportive, with major features as follows:

- All natural gas supply costs are fully passed on to customers through an automatic monthly adjustment mechanism.
- All the transportation costs charged by TransCanada PipeLines Limited (TCPL; rated A (low) with a Stable trend by DBRS) are included in the COS of Gaz Métro-QDA and are reflected in its transportation rates. These costs include TCPL's rate adjustments based on the recent approval by the NEB of agreement-in-principle among TCPL, Gaz Métro-QDA and Ontario natural gas distributors (effective January 1, 2015).
- Under the COS methodology, Gaz Métro-QDA is allowed to recover the cost of providing its service and to earn a reasonable rate of return on its rate base.

Main features of the F2015 rate case:

- Gaz Métro-QDA's capital structure is set at 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.
- The return on deemed common equity is set at 8.90% for F2015, unchanged from F2014, F2013 and F2012.
- Gaz Métro-QDA is subject to the cap-and-trade system for greenhouse gas emission as of January 1, 2015. The compliance cost could have a net impact of approximately $45 million on customers for F2015.
- The decision on the final rates for F2015 has not been rendered. However, the Régie approved interim distribution rates based on a 1.8% inflation rate, effective January 1, 2015.

Green Mountain — Regulated by the Vermont Public Service Board (VPSB)

- Green Mountain is a combined entity of Green Mountain (premerger) and CVPS.
- Green Mountain is regulated under a COS methodology with electricity rates being approved annually by the regulator. Normally the rate adjustment mechanism is conducted quarterly. However, for F2015 this adjustment mechanism is applied annually.
- The F2015 rate case: In May and June 2014, an agreement was reached by all parties in the rate application proceeding (filed in October 2013) on a ROE of 9.60% and a common equity ratio of 50%. The rates for this period will decline by 1.46%. The rates were effective October 1, 2014.
- In August 2014, the regulator approved Green Mountain's three-year alternative regulation plan (ARP) for the period from October 1, 2014, to September 30, 2017. The main features are as follows:
  - Annual base rate adjustment.
  - Power supply adjustment mechanism as follows: (1) 90% of energy costs that are USD 615,000 (per quarter) higher or lower than energy costs are included in rates and (2) a full amount of transmission and capacity costs higher or lower than the amount already included in rates.
  - A formula to determine the authorized ROE on common equity.
  - Sharing of revenue shortfalls when returns are less than those allowed on shareholders' equity.
  - Opportunity to recover costs of exogenous factors in excess of USD 1.2 million per year.

Vermont Gas (VGS) — Regulated by VPSB

- VGS is subject to an ARP, which includes: (1) a quarterly adjustment of gas costs sold to customers and (2) an annual rate application for other activities.
- For F2015: VGS's deemed equity is 55% (55% in F2014) and authorized ROE is 10.20% (10.26% in F2014).
- 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 authorized ROE.

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

Trans Québec Maritime Pipeline Inc. (TQM) — Regulated by the NEB

- 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.
- In February 2014, TQM reached a multi-year settlement agreement with its interested parties, establishing the mechanisms for determining TQM's annual revenue requirements for 2014–2016.
- Under this agreement, annual rates are calculated, using a formula that includes a fixed-cost component and a component that is fully recoverable from or payable to customers.
- TQM filed an application in December 2014 to seek approval of interim rates for F2015. Final rates are expected to be submitted in Q2 F2015 and the NEB approval is expected in Q3 F2015.

Regulation Update (CONTINUED)

Champion Pipe Line Corporation Limited (Champion) — Regulated by the NEB

- This pipeline runs cross the Ontario border and supplies Gaz Métro's distribution system in northern Québec.
- Champion (100% owned) is regulated by the NEB, with tolls based on annual COS.
- The deemed equity component is set at 46% and the authorized ROE for F2014 was 8.9%.

Portland Natural Gas Transmission System (PNGTS)

- PNGTS (38.3% owned) originates at the Québec border and extends to suburbs of Boston.
- PNGTS 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 ROE.

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 more than 10% of its total assets in non-regulated assets (on a non-consolidated basis).

1. ***Energy Distribution*** (92.2% of reported adjusted F2014 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 195,000 customers as of September 30, 2014.
- VGS is the sole gas distributor in Vermont, with approximately 45,000 customers as of September 30, 2014.
- 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, 2014.

2. ***Natural Gas Transportation*** (8.6% of reported adjusted F2014 net income)

- TQM operates a gas pipeline in Québec that connects upstream with TCPL and downstream with PNGTS and the Gaz Métro-QDA system.
- 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*** (0.2% of reported adjusted F2014 net income)

- This segment consists of non-regulated energy production activities related to the Seigneurie de Beaupré Wind Farms 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 owning and operating wind farms with an installed capacity of 272 megawatts, which were commissioned in November 2013 and December 2013. Wind Farm 4 is an equal share joint venture of Boralex and Beaupré Éole 4, in which 51% is owned by the Partnership and the remaining 49% owned by Valener. Wind Farm 4 owns and operates a wind farm with an installed capacity of 68 megawatts, which has been in service since December 2014.

4. ***Energy Services, Storage and Other (including non-regulated activities)*** (-1.0% of reported adjusted F2014 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 Limited Partnership

Balance Sheet

(CA$ milllions)	As at Sept. 30 2014	2013	2012
Assets			
Cash & equivalents	104	59	48
Accounts receivable	212	223	195
Inventories	115	93	119
Others	83	35	43
Total Current Assets	**514**	**410**	**404**
Net fixed assets	3,974	3,584	3,249
Goodwill & intangibles	428	389	380
Deferred charges	395	473	498
Investments & others	834	726	601
Total Assets	**6,144**	**5,583**	**5,132**

	As at Sept. 30 2014	2013	2012
Liabilities & Equity			
S.T. borrowings	5	23	24
Current portion L.T.D.	27	90	165
Accounts payable	341	314	295
Deferred tax	0	2	0
Others	55	69	92
Total Current Liabilities	**428**	**499**	**576**
Long-term debt (L.T.D.)	3,141	2,692	2,296
Other L.T. liabilities	788	684	639
Deferred credits	305	264	285
Minority interest	41	41	27
Shareholders equity	1,442	1,403	1,310
Total Liab. & SE	**6,144**	**5,583**	**5,132**

Balance Sheet & Liquidity & Capital Ratios

	For the year ended September 30th 2014	2013	2012	2011	2010
Current ratio	1.20	0.82	0.70	0.76	0.85
Net debt in capital structure	67.4%	65.5%	64.6%	63.0%	66.1%
Total debt in capital structure	68.2%	66.0%	65.0%	63.5%	66.7%
Total debt in capital structure 1 2	67.9%	65.3%	63.7%	62.1%	65.6%
Cash flow/Net debt	15.0%	13.0%	13.4%	18.6%	18.8%
Cash flow/Total debt	14.5%	12.7%	13.1%	18.3%	18.3%
Cash flow/Total debt 1	14.4%	12.6%	13.0%	18.2%	18.2%
Cash flow-interest coverage	3.87	3.50	3.87	4.23	4.21
(Cash flow - dividends)/Capex	0.62	0.40	0.39	1.01	1.05
Distribution payout ratio	96.8%	99.7%	93.3%	72.0%	104.5%
Coverage Ratios (times)					
EBIT gross interest coverage	1.84	1.81	2.10	2.42	2.37
EBITDA gross interest coverage	3.39	3.24	3.53	4.18	4.01
Fixed-charge coverage	1.84	1.81	2.10	2.42	2.37
Debt/EBITDA	5.85	6.09	6.19	4.24	4.38
EBIT gross interest coverage 1	1.85	1.83	2.11	2.42	2.37
Profitability Ratios					
EBITDA margin	21.4%	20.8%	21.0%	21.3%	21.1%
EBIT margin	11.6%	11.6%	12.5%	12.3%	12.5%
Profit margin	6.9%	7.5%	7.9%	7.5%	8.8%
Return on equity	11.6%	11.3%	12.1%	14.3%	18.1%
Return on capital	6.4%	6.3%	6.8%	7.6%	9.0%
Deemed common equity (Gaz Métro-QDA)	38.5%	38.5%	38.5%	38.5%	38.5%
Allowed base ROE (Gaz Métro-QDA)	8.90%	8.90%	8.90%	9.09%	9.20%

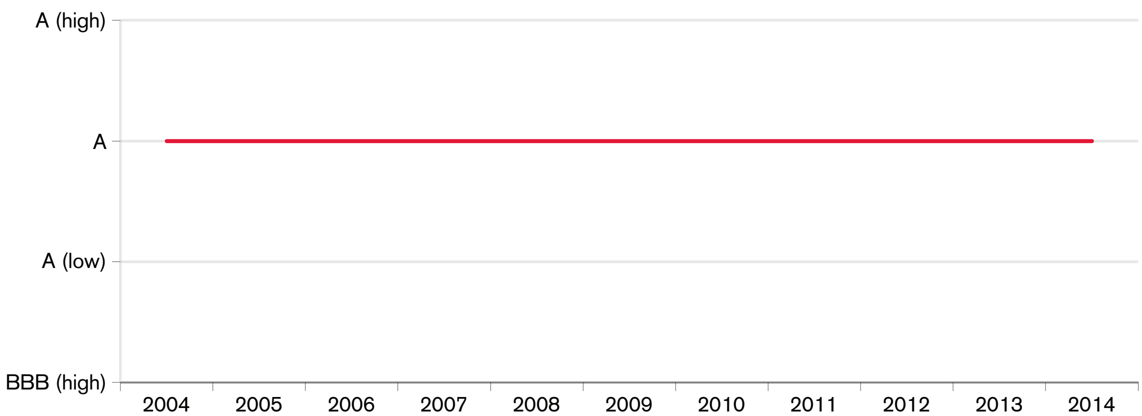
1 Adjusted for operating leases. 2 Adjusted for accumulated other comprehensive income.

Rating History

	Current	2014	2013	2012	2010	2009	2008
Issuer Rating	A	A	A	A	NR	NR	NR
Commercial Paper	R-1 (low)	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	A
Senior Secured Notes*	A	A	A	NR	NR	NR	NR

*Guaranteed by Gaz Métro Limited Partnership

Rating History of Gaz Métro inc.



Commercial Paper Limited

- $600 million

Previous Report

- Gaz Métro inc., Rating Report, August 6, 2014.

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

For the definition of Issuer Rating, please refer to Rating Definitions under Rating Policy on **www.dbrs.com**.

Generally, Issuer Ratings apply to all senior unsecured obligations of an applicable issuer, except when an issuer has a significant or unique level of secured debt.