October 15, 2025

The Public Utilities Board of Manitoba
400-330 Portage Avenue
Winnipeg, MB R3C 0C4

Attention: Dr. D. Christle, Board Secretary and Executive Director **VIA E-MAIL**

Dear Dr. Christle:

Re: CENTRA GAS MANITOBA INC. ("Centra") FISCAL 2025 GENERAL RATE APPLICATION – COMPLIANCE FILING TO ORDER 120/25

On September 16, 2025, the Public Utilities Board of Manitoba ("PUB" or "Board") issued Order 120/25 (the "Order") regarding Centra's Fiscal 2025 General Rate Application ("GRA"). In accordance with Directive 41 of the Order, Centra is submitting this compliance filing including the following materials, which reflect the Board's direction on various items:

- Revised schedules for rate base and revenue requirement, along with an updated financial forecast incorporating the approvals and adjustments directed in the Order.
- Updated operating costs and expenses, including the revised integrated cost allocation methodology results.
- Rate schedules and customer class bill impacts, reflecting the Board's approvals and adjustments, as well as Centra's proposed Gas Commodity rate for November 1, 2025.
- The 2025–2029 Natural Gas Asset Management Capital Investment Plan.
- Revised Schedule of Sales and Transportation Services and Rates, also known as the Terms and Conditions of Service ("Ts & Cs"), including both a tracked changed and clean version.

Centra is seeking approval of the Rate Schedules included with this submission in order to implement new Transportation (to Centra), Distribution (to Customers) and corresponding Delivery Rates and Gas Commodity Overhead rates effective November 1, 2025 and November 1, 2026, respectively. Centra is also requesting approval of the Ts & Cs included as Appendix 5.

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Updated Financial Forecast

Centra has updated the financial forecast provided in the amended response to PUB/Centra I-5 a) filed on March 21, 2025 (Exhibit CENTRA-11) reflecting the following changes:

- General revenue increase of 4.0% effective November 1, 2026, versus the 2.75% assumed in the scenario.
- Reduction in forecast operating and administrative expenses by $2 million in both 2025/26 and 2026/27, relating to directly assigned costs to Centra.
- Reduction in forecast capital expenditures by $2 million in both 2025/26 and 2026/27. This change serves to reduce non-gas revenue requirement by $21,000 and $143,000 in 2025/26 and 2026/27, respectively, due to reduced depreciation and finance expense.
- Approved establishment and amortization periods for regulatory deferrals.
- Update to 2024 Gas Volume Forecast to align with Centra's Prehearing Update filed on May 2, 2025.
- Elimination of the $1.6 million head office credit commencing in 2025/26 as outlined in PUB/Centra I-58 b).
- Updated O&A expenses and common asset allocations starting in 2025/26 reflecting revisions to the Integrated Cost Allocation Methodology ("ICAM") replacing the %Activity and %Hybrid allocators with three-factor allocators (activity, assets and revenues) based on a rolling average of the three prior fiscal years. This change has served to reduce Centra's non-gas revenue requirement by $5.8 million and $6.2 million in 2025/26 and 2026/27 respectively.
- The 2024 Depreciation Study has been reflected in 2024/25, 2025/26 and 2026/27. However, as indicated in the response to PUB/Centra II-8 a), Centra established a new 2024 Depreciation Study Impact deferral account in 2024/25 to record the difference in depreciation expense resulting from the difference in depreciation rates between the 2024 and 2019 depreciation studies. The PUB has approved the 2024 Depreciation Study as part of Directives 5 a) through d) of the Order, and therefore Centra will only record differences between the 2024 and 2019 depreciation studies for the 2024/25 fiscal year in the financial forecast. In accordance with Directive 5 c) of the Order, Centra proposes to amortize the 2024 Depreciation Study Impact deferral account over a 5-year period starting in 2025/26.

Figure 1 below is an update of Figure 3.6 from Order 120/25 that outlines the Summary of Adjustments and Impact of Directives.

Figure 1: Summary of Adjustments and Impact of Directives

	(millions of dollars)	2024/25	2025/26	2026/27
	Centra's Forecasted General Revenue Increase	4.5%	4.5%	2.75%
	Centra's Forecasted Additional Revenue from Rate Increase	$10.6	$11.0	$7.1
	Rate Path Adjustment Resulting from this Order	-	-	1.25%
A	Centra's Forecasted Additional Revenue from Rate Increase	-	-	$3.2
	Rate Path Following Adjustment	4.5%	4.5%	4.0%
	Assumed Additional Revenue Following Adjustment	$10.6	$11.0	$10.3
B	Change to 3-Factor Allocator	-	$5.8	$6.2
C	Disallowance of Unsubstantiated Administrative Costs	-	$2.0	$2.1
D	Removal of Head Office Credit	-	($1.6)	($1.7)
E	Reduction in Capital Spending by $2 million in 2025/26 & 2026/27	-	$0.0	$0.1
F	Update to the 2024 Depreciation Study	($0.0)	$0.1	$0.3
G	Update to the 2024 Natural Gas Volume Forecast	($1.0)	($1.6)	($2.5)
	Centra's Assumed Net Income	**($23.1)**	**($1.6)**	**$5.4**
	Impact of Changes Approved in this Order (A+B+C+D+E+F+G)	($1.0)	$4.8	$7.8
	Adjusted Net Income	**($24.2)**	**$3.2**	**$13.2**
	Cumulative 3-Year Adjusted Net Income		**($7.7)**	

Appendix 1 provides the updated financial forecast through the test years to 2026/27.

Directives 5 f) and 8 Relating to Fiscal 2024/25

Today, Centra also filed a letter requesting for the PUB to review and vary Directives 5 f) (2024 Depreciation Study impact) and Directive 8 (ICAM changes) to allow the directed changes to be applied on a prospective basis only, rather than to the 2024/25 test year. This request is based on the submitted error in facts and/or mixed fact and law detailed in that letter; namely that IFRS standards do not allow Centra to make the retroactive adjustments as directed by the PUB.

Directive 5 e) - Cloud Computing Regulatory Deferral

In its Application, Centra requested approval to establish a Cloud Computing Regulatory Deferral Account to record annual O&A expenses related to Centra’s allocation of cloud computing arrangements (“CCA”), and to amortize the deferred balance over six years. In Directive 5 e), the PUB approved the creation of this deferral account for small systems commencing in 2024/25, including its amortization over six years.

However, because the Order was issued after Centra finalized its 2024/25 financial statements, the Cloud Computing Regulatory Deferral was not established in that fiscal year. For purposes of the compliance filing, Centra’s forecast continues to assume the establishment of the Cloud Computing Regulatory Deferral in 2024/25 as this treatment is consistent with the development of the November 1, 2024 rates that were approved in Order 129/24 and received final approval in Order 120/25. On an actual basis, this account will be established in 2025/26.

Rate Base Schedules

Centra is enclosing, as Appendix 2, updated rate base schedules for 2024/25, 2025/26, and 2026/27 reflecting the PUB's direction in the Order.

Schedule 8.0.0 identifies the revised Rate Base for 2024/25, 2025/26, and 2026/27, updated for the directives from Order 120/25, as $787.9 million, $815.0 million and $854.2 million, respectively. As identified above, the directives from Order 120/25 impact the Rate Base through changes in Net Plant and Intangible Assets, Contributions in Aid of Construction, Regulatory Deferral Account Balances and Working Capital as shown in Schedules 8.1.7 through to 8.7.9.

Centra has included revised calculations of the Return on Rate Base for 2024/25, 2025/26 and 2026/27 (Schedules 8.8.7 through to 8.10.9) which reflect a Rate of Return of 5.1%, 4.8% and 4.8%, respectively, and an embedded Return on Equity of 8.3%.

Cost Allocation and Rate Matters

For the purposes of Cost Allocation and Rate Design, Centra has incorporated in its rate determination a total Revenue Requirement of $338.7 million in 2025/26 and $354.2 million in 2026/27. This includes total forecast 2024/25 Gas Year gas costs of $159.1 million as approved in Order 120/25 and non-gas costs of $179.6 million for the 2025/26 test year and non-gas costs of $195.1 million for the 2026/27 test year. Total non-gas costs reflect the reductions in Operating & Administrative costs, capital spending and the change in ICAM methodology discussed above.

The following table provides a reconciliation of the 2025/26 and 2026/27 Revenue Requirement outlined in Appendix 3 Schedule C1 25/26 & Schedule C1 26/27 and the Revenue Requirement included in the 2025/26 and 2026/27 Cost Allocation schedules.

Figure 2: Revenue Requirement vs Cost Allocation Reconciliation 2025/26

	2025/26 Test Year Order 120/25 Revenue Requirement	2025/26 Test Year Cost Allocation
Cost of gas, excluding carbon tax	213,061	159,146
Other Income	(2,929)	(1,742)
Operating & administrative	81,099	81,098
Depreciation & amortization	41,323	40,137
Capital & other taxes	17,476	17,476
Finance expense	29,402	29,402
Corporate allocation	4,304	4,304
Net Income (Loss)	3,213	8,901
Total Cost of Service	386,949	338,722

2025/26 Total Cost of Service - Order 120/25	386,949
Less: Fiscal Year Cost of Gas	(213,061)
Add 2024/25 Gas Year Cost of Gas	159,146
Less 2025/26 Fiscal Year Net Income	(3,213)
Add 2025/26 Annualized Net Income	8,901
2025/26 Cost Allocation	338,722

Figure 3: Revenue Requirement vs Cost Allocation Reconciliation 2026/27

	2026/27 Test Year Order 120/25 Revenue Requirement	2026/27 Test Year Cost Allocation
Cost of gas, excluding carbon tax	225,765	159,146
Other Income	(3,101)	(1,882)
Operating & administrative	83,030	83,030
Depreciation & amortization	43,836	42,618
Capital & other taxes	17,770	17,770
Finance expense	30,473	30,473
Corporate allocation	4,249	4,249
Net Income (Loss)	13,215	18,820
Total Cost of Service	415,237	354,224

2026/27 Total Cost of Service - Order 120/25	415,237
Less: Fiscal Year Cost of Gas	(225,765)
Add 2024/25 Gas Year Cost of Gas	159,146
Less 2026/27 Fiscal Year Net Income	(13,215)
Add 2026/27 Annualized Net Income	18,820
2026/27 Cost Allocation	354,224

Updated Cost of Service Studies

Consistent with the direction provided in Order 120/25, Centra has incorporated the following changes to its Cost of Service studies for both the 2025/26 and 2026/27 test years:

1. *Minimum system*

Centra has reverted to its previous percentage split for the purposes of classifying distribution mains to customer and demand. In both the 2025/26 and 2026/27 cost allocation studies, Distribution mains are classified 67% to Customer and 33% to Demand as per the results of its historic diameter-length study.

2. *Net income on rate basis*

In accordance with Directive 28, the allocation of net income has been adjusted to use a rate base allocator for 2025/26 and 2026/27. This is a change from the non-gas revenue requirement approved for use in the 2024/25 Cost of Service Study on account of the net loss in that year.

3. Use of the 2024 Volume Forecast

Centra's 2025/26 and 2026/27 cost of service studies reflect the 2024 volume forecast consistent with the volume forecast used in Centra's pre-hearing update. The annual consumption of a typical residential customer has been revised to 1,973 m^3 in 2025/26 & 1,942 m^3 in 2026/27 from 2,075 m^3 in 2024/25, to be consistent with that reflected in Centra's 2024 Natural Gas Volume Forecast.

Commodity Overhead Rates for 2025/26 and 2026/27

Centra's cost of service study treats Gas Commodity as a discrete customer class for the purpose of allocating non-gas related costs associated with procuring and managing gas supplies. The non-gas costs are recovered through an overhead rate applied to the commodity charge. Based on the results of 2025/26 prepared in compliance with Order 120/25, Centra is requesting approval of a new Gas Commodity Rate of $0.97 to be effective November 1, 2025. Based on the results of the 2026/27 Cost of Service study, prepared in compliance with Order 120/25, Centra is requesting a Gas Commodity rate of $1.02 to be effective November 1, 2026.

Rate Design

Centra's long-standing rate design for the High Volume Firm class was to recover 60% of demand allocated costs through a demand charge, with the remaining costs recovered through the energy charge. In accordance with Directive 34, Centra has increased the demand recovery to 70% for rates effective November 1, 2025 and to 75% for rates effective November 1, 2026.

Rate Schedules & Customer Bill Impacts

Centra has included revised Rate Schedules for November 1, 2025 and November 1, 2026 as shown on Appendix 3 Schedule 10.2.1 & 10.2.2, pages 1 to 4 respectively. The attached Rate Schedules reflect all adjustments flowing from Order 120/25, as well as the proposed Commodity Gas Rates for November 1, 2025. As Gas Commodity rates will not change as a result of this Application, these rates are not contributing to the bill impacts shown in Appendix 3 Schedule 10.1.1 and Schedule 10.1.2.

Base Rate Impacts – Order 120/25

Appendix 3 Schedule 10.1.1 and Schedule 10.1.2 provides the bill impacts for all customer classes reflecting the adjustments to rates made in accordance with Order 120/25. The impact to the typical residential customer of the proposed base rates as a result of Order 120/25 for the 2025/26 test year is 5.3% or $33 on an annual basis. Base rate impacts for the typical residential customer in 2026/27 is 4.3% or $28 on an annual basis.

Figure 4 Annual Bill Impacts of the Proposed Base Rates for Customers by Customer Class

Bill Impacts			**2025/26 Test Year Annual Impacts Base Rates**		**2026/27 Test Year Annual Impacts Base Rates**	
Customer Class	Consumption (10^3M^3)	Load Factor	$ Impact	% Change	$ Impact	% Change
SGS	1.0		$17	4.2%	$14	3.4%
	2.0		$33	5.3%	$28	4.3%
	11.3		$191	6.9%	$164	5.6%
LGS	11.3		$84	2.6%	$100	3.0%
	679.9		$5,031	3.8%	$5,983	4.4%
HVF	12,600	75%	-$8,136	-0.4%	$20,269	1.1%
	850	25%	$1,617	0.9%	$6,995	4.0%
HVF (T-Service)	17,600	75%	$7,155	1.7%	$32,673	7.6%
	2,600	40%	$3,238	3.3%	$10,125	9.9%
Mainline	28,328	40%	-$82,616	-2.0%	$53,279	1.3%
	2,833	75%	-$6,272	-1.7%	$4,670	1.3%
Special Contract	[redacted]					
Power Stations						
Mainline (T-Service)	14,000	75%	$7,535	4.0%	$16,027	8.1%
	44,000	40%	$72,113	8.0%	$67,357	6.9%
Interruptible	14,164	40%	-$64,812	-3.1%	$49,556	2.4%
	850	75%	-$1,693	-1.3%	$3,081	2.4%

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Billed Rate Impacts

Appendix 3 Schedule 10.1.1 and Schedule 10.1.2 provides the billed rate impacts for all customer classes reflecting the adjustments to rates made in accordance with Order 120/25. Billed rates reflect the elimination of non-commodity related rate riders implemented on November 1, 2024 that expire on October 31, 2025 for all customer classes, excluding the Mainline and Interruptible classes whose riders will remain in place until October 31, 2026. The impact to the typical residential customer of the proposed billed rates as a result of Order 120/25 is an increase of approximately 6.4% or $38 on an annual basis effective November 1, 2025 and approximately 4.5% or $28 on an annual basis effective November 1, 2026.

Figure 5 Annual Bill Impacts of the Proposed Billed Rates for Customers by Customer Class

Bill Impacts			2025/26 Test Year Annual Impacts Billed Rates		2026/27 Test Year Annual Impacts Billed Rates	
Customer Class	Consumption (10^3M^3)	Load Factor	$ Impact	% Change	$ Impact	% Change
SGS	1.0		$19	5.0%	$14	3.5%
	2.0		$38	6.4%	$28	4.5%
	11.3		$221	8.5%	$164	5.8%
LGS	11.3		$164	5.5%	$100	3.2%
	679.9		$9,858	8.2%	$5,983	4.6%
HVF	850	25%	-$19,403	-10.5%	$6,995	4.2%
	685	75%	$2,255	2.1%	$1,913	1.8%
HVF (T-Service)	17,600	40%	$39,293	7.0%	$63,591	10.6%
	17,600	75%	$31,628	7.9%	$32,673	7.6%
Mainline	28,328	40%	-$82,616	-1.8%	-$204,350	-5.0%
	2,833	75%	-$6,272	-1.6%	-$21,101	-5.8%
Special Contract	[redacted]					
Power Stations	[redacted]					
Mainline (T-Service)	14,000	75%	$7,535	4.3%	$28,331	15.3%
	44,000	40%	$72,113	8.4%	$106,159	11.4%
Interruptible	14,164	40%	-$64,812	-3.2%	$46,549	2.5%
	850	75%	-$1,693	-1.4%	$2,908	2.4%

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Capital Investment Plans

Centra is enclosing, as Appendix 4, its 2025-2029 Natural Gas Asset Management Capital Investment Plan. This plan was based on approval received by the Manitoba Hydro-Electric Board ("MHEB") and Treasury Board several months following the initial filing of the gas GRA for a higher budget amount for 2025/26 than the forecast provided in the Application. Centra is reviewing its capital program to evaluate where reductions could be made in line with the directive provided. For rate-setting purposes, Centra has reduced its capital expenditures by $2 million relative to the 2024 Capital Expenditure Plan filed with the Application, as outlined above on the updates to the financial forecast.

The 2026/27 budget is still being finalized and will be presented to the MHEB for approval at the end of November 2025. In accordance with *The Crown Corporations Governance and Accountability Act*, the budget will subsequently be submitted to the Province for review and final approval. As the budget approval process is still underway, a 2026–2030 Natural Gas Asset Management Capital Investment Plan is not finalized or approved on a final basis and therefore, cannot be filed as part of the compliance filing at this time, as directed by the PUB.

Terms & Conditions of Service

Centra has updated its Schedule of Sales and Transportation Services and Rates, also known as the Terms & Conditions (or “Ts & Cs”), enclosed as Appendix 5, to reflect the PUB’s direction in Order 120/25, including:

- For Section VI.D), paragraphs 1), 2), and 3) of the existing terms and conditions for Interruptible Sales Service, the words “sale price” have been replaced with “pass-through cost of acquiring additional gas commodity and transportation to Manitoba”.
- Appendix B reflects the schedule of updated Company Labour Rates for external services approved in the Order.

Centra has also amended Appendix C of the Ts & Cs to update the existing balancing tolerances section to reflect a 14% daily tolerance band for all Transportation Service customers, as directed by the Board, based on the average of the individual customer’s absolute daily consumption over the prior 12 months. While the PUB does not specify which prior 12-month period should be used to calculate tolerances in its Order, Centra proposes to use tolerances based on consumption from October 1st to September 30th each year. This approach enables Centra to communicate updated tolerances in advance of each gas year, which begins on November 1. The existing +/- 100 GJ minimum and +/- 1,000 maximum daily tolerance levels are maintained, as directed.

Should you have any questions with respect to the foregoing, please do not hesitate to contact the writer at 204-360-3399.

Yours truly,

MANITOBA HYDRO LEGAL SERVICES
Per:

GWEN MUIRHEAD
Legal Counsel

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