

Order No. 138/25

CENTRA GAS MANITOBA INC.

ORDER RESPECTING THE FOLLOWING MATTERS:

- 1. COMPLIANCE FILING FOR THE 2024/25 GENERAL RATE APPLICATION**
 - 2. REVIEW AND VARIANCE OF DIRECTIVES 5.c) AND 8 OF ORDER 120/25**
 - 3. INTERIM QUARTERLY GAS COMMODITY RATE APPROVAL EFFECTIVE
NOVEMBER 1, 2025**
-

October 30, 2025

**BEFORE: Marilyn Kapitany, B.Sc.(Hon), M.Sc., Panel Chair
Carol Bellringer, FCPA, FCA, Member
Jim Hrichishen, B.A. (Hon.), M.A, Member
Susan Nemec, FCPA, FCA, Member
Kurt Simonsen, BSc., M.N.R.M., Member**

Table of Contents

1.0	Executive Summary.....	3
2.0	Background	7
3.0	Centra’s 2024/25 GRA Compliance Filing	12
4.0	Centra’s Application to Review & Vary Order 120/25	17
5.0	Centra’s Gas Commodity Rate Application for November 1, 2025.....	22
6.0	Bill Impacts	28
7.0	Board Findings	32
8.0	IT IS THEREFORE ORDERED THAT:.....	37

1.0 EXECUTIVE SUMMARY

1.1 Overview of this Order

Centra Gas Manitoba Inc.'s ("Centra") natural gas rates include a Basic Monthly Charge intended to recover fixed costs such as meter reading, a Gas Commodity charge to pay for the natural gas itself, and a Delivery charge to recover the cost of Centra's distribution network and the cost of transporting natural gas to Manitoba on pipelines owned by others.

Gas Commodity charges are a flow-through cost to consumers, as Centra sells natural gas at cost. The Public Utilities Board ("Board") approves Gas Commodity rates on a quarterly basis. Any over- or under-recovery is subsequently dealt with through temporary rate riders.

Basic Monthly Charges and Delivery Charges are approved periodically, following general rate applications that determine Centra's revenue requirement and the appropriate manner in which that revenue should be recovered from different ratepayer classes.

This order combines several rate-related decisions (involving all of the components described above) that will affect natural gas rates beginning on November 1, 2025:

- Firstly, the order approves rate schedules, terms and conditions, and a technical compliance filing arising out of Order 120/25, which is the Board's final order in Centra's recent 2024/25 General Rate Application.
- Secondly, the order approves two requests by Centra to review and vary directives set out in Order 120/25:
 - The Board sets aside a directive for the utility to accrue a \$243,000 difference between the 2019 and 2024 depreciation studies to net income, and instead allow Centra to follow its usual approach of amortizing this difference over a five-year period; and

- The Board varies another directive to permit Centra to apply a change to its integrated cost allocation methodology prospectively rather than retrospectively. This variance increases Centra's loss by \$5.6 million during the 2024/25 fiscal year compared to the Board's original directive in Order 120/25. The variance is required because, as a result of the delayed filing of Centra's General Rate Application, Centra's financial statements for the 2024/25 fiscal year had already closed when the Board issued Order 120/25, even though the statements had not yet been made public.
- Thirdly, the order approves new Gas Commodity rates effective November 1, 2025, in accordance with the Board's usual quarterly rate-setting methodology.

This order also approves a request by Centra to file specific documents in confidence and maintain redactions.

1.2 Bill Impacts Resulting from this Order

Both the compliance filing and the new quarterly Gas Commodity rates affect customer rates. For an average residential customer, who consumes 1,973 m³ of gas per year, the combined bill impact of this order is an increase of \$38 per year or \$3 per month. The request to review and vary directives from Order 120/25 does not have a separate rate impact and only affects Centra's own financial results.

While Centra's revenue requirement determines the total amount the utility is entitled to earn, the amount allocated or assigned to different ratepayer classes is determined based on Centra's cost of service methodology, as discussed in Order 120/25. By way of example, large industrial customers who receive service off the transmission system are not allocated costs related to Centra's smaller distribution system. As a result of these differences, the bill impact percentage varies between classes. The impacts may further vary within a class based on individual consumption characteristics. The ranges of bill impacts are summarized in Figure 1.1.

In general, the bill impacts are largely attributable to the non-gas related approvals set out in Order 120/25, as the change in Gas Commodity rates between the existing

August 1, 2025 rates and the new rates is minimal. As the Board noted in Order 120/25, the 2024/25 General Rate Application was Centra's first such application in six years. In the meantime, the utility experienced increasing annual losses and an erosion of its retained earnings. This required the Board to take decisive regulatory action to protect the financial integrity of Centra. As a result, The Board approved three separate revenue requirement increases — a 4.5% increase on November 1, 2024, another 4.5% increase on November 1, 2025, and a 4.0% increase on November 1, 2026. The November 1, 2025 increase is reflected in the compliance filing approved in this order. However, the bill impacts also reflect the expiry of existing rate riders to recover previously accrued deferral account balances for all customers other than those in the Mainline and Interruptible groups.

Customer Class	Bill Impact – 2024/25 GRA Compliance Filing Only	Bill Impact – Gas Commodity Rate Only	Combined Billed Rate Change Increase (Decrease)
Small General Service	5.0% - 8.5%	(0.1%) – (0.2%)	4.9% – 8.3%
Large General Service	5.5% - 8.2%	(0.2%)	5.3% – 8.0%
High Volume Firm (Sales Service)	(10.5%) - 2.1%	(0.2%) – (0.3%)	(10.6%) – 1.9%
High Volume Firm (Transportation Service)	7.0% - 7.9%	N/A	7.0% – 7.9%
Mainline (Sales Service)	(1.6%) – (1.8%) *	(0.2%) – (0.3%)	(1.9%) – (2.1%) *
Mainline (Transportation Service)	4.3% – 8.4%	N/A	4.3% – 8.4%
Interruptible	(1.4%) – (3.2%) *	(0.2%) – (0.3%)	(1.6%) – (3.5%) *

*Actual bill impact includes the effect of an updated natural gas volume and prior period gas cost deferral account rate riders approved in Orders 125/24 and 129/24, which continue for the Mainline and Interruptible classes until October 31, 2026.

Figure 1.1 — Bill Impacts – By Application and Combined

Figure 1.2 illustrates the historical annual bill changes for residential customers, dating back to 2015.

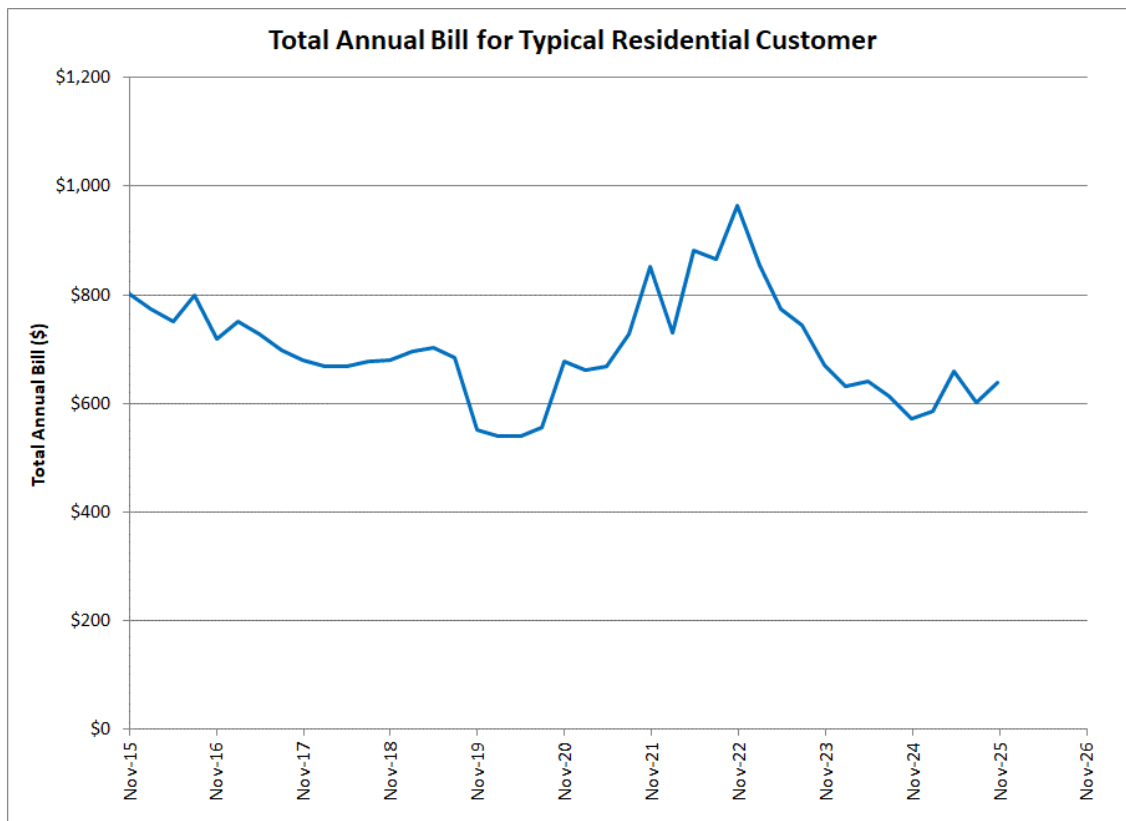


Figure 1.2 — Bill Changes for Residential Customers since 2015

2.0 **BACKGROUND**

2.1 **Introduction**

Centra Gas Manitoba Inc. (“Centra”) is Manitoba Hydro’s wholly owned natural gas subsidiary and currently the only natural gas utility operating in Manitoba. It supplies approximately 300,000 customers. Although the utility is operationally integrated with Manitoba Hydro, it is regulated in a different manner than Manitoba Hydro. Rates for natural gas are approved under the Public Utilities Board’s (“Board”) general rate-setting mandate in *The Public Utilities Board Act*, not under the framework for Manitoba Hydro set out in *The Manitoba Hydro Act*.

The bills paid by Centra’s customers consist of several components established in Orders 131/21 and 114/22. Those components are as follows:

- **Gas Commodity**: This rate reflects the cost of natural gas supplies provided by Centra or independent gas marketers or brokers, and includes baseload or seasonal gas supplies primarily sourced from Western Canada. The Gas Commodity rate is applicable to the majority of customers, whether they purchase quarterly-priced gas commodity from Centra or from independent gas marketers and brokers under contracts;
- **Delivery**: This rate component reflects the cost of transporting natural gas to Manitoba (applicable to the majority of Centra’s customers), as well as the cost of delivering the gas to a customer’s home or business in Manitoba (applicable to all customers). The costs embedded in the Delivery charge include transportation fees on pipelines not owned by Centra, the cost of gas storage facilities, the cost of facilities and pipelines owned by Centra, the operation and maintenance costs of Centra’s pipeline system, as well as small cost components related to unaccounted-for gas and the differences between the cost of gas commodity acquired in Western Canada compared to other sources, such as the United States.
- **Basic Monthly Charge**: This is a fixed monthly charge that reflects a portion of the costs of being connected to the gas distribution system, as well as customer service and billing costs, and is not related to the volume of gas consumed.

Centra's Gas Commodity rate is subject to quarterly amendment (February 1, May 1, August 1, and November 1). Pursuant to Orders 55/00, 99/01, 143/03, 69/04, 131/21, 114/22, and 120/25, these regularly scheduled quarterly Gas Commodity rate reviews occur in accordance with the Board-approved Rate Setting Methodology, which is formula-driven and relies on established accounting and rate-setting conventions. Quarterly Gas Commodity rate setting does not involve a public hearing, reflecting the formulaic nature of the Rate Setting Methodology and furthering the objective of least-cost regulation. Public reviews of Gas Commodity rates are conducted at periodic cost of gas or general rate application hearings.

Centra's Basic Monthly Charge and base Delivery rates, which apply to all customers, including those receiving natural gas through fixed-rate contracts, are also periodically reviewed and approved by the Board. These rate reviews occur either through periodic cost of gas hearings, which also provide for the finalization of past interim quarterly Gas Commodity rate changes, or in the context of a general rate application.

Centra's gas sales rates recover the Board-approved annual revenue requirement, which seeks to recover Centra's forecast gas costs and non-gas costs.

Gas costs are incurred for gas supplies, storage, and transportation, and are charged to customers without mark-up. To ensure that only the actual cost of gas, no more and no less, is passed on to customers, Centra maintains a number of Purchased Gas Variance Accounts, which record the differences between the forecast cost of gas embedded in sales rates and the actual cost of gas incurred by Centra. These differences are periodically either refunded to or collected from customers by way of rate riders that either decrease (i.e., refund to customers) or increase (i.e., recover from customers) the base sales rates and form part of the billed rates that are charged to customers.

Non-gas costs are incurred to build, operate, and maintain Centra's system of pipelines, and also include costs related to customer service, billing, and administration. Centra is allowed to earn a return in addition to the recovery of its non-gas costs. This return is also approved through periodic general rate applications.

Order 105/25, dated July 24, 2025, is the most recent Order setting Centra's Gas Commodity rate. In Order 129/24, which arose as part of the Centra 2024/25 General Rate Application filed on October 7, 2025, the Board also provided interim approvals for new Basic Monthly Charges and Delivery rates effective November 1, 2024.

As further described below, this order deals with separate approvals, which together affect all of the rate components described above, effective November 1, 2025.

2.2 Centra's 2024/25 General Rate Application and Order 120/25

On October 7, 2024, Centra filed with the Board its 2024/25 General Rate Application ("GRA"). In Order 125/24, the Board approved an interim 4.5% general revenue increase for Centra effective November 1, 2024. This interim approval sought to reduce, but not prevent, Centra's expected losses during the 2024/25 fiscal year (or subsequent years), and was subject to subsequent Board decisions once the public hearing of Centra's 2024/25 GRA was completed. In addition to the interim 4.5% general revenue increase effective November 1, 2024, Order 125/24 also approved:

- changes to Delivery rates to reflect changes to the underlying costs of upstream transportation and storage costs as well as the cost of unaccounted for gas; and
- temporary rate riders applied to Centra's Delivery base rates to refund to customers an aggregate balance of \$5.1 million in previously incurred gas costs, which had accrued since Centra's 2019/20 general rate application. To mitigate the resulting bill impacts for the Mainline and Interruptible customer classes, the Board extended the recovery period of these temporary Delivery rate riders addressing those classes' share of the deferred gas cost balance from 12 months to 24 months. However, 12-month Delivery rate riders were approved for all other customer classes starting November 1, 2024.

The updates to Centra's gas sales rates pursuant to Order 125/24 were subsequently implemented and approved effective November 1, 2024 per Order 129/24, dated November 4, 2024.

Following the completion of the public hearing of Centra's 2024/25 GRA, the Board issued its decision through Order 120/25, dated September 16, 2025. In that order, the Board:

- finalized an existing interim 4.5% general revenue increase for Centra that came into effect on November 1, 2024;
- approved a further 4.5% increase taking effect on November 1, 2025; and
- approved a further 4.0% increase taking effect on November 1, 2026.

These increases only apply to the cost of operating Centra's distribution system, not the cost of natural gas commodity consumed by Manitobans. As explained in Order 120/25, the general revenue increases were the result of a significant deterioration in Centra's finances over the past six years, including the almost complete erosion of Centra's retained earnings by the end of the 2024/25 fiscal year, causing a need to take decisive regulatory action to return Centra to an improved financial footing.

The Board, in Order 120/25, also issued a number of other approvals, denials and directives, including the following:

- disallowing \$2.0 million of operating and administrative expenses in each of 2025/26 and 2026/27;
- requiring Centra to implement a three-factor allocator for operating and administrative expenses and common asset allocations, beginning in 2024/25;
- directing the elimination of the head office credit in 2025/26;
- approving a reduction of the corporate allocation from \$12 million to \$4 million;
- disallowing \$2 million in forecast capital expenditures in each of 2025/26 and 2026/27;
- approving depreciation rates based on Centra's 2024 Depreciation Study, as well as other depreciation-related changes;

- approving changes to Centra’s cost of service study methodology;
- approving various customer class rate design changes, including increasing the percentage of demand-related costs recovered through the demand charge for the High Volume Firm customer class from the current 65% to 70% effective November 1, 2025, and to 75% effective November 1, 2026;
- approving forecast non-commodity gas costs for the 2024/25 gas year on an interim basis;
- approving changes to the quarterly Gas Commodity rate setting methodology related to the use of a 12-month rolling average of actual heating values experienced over the previously completed fiscal year and use of the most recent natural gas volume forecast; and
- approving specific changes to Centra’s Schedule of Sales and Transportation Services and Rates, also known as Centra’s Terms and Conditions of Service (“Terms and Conditions”).

Directives 41 and 42 of Order 120/25 required Centra to file a compliance filing by October 15, 2025 that included revised financial and rate schedules, along with revisions to Centra’s Terms and Conditions, that reflected the Board’s 2024/25 GRA decisions.

3.0 CENTRA'S 2024/25 GRA COMPLIANCE FILING

On October 15, 2025, Centra made a compliance filing in accordance with Order 120/25. The utility filed a revised version on October 21, 2025 to correct an inadvertent discrepancy in some of the compliance filing schedules.

Figure 3.1 presents a summary of the Order 120/25 adjustments and impacts to Centra's net income as set out in Centra's compliance filing.

	<i>(millions of dollars)</i>	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	Forecast of Additional Revenue Resulting from Adjusted 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 in 2025/26	–	(\$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 Projected Net Income	(\$23.1)	(\$1.6)	\$5.4
	Impact of Changes Approved in Order 120/25 (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)		

* As described in section 5.0, Centra proposes to review and vary Order 120/25 and apply the revised integrated cost allocation methodology changes prospectively, beginning in fiscal year 2025/26 instead of starting in 2024 as required in Directive 5.f) of Order 120/25.

Figure 3.1 — Summary of Adjustments and Impacts of Order 120/25

Figure 3.1 is predicated on the Board approving the utility's request to review and vary Order 120/25 with respect to the two issues discussed in section 4.0 of this order, namely:

- setting aside Directive 5.f) and allowing Centra to deal with the change between the 2019 and 2024 Depreciation Studies through a deferral account with a 5-year amortization; and
- varying Directive 8 to require Centra to implement the change to a three-factor allocator on a prospective basis only, beginning with the 2025/26 fiscal year.

Centra further advises that the updated financial forecast included in the compliance filing continues to assume the establishment of the Cloud Computing Regulatory Deferral account in 2024/25 but that on an actual basis, this account was established in 2025/26. This is because Order 120/25 was issued after Centra finalized its 2024/25 financial statements and the new deferral account was not established in that fiscal year.

In its compliance filing, Centra also notes the impacts of the implementation of the 2024 Depreciation Study and 2024 Natural Gas Volume Forecast on the projected net income results for the 2024/25 through 2026/27 rate period. These additional impacts to Centra's net income, as shown in rows F and G of Figure 3.1, were not initially included in Centra's updated submissions filed as part of the May 2, 2025 pre-hearing updates in the GRA. They were also not included in subsequent submissions to the Board before Order 120/25 was issued. The combination of these two additional net income impacts, along with the impact of the proposed review and variance of Directive 8 of Order 120/25, contribute to lower overall net incomes in 2024/25 through 2026/27 than initially estimated in Order 120/25.

After incorporating the revenue requirement changes directed in Order 120/25 and the additional changes mentioned above, Centra's projected total revenue requirement is \$386.9 million for fiscal year 2025/26 and \$415.2 million for fiscal year 2026/27, as shown in Figure 3.2 below.

Revenue Requirement (\$000s)	Oct. 15/25 Compliance Filing 2025/26	Oct. 15/25 Compliance Filing 2026/27
Cost of Gas	\$213,061	\$225,765
Other Income	-\$3,109	-\$3,284
Operating & Administration	\$82,378	\$84,336
Depreciation & Amortization	\$32,995	\$33,831
Capital & Other Taxes	\$15,161	\$15,600
Finance Expense	\$29,913	\$30,838
Other Expenses	\$21,229	\$21,568
Corporate Allocation	\$4,304	\$4,249
Net Movement in Regulatory Balances ¹	-\$12,196	-\$10,881
Net Income	\$3,213	\$13,215
Total Cost of Service	\$386,949	\$415,237

Note 1: Net Movement reflects timing differences when expenses and revenues are recognized.

Figure 3.2 — Centra’s Revenue Requirement for 2025/26 and 2026/27 per the Order 120/25 Compliance Filing filed on October 15, 2025

In addition, Centra’s October 15, 2025 compliance filing included information supporting a revised rate base for 2024/25, 2025/26, and 2026/27 of \$787.9 million, \$815.0 million, and \$854.2 million, respectively. Further, Centra’s revised calculations of the return on rate base for 2024/25, 2025/26, and 2026/27 resulted in a rate of return of 5.1%, 4.8%, and 4.8%, respectively, as well as an embedded return on equity of 8.3%.

Given the revised 2025/26 and 2026/27 revenue requirements arising from Order 120/25, Centra also updated its cost of service study, which gives rise to updated consumer rates for November 1, 2025 and November 1, 2026. 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. While the results of the updated cost of service study for 2025/26 are proposed to be implemented in rates for November 1, 2025, the updated cost of

service study results for 2026/27 will not be implemented until November 1, 2026 and will therefore be addressed in a future Centra rate application and Board Order.

Based on the results of the updated cost of service study for 2025/26 and 2026/27, Centra is proposing new Gas Commodity Overhead Rates effective November 1, 2025 and November 1, 2026. The Gas Commodity Overhead rate recovers Centra's non-gas costs associated with procuring and managing gas commodity supplies and is typically updated during the review of a general rate application. The existing Gas Commodity Overhead Rate is \$0.93/10³m³, as approved in Orders 125/24 and 129/24. The proposed Gas Commodity Overhead Rate for implementation on November 1, 2025 is \$0.98/10³m³. Similarly, the proposed Gas Commodity Overhead Rate for implementation on November 1, 2026 is \$1.02/10³m³.

Pursuant to Order 120/25, Centra's revised version of its Terms and Conditions, which was filed on October 15, 2025, includes revised language in relation to the pricing of Alternate Supply gas offered to Interruptible customers, a revised description of the balancing tolerances applicable to Transportation Service customers, as well as increased company labour rates. For the purposes of determining the 12-month period used to calculate the Transportation Service balancing tolerances, Centra proposes to use tolerances based on customer consumption from October 1st to September 30th of each year. According to Centra, this approach enables the utility to communicate to Transportation Service customers their updated balancing tolerances in advance of each gas year, which begins November 1.

In response to Directive 41.d) of Order 120/25, Centra's compliance filing included the utility's 2025-2029 Natural Gas Capital Investment Plan. This plan outlines asset-related capital expenditures that are \$8-9 million higher in each of 2025/26 and 2026/27 than those included in the 2024-2028 capital plan reviewed during the 2024/25 GRA. In filing this submission, Centra indicated that the 2025-2029 plan was based on approval by the Manitoba Hydro Electric Board and Treasury Board, several months before the filing of the 2024/25 GRA, for a 2025/26 budget amount higher than the forecast provided in the application. Consistent with Order 120/25, the utility is reviewing its capital program to

evaluate where reductions can be made. In regards to the 2026-2030 Natural Gas Capital Investment Plan, Centra indicates that this plan is not yet approved on a final basis and cannot be filed at this time since the utility's 2026/27 budget still requires final approval from both the Manitoba Hydro Electric Board and the Province of Manitoba.

Consistent with Centra's submissions during the public hearing of Centra's 2024/25 GRA, as well as consistent with the Board's approvals in Orders 57/25 and 120/25 regarding Centra's commercially sensitive information in that proceeding, Centra's compliance filing submission of October 15, 2025 requests that certain specific information in the compliance filing be received by the Board in confidence. The request is made pursuant to Rule 13 of the Board's former *Rules of Practice and Procedure*, which continue to apply to this hearing based on a transitional provision in the new rules that came into effect on July 1, 2025.

4.0 CENTRA'S APPLICATION TO REVIEW & VARY ORDER 120/25

4.1 Request to Set Aside Directive 5.f)

Utilities recover the capital cost of their investments through depreciation expense recovered through rates during the projected useful life of those investments. The Board must approve those depreciation rates under subsection 78(2) of *The Public Utilities Board Act*.

To determine appropriate depreciation rates, Centra prepares depreciation studies, generally every five years. The studies group assets into different classes depending on the service lives and depreciation criteria of the assets. When Centra obtains a new depreciation study, it records the difference in accrued depreciation expense in a deferral account and generally requests approval to amortize that account over a period of five years.

While Centra initially filed its 2024/25 GRA based on its 2019 Depreciation Study, the utility subsequently filed its 2024 Depreciation Study and amended its application to seek approval based on the depreciation rates set out in that study. Under the 2024 Depreciation Study, annual depreciation expense during the test year is \$243,000 lower than under the 2019 study. As part of its response to Information Request PUB/Centra II-8a, Centra noted that it planned to seek Board approval of a 2024 Depreciation study regulatory deferral account with an amortization period of five years. However, in oral testimony, Centra subsequently indicated that it planned to accrue the difference to net income. Following the submission of its application to review and vary Order 120/25, the utility clarified that it established a deferral account on a prospective basis, intending to amortize the difference between the 2019 and 2024 depreciation studies over five years, beginning in 2025/26. This approach leads to a staggered amortization period between the two studies, as illustrated in Figure 4.1.

<i>In thousands of dollars</i>	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
2019 Depreciation Study							
Opening Balance	217						
Additions	85						
Amortization		(60)	(60)	(60)	(60)	(60)	
2024 Depreciation Study							
Additions		(243)					
Amortization			49	49	49	49	49

Figure 4.1 — Planned Amortization of Depreciation Study Deferral Accounts

Centra submits that Directives 5.c) and 5.f) are mutually exclusive. The two directives read as follows:

*5. Centra's application of updated depreciation rates for rate setting purposes and regulatory deferral accounts and the proposed amortization periods for those accounts, **BE AND HEREBY IS VARIED AS FOLLOWS:***

[...]

c) The Board approves the amortization of the regulatory deferrals for the differences between the 2014 and 2019 depreciation studies and between the 2019 and 2024 depreciation studies over five years.

[...]

f) Centra is authorized to apply the \$243,000 reduction in depreciation expense for the 2024/25 test year that results from using the 2024 Depreciation Study instead of the 2019 Depreciation Study as an increase to net income for that year.

Centra proposes that the Board address this issue by setting aside Directive 5.f).

4.2 Request to Vary Directive 8

Centra is a wholly owned subsidiary of Manitoba Hydro whose assets represent approximately three percent of Manitoba Hydro's consolidated operations. Centra does not have its own employees. All staff are employed by Manitoba Hydro and provide services, with the cost of those services being assigned or allocated to Centra.

Whenever possible, Manitoba Hydro and Centra directly allocate costs to either the electric or natural gas operations of the utility. However, shared costs are allocated through an Integrated Cost Allocation Methodology ("ICAM"). This includes operating and administrative costs and finance, depreciation and tax expense. To determine the percentage of shared costs to be allocated to electric and gas operations, the utility previously used four principal cost drivers: %Activity, %Hybrid, %Assets, and Number of Customers.

In Order 120/25, the Board directed Centra to replace two of its existing cost allocators with a three-factor allocator commonly utilized in the utility industry. On a preliminary basis, the Board expected this change to reduce the allocation of costs to Centra by approximately \$4 million to \$6 million per year. In Directive 8 of Order 120/25, the Board ordered Centra to implement the change to a three-factor allocator beginning with the 2024/25 test year:

8. Centra is directed to revise its integrated cost allocation methodology, beginning with the 2024/25 test year, by replacing the %Activity and %Hybrid allocators with a three-factor allocator that equally weights all of the following:

- a) activity charges as currently determined by Centra, based on a rolling average of the prior three fiscal years;*
- b) assets based on a rolling average of the prior three fiscal years;*
and
- c) revenue for electric and natural gas operations based on a rolling average of the prior three fiscal years in a manner that:*

- i. includes Manitoba Hydro's net export revenue for electric operations; and*
- ii. excludes Centra's gas commodity costs for natural gas operations.*

At the time the Board issued Order 120/25, Centra's financial statements for 2024/25 had not yet been released. However, in its application to review and vary Order 120/25, Centra advises that the 2024/25 fiscal year had already closed and that accounting rules prevented the utility from applying the change to that fiscal year retrospectively.

Centra considers inter-utility cost allocation to be an accounting estimate. The utility submits that under IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, changes in accounting estimates must be applied prospectively and cannot be applied retrospectively. In Centra's view, IAS 8 allows only changes in accounting policies or corrections of errors to be dealt with through a restatement of a prior fiscal year.

Centra submits that the revision to the integrated cost allocation methodology does not change the underlying accounting policies for expense recognition or capitalization. Rather, it reflects an update to the basis for estimating how costs are allocated, which is consistent with the definition of a change in accounting estimate under IAS 8. Centra also notes that its audited financial statements do not disclose the specific costing methodology within the accounting policies note. As a result, Centra requests that the Board review and vary Directive 8 to allow the directed changes to be applied on a prospective basis only, rather than to the 2024/25 test year.

Centra proposes two possible approaches for implementing Directive 8:

1. Prospective Application: Centra suggests that the changes related to costing methodology be applied prospectively beginning in fiscal 2025/26, instead of retroactively beginning in 2024/25. This approach is also Centra's preferred approach, and has been reflected in Centra's Compliance Filing.
2. IFRS 14 Regulatory Deferral Approach: Alternatively, Centra suggests that it could recognize a regulatory deferral asset in 2025/26 equal to the cumulative impact

that would have occurred in 2024/25, with a corresponding credit to income in 2025/26. The asset would then be amortized over the 2025/26 and 2026/27 fiscal years, resulting in no net impact to retained earnings over the rate period. However, Centra submits that this option would add administrative complexity without providing meaningful benefit to ratepayers or financial results. Furthermore, Centra confirms that deferral account balances from natural gas operations cannot be transferred to electric operations.

5.0 CENTRA'S GAS COMMODITY RATE APPLICATION FOR NOVEMBER 1, 2025

On October 15, 2025, Centra applied to the Board for approval of the Gas Commodity rate effective November 1, 2025, as well as for a Commodity Cost Balancing Deferral rate rider to be applied to Delivery rates effective November 1, 2025. A minor revision of this application was subsequently filed on October 21, 2025. The application was filed in accordance with the revised Rate Setting Methodology approved in Board Orders 55/00, 99/01, 143/03, 69/04, 131/21, 114/22, and 120/25. The Rate Setting Methodology determines a Gas Commodity rate based on the forecast of natural gas prices and includes several factors that reflect the costs Centra incurs in providing Gas Commodity to its customers. The Gas Commodity rate is reviewed and approved quarterly by the Board.

Centra's Gas Commodity rate is partly based on futures prices at AECO, a major gas trading hub in Alberta. Figure 5.1 reflects the 12 month AECO futures price strip¹ for natural gas taken by Centra on October 1, 2025 and used in the calculation of the proposed November 1, 2025 Gas Commodity rate. The futures strip prices for April 2025 and July 2025 from previous quarterly rate applications are also shown in Figure 5.1. As can be seen from the table, and compared to the July futures prices, the October AECO futures prices have generally decreased for the months of November through March and increased for the months of April through July.

(\$/GJ)	Nov/25	Dec/25	Jan/26	Feb/26	Mar/26	Apr/26	May/26	Jun/26	Jul/26	Aug/26	Sep/26	Oct/26
Apr Strip	3.331	3.551	3.719	3.727	3.341	2.839						
Jul Strip	2.590	3.161	3.278	2.262	2.873	2.555	2.411	2.486	2.519			
Oct Strip	2.392	2.995	3.099	3.069	2.846	2.656	2.560	2.595	2.643	2.622	2.632	2.846

Figure 5.1 — AECO Futures Price (Cdn\$/GJ)

¹ A price strip is a gas price forecast for a specific period or "strip" of time based on the market prices of gas as traded on an exchange.

Figure 5.2 summarizes Centra's application for the quarterly Gas Commodity rate effective November 1, 2025. The table in Figure 5.2 also shows historical calculations for previous Gas Commodity rates, which were calculated using the Board-approved Rate Setting Methodology.

	Component	Costs and Proposed Rates Nov 1/24	Costs and Proposed Rates Feb 1/25	Costs and Proposed Rates May 1/25	Costs and Proposed Rates Aug 1/25	Costs and Proposed Rates Nov 1/25
1	Date of Forward Price Strip	October 2, 2024	January 6, 2025	April 2, 2025	July 2, 2025	October 1, 2025
2	Gas Commodity Cost Outlook per Cubic Metre (mix of Gas Supply & Storage Gas costs divided by annual system supply sales)	\$0.0770	\$0.0792	\$0.1072	\$0.0923	\$0.0982
3	Base Gas Commodity Rate, adding the Gas Commodity Overhead cost component per cubic metre ¹	\$0.0779 ²	\$0.0801 ²	\$0.1081 ²	\$0.0932 ²	\$0.0992 ²
4	Plus (Less) Gas Commodity Rate Rider per cubic metre	(\$0.0165)	(\$0.0134)	(\$0.0120)	(\$0.0133)	(\$0.0187)
5	Total Billed Rate (\$/m ³)	\$0.0614	\$0.0667	\$0.0961	\$0.0799	\$0.0805

Notes:

1. Since November 1, 2022, pursuant to Order 131/21, the compressor fuel costs incurred between the AECO and Empress market hubs are no longer included in Centra's Gas Commodity rate but are instead included in Centra's Delivery rate calculations.

2. For the November 1, 2024 to August 1, 2025 quarterly commodity application, the applicable Gas Commodity overhead costs were \$0.00093/m³ per the interim approvals in Orders 125/24 and 129/24. For the November 1, 2025 quarterly application, the proposed Gas Commodity overhead costs are \$0.00098/m³ for the 2025/26 gas year.

Figure 5.2 — Current and Historical Gas Commodity Rate Calculations

The AECO futures market prices, shown above in Figure 5.1, are used to determine the forecasted costs of volumes Centra expects to purchase over each of the next twelve months that flow both directly to Manitoba consumers as well as to gas storage in order to supplement gas supplies during periods of higher gas consumption². While the forecast

² Due to significant seasonal and daily weather and resulting demand swings in Manitoba, Centra makes use of seasonal gas storage facilities in order to optimize its gas supply portfolio costs and reliability. This includes relying partially on storing gas in the summer months and retrieving it from storage during the winter months.

Gas Commodity costs include the costs of gas sourced from the AECO hub in Western Canada, they also include the costs of gas from non-AECO sources. However, in accordance with the Board-approved methodology, the Gas Commodity rate is based solely on the AECO-sourced gas costs. Therefore, an adjustment is also applied to account for the expected difference between AECO and non-AECO costs, which is tracked separately in the Commodity Cost Balancing Deferral account. The twelve-month forecast for Centra's Gas Commodity costs is then adjusted for Centra's estimate for unaccounted-for gas and costs related to the Fixed Rate Gas Commodity Service. The resulting Gas Commodity cost twelve-month outlook is then divided by Centra's annual system supply sales volume to obtain the Gas Commodity cost outlook per cubic meter as shown in row 2 of the table in Figure 5.2.

Centra incurs overhead costs in the procurement and administration of Gas Commodity supplies. These overhead costs are added to the Gas Commodity cost outlook rate to determine the Gas Commodity Base Rate, which is shown in row 3 of the table in Figure 5.2. Centra's Application also incorporated the latest proposed Gas Commodity Overhead Rate of \$0.98/10³m³ for gas year 2025/26, per the proposal included in the 2024/25 GRA compliance filings of October 15 and 21, 2025.

Centra tracks differences between the previously approved Gas Commodity rate (and its underlying gas costs) and the actual cost of purchases it incurs. The previously approved Gas Commodity rate is based on a forecast of natural gas market prices, and the prices Centra actually pays usually differ from those forecasted. These differences are tracked in a Purchased Gas Variance Account (PGVA). When the actual cost of gas is greater than what was forecasted, a positive balance accrues in the PGVA, which is then collected from customers. When the actual cost of gas is less than what was forecasted, a negative balance accrues in the PGVA and this is refunded to customers. A Gas Commodity rate rider is used to collect from or refund to customers the PGVA balances.

A Gas Commodity rate rider recovers from, or repays to customers the balance in the PGVA, with interest.³ Utilization of the PGVA and rate rider ensures that customers' costs are adjusted so that customers are paying for the actual cost of gas with no mark-up or discount. The Gas Commodity rate rider is determined by dividing the accumulated balance in the PGVA by the volumes Centra forecasts to flow in the upcoming twelve months, and is shown in row 4 of the table in Figure 5.2. If the PGVA balance is not brought to zero with the rate rider, the remaining balance will be included in the calculation of future rate riders.

The Gas Commodity rate rider is combined with the Gas Commodity Base Rate to arrive at the Gas Commodity Billed Rate, as shown in row 5 of the table in Figure 5.2, and this is the rate that Centra uses to calculate the bills of its system supply customers.

The forecasted PGVA balance for October 31, 2025 will be refunded to customers by way of a rate rider of \$0.0187/m³, resulting in a Gas Commodity Billed Rate of \$0.0805/m³ as shown in row 5 of the table in Figure 5.2.

As noted above, Centra's forecast of total Gas Commodity costs includes the costs of gas sourced from the AECO hub in Western Canada, as well as the forecast costs of non-AECO-sourced gas supplies. Non-AECO supplies are procured from other sources than the Western Canadian Sedimentary Basin. Centra considers the specific sources to be commercially sensitive and confidential.

As the cost of AECO-sourced gas and the cost of non-AECO sourced gas will differ, and since the Gas Commodity rate is based on Centra's AECO forward prices, the Commodity Cost Balancing Deferral ("CCBD") account is used to track the differences between these two supply costs. This deferral account, which is similar to, but separate from, the Gas Commodity PGVA, allows for the determination of a rate rider that will ensure customers pay only the exact cost of gas commodity purchased by Centra. The CCBD rate rider is determined by dividing the accumulated balance in the CCBD account by the volumes

³ Interest is determined based on Centra's actual cost of borrowing, which reflects the carrying cost, to Centra, of the PGVA balance.

Centra forecasts to flow in the upcoming twelve months. The resulting CCBD rate rider, which is shown in the table in Figure 5.3, is then added to Centra's approved Delivery volumetric rates for Sales Service customers⁴. The CCBD rate rider is added to Centra's Delivery volumetric rates, as opposed to the Gas Commodity rate, because Centra provides non-AECO supplies to all of its Sales Service customers. Applying the CCBD rate rider to the Delivery volumetric rates, instead of the Gas Commodity rate, also allows Centra to maintain fixed Gas Commodity rates for Western Transportation Service customers who have fixed rate contracts.

Component	Proposed Rate Nov 1/24	Proposed Rate Feb 1/25	Proposed Rate May 1/25	Proposed Rate Aug 1/25	Proposed Rate Nov 1/25
Commodity Cost Balancing Deferral Rate Rider (\$/m ³)	\$0.0021	\$0.0041	\$0.0098	\$0.0085	\$0.0075

Figure 5.3 — Current and Historical Commodity Cost Balancing Deferral Rate Rider

As shown in the table in Figure 5.3, the forecasted CCBD account balance for October 31, 2025 will be collected from customers by way of a CCBD rate rider of \$0.0075/m³. The CCBD rate rider will then be incorporated into Centra's Delivery rates for Sales Service customers per the Board-approved methodology.

As part of its application to the Board, Centra submitted that the public disclosure of parts of its Gas Commodity cost forecast, Gas Commodity PGVA balances, and CCBD account balances could result in undue financial loss to Centra and its ratepayers, and undermine Centra's negotiating position for commodity, transportation, and storage services. This is as a result of the unlimited discretion afforded to TransCanada Pipelines Limited in establishing short-term firm and interruptible transportation tolls on the Canadian Mainline. Consequently, Centra filed a motion with the Board, pursuant to Rule 13 of the

⁴ Sales Service customers are those for which Centra arranges for the delivery of gas to the customer. Such customers include system supply customers paying a variable Gas Commodity rate as well as Fixed Rate Gas Commodity Service or Western Transportation Service customers paying fixed Gas Commodity rates through either Centra or gas marketers and brokers. Sales Service differs from Transportation Service where customers arrange for their own supply and delivery of gas to Centra's system.

Board's former *Rules of Practice and Procedure*, to receive certain specific information in Centra's application in confidence.

Figure 5.4 graphically shows the Gas Commodity Billed Rate and former Primary Gas Billed Rate from November 1, 2015 up to and including the proposed November 1, 2025 rate.

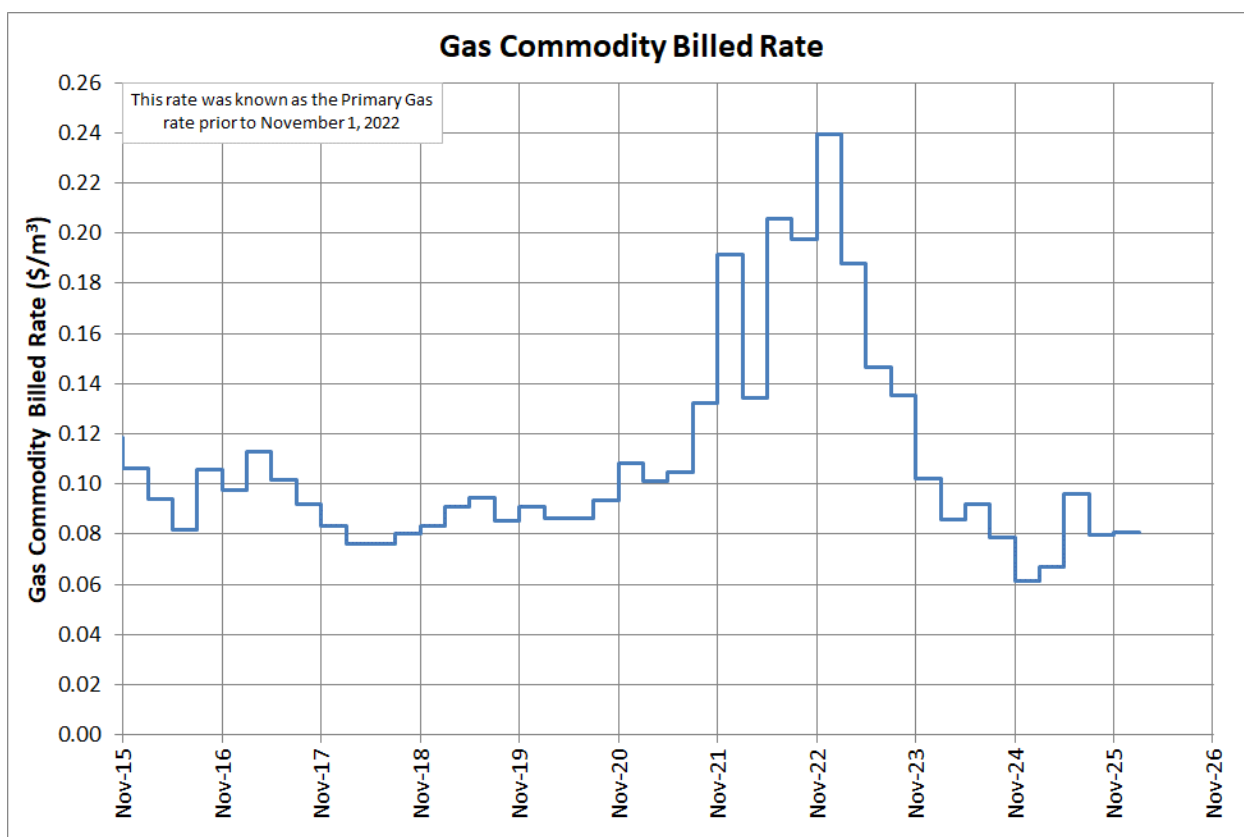


Figure 5.4 — Gas Commodity Billed Rate

6.0 BILL IMPACTS

As described above, Centra proposes new consumer sales rates effective November 1, 2025 to reflect the implementation of the changes approved in Order 120/25, the assumed approval of Centra's request to review and vary the order, as well as the proposed changes to the quarterly Gas Commodity rate and CCBD rate rider. The bill impacts resulting from these new proposed rates for November 1, 2025, as compared to the existing rates approved for August 1, 2025, are shown in Figure 6.1.

Customer Class	Bill Impact – 2024/25 GRA Compliance Filing and R&V Only	Bill Impact – Gas Commodity Rate Only	Combined Billed Rate Change Increase (Decrease)
Small General Service	5.0% - 8.5%	(0.1%) – (0.2%)	4.9% – 8.3%
Large General Service	5.5% - 8.2%	(0.2%)	5.3% – 8.0%
High Volume Firm (Sales Service)	(10.5%) - 2.1%	(0.2%) – (0.3%)	(10.6%) – 1.9%
High Volume Firm (Transportation Service)	7.0% - 7.9%	N/A	7.0% – 7.9%
Mainline (Sales Service)	(1.6%) – (1.8%) *	(0.2%) – (0.3%)	(1.9%) – (2.1%) *
Mainline (Transportation Service)	4.3% – 8.4%	N/A	4.3% – 8.4%
Interruptible	(1.4%) – (3.2%) *	(0.2%) – (0.3%)	(1.6%) – (3.5%) *

*Actual bill impact includes the effect of an updated natural gas volume forecast and prior period gas cost deferral account rate riders approved in Orders 125/24 and 129/24, which continue for the Mainline and Interruptible classes until October 31, 2026.

Figure 6.1 — Bill Impacts – By Application and Combined

The above results include the impacts of the following changes:

- A 4.5% general revenue increase taking effect November 1, 2025. This increase only applies to the non-gas cost portion of Centra's rates and therefore does not apply to gas commodity rates, which the Board approves on a quarterly basis;
- Changes to Centra's revenue requirement for 2025/26 per the Order 120/25 decisions;

- The amortization of the Impact of 2025 Depreciation Study Deferral Account;
- Updated class volume consumption forecasts based on the 2024 Natural Gas Volume Forecast approved in Order 120/25;
- Updated gas cost forecasts from those previously embedded in Centra's existing Delivery rates (upstream transportation portion) as well as in the existing quarterly Gas Commodity rate and CCBD rate rider; and
- Changes to Centra's cost of service study methodology per Order 120/25, which have varying effects on the allocated costs to be recovered from each customer class.

For the High Volume Firm class, the range of bill impacts shown in Figure 6.1 is also reflective of the updated gas volume forecast as well as the approved increase to the percentage of demand-related costs recovered through the demand charge from the existing 65% to 70% effective November 1, 2025. The latter change also contributes to a wider range of bill impacts for customers within the High Volume Firm class, depending on the individual customer's load factor.

Except for the Mainline and Interruptible customer classes, the bill impacts shown in Figure 6.1 also reflect the removal of the temporary rate riders approved in Orders 125/24 and 129/24, which refunded to customers an aggregate balance of \$5.1 million in previously incurred gas costs. Per Orders 125/24 and 129/24, the majority of these prior period gas cost deferral account rate riders were to remain in effect for 12 months effective November 1, 2024 and were therefore previously set to be removed for November 1, 2025. However, per Orders 125/24 and 129/24, the applicable prior period gas cost deferral account rate riders continue to apply to the Mainline and Interruptible customer classes until October 31, 2026.

For a typical residential customer (i.e., a customer within the Small General Service class with an average annual consumption of 1,973 m³ of gas), the combined impacts of the Order 120/25 decisions and the proposed changes to the quarterly Gas Commodity rate

and CCBD rate rider result in an annual bill increase of \$38 per year (an average of approximately \$3 per month), or 6.3% from the bill resulting from the existing August 1, 2025 rates. The combined annualized bill impacts for larger volume customers outside the Small General Service Class range from decreases of 10.6% to increases of 8.4%, depending on customer class and consumption levels.

Figure 6.2 illustrates the historical annual bill changes for residential customers only, dating back to 2015.

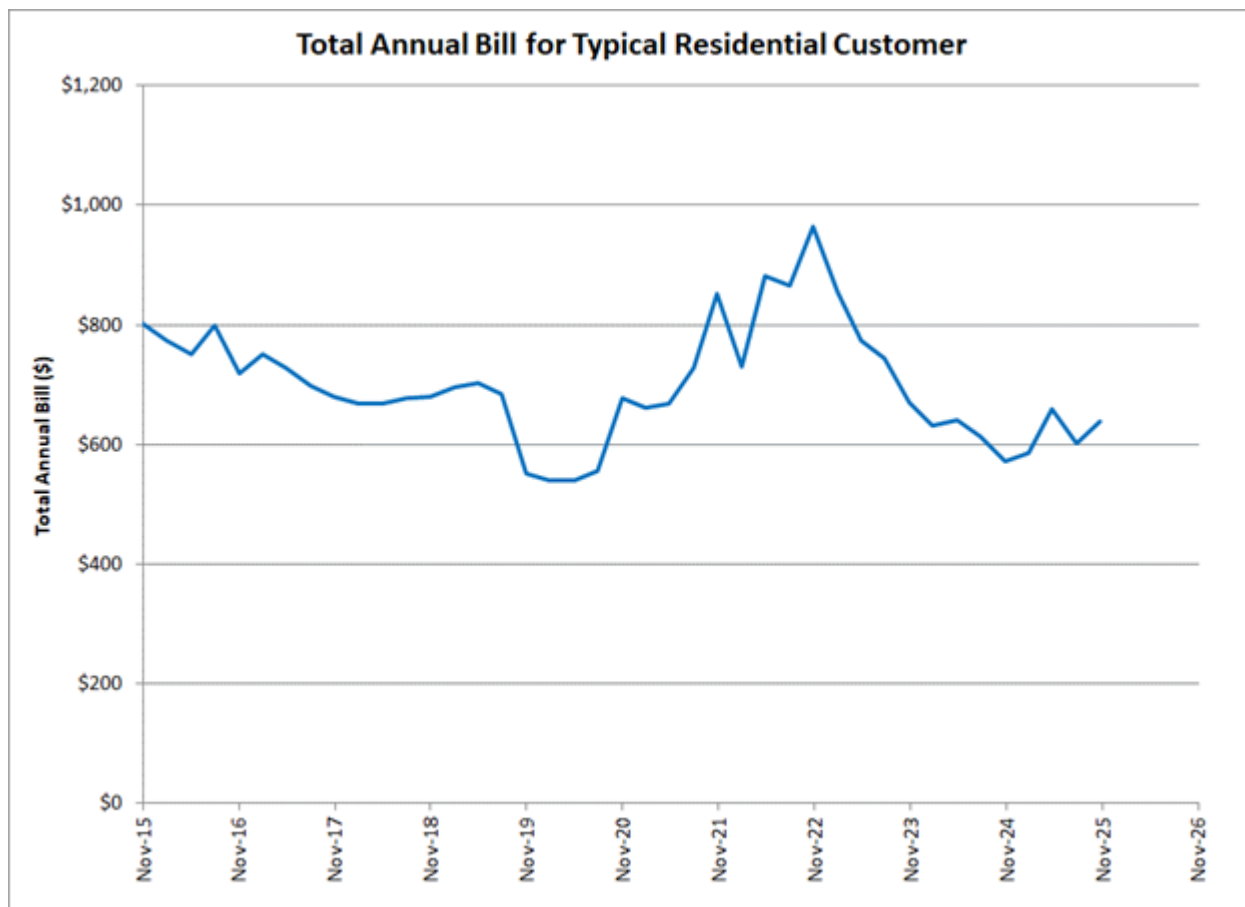


Figure 6.2 — Bill Changes for Typical Residential Customers since 2015⁵

⁵ The lower annual bills shown between November 1, 2019 and November 1, 2020 were primarily affected by temporary rate riders implemented following the 2019/20 Centra General Rate Application. These temporary rate riders were applied to address some outstanding Purchased Gas Variance Account accruals, which were refundable to customers, as well as to refund surplus Furnace Replacement Program

As described in section 3.0, the Order 120/25 decisions will also result in further changes to Centra's non-gas portion of rates effective November 1, 2026. These changes include, among other things, a further 4.0% general revenue increase, a further increase to the High Volume Firm percentage of demand-related costs recovered through the demand charge, as well as an increase to the Gas Commodity Overhead Rate effective November 1, 2026. The effects of these future changes are not included in the bill impacts shown above and will instead be addressed in a future Board Order for implementation on November 1, 2026.

funds to customers in the Small General Service class. Reference Orders 161/19 and 128/20 for more information.

7.0 **BOARD FINDINGS**

Following the Board's review of Centra's Order 120/25 compliance filing and Gas Commodity rate application for November 1, 2025, the Board approves Centra's proposed rate schedules for November 1, 2025 as filed. Appendix A presents the approved Base and Billed rates (including the temporary rate rider refunds for the Mainline and Interruptible customer classes), effective November 1, 2025. When compared to the August 1, 2025 rates, these approved rates give rise to the annualized bill impacts outlined in section 6.0 of this order.

7.1 **Compliance Filing**

The Board notes that Centra's compliance filing per Order 120/25 includes new information regarding the impacts of the 2024 Depreciation Study and the 2024 Natural Gas Volume Forecast on Centra's net income projections for the 2024/25 to 2026/27 Test Year period. Given the materiality of the changed assumptions, especially with respect to the 2024 Natural Gas Volume Forecast, it is important that Centra provide updated information to the Board in a timely manner and does not rely on, nor require the Board to rely on, outdated information. If such updated financial information is filed with the Board only after a final order is issued, there is a risk that the Board's rulings will not be just and reasonable. However, any situation in which the Board will consequently need to revise its rulings creates ratepayer uncertainty, additional administrative burden for the utility, and increased hearing-related costs.

Despite the above, the Board finds that the financial and rate schedules filed by Centra on October 15 and 21, 2025 properly reflect the direction set forth in Order 120/25. The schedules in Centra's Order 120/25 compliance filing include, among other things:

- Projected revenue requirements of \$386.9 million for fiscal year 2025/26 and \$415.2 million for fiscal year 2026/27;

- Updated rate base projections of \$787.9 million for 2024/25, \$815.0 million for 2025/26, and \$854.2 million for 2026/27, as well as an overall rate of return of 4.8% for both 2025/26 and 2026/27;
- Updated cost of service study results for fiscal years 2025/26 and 2026/27, which give rise to updated non-gas rates that will take effect either on November 1, 2025 or November 1, 2026, including a Gas Commodity Overhead Rate of \$0.00098/m³ for November 1, 2025 and \$0.00102/m³ for November 1, 2026; and
- A revised version of Centra's Terms and Conditions, which includes revised language in relation to the pricing of Alternate Supply gas offered to Interruptible customers, a revised description of the balancing tolerances applicable to Transportation Service customers, as well as increased company labour rates.

The Board accepts Centra's implementation of a new Cloud Computing Regulatory Deferral account per Directive 5.e) of Order 120/25 for the purposes of the utility's financial projections for 2024/25 through 2026/27. Further, the Board accepts the updated cost of service study results for 2025/26 as the basis for determining the non-gas portion of Centra's natural gas sales rates effective November 1, 2025. However, consistent with the directives outlined in Order 120/25, the updated cost of service study results for 2026/27 will not be implemented in Centra's non-gas rates until November 1, 2026, as part of a future Centra rate application and Board Order.

Consistent with Order 120/25 Directive 20, the Board notes that, despite the updated cost of service study results for 2025/26 and 2026/27, the Fixed Rate Gas Commodity Service program cost rate will remain at the existing \$0.02428/m³ until this rate is further reviewed at a future general rate application.

The Board approves Centra's revisions to the Terms and Conditions, including Centra's proposal to calculate the Transportation Service balancing tolerances based on a Transportation Service customer's consumption from October 1st to September 30th of each year. The Board finds that this definition of the 12-month period used for determining

the applicable Transportation Service balancing tolerance allows Centra to practically assess, and communicate to the affected customers, the applicable balancing tolerances in advance of a new gas year.

The Board further confirms that Centra's approved rate of return of 4.8% for 2025/26 and 2026/27, respectively, is to be used in the Board-approved financial feasibility test for natural gas service expansions until a further Order from the Board.

Given the above findings, the Board deems the Order 120/25 Directives 3, 5.a) through 5.e), 7, 28, 30, 34, 41.a) and b), 42, and 43 to be complete.

In regards to Directive 41.c), the Board finds that the results of the revised cost allocation methodology are not adequately broken down in the Order 120/25 compliance filing. The Board clarifies that the revised breakdowns sought for the integrated cost allocation methodology results for 2024/25, 2025/26, and 2026/27 are to be filed in the form of an updated response to minimum filing requirement #20 (including Attachment 1) from the 2024/25 GRA. In order to receive the above information, the Board sets aside Directive 41.c) of Order 120/25 and replaces it with a similar directive, but with a deferred filing date of April 1, 2026.

The Board accepts Centra's 2025-2029 Natural Gas Capital Investment Plan filed pursuant to Directive 41.d) of Order 120/25 and notes Centra's submission that its capital program is being evaluated to identify where reductions can be made to comply with the Board's directives in Order 120/25. The Board further accepts that the 2026-2030 plan is not yet fully approved, as Centra's 2026/27 budget still requires approval from both the Manitoba Hydro Electric Board and the Province of Manitoba. While the Board deems Directive 41.d) of Order 120/25 to be complete, the Board requires Centra to file, by April 1, 2026, the 2026-2030 Natural Gas Capital Investment Plan reflecting the reduced capital budgets approved in Order 120/25.

7.2 Request to Review and Vary Order 120/25

The Board approves Centra's application to set aside Directive 5.f) of Order 120/25. The Board finds that Centra has adequately clarified the utility's intention with respect to the Impact of the 2024 Depreciation Study Deferral Account, and that amortization over five years is consistent with the prior approach to new depreciation studies.

The Board further approves Centra's application to review and vary Directive 8 of Order 120/25 to allow the utility to implement the change to a three-factor allocation on a prospective basis, beginning with the 2025/26 fiscal year. While Order 120/25 was issued before the release of Centra's 2024/25 financial statements, the Board accepts Centra's submission that the statements were closed and that Centra is unable to restate its financials to reflect the changed cost allocation methodology.

However, the Board's approval of Centra's requests further highlights the need for regular and timely rate applications. It is not in the public interest for the Board to receive rate applications for a test year that need to be adjudicated when major aspects of Centra's revenue requirement, including allocated shared costs, are already a fait accompli and the remedies ordered by the Board in accordance with its regulatory rate setting authority cannot be implemented.

7.3 Quarterly Gas Commodity Rate

The Board finds that Centra's Gas Commodity rate application and supporting evidence of October 15 and 21, 2025 properly reflect the Board-approved Rate Setting Methodology, as well as the approval for the \$0.00098/m³ Gas Commodity Overhead Rate for November 1, 2025 (approved as part of the compliance filing approvals from section 7.1 of this order). The Board therefore approves Centra's application to amend the Gas Commodity rate and Commodity Cost Balancing Deferral rate rider. The Gas Commodity rate will increase to \$0.0805/m³ while the Commodity Cost Balancing Deferral rate rider will decrease to \$0.0075/m³ (owing to Centra) effective November 1, 2025.

Gas Commodity rate changes affect only those customers receiving quarterly-priced Gas Commodity from Centra. Customers on fixed-price contracts with either gas marketers or Centra are not affected.

The next review of the Gas Commodity rate and Commodity Cost Balancing Deferral rate rider will be for Gas Commodity consumed on or after February 1, 2026.

7.4 Other Matters

As contemplated in Orders 125/24 and 129/24, the Board approves, effective November 1, 2025, the removal of the temporary prior period gas cost deferral account rate riders for all customer classes other than the Mainline and Interruptible classes. Per Orders 125/24 and 129/24, these prior period gas cost deferral account rate riders continue to apply to the Mainline and Interruptible customer classes until October 31, 2026.

Centra must advise its customers of the natural gas sales rate changes approved in this order.

The Board considers Centra's request to limit access to the commercially sensitive information included in both the 2024/25 GRA compliance filing and the Gas Commodity rate application for November 1, 2025 to be appropriate and consistent with the factors set out in the former Rule 13, as it continues to apply to this application. In particular, the proposed redactions are consistent with similar information that has been routinely accepted as confidential during the 2024/25 GRA proceeding and in prior Board hearings. The public interest in protecting the confidentiality of this information outweighs the public interest in disclosure, as the public interest would likely be harmed if there was disclosure of Centra's confidential information. Accordingly, the Board orders that this information be held confidential.

8.0 IT IS THEREFORE ORDERED THAT:

1. The Schedules of Rates attached to this Order as Appendix "A", effective for all gas consumed on and after November 1, 2025, and reflective of the Board's direction in Order 120/25 and an updated forecast of Gas Commodity costs, **BE AND HEREBY IS APPROVED** on an interim basis and shall be in effect until confirmed or otherwise dealt with by a further Order of the Board.
2. Centra's proposed Gas Commodity Overhead Rates of \$0.00098/m³ for November 1, 2025 and \$0.00102/m³ for November 1, 2026 **BE AND HEREBY ARE APPROVED**.
3. Centra's proposed changes to the Schedule of Sales and Transportation Services and Rates, filed in response to Order 120/25, **BE AND HEREBY ARE APPROVED**.
4. Centra's revised rate base projections of \$787.9 million for Test Year 2024/25, \$815.0 million for Test Year 2025/26, and \$854.2 million for Test Year 2026/27, as well as an overall rate of return of 4.8% for 2025/26 and 2026/27 **BE AND HEREBY ARE APPROVED**.
5. Directives 5.f) and 41.c) of Order 120/25 are set aside.
6. Directive 8 of Order 120/25 **BE AND HEREBY IS VARIED** to strike out "beginning with the 2024/25 test year" and substitute "beginning with the 2025/26 fiscal year".
7. Centra is directed to file, by no later than April 1, 2026, revised breakdowns of the integrated cost allocation methodology results for 2024/25, 2025/26, and 2026/27 reflecting the changes approved in Order 120/25. These breakdowns are to be filed in the form of a revised version of Centra's response to minimum filing requirement #20 (with Attachment 1) from the 2024/25 general rate application.
8. Centra is directed to file, by no later than April 1, 2026, the 2026-2030 Natural Gas Asset Management Capital Investment Plans reflecting the reduced capital budgets approved in Order 120/25.
9. Centra's motions for confidentiality under Rule 13 of the Board's former *Rules of Practice and Procedure* regarding for specific information included in the 2024/25

general rate application compliance filing and the quarterly Gas Commodity rate application for November 1, 2025 **BE AND HEREBY IS APPROVED.**


Board decisions may be appealed in accordance with the provisions of Section 58 of *The Public Utilities Board Act*, or reviewed in accordance with Section 58 of the Board's Rules of Practice and Procedure. The Board's Rules may be viewed on the Board's website at www.pubmanitoba.ca.

THE PUBLIC UTILITIES BOARD

"Marilyn Kapitany, B.Sc.(Hon), M.Sc."
Panel Chair

"Rachel McMillin, B.Sc., MPA"
Secretary

Certified a true copy of Order No. 138/25
issued by The Public Utilities Board


Secretary

CENTRA GAS MANITOBA INC.
FIRM SALES AND DELIVERY SERVICES
RATES SCHEDULES (BASE RATES ONLY - NO RIDERS)

1	Territory:	Entire natural gas service area of Company, including all zones				
2						
3	Availability:					
4	SGC:	For gas supplied through one domestic-sized meter.				
5	LGC:	For gas delivered through one meter at annual volumes less than 680,000 m ³				
6	HVF:	For gas delivered through one meter at annual volumes greater than 680,000 m ³				
7	MLC:	For gas delivered through one meter to customers served from the Transmission system				
8	Special Contract:	For gas delivered under the terms of a Special Contract with the Company				
9	Power Station:	For gas delivered under the terms of a Special Contract with the Company				
10						
11	Rates:		<u>Sales Service</u>			<u>T-Service</u>
			<u>Transportation</u>	<u>Distribution to</u>		<u>Distribution</u>
		<u>Gas Commodity</u>	<u>to</u>	<u>Customer</u>	<u>Delivery</u> ¹⁾	<u>to Customer</u>
			<u>Centra</u>			<u>(Delivery</u> ²⁾
			<u>1</u>	<u>2</u>	<u>1+2</u>	
12						
13	Basic Monthly Charge: (\$/month)					
14	Small General Class (SGC)	N/A	N/A	\$14.75	N/A	N/A
15	Large General Class (LGC)	N/A	N/A	\$85.00	N/A	N/A
16	High Volume Firm (HVF)	N/A	N/A	\$1,308.60	N/A	\$1,308.60
17	Main Line Class (MLC)	N/A	N/A	\$1,306.98	N/A	\$1,306.98
18	Special Contract	N/A	N/A	N/A	N/A	\$89,249.92
19	Power Station	N/A	N/A	N/A	N/A	\$72,447.88
20						
21	Monthly Demand Charge (\$/m³/month)					
22	High Volume Firm Class (HVF)	N/A	\$0.2407	\$0.2524	\$0.4931	\$0.2524
23	Main Line Class (MLC)	N/A	\$0.2524	\$0.2272	\$0.4796	\$0.2272
24	Special Contract	N/A	N/A	N/A	N/A	N/A
25	Power Station	N/A	N/A	N/A	N/A	\$0.0000
26						
27	Commodity Volumetric Charge: (\$/m³)					
28	Small General Class (SGC)	\$0.0992	\$0.0458	\$0.1004	\$0.1462	N/A
29	Large General Class (LGC)	\$0.0992	\$0.0437	\$0.0574	\$0.1011	N/A
30	High Volume Firm (HVF)	\$0.0992	\$0.0115	\$0.0126	\$0.0241	\$0.0126
31	Main Line Class (MLC)	\$0.0992	\$0.0028	\$0.0030	\$0.0058	\$0.0030
32	Special Contract	N/A	N/A	N/A	N/A	\$0.0001
33	Power Station	N/A	N/A	N/A	N/A	\$0.0030
34						
35	¹ Delivery Rate (Sales Service) represents combined Transportation to Centra and Distribution to Customers Rates					
36	² Delivery Rate (T-Service) equals to Distribution Rate					
37						
38	Minimum Monthly Bill:	Equal to the Basic Monthly Charge as described above, plus Demand Charge as appropriate.				
39						
40	Effective:	Rates to be charged for all billings based on gas consumed on and after November 1, 2025				

Approved by Board Order: 138/25
Effective from: November 1, 2025
Date Implemented: November 1, 2025

Supersedes Board Order: 105/25
Supersedes: August 1, 2025 Rates

CENTRA GAS MANITOBA INC.
INTERRUPTIBLE SALES AND DELIVERY SERVICES
RATE SCHEDULES (BASE RATES ONLY - NO RIDERS)

1	Territory:	Entire natural gas service area of Company, including all zones.				
2						
3	Availability:	For any Consumer at one location whose annual natural gas requirements equal or exceed 680,000m ³ and who contracts for such service for a minimum of one year, or who received Interruptible Service continuously since December 31, 1996. Service under this rate shall be limited to the extent that the Company considers it has available natural gas supplies and/or capacity to provide delivery service.				
4						
5	Rates:		<u>Sales Service</u>			<u>T-Service</u>
6			<u>Transportation</u>	<u>Distribution to</u>		<u>Distribution to</u>
		<u>Gas Commodity</u>	<u>to</u>	<u>Customer</u>	<u>Delivery</u> ¹⁾	<u>Customer</u>
			<u>1</u>	<u>2</u>	<u>1+2</u>	<u>(Delivery</u> ²⁾
7						
8	Basic Monthly Charge: (\$/month)					
9	Interruptible Service	N/A	N/A	\$1,409.45	N/A	\$1,409.45
10	Mainline Interruptible (with firm delivery)	N/A	N/A	\$1,306.98	N/A	\$1,306.98
11						
12	Monthly Demand Charge (\$/m³/month)					
13	Interruptible Service	N/A	\$0.0777	\$0.2297	\$0.3074	\$0.2297
14	Mainline Interruptible (with firm delivery)	N/A	\$0.1195	\$0.2272	\$0.3467	\$0.2272
15						
16	Commodity Volumetric Charge: (\$/m³)					
17	Interruptible Service	\$0.0992	\$0.0061	\$0.0129	\$0.0190	\$0.0129
18	Mainline Interruptible (with firm delivery)	\$0.0992	\$0.0030	\$0.0030	\$0.0060	\$0.0030
19						
20	Alternate Supply Service:			Negotiated		
21	Gas Supply (Interruptible Sales and Mainline Interruptible)			Cost of Gas		
22	Delivery - Interruptible Class			\$0.0129		
23	Delivery - Mainline Interruptible Class			\$0.0030		
24						
25	¹ Delivery Rate (Sales Service) represents combined Transportation to Centra and Distribution to Customers Rates					
26	² Delivery Rate (T-Service) equals to Distribution Rate					
27						
28	Minimum Monthly Bill:	Equal to Basic Monthly Charge as described above, plus Demand charges as appropriate.				
29						
30	Effective:	Rates to be charged for all billings based on gas consumed on and after November 1, 2025				

Approved by Board Order: 138/25
Effective from: November 1, 2025
Date Implemented: November 1, 2025

Supersedes Board Order: 105/25
Supersedes: August 1, 2025 Rates

CENTRA GAS MANITOBA INC.
FIRM SALES AND DELIVERY SERVICES
RATES SCHEDULES (BASE RATES PLUS RIDERS)

1	Territory:	Entire natural gas service area of Company, including all zones				
2						
3	Availability:					
4	SGC:	For gas supplied through one domestic-sized meter.				
5	LGC:	For gas delivered through one meter at annual volumes less than 680,000 m ³				
6	HVF:	For gas delivered to natural gas distribution cooperatives				
7	MLC:	For gas delivered through one meter to customers served from the Transmission system				
8	Special Contract:	For gas delivered under the terms of a Special Contract with the Company				
9	Power Station:	For gas delivered under the terms of a Special Contract with the Company				
10						
11	Rates:		Sales Service			T-Service
			Transportation to Centra	Distribution to Customer	Delivery ¹⁾	Distribution to Customer (Delivery²⁾
12		Gas Commodity	1	2	1+2	
13	Basic Monthly Charge: (\$/month)					
14	Small General Class (SGC)	N/A	N/A	\$14.75	N/A	N/A
15	Large General Class (LGC)	N/A	N/A	\$85.00	N/A	N/A
16	High Volume Firm (HVF)	N/A	N/A	\$1,308.60	N/A	\$1,308.60
17	Main Line Class (MLC)	N/A	N/A	\$1,306.98	N/A	\$1,306.98
18	Special Contract	N/A	N/A	N/A	N/A	\$89,249.92
19	Power Station	N/A	N/A	N/A	N/A	\$72,447.88
20						
21	Monthly Demand Charge (\$/m³/month)					
22	High Volume Firm Class (HVF)	N/A	\$0.2407	\$0.2524	\$0.4931	\$0.2524
23	Main Line Class (MLC)	N/A	\$0.4050	\$0.2271	\$0.6321	\$0.2271
24	Special Contract	N/A	N/A	N/A	N/A	N/A
25	Power Station	N/A	N/A	N/A	N/A	\$0.0000
26						
27	Commodity Volumetric Charge: (\$/m³)					
28	Small General Class (SGC) ²	\$0.0805	\$0.0458	\$0.1079	\$0.1537	N/A
29	Large General Class (LGC)	\$0.0805	\$0.0437	\$0.0649	\$0.1086	N/A
30	High Volume Firm (HVF)	\$0.0805	\$0.0115	\$0.0201	\$0.0316	\$0.0126
31	Main Line Class (MLC)	\$0.0805	\$0.0086	\$0.0138	\$0.0224	\$0.0021
32	Special Contract	N/A	N/A	N/A	N/A	\$0.0001
33	Power Station	N/A	N/A	N/A	N/A	\$0.0030
34						
35	¹ Delivery Rate (Sales Service) represents combined Transportation to Centra and Distribution to Customers Rates					
36	² Delivery Rate (T-Service) equals to Distribution Rate					
37						
38						
39	Minimum Monthly Bill:	Equal to the Basic Monthly Charge as described above, plus Demand Charge as appropriate.				
40						
41	Effective:	Rates to be charged for all billings based on gas consumed on and after November 1, 2025				

Approved by Board Order: 138/25
Effective from: November 1, 2025
Date Implemented: November 1, 2025

Supersedes Board Order: 105/25
Supersedes: August 1, 2025 Rates

CENTRA GAS MANITOBA INC.
INTERRUPTIBLE SALES AND DELIVERY SERVICES
RATE SCHEDULES (BASE RATES PLUS RIDERS)

1	Territory:	Entire natural gas service area of Company, including all zones.				
2						
3	Availability:	For any Consumer at one location whose annual natural gas requirements equal or exceed 680,000m ³ and who contracts for such service for a minimum of one year, or who received Interruptible Service continuously since December 31, 1996. Service under this rate shall be limited to the extent that the Company considers it has available natural gas supplies and/or capacity to provide delivery service.				
4						
5	Rates:		<u>Sales Service</u>			<u>T-Service</u>
6			<u>Transportation</u>	<u>Distribution to</u>		<u>Distribution to</u>
		<u>Gas Commodity</u>	<u>to</u>	<u>Customer</u>	<u>Delivery</u> ¹⁾	<u>Customer</u>
			<u>1</u>	<u>2</u>	<u>1+2</u>	<u>(Delivery</u> ²⁾
7						
8	Basic Monthly Charge: (\$/month)					
9	Interruptible Service	N/A	N/A	\$1,409.45	N/A	\$1,409.45
10	Mainline Interruptible (with firm delivery)	N/A	N/A	\$1,306.98	N/A	\$1,306.98
11						
12	Monthly Demand Charge (\$/m³/month)					
13	Interruptible Service	N/A	\$0.1398	\$0.2299	\$0.3697	\$0.2299
14	Mainline Interruptible (with firm delivery)	N/A	\$0.1816	\$0.2271	\$0.4087	\$0.2271
15						
16	Commodity Volumetric Charge: (\$/m³)					
17	Interruptible Service	\$0.0805	\$0.0031	\$0.0236	\$0.0267	\$0.0086
18	Mainline Interruptible (with firm delivery)	\$0.0805	\$0.0000	\$0.0138	\$0.0138	\$0.0021
19						
20	Alternate Supply Service:			Negotiated		
21	Gas Supply (Interruptible Sales and Mainline Interruptible)			Cost of Gas		
22	Delivery - Interruptible Class			\$0.0129		
23	Delivery - Mainline Interruptible Class			\$0.0030		
24						
25	¹ Delivery Rate (Sales Service) represents combined Transportation to Centra and Distribution to Customers Rates					
26	² Delivery Rate (T-Service) equals to Distribution Rate					
27						
28	Minimum Monthly Bill:	Equal to Basic Monthly Charge as described above, plus Demand charges as appropriate.				
29						
30	Effective:	Rates to be charged for all billings based on gas consumed on and after November 1, 2025				

Approved by Board Order: 138/25
Effective from: November 1, 2025
Date Implemented: November 1, 2025

Supersedes Board Order: 105/25
Supersedes: August 1, 2025 Rates