ELECTRIC GENERAL RATE APPLICATION 2015

Manitoba Hydro Undertaking #42

Manitoba Hydro to file the EBITDA interest coverage ratio.

Response:

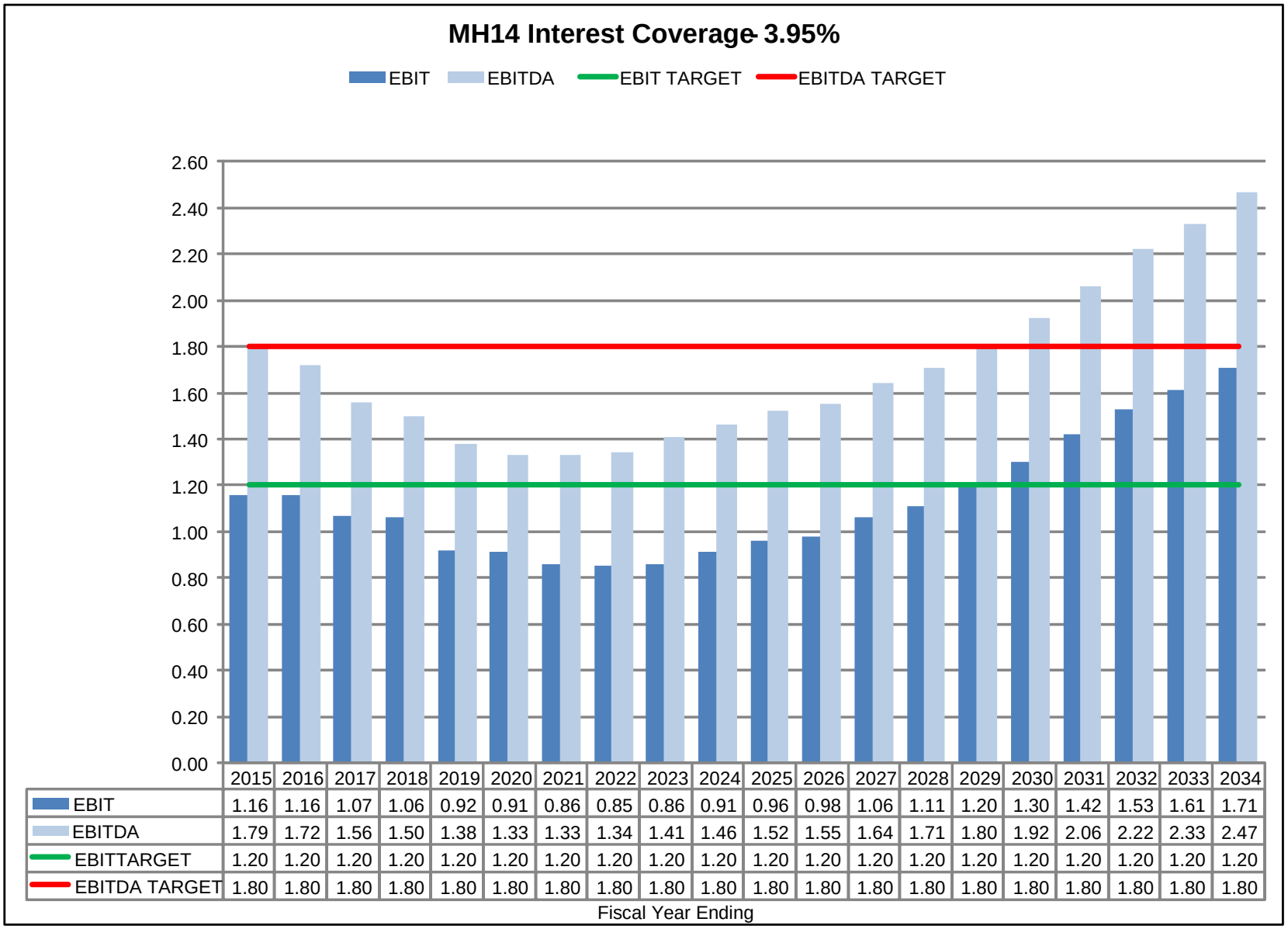
The following figures provide the comparisons of the EBIT Ratio and the EBITDA Interest Coverage Ratio for MH14 and the 2% Alternate Rate Increase Scenario.

The following is the calculation for the EBITDA Interest Coverage Ratio:

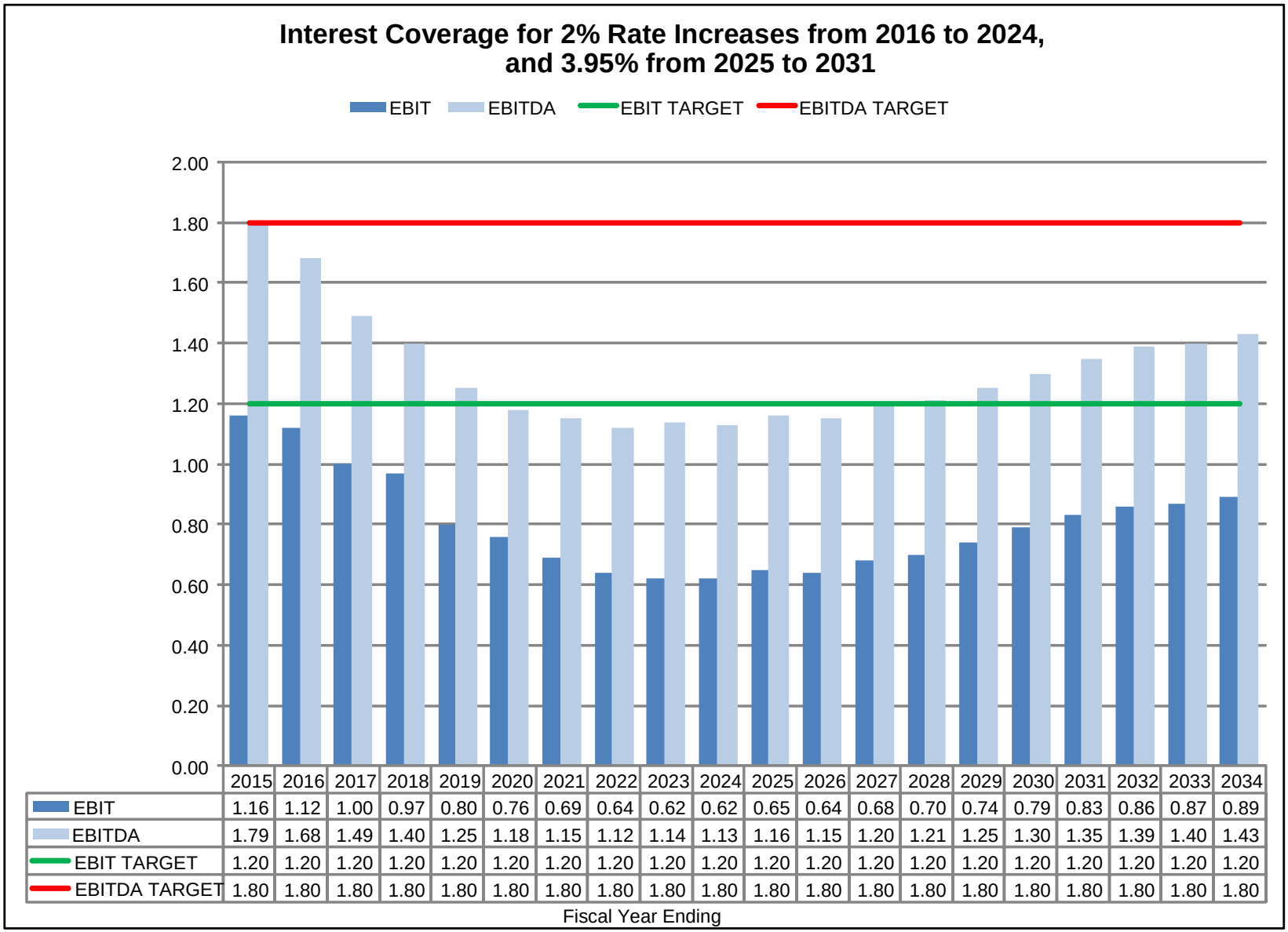
$$\frac{(A+B+C+\mathbf{D})}{(B+C)}$$

where,
A = Net Income
B = Finance Expense
C = Capitalized Interest
D = Depreciation & Amortization Expense

Note that the interest coverage target would be recalibrated from 1.20 under an EBIT Interest Coverage Ratio to 1.80 under the EBITDA Interest Coverage Ratio calculation.



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
EBIT	1.16	1.16	1.07	1.06	0.92	0.91	0.86	0.85	0.86	0.91	0.96	0.98	1.06	1.11	1.20	1.30	1.42	1.53	1.61	1.71
EBITDA	1.79	1.72	1.56	1.50	1.38	1.33	1.33	1.34	1.41	1.46	1.52	1.55	1.64	1.71	1.80	1.92	2.06	2.22	2.33	2.47
EBITTARGET	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
EBITDA TARGET	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
EBIT	1.16	1.12	1.00	0.97	0.80	0.76	0.69	0.64	0.62	0.62	0.65	0.64	0.68	0.70	0.74	0.79	0.83	0.86	0.87	0.89
EBITDA	1.79	1.68	1.49	1.40	1.25	1.18	1.15	1.12	1.14	1.13	1.16	1.15	1.20	1.21	1.25	1.30	1.35	1.39	1.40	1.43
EBIT TARGET	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
EBITDA TARGET	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80