
2017/18 & 2018/19 ELECTRIC GENERAL RATE APPLICATION**Manitoba Hydro Undertaking #9**

For Manitoba Hydro to reproduce page 83 inclusive of a column of maximum net debt with the year of that maximum net debt.

Response:

Please see the table below.

The figure for “Negative Net Income” for the row showing Coalition/MH II-19 has been corrected from \$327 M (as shown at Tab 9 of MIPUG’s Book of Documents) to \$347 M. The figure for the Maximum Long-Term Debt for the NFAT Plan 5 has been corrected from \$22.447 B (as shown in Tab 9 of MIPUG’s Book of Documents) to \$22.490 B. Manitoba Hydro has also provided more detail around the rate increases assumed in each fiscal year in the column “Long Term Rate Increase”. A column showing maximum net debt has been added.

Please also find as an Attachment to this Undertaking the projected financial statements for the scenario in Coalition/MH II-19 updated to reflect a 20-year Weighted Average Term to Maturity.

	Long Term Rate Increase	25% Equity Ratio	Maximum Long-Term Debt	Minimum Equity	Negative Net Income	Retained Earnings at 2033/34	Maximum Net Debt
NFAT Plan 5 - High Keeyask Level 2 DSM	3.95% in 2014/15; 3.99% 2015/16 to 2031/32	2031/32	\$22.490 B in 2023/24	8% in 2021/22 - 2023/24	Total of \$638 M in 8 years during 2015/16 - 2022/23	\$6.659 B	\$21.606 B in 2022/23
MH14	3.95% 2015/16 to 2030/31	2033/34	\$24.476 B in 2028/29	10% in 2022/23 - 2026/27	Total of \$977 M in 8 years during 2018/19 - 2025/26	\$5.557 B	\$23.227 B in 2024/25
MH15	3.95% 2016/17 to 2028/29	2031/32	\$23.495 B in 2026/27	12% in 2021/22 - 2023/24	Total of \$58 M in 3 years during 2018/19 - 2022/23	\$7.402 B	\$22.589 B in 2021/22
Coalition/MH II-19 (Based on MH16 Update with Interim)	3.36% in 2017/18; 4.14% 2018/19 to 2033/34	2033/34	\$24.972 B in 2027/28	12% in 2025/26 - 2026/27	Total of \$347 M in 4 years during 2023/24 - 2026/27	\$6.385 B	\$24.506 B in 2022/23
Coalition/MH II-19, 20 Year WATM (Based on MH16 Update with Interim)	3.36% in 2017/18; 4.34% 2018/19 to 2033/34	2033/34	\$25.315 B in 2028/29	11% in 2025/26 - 2026/27	Total of \$507 M in 5 years during 2022/23 - 2026/27	\$6.377 B	\$24.692 B in 2025/26

**ELECTRIC OPERATIONS
PROJECTED OPERATING STATEMENT
COALITION/MH II-19 Reflecting 20 Year WATM
(In Millions of Dollars)**

For the year ended March 31

	ACTUAL										
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
REVENUES											
Domestic Revenue at approved rates	1 515	1 578	1 565	1 551	1 537	1 544	1 542	1 542	1 553	1 567	1 583
additional*	-	37	122	194	267	347	429	514	608	708	815
BPIII Reserve Account	(96)	(151)	3	79	79	79	79	26	-	-	-
Extraprovincial	460	514	469	420	567	693	779	788	805	667	671
Other	28	30	31	31	33	33	34	34	35	35	36
	1 907	2 008	2 190	2 276	2 483	2 698	2 863	2 905	3 000	2 977	3 104
EXPENSES											
Operating and Administrative	536	518	501	511	513	524	536	548	559	571	583
Finance Expense	608	590	698	781	874	956	1 210	1 255	1 266	1 262	1 277
Finance Income	(17)	(17)	(21)	(29)	(35)	(34)	(37)	(12)	(14)	(14)	(14)
Depreciation and Amortization	375	396	471	515	555	597	689	714	726	739	752
Water Rentals and Assessments	131	130	120	110	113	117	127	128	131	131	131
Fuel and Power Purchased	132	124	140	158	165	156	140	135	138	127	129
Capital and Other Taxes	119	132	145	154	161	165	174	174	175	175	175
Other Expenses	60	116	109	481	94	92	71	64	67	71	76
Corporate Allocation	8	8	8	8	8	8	8	8	8	8	8
	1 952	1 998	2 171	2 691	2 448	2 581	2 920	3 014	3 057	3 071	3 116
Net Income before Net Movement in Reg. Deferral	(46)	10	19	(415)	35	116	(57)	(108)	(57)	(94)	(12)
Net Movement in Regulatory Deferral	66	72	114	464	71	64	43	(48)	(50)	(49)	(45)
Non-recurring Gain	20	-	-	-	-	-	-	-	-	-	-
Net Income	41	82	133	49	106	180	(14)	(156)	(106)	(143)	(57)
Net Income Attributable to:											
Manitoba Hydro before Non-recurring Item	33	90	134	47	101	171	(24)	(167)	(109)	(145)	(61)
Non-recurring Gain	20	-	-	-	-	-	-	-	-	-	-
Manitoba Hydro	53	90	134	47	101	171	(24)	(167)	(109)	(145)	(61)
Non-controlling Interest	(12)	(8)	(1)	2	5	9	10	11	3	2	3
	41	82	133	49	106	180	(14)	(156)	(106)	(143)	(57)
* Additional Domestic Revenue											
Percent Increase		3.36%	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%
Cumulative Percent Increase		3.36%	7.85%	12.53%	17.41%	22.51%	27.82%	33.37%	39.16%	45.20%	51.50%
Financial Ratios											
Equity	16%	15%	14%	13%	13%	14%	12%	12%	12%	11%	11%
EBITDA Interest Coverage	1.51	1.53	1.62	1.55	1.59	1.67	1.58	1.52	1.57	1.56	1.63
Capital Coverage	1.53	1.39	1.34	1.17	1.41	1.65	1.38	1.31	1.31	1.22	1.34

**ELECTRIC OPERATIONS
PROJECTED OPERATING STATEMENT
COALITION/MH II-19 Reflecting 20 Year WATM
(In Millions of Dollars)**

For the year ended March 31

	2028	2029	2030	2031	2032	2033	2034	2035	2036
REVENUES									
Domestic Revenue at approved rates	1 599	1 614	1 630	1 647	1 673	1 701	1 729	1 757	1 786
additional*	928	1 048	1 175	1 310	1 461	1 623	1 796	1 897	2 003
BPIII Reserve Account	-	-	-	-	-	-	-	-	-
Extraprovincial	662	677	697	709	705	701	696	694	602
Other	36	37	38	38	39	40	40	40	41
	3 226	3 376	3 540	3 705	3 879	4 065	4 261	4 388	4 432
EXPENSES									
Operating and Administrative	595	607	620	633	646	660	674	688	702
Finance Expense	1 282	1 274	1 260	1 232	1 185	1 169	1 150	1 128	1 088
Finance Income	(16)	(19)	(26)	(31)	(37)	(54)	(76)	(102)	(114)
Depreciation and Amortization	765	776	790	805	822	840	856	872	888
Water Rentals and Assessments	132	132	132	133	133	133	134	134	134
Fuel and Power Purchased	131	134	138	147	129	128	134	143	133
Capital and Other Taxes	176	177	178	179	180	182	183	184	191
Other Expenses	79	84	87	87	89	91	92	95	96
Corporate Allocation	8	8	6	4	4	4	4	4	4
	3 152	3 173	3 185	3 190	3 151	3 153	3 151	3 146	3 123
Net Income before Net Movement in Reg. Deferral	74	203	355	515	728	912	1 110	1 243	1 309
Net Movement in Regulatory Deferral	(44)	(40)	(35)	(33)	(31)	(28)	(28)	(28)	(30)
Non-recurring Gain	-	-	-	-	-	-	-	-	-
Net Income	31	163	320	482	697	884	1 081	1 214	1 279
Net Income Attributable to:									
Manitoba Hydro before Non-recurring Item	26	157	312	472	686	871	1 067	1 198	1 263
Non-recurring Gain	-	-	-	-	-	-	-	-	-
Manitoba Hydro	26	157	312	472	686	871	1 067	1 198	1 263
Non-controlling Interest	4	6	8	10	11	13	14	16	16
	31	163	320	482	697	884	1 081	1 214	1 279
* Additional Domestic Revenue									
Percent Increase	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%	2.00%	2.00%
Cumulative Percent Increase	58.08%	64.94%	72.10%	79.57%	87.36%	95.49%	103.97%	108.05%	112.22%
Financial Ratios									
Equity	12%	12%	13%	15%	18%	21%	25%	29%	34%
EBITDA Interest Coverage	1.70	1.82	1.97	2.14	2.39	2.61	2.86	3.09	3.27
Capital Coverage	1.47	1.61	1.88	2.01	2.31	2.54	2.79	2.72	2.76

**ELECTRIC OPERATIONS
PROJECTED BALANCE SHEET
COALITION/MH II-19 Reflecting 20 Year WATM
(In Millions of Dollars)**

For the year ended March 31

	ACTUAL										
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
ASSETS											
Plant in Service	13 065	13 679	19 062	19 684	20 747	26 166	30 501	31 031	31 667	32 331	32 942
Accumulated Depreciation	(972)	(1 301)	(1 731)	(2 178)	(2 616)	(3 125)	(3 705)	(4 328)	(4 942)	(5 607)	(6 212)
Net Plant in Service	12 093	12 378	17 332	17 506	18 131	23 042	26 796	26 703	26 724	26 725	26 730
Construction in Progress	7 079	9 471	6 745	7 523	8 012	3 837	370	457	421	417	414
Current and Other Assets	1 773	1 913	2 193	2 467	2 695	1 914	1 499	1 542	1 552	1 781	1 686
Goodwill and Intangible Assets	327	541	782	926	1 348	1 302	1 256	1 211	1 167	1 123	1 081
Total Assets before Regulatory Deferral	21 272	24 304	27 051	28 421	30 187	30 094	29 920	29 912	29 864	30 046	29 911
Regulatory Deferral Balance	462	533	647	1 111	1 182	1 246	1 289	1 241	1 192	1 143	1 098
	21 733	24 837	27 698	29 533	31 369	31 340	31 209	31 154	31 055	31 189	31 009
LIABILITIES AND EQUITY											
Long-Term Debt	15 725	18 141	21 376	22 389	23 594	23 639	24 664	24 547	24 259	23 998	24 840
Current and Other Liabilities	3 204	3 644	3 052	3 823	4 369	4 155	3 036	3 195	3 484	4 013	3 042
Provisions	70	50	49	48	46	45	43	42	41	40	39
Deferred Revenue	450	465	491	520	542	551	561	571	582	593	603
BPIII Reserve Account	196	347	344	265	185	106	26	(0)	(0)	(0)	(0)
Retained Earnings	2 749	2 839	2 973	3 020	3 121	3 292	3 268	3 101	2 991	2 846	2 785
Accumulated Other Comprehensive Income	(709)	(699)	(636)	(580)	(537)	(496)	(439)	(351)	(350)	(349)	(349)
Total Liabilities and Equity before Regulatory Deferral	21 684	24 788	27 649	29 484	31 321	31 292	31 160	31 105	31 007	31 140	30 960
Regulatory Deferral Balance	49	49	49	49	49	49	49	49	49	49	49
	21 733	24 837	27 698	29 533	31 369	31 340	31 209	31 154	31 055	31 189	31 009
Net Debt	15 427	18 474	20 819	22 638	23 769	24 427	24 651	24 653	24 654	24 692	24 656
Total Equity	2 856	3 160	3 430	3 531	3 657	3 835	3 504	3 420	3 325	3 194	3 147
Equity Ratio	16%	15%	14%	13%	13%	14%	12%	12%	12%	11%	11%

**ELECTRIC OPERATIONS
PROJECTED BALANCE SHEET
COALITION/MH II-19 Reflecting 20 Year WATM
(In Millions of Dollars)**

For the year ended March 31

	2028	2029	2030	2031	2032	2033	2034	2035	2036
ASSETS									
Plant in Service	33 550	34 296	34 956	35 787	36 563	37 358	38 102	38 904	39 972
Accumulated Depreciation	(6 906)	(7 602)	(8 311)	(9 040)	(9 788)	(10 576)	(11 365)	(12 168)	(12 975)
Net Plant in Service	26 644	26 693	26 645	26 747	26 776	26 782	26 737	26 737	26 997
Construction in Progress	495	457	493	403	377	369	409	464	260
Current and Other Assets	2 074	2 485	3 062	2 823	3 602	4 543	5 729	6 960	7 995
Goodwill and Intangible Assets	1 040	1 001	962	924	885	848	810	773	736
Total Assets before Regulatory Deferral	30 254	30 637	31 161	30 896	31 640	32 541	33 685	34 933	35 988
Regulatory Deferral Balance	1 055	1 014	980	947	916	888	860	832	802
	31 308	31 651	32 141	31 843	32 556	33 430	34 545	35 764	36 790
LIABILITIES AND EQUITY									
Long-Term Debt	25 172	25 315	24 702	24 672	24 695	24 659	24 663	24 302	24 186
Current and Other Liabilities	2 972	3 007	3 788	3 038	3 033	3 063	3 097	3 469	3 337
Provisions	38	37	36	35	34	33	32	31	30
Deferred Revenue	615	624	634	644	654	665	676	687	699
BPIII Reserve Account	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Retained Earnings	2 812	2 969	3 281	3 754	4 439	5 311	6 377	7 576	8 838
Accumulated Other Comprehensive Income	(349)	(349)	(349)	(349)	(349)	(349)	(349)	(349)	(349)
Total Liabilities and Equity before Regulatory Deferral	31 259	31 602	32 092	31 794	32 507	33 381	34 496	35 716	36 741
Regulatory Deferral Balance	49	49	49	49	49	49	49	49	49
	31 308	31 651	32 141	31 843	32 556	33 430	34 545	35 764	36 790
Net Debt	24 521	24 276	23 857	23 309	22 533	21 570	20 401	19 156	17 852
Total Equity	3 188	3 351	3 671	4 151	4 845	5 725	6 800	8 008	9 280
Equity Ratio	12%	12%	13%	15%	18%	21%	25%	29%	34%

ELECTRIC OPERATIONS
PROJECTED CASH FLOW STATEMENT
COALITION/MH II-19 Reflecting 20 Year WATM
(In Millions of Dollars)

For the year ended March 31

	ACTUAL										
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
OPERATING ACTIVITIES											
Cash Receipts from Customers	1 901	2 152	2 176	2 186	2 392	2 606	2 771	2 866	2 987	2 964	3 091
Cash Paid to Suppliers and Employees	(555)	(892)	(843)	(870)	(885)	(894)	(903)	(935)	(953)	(952)	(966)
Interest Paid	(553)	(532)	(652)	(734)	(814)	(908)	(1 156)	(1 223)	(1 236)	(1 235)	(1 252)
Interest Received	17	5	12	22	26	20	6	4	7	6	8
	<u>810</u>	<u>733</u>	<u>692</u>	<u>605</u>	<u>719</u>	<u>823</u>	<u>717</u>	<u>713</u>	<u>806</u>	<u>783</u>	<u>881</u>
FINANCING ACTIVITIES											
Proceeds from Long-Term Debt	2 166	3 468	3 600	2 360	2 590	1 180	1 370	390	390	950	990
Sinking Fund Withdrawals	146	0	0	120	318	813	182	54	348	154	251
Sinking Fund Payment	(146)	(182)	(222)	(260)	(296)	(353)	(248)	(259)	(269)	(265)	(271)
Retirement of Long-Term Debt	(320)	(407)	(1 002)	(349)	(1 293)	(1 366)	(1 141)	(290)	(412)	(715)	(1 178)
Other	(5)	(10)	(10)	(11)	(11)	(11)	11	(5)	(5)	(5)	(5)
	<u>1 841</u>	<u>2 869</u>	<u>2 366</u>	<u>1 861</u>	<u>1 308</u>	<u>263</u>	<u>174</u>	<u>(110)</u>	<u>52</u>	<u>119</u>	<u>(212)</u>
INVESTING ACTIVITIES											
Property, Plant and Equipment, net of contributions	(2 925)	(3 659)	(3 002)	(2 391)	(1 760)	(1 368)	(898)	(700)	(704)	(732)	(756)
Other	(35)	(89)	(57)	(46)	(89)	(109)	(99)	(96)	(96)	(82)	(81)
	<u>(2 960)</u>	<u>(3 748)</u>	<u>(3 059)</u>	<u>(2 438)</u>	<u>(1 850)</u>	<u>(1 477)</u>	<u>(997)</u>	<u>(796)</u>	<u>(800)</u>	<u>(814)</u>	<u>(838)</u>
Net Increase (Decrease) in Cash	(309)	(147)	(1)	27	177	(391)	(106)	(192)	58	88	(169)
Cash at Beginning of Year	943	634	487	486	513	690	299	193	1	59	147
Cash at End of Year	<u>634</u>	<u>487</u>	<u>486</u>	<u>513</u>	<u>690</u>	<u>299</u>	<u>193</u>	<u>1</u>	<u>59</u>	<u>147</u>	<u>(22)</u>

**ELECTRIC OPERATIONS
PROJECTED CASH FLOW STATEMENT
COALITION/MH II-19 Reflecting 20 Year WATM
(In Millions of Dollars)**

For the year ended March 31

	2028	2029	2030	2031	2032	2033	2034	2035	2036
OPERATING ACTIVITIES									
Cash Receipts from Customers	3 212	3 363	3 526	3 691	3 865	4 050	4 246	4 374	4 417
Cash Paid to Suppliers and Employees	(980)	(995)	(1 012)	(1 035)	(1 030)	(1 044)	(1 064)	(1 087)	(1 098)
Interest Paid	(1 259)	(1 270)	(1 266)	(1 254)	(1 178)	(1 175)	(1 169)	(1 161)	(1 133)
Interest Received	15	29	44	59	41	69	103	143	161
	989	1 126	1 291	1 461	1 697	1 901	2 117	2 268	2 347
FINANCING ACTIVITIES									
Proceeds from Long-Term Debt	390	190	210	(20)	(10)	(50)	(30)	(60)	(20)
Sinking Fund Withdrawals	150	60	110	796	13	30	0	10	275
Sinking Fund Payment	(271)	(278)	(285)	(293)	(268)	(278)	(287)	(299)	(310)
Retirement of Long-Term Debt	(150)	(60)	(80)	(796)	(13)	0	20	20	(275)
Other	(5)	(5)	(5)	(5)	(5)	(7)	(4)	(5)	(5)
	114	(93)	(50)	(318)	(283)	(304)	(301)	(333)	(335)
INVESTING ACTIVITIES									
Property, Plant and Equipment, net of contributions	(767)	(798)	(793)	(832)	(840)	(857)	(870)	(948)	(966)
Other	(80)	(74)	(72)	(73)	(72)	(71)	(70)	(68)	(67)
	(847)	(873)	(864)	(905)	(913)	(928)	(940)	(1 016)	(1 033)
Net Increase (Decrease) in Cash	255	161	377	238	501	669	876	920	979
Cash at Beginning of Year	(22)	233	394	770	1 009	1 510	2 179	3 055	3 975
Cash at End of Year	233	394	770	1 009	1 510	2 179	3 055	3 975	4 953