

2017/18 & 2018/19 ELECTRIC GENERAL RATE APPLICATION**Manitoba Hydro Undertaking #28**

Manitoba Hydro to update the table at appendix 3.8, page 1, to reflect the 3.36 interim as of 2016/17 as a starting point in this chart.

Response:

Appendix 3.8 has been restated below to show the 3.36% interim effective August 1, 2016 in additional domestic revenue instead of approved domestic revenue.

ELECTRIC OPERATIONS
PROJECTED OPERATING STATEMENT
 MH16 Update with Interim with August 1, 2016 Interim in Additional
 (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	1 480	1 527	1 515	1 501	1 487	1 495	1 493	1 493	1 504	1 517	1 533
additional*	35	88	230	365	508	668	838	1 022	1 143	1 207	1 274
BPIII Reserve Account	(96)	(151)	1	80	80	80	80	27	-	-	-
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	2 246	2 398	2 674	2 970	3 223	3 364	3 487	3 426	3 513
EXPENSES											
Operating and Administrative	536	518	501	511	513	524	536	548	559	571	583
Finance Expense	608	587	677	744	817	882	1 115	1 140	1 123	1 092	1 056
Finance Income	(17)	(17)	(21)	(28)	(35)	(34)	(39)	(18)	(24)	(27)	(21)
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	175	175	175	176
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	1 995	2 150	2 655	2 392	2 507	2 822	2 893	2 904	2 887	2 889
Net Income before Net Movement in Reg. Deferral	(46)	13	96	(257)	283	463	401	470	582	540	625
Net Movement in Regulatory Deferral	66	72	114	464	71	64	43	(48)	(50)	(49)	(45)
Non-recurring Gain	20	-	-	-	-	-	-	-	-	-	-
Net Income	41	85	209	208	354	526	443	423	533	491	580
Net Income Attributable to:											
Manitoba Hydro before Non-recurring Item	33	93	211	205	349	518	434	411	530	489	577
Non-recurring Gain	20	-	-	-	-	-	-	-	-	-	-
Manitoba Hydro	53	93	211	205	349	518	434	411	530	489	577
Non-controlling Interest	(12)	(8)	(1)	2	5	9	10	11	3	2	3
	41	85	209	208	354	526	443	423	533	491	580
* Additional Domestic Revenue											
Percent Increase	3.36%	3.36%	7.90%	7.90%	7.90%	7.90%	7.90%	7.90%	4.54%	2.00%	2.00%
Cumulative Percent Increase	3.36%	6.83%	15.27%	24.38%	34.21%	44.81%	56.25%	68.59%	76.24%	79.77%	83.37%
Financial Ratios											
Equity	16%	15%	14%	14%	15%	17%	17%	19%	21%	23%	25%
EBITDA Interest Coverage	1.51	1.54	1.71	1.72	1.84	2.01	2.03	2.08	2.22	2.24	2.36
Capital Coverage	1.53	1.40	1.48	1.47	1.88	2.34	2.25	2.37	2.34	2.20	2.29

ELECTRIC OPERATIONS
PROJECTED OPERATING STATEMENT
MH16 Update with Interim with August 1, 2016 Interim in Additional
(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	1 548	1 563	1 579	1 596	1 621	1 648	1 674	1 702	1 730
additional*	1 344	1 415	1 490	1 567	1 656	1 750	1 847	1 949	2 055
BPIII Reserve Account	-	-	-	-	-	-	-	-	-
Extraprovincial	662	677	697	709	705	701	696	694	602
Other	36	37	38	38	39	40	40	40	41
	3 591	3 693	3 803	3 910	4 021	4 138	4 257	4 385	4 428
EXPENSES									
Operating and Administrative	595	607	620	633	646	660	674	688	702
Finance Expense	1 037	1 020	994	909	850	800	742	675	618
Finance Income	(29)	(46)	(57)	(18)	(19)	(19)	(26)	(32)	(50)
Depreciation and Amortization	765	776	790	805	822	840	857	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	177	177	178	179	180	181	183	184	190
Other Expenses	79	84	87	87	89	91	92	95	96
Corporate Allocation	8	8	5	3	3	3	3	3	3
	2 894	2 892	2 888	2 878	2 833	2 818	2 792	2 762	2 714
Net Income before Net Movement in Reg. Deferral	698	801	915	1 032	1 189	1 320	1 465	1 623	1 714
Net Movement in Regulatory Deferral	(44)	(40)	(35)	(33)	(31)	(28)	(28)	(28)	(30)
Non-recurring Gain	-	-	-	-	-	-	-	-	-
Net Income	654	761	880	999	1 158	1 292	1 437	1 595	1 684
Net Income Attributable to:									
Manitoba Hydro before Non-recurring Item	650	755	873	989	1 147	1 280	1 423	1 579	1 668
Non-recurring Gain	-	-	-	-	-	-	-	-	-
Manitoba Hydro	650	755	873	989	1 147	1 280	1 423	1 579	1 668
Non-controlling Interest	4	5	8	10	11	13	14	15	16
	654	761	880	999	1 158	1 292	1 437	1 595	1 684
* Additional Domestic Revenue									
Percent Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Cumulative Percent Increase	87.03%	90.77%	94.59%	98.48%	102.45%	106.50%	110.63%	114.84%	119.14%
Financial Ratios									
Equity	27%	30%	33%	37%	41%	46%	52%	57%	64%
EBITDA Interest Coverage	2.48	2.65	2.85	3.09	3.45	3.79	4.25	4.86	5.52
Capital Coverage	2.39	2.47	2.68	2.71	2.93	3.08	3.25	3.16	3.23

**ELECTRIC OPERATIONS
PROJECTED BALANCE SHEET**
MH16 Update with Interim with August 1, 2016 Interim in Additional
(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	26 168	30 504	31 034	31 670	32 334	32 945
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	23 043	26 799	26 706	26 727	26 727	26 732
Construction in Progress	7 079	9 471	6 745	7 522	8 012	3 836	367	454	418	414	411
Current and Other Assets	1 773	1 915	2 269	2 498	2 569	1 943	1 773	1 989	2 230	2 086	2 199
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	24 305	27 127	28 452	30 060	30 123	30 194	30 360	30 542	30 350	30 423
Regulatory Deferral Balance	462	533	647	1 111	1 182	1 246	1 289	1 241	1 192	1 143	1 098
	21 733	24 839	27 774	29 563	31 243	31 369	31 483	31 601	31 734	31 493	31 522
LIABILITIES AND EQUITY											
Long-Term Debt	15 725	18 141	21 376	22 189	22 994	22 850	23 674	23 173	22 485	21 223	21 666
Current and Other Liabilities	3 204	3 643	3 046	3 815	4 356	4 142	3 020	3 174	3 455	3 976	2 976
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	346	266	186	106	27	(0)	(0)	(0)	(0)
Retained Earnings	2 749	2 842	3 053	3 258	3 606	4 124	4 557	4 969	5 498	5 987	6 564
Accumulated Other Comprehensive Income	(709)	(699)	(636)	(580)	(537)	(497)	(449)	(377)	(376)	(375)	(375)
Total Liabilities and Equity before Regulatory Deferral	21 684	24 790	27 725	29 515	31 194	31 321	31 434	31 552	31 685	31 444	31 473
Regulatory Deferral Balance	49	49	49	49	49	49	49	49	49	49	49
	21 733	24 839	27 774	29 563	31 243	31 369	31 483	31 601	31 734	31 493	31 522
Net Debt	15 427	18 473	20 743	22 407	23 296	23 609	23 388	22 831	22 201	21 613	20 947
Total Equity	2 856	3 163	3 511	3 770	4 143	4 666	4 783	5 262	5 806	6 309	6 900
Equity Ratio	16%	15%	14%	14%	15%	17%	17%	19%	21%	23%	25%

**ELECTRIC OPERATIONS
PROJECTED BALANCE SHEET
MH16 Update with Interim with August 1, 2016 Interim in Additional
(In Millions of Dollars)**

For the year ended March 31

	2028	2029	2030	2031	2032	2033	2034	2035	2036
ASSETS									
Plant in Service	33 553	34 299	34 958	35 790	36 566	37 361	38 104	38 907	39 975
Accumulated Depreciation	(6 906)	(7 603)	(8 311)	(9 040)	(9 788)	(10 577)	(11 366)	(12 168)	(12 975)
Net Plant in Service	26 647	26 696	26 647	26 749	26 778	26 785	26 739	26 739	26 999
Construction in Progress	493	454	490	400	374	366	406	461	257
Current and Other Assets	2 824	3 630	2 359	2 041	2 278	2 625	3 629	4 069	5 509
Goodwill and Intangible Assets	1 040	1 001	962	924	885	848	810	773	736
Total Assets before Regulatory Deferral	31 004	31 781	30 458	30 114	30 315	30 623	31 584	32 041	33 501
Regulatory Deferral Balance	1 055	1 014	980	947	916	888	860	832	802
	32 058	32 796	31 438	31 061	31 231	31 511	32 444	32 873	34 303
LIABILITIES AND EQUITY									
Long-Term Debt	21 598	19 221	14 928	15 788	14 751	14 977	14 280	13 859	13 743
Current and Other Liabilities	2 920	5 271	7 325	5 089	5 140	3 906	4 103	3 363	3 230
Provisions	38	37	36	35	34	33	32	31	30
Deferred Revenue	615	624	634	644	654	665	676	687	699
BP/III Reserve Account	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Retained Earnings	7 214	7 969	8 842	9 831	10 977	12 257	13 680	15 259	16 927
Accumulated Other Comprehensive Income	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)	(375)
Total Liabilities and Equity before Regulatory Deferral	32 010	32 747	31 389	31 012	31 183	31 463	32 395	32 824	34 254
Regulatory Deferral Balance	49	49	49	49	49	49	49	49	49
	32 058	32 796	31 438	31 061	31 231	31 511	32 444	32 873	34 303
Net Debt	20 197	19 357	18 386	17 327	16 094	14 725	13 200	11 587	9 877
Total Equity	7 564	8 325	9 206	10 203	11 357	12 645	14 077	15 665	17 343
Equity Ratio	27%	30%	33%	37%	41%	46%	52%	57%	64%

ELECTRIC OPERATIONS
PROJECTED CASH FLOW STATEMENT
 MH16 Update with Interim with August 1, 2016 Interim in Additional
 (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	2 233	2 307	2 582	2 877	3 130	3 325	3 474	3 414	3 500
Cash Paid to Suppliers and Employees	(555)	(892)	(843)	(870)	(885)	(894)	(904)	(935)	(953)	(953)	(966)
Interest Paid	(553)	(531)	(635)	(700)	(762)	(834)	(1 063)	(1 112)	(1 101)	(1 072)	(1 037)
Interest Received	17	5	12	22	26	20	8	10	17	20	14
	<u>810</u>	<u>734</u>	<u>767</u>	<u>759</u>	<u>961</u>	<u>1 169</u>	<u>1 171</u>	<u>1 287</u>	<u>1 437</u>	<u>1 408</u>	<u>1 512</u>
FINANCING ACTIVITIES											
Proceeds from Long-Term Debt	2 166	3 468	3 600	2 160	2 190	990	1 160	(10)	(10)	(50)	590
Sinking Fund Withdrawals	146	0	0	120	318	813	182	46	337	138	232
Sinking Fund Payment	(146)	(182)	(222)	(260)	(296)	(353)	(240)	(249)	(253)	(245)	(242)
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>1 661</u>	<u>908</u>	<u>73</u>	<u>(28)</u>	<u>(507)</u>	<u>(342)</u>	<u>(877)</u>	<u>(603)</u>
INVESTING ACTIVITIES											
Property, Plant and Equipment, net of contributions	(2 925)	(3 660)	(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>(3 749)</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)	(145)	74	(18)	19	(236)	146	(16)	295	(283)	71
Cash at Beginning of Year	943	634	488	562	544	564	328	474	458	754	471
Cash at End of Year	<u>634</u>	<u>488</u>	<u>562</u>	<u>544</u>	<u>564</u>	<u>328</u>	<u>474</u>	<u>458</u>	<u>754</u>	<u>471</u>	<u>541</u>

ELECTRIC OPERATIONS
PROJECTED CASH FLOW STATEMENT
 MH16 Update with Interim with August 1, 2016 Interim in Additional
 (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	3 578	3 679	3 789	3 896	4 007	4 123	4 243	4 370	4 413
Cash Paid to Suppliers and Employees	(980)	(996)	(1 012)	(1 035)	(1 030)	(1 043)	(1 063)	(1 087)	(1 097)
Interest Paid	(1 019)	(1 014)	(997)	(908)	(837)	(795)	(742)	(696)	(632)
Interest Received	26	51	63	20	15	22	36	49	67
	<u>1 604</u>	<u>1 720</u>	<u>1 843</u>	<u>1 972</u>	<u>2 155</u>	<u>2 307</u>	<u>2 473</u>	<u>2 637</u>	<u>2 752</u>
FINANCING ACTIVITIES									
Proceeds from Long-Term Debt	(10)	(10)	170	2 990	1 150	1 140	360	(100)	(30)
Sinking Fund Withdrawals	150	60	310	520	0	30	36	10	275
Sinking Fund Payment	(237)	(239)	(243)	(218)	(195)	(193)	(188)	(189)	(184)
Retirement of Long-Term Debt	(150)	(60)	(2 440)	(4 396)	(2 173)	(2 190)	(908)	(1 100)	(265)
Other	(5)	(5)	(5)	(5)	(5)	(7)	(4)	(4)	(5)
	<u>(252)</u>	<u>(254)</u>	<u>(2 208)</u>	<u>(1 109)</u>	<u>(1 223)</u>	<u>(1 219)</u>	<u>(704)</u>	<u>(1 383)</u>	<u>(209)</u>
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)
	<u>(847)</u>	<u>(873)</u>	<u>(864)</u>	<u>(905)</u>	<u>(913)</u>	<u>(928)</u>	<u>(940)</u>	<u>(1 016)</u>	<u>(1 033)</u>
Net Increase (Decrease) in Cash	505	594	(1 229)	(41)	19	160	829	238	1 510
Cash at Beginning of Year	541	1 047	1 640	411	370	389	549	1 378	1 616
Cash at End of Year	<u>1 047</u>	<u>1 640</u>	<u>411</u>	<u>370</u>	<u>389</u>	<u>549</u>	<u>1 378</u>	<u>1 616</u>	<u>3 126</u>