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June 20, 2017

Mr. D. Christle  
Secretary and Executive Director  
Public Utilities Board  
400-330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4

Dear Mr. Christle:

**RE: MANITOBA HYDRO 2017/18 & 2018/19 GENERAL RATE APPLICATION – INTERIM RATE INCREASE EFFECTIVE AUGUST 1, 2017**

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On June 9, 2017, the Public Utilities Board of Manitoba (“PUB”) issued a letter directing Manitoba Hydro to file with the PUB and Intervenors on or before June 20, 2017, a written submission on the merits of its proposed Interim Rate Request for rates effective August 1, 2017. The PUB also requested Manitoba Hydro provide a number of Integrated Financial Forecast scenarios reflecting different assumed rate increases for 2017/18. Please find attached Manitoba Hydro’s Written Submission, including the scenarios requested by the PUB.

In its letter of June 9, 2017, the PUB also indicated that it would convene a one day hearing for oral submissions from all parties on Manitoba Hydro’s Interim Rate Request, which has been scheduled for July 18<sup>th</sup> and July 19<sup>th</sup> (if needed), and has requested approved intervenors file a written outline of their oral submission by July 14, 2017.

A number of intervenors filed submissions on May 25<sup>th</sup> and May 26<sup>th</sup>, in response to the PUB’s request for comments on whether an interim process should be considered, and if so, what the process should be. Although some intervenors put forward preliminary positions on the merits of the proposed 7.9% Interim Rate Request, the intent and focus of these submissions was of a procedural nature. Manitoba Hydro has filed a substantial amount of information as part of its Application thoroughly setting out its position and reasons for the Interim Rate Request, as well as has provided further evidence in the attached Written Submission.

While the PUB requested a written outline of Intervenors oral submissions, Manitoba Hydro has no knowledge of the arguments to be put forth by Intervenors. Without having had the

opportunity to fully assess these positions, Manitoba Hydro is at a disadvantage if it is required to respond to the Intervenor's positions immediately following their oral submissions. In order to promote an efficient oral hearing, Manitoba Hydro is of the view that intervenors should be required to file a written submission summarizing their positions in advance of the scheduled one day oral hearing, which will allow Manitoba Hydro the ability to respond in a more fulsome manner to the intervenors' arguments. Manitoba Hydro further requests that time be allotted for counsel to consult with Manitoba Hydro's subject matter experts prior to delivering its oral argument.

Should you have any questions with respect to this submission, please contact the writer at 204-360-3946 or Greg Barnlund at 204-360-5243.

Yours truly,

**MANITOBA HYDRO LEGAL SERVICES DIVISION**

Per:



**PATRICIA J. RAMAGE**

Barrister & Solicitor

cc: All Intervenors of Past Record  
Bob Peters, Board Counsel  
Dayna Steinfeld, Board Counsel

Att.

**MANITOBA HYDRO**  
**WRITTEN SUBMISSION ON INTERIM RATES EFFECTIVE AUGUST 1, 2017**

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22		2017	
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24		2017	

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**MANITOBA HYDRO**  
**WRITTEN SUBMISSION ON INTERIM RATES EFFECTIVE AUGUST 1, 2017**

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5 **1.0 OVERVIEW**

7 On May 12, 2017, Manitoba Hydro filed its comprehensive 2017/18 & 2018/19 General  
8 Rate Application (“GRA”) seeking confirmation of the 3.36% rate increase previously  
9 approved on an interim basis in Orders 59/16 and 68/16, approval of a 7.9% across-the-  
10 board interim rate increase to be effective August 1, 2017, and approval of an additional  
11 7.9% across-the-board rate increase proposed for April 1, 2018.

13 In its letter of May 17, 2017, the Public Utilities Board (“PUB”) requested that  
14 Interveners provide written submissions on whether the PUB should consider Manitoba  
15 Hydro’s request for a process to review its proposed interim rate increase, and if so,  
16 what that process should be. Intervener submissions were received from the Manitoba  
17 Industrial Power Users Group (“MIPUG”) on May 25, 2017 as well as the Green Action  
18 Centre (“GAC”), Consumers Association of Canada (Manitoba) and Winnipeg Harvest  
19 (“Coalition”), and Manitoba Keewatinowi Okimakanak Inc. (“MKO”) on May 26, 2017.  
20 Manitoba Hydro provided its Reply Submission on this matter on June 2, 2017.

22 The PUB, in its letter of June 9, 2017, determined that an interim rate review process  
23 should be conducted to consider the merits of Manitoba Hydro’s interim rate request  
24 for the 2017/18 fiscal year. The PUB directed Manitoba Hydro to prepare a written  
25 submission on the merits of its requested rate increase, and to provide that to the PUB  
26 and all Parties on or before June 20, 2017.

28 The key reasons for the proposed and indicative Rate Increases are outlined on Pages 2  
29 and 3 of Tab 2 of the GRA, and include the following:

- 31 • Since the last GRA, the financial risk profile of Manitoba Hydro has continued to  
32 increase as most major elements of the financial outlook have deteriorated including  
33 a reduced outlook for domestic load growth, continued delay in the recovery of  
34 opportunity export prices and substantially increased carrying costs associated with  
35 increased capital costs associated with several major projects.
- 36 • Manitoba Hydro has a fundamental cash flow problem and without the proposed  
37 rate increases Manitoba Hydro is borrowing to fund core operations.

- 1 • Prolonged well-above average water flows and declining interest rates have  
2 obscured some of Manitoba Hydro's financial deterioration but with debt peaking at  
3 \$23 billion in 2021/22 and a reduced outlook for domestic and export revenue  
4 growth, Manitoba Hydro is now exceptionally vulnerable to any increase in interest  
5 rates from today's historically low levels.
- 6 • Current approved rates, even with Manitoba Hydro's aggressive cost reduction  
7 measures, do not adequately position Manitoba Hydro for the unavoidable reality of  
8 an approximate \$500 million increase (i.e. 35% of domestic revenue) in its operating  
9 expenses (net of incremental export revenues and deferred rate increases) as major  
10 new assets enter service in the next five years.
- 11 • Inclusive of cash interest on reliability and sustainability capital projects, Manitoba  
12 Hydro has been and, without the proposed rate increases, will continue to be  
13 significantly cash flow negative on its core operations, which is risky and in the long  
14 run unsustainable.
- 15 • Past financial plans included a prospective level of income that was minimal and  
16 therefore insufficient in comparison to the scale of the asset base Manitoba Hydro  
17 operates and the potential impact of real, tangible risks coming to fruition.
- 18 • Manitoba Hydro requires rate increases that, when coupled with significant cost  
19 enhancement measures, allow it a prospective level of income and cash flow that  
20 would begin restoring its financial strength while also being capable of enduring  
21 drought or material negative deviations from forecast (export prices, interest rates)  
22 without requiring emergency relief from ratepayers.

23  
24 The key reasons in support of Manitoba Hydro's proposed 7.9% Interim Rate Increase  
25 are as follows:

- 26  
27 • Tab 2 of the GRA and the points above make clear that current rates are inadequate  
28 and must rise significantly in the face of known pending increases in Manitoba  
29 Hydro's carrying costs coupled with reduced revenue growth expectations.
- 30 • Deferring a substantial rate increase in the 2017/18 fiscal year will only serve to  
31 exacerbate the impact on ratepayers of subsequently higher rate increases that such  
32 a deferral would necessitate.
- 33 • A modest net income in 2016/17 roughly in-line with prior forecasts provides false  
34 security as to the material financial challenges Manitoba Hydro faces. In a normal  
35 water year, Manitoba Hydro would have missed its IFF15 forecast for 2016/17 by  
36 approximately \$150 million (i.e. 10% of domestic revenue) and would have

1 generated a significant loss. The actual results of 2016/17 were largely influenced by  
2 near-record water flows and the PUB-ordered methodology for depreciation and  
3 certain overheads. This by itself supports the need for the Interim Rate Increase to  
4 restore full cost coverage even before addressing the adequacy of reserves.  
5 Continued reliance on factors entirely outside of Manitoba Hydro's control, such as  
6 high water flows and continually lower interest rates, is ill-advised.

- 7 • The Interim Rate increase, coupled with the further 7.9% increase proposed for April  
8 1, 2018, is urgently required to remediate the ongoing deficit funding of Manitoba  
9 Hydro's core operations

10  
11 Section 2.0 of this submission outlines the reasons for the Interim Rate Increase and  
12 supporting materials contained within Manitoba Hydro's 2017/18 & 2018/19 GRA, and  
13 Section 3.0 provides the additional information requested by the PUB in its letter of  
14 June 9, 2017 to assist in the consideration of Manitoba Hydro's proposed Interim Rate  
15 Increase. Manitoba Hydro has also provided its response to the Intervener submissions  
16 in Section 4.0, as well as rate and customer impacts for the proposed Interim Rate  
17 Increase in Section 5.0.

18  
19

## 2.0 SUMMARY OF THE REASONS FOR INTERIM RATES

On May 12, 2017, Manitoba Hydro filed its comprehensive 2017/18 & 2018/19 GRA that set out its reasons for its application, including an Interim Rate Increase of 7.9% effective August 1, 2017. A summary of the reasons for the proposed rate increase that outlines the merits to ratepayers and the Corporation of implementing an Interim Rate Increase of 7.9% effective August 1, 2017 is provided below.

### 2.1 Manitoba Hydro's Cash Flow from Operations is Insufficient to Fund Ongoing Business Requirements, without the Proposed Rate Increases

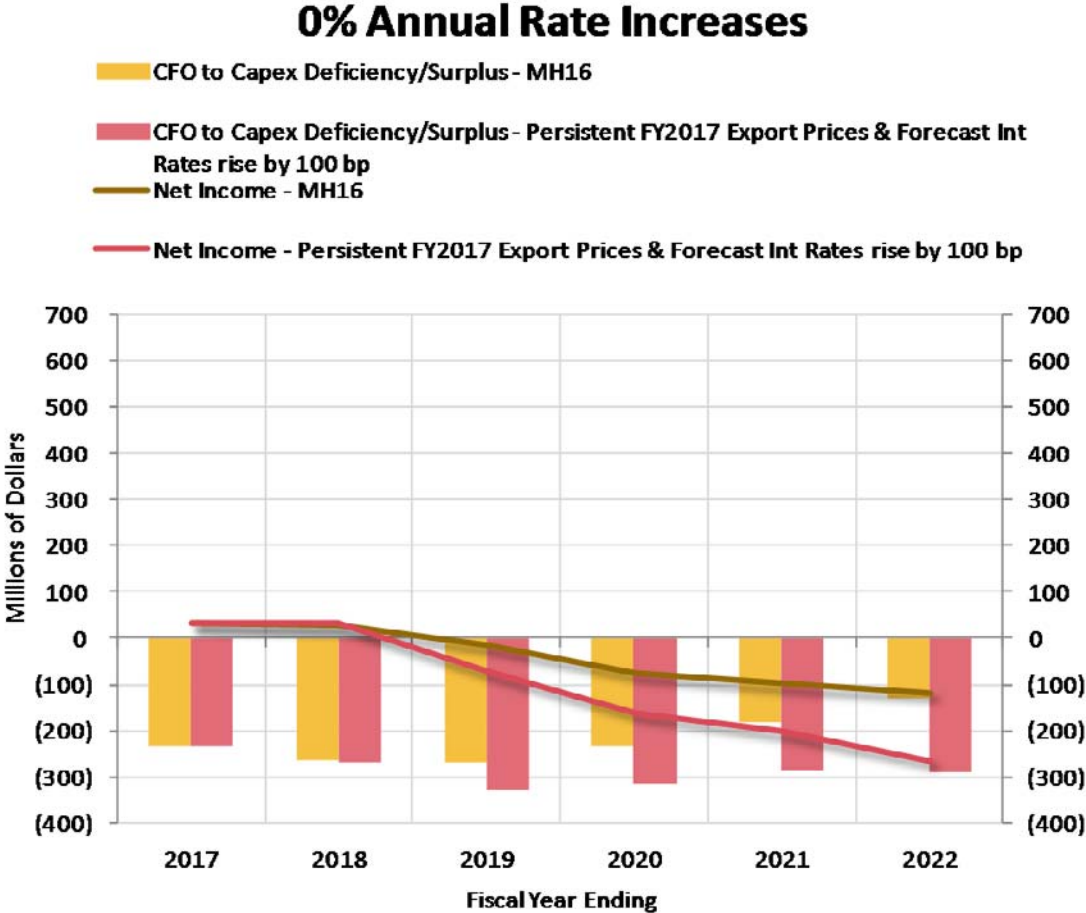
The most fundamental and compelling reason for Manitoba Hydro's proposed and indicative rate increases, as contemplated in its current financial forecast, is the need to increase the level of the Corporation's cash flow.

As discussed in Section 2.2 of Tab 2, without the proposed rate increases, Manitoba Hydro's cash flow from operations is insufficient to fund ongoing business requirements given:

- Manitoba Hydro's revenues at approved rates plus extraprovincial revenues are materially less than the current and forecast cash requirements of the Corporation; and,
- The capital requirements to maintain normal operation and growth of the system (even excluding major projects such as Keeyask and Bipole III) are well in excess of what is presently being recovered from ratepayers through the recovery in rates of depreciation expense.

As shown in **Figure 1** below (also filed as Figure 2.17 of Tab 2 of the Application), without the proposed and indicative rate increases, Manitoba Hydro is \$1.1 billion cash flow negative on its core operations for the next five years.

1 Figure 1 Cash Flow from Operations without Additional Rate Increases



2  
 3 Note: For the determination of the CFO to Capex Deficiency/Surplus, see Figure 2.16 of Tab 2 of  
 4 the Application.

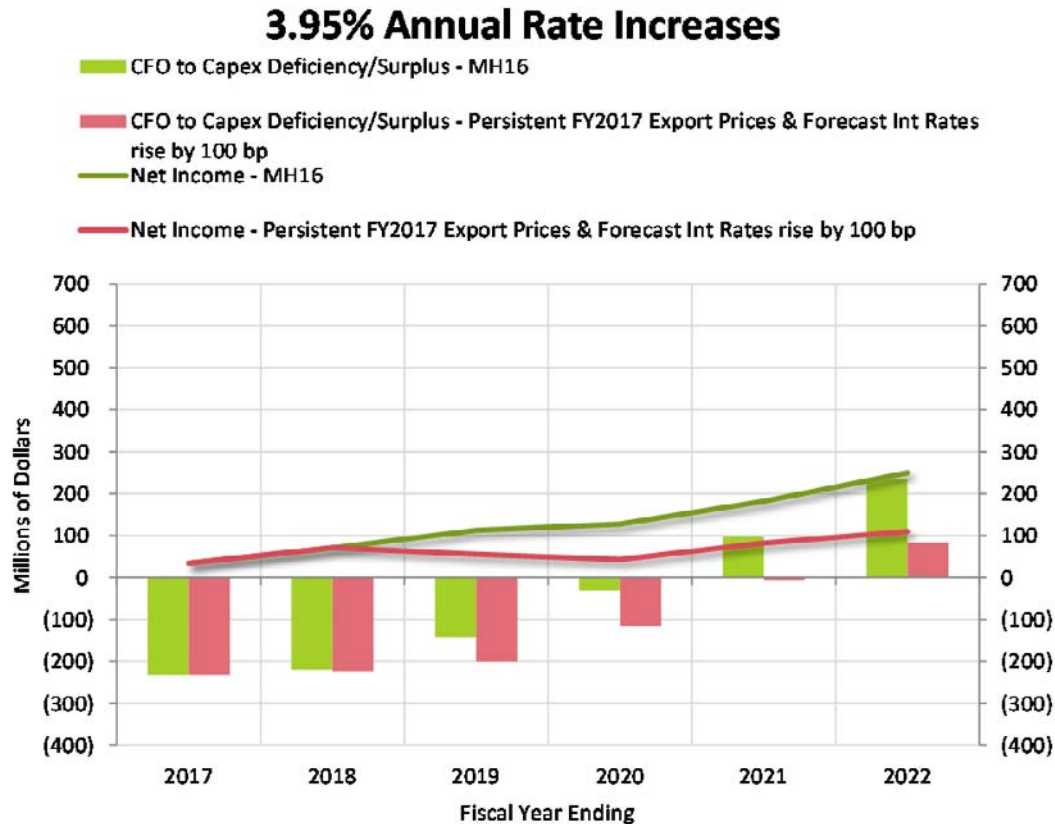
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1 **Figure 2** shows that with 3.95% rate increases, cash flow remains deficient until the fifth  
 2 year in 2021 until sufficient cash flows are generated to cover operations.

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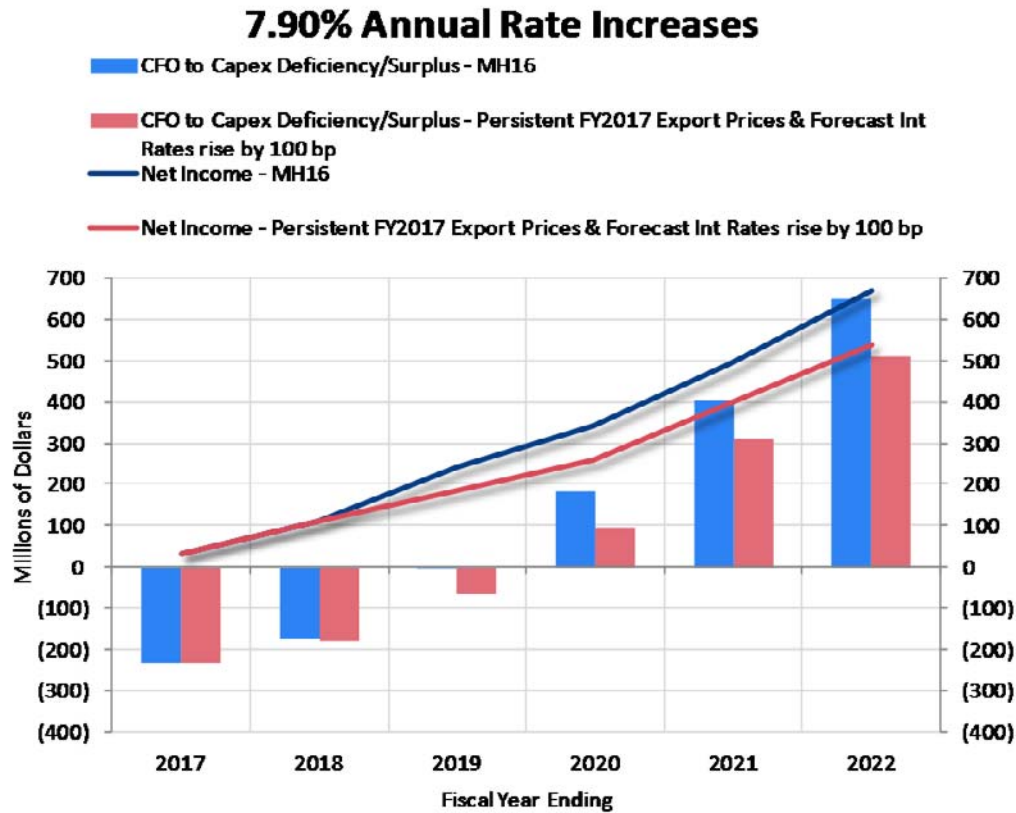
**Figure 2. Cash Flow from Operations with 3.95% Annual Rate Increases**



5  
 6 Manitoba Hydro’s proposed rate increases do not fully obviate the Corporation’s deficit  
 7 funding of its ongoing operations in 2017/18 and 2018/19. Over the first three years of  
 8 the forecast, the Corporation would be cumulatively breakeven from a cash perspective  
 9 when considering the additional revenue that the proposed rate increases will generate,  
 10 as shown in **Figure 3** below (also filed as Figure 2.19 of Tab 2). In 2017/18 alone, even  
 11 with the proposed Interim Rate increase of 7.9%, the Corporation would be deficit  
 12 funding its operations by approximately \$200 million.

13

1 Figure 3. Cash Flow from Operations with 7.90% Annual Rate Increases



2  
3  
4 As discussed in Section 2.2 of Tab 2, a practical view of Manitoba Hydro’s recent and  
5 forecast cash flows shows that without rate increases, the Corporation is borrowing to  
6 fund its core operations including interest charges. The requested 7.9% rate increases in  
7 the first five years of the forecast will result in improvements to near term cash flows  
8 and assist to address the cash deficit experienced by the Corporation. The increased  
9 revenues in the early years of the forecast, including 2017/18, provide for stronger  
10 financial metrics in later years of the forecast due to the reduction in the impact of  
11 interest compounding on the additional debt that would otherwise be required.

12  
13 **2.2 Manitoba Hydro’s Current Financial Forecast has Deteriorated Compared to**  
14 **Previous Forecasts**

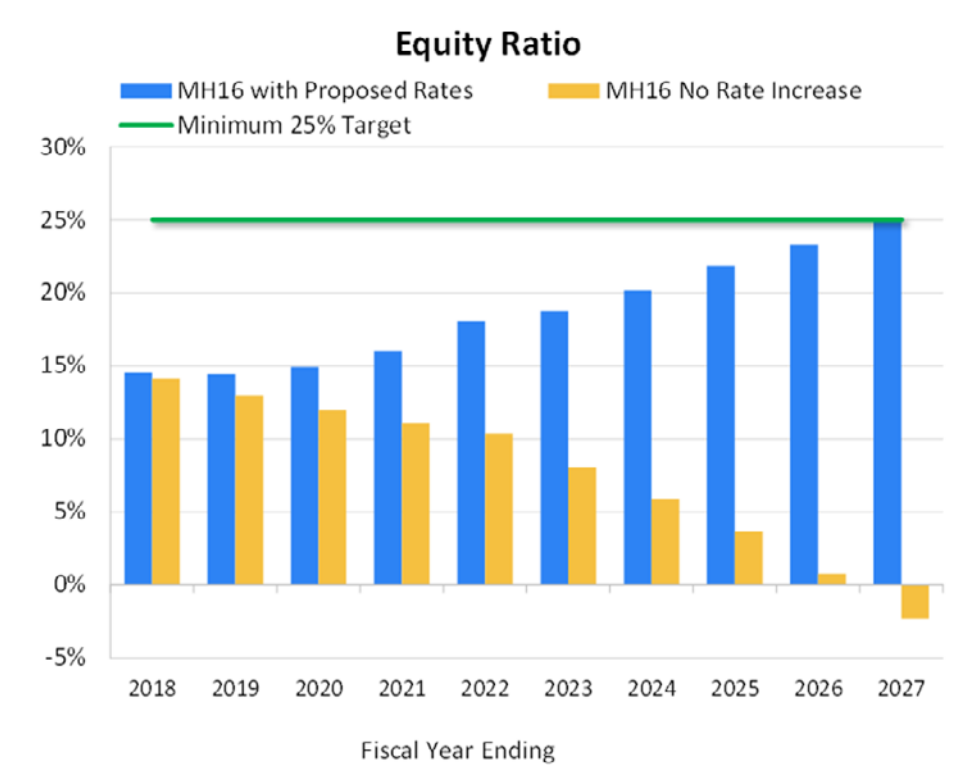
15  
16 Underpinning Manitoba Hydro’s GRA is its current financial plan (MH16) that, contrary  
17 to what Interveners have argued, reflects a marked deterioration over previous  
18 forecasts, placing downward pressure on the Corporation’s cash flow requirements and  
19 overall financial health.

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The assumptions included in Manitoba Hydro's current financial plan that have contributed toward this deterioration are discussed in Section 2.1 of Tab 2 and in Tab 3 of the GRA and include the following:

- Domestic revenues are forecasted to be 5% or \$800 million lower over the 10-year period from 2017/18 to 2026/27 at current approved rates as a result of the decrease in load forecast growth (as shown in Figure 2.1 of Tab 2 and as discussed in Section 3.2.1, pages 11 to 12, of Tab 3).
- Extraprovincial revenues (net of water rentals and fuel and power purchased) are forecasted to decline by 17% or \$800 million over the 10-year period 2017/18 to 2026/27 (see Figure 2.2 of Tab 2 and Section 3.2.1, pages 14 to 16, of Tab 3).
- Manitoba Hydro's capital and deferred expenditure forecast is \$2.9 billion higher over the 10-year period 2017/18 to 2026/27, which has increased the projected carrying costs of these investments as they come into service.

Without the proposed rate increases, Manitoba Hydro's financial condition is challenged. As shown in **Figure 4** below (also filed as Figure 2.22 of Tab 2), with the addition of the proposed rate increases included in MH16, the Corporation's Equity Ratio is below Manitoba Hydro's target and, without rate increases, will deteriorate even further.

1 **Figure 4. Equity Ratio at Approved Rates**

2

3

4 An adequate forecast earnings and resultant equity position is essential to Manitoba  
 5 Hydro and is of value to its ratepayers in that it will allow Manitoba Hydro to absorb the  
 6 occurrence of concurrent, multi-year and/or extraordinary events or material negative  
 7 deviations from the financial forecast without having to look to ratepayers for  
 8 emergency relief in the form of even higher rate increases than what is proposed as part  
 9 of the GRA.

10

11 The proposed and indicative rates in MH16 return Manitoba Hydro to a 25% equity  
 12 capitalization in a 10-year timeframe. Manitoba Hydro believes that this is the  
 13 appropriate balance between addressing the financial risks of the Corporation and  
 14 managing the impact of rate increases on customers. Any plan to achieve the minimum  
 15 equity target earlier than 10-years would necessitate either sustained double-digit rate  
 16 increases or prolonged compounding of rate increases well above inflation, which would  
 17 present a significant burden to certain customers. As noted on page 36 of Tab 2, a 5-  
 18 year plan to restore Manitoba Hydro's balance sheet to the minimum target of 25%  
 19 equity would require 14% rate increases for each of the next 5 years.

20

1 Manitoba Hydro is also of the view that any plan to achieve a minimum equity target of  
2 25% longer than 10 years also presents a great deal of risk for both the Corporation and  
3 ratepayers when considering the following circumstances, as outlined on page 37 of Tab  
4 2, including:

- 5
- 6 i) The control budgets for Keeyask and Bipole III have increased by \$2.2 billion and  
7 \$0.4 billion respectively necessitating further increases in gross borrowing thus  
8 exacerbating the strain on the financial plan;
  - 9 ii) The domestic load growth forecast has significantly deteriorated delaying the  
10 need for Keeyask to well into the 2030s and lessening the opportunity for  
11 Manitoba Hydro to look to growth to cure its financial challenges; and,
  - 12 iii) Export price growth expectations again have been tempered from past forecasts  
13 as the outlook for sustained low fossil fuel costs perpetuates.
  - 14 iv) The credit rating of the Province has been downgraded by both major  
15 international rating agencies amidst increasingly noted concern with  
16 deteriorating financial metrics at Manitoba Hydro. Manitoba Hydro has a vested  
17 interest in the protection of the Province's credit rating as it is a direct  
18 determinant of the Corporation's cost of debt.
- 19

20 Approval of a rate increase lower than the requested 7.9% Interim Rate Increase  
21 effective August 1, 2017 will inevitably result in higher rate increases in later years and  
22 at a minimum delay the return to inflationary level rate increases. Figure 2.37 found on  
23 page 61 of Tab 2 shows that without rate increases in 2017/18 and 2018/19, rates could  
24 be as much as 8% to 18% higher than what is being proposed by the end of the 10-year  
25 period should interest rates increase and export prices remain flat.

26

### 27 **Bipole III Costs are Imminent**

28 Looking forward just four months following the fiscal year end 2017/18, the Bipole III  
29 project will enter into service in July 2018, thus adding approximately \$337 million in  
30 annual carrying costs to be recovered from ratepayers. Ultimately, rates and domestic  
31 revenues must increase to cover the carrying costs of large projects like Bipole III  
32 entering service. The PUB recognized that allowing rates to escalate in a stable and  
33 predictable fashion mitigated the incremental cost to customers and reduced the  
34 likelihood of rate shock when it had the foresight to direct Manitoba Hydro to place

1 revenues attributed to components of recent rate increases into a Bipole III deferral  
2 account.

3  
4 In 2017/18, rates collected but deferred from revenue on account of Bipole III are  
5 expected to total \$119 million. This is a good approximation of the permanent,  
6 increased annual revenue Manitoba Hydro will recognize once Bipole III enters service  
7 and the past rate increases are no longer deferred. However, these additional rates will  
8 only cover 35% of the \$337 million of incremental costs each year. In isolation, the in-  
9 service of Bipole III will thus create a \$218 million per year incremental shortfall in  
10 Manitoba Hydro's revenues.

11  
12 While the deferral account balance may be amortized into revenue to provide some  
13 relief, by the August 2018 Bipole III in-service date it is projected to reach a balance of  
14 just over \$350 million in total. As such, it offers limited capacity to insulate the long  
15 term, detrimental impact that carrying costs for Bipole III will have on Manitoba Hydro's  
16 net income. In addition, the ability to fully recognize past rate increases and  
17 amortization of the reserve into revenues are accounting constructs and do not alter the  
18 cash flow outlook for the Corporation whatsoever.

19  
20 Following 36 months after Bipole III is the completion and in-service of the first unit of  
21 the Keeyask Generating Station. As noted on page 25 of Tab 2, the estimated capital  
22 costs and export revenues of Keeyask have changed materially and adversely as  
23 compared to prior forecasts. As a consequence, it is anticipated that the in-service of  
24 Keeyask will have a further \$250 to \$300 million annual negative impact on net income  
25 until at least the 2030's.

26  
27 Together, the completion and in-service of Keeyask and Bipole III over the next five  
28 years will increase revenue requirement by approximately \$500 million before any  
29 contribution to reserves.

30  
31 **Manitoba Hydro is Taking Strong Action to Reduce Internal Costs and Improve**  
32 **Financial Performance**

33  
34 Manitoba Hydro has committed to deliver significant cost reductions by reducing its  
35 total workforce by 15% or 900 positions, which included reducing the executive  
36 leadership team by 30% as well as reducing the number of direct reports to Vice-

1 Presidents. Manitoba Hydro's Voluntary Departure Program was launched in April 2017  
2 to achieve the remaining position reductions. The 900 positions are projected to be  
3 eliminated primarily in 2017/18 and 2018/19 to achieve, with other savings initiatives, a  
4 cumulative savings of \$900 million by 2026/27. MH16 assumes that approximately \$700  
5 million of these are operational savings and the remaining \$200 million are related to  
6 capital (see Figure 3.4 of Tab 3 of the Application).

7  
8 As discussed in Section 3.1 of Tab 3, part of the Corporation's cost reduction plan also  
9 involves shortening the average term to maturity of new debt issuances, thereby  
10 reducing its debt portfolio weighted average interest rate and debt servicing costs. This  
11 strategy has the potential to provide approximately \$0.5 billion in savings in debt  
12 servicing costs over the 10-year period to 2026/27. However, these savings are  
13 dependent upon Manitoba Hydro achieving the revenues, and therefore the proposed  
14 and indicative rate increases, as well as the cost savings embedded in MH16.

15  
16 Manitoba Hydro requires both rate increases and operational savings in order to  
17 generate sufficient cash flow to fund the retirement of debt. If sufficient cash flow is not  
18 available, the risk associated with shorter-term financing exceeds the benefit of  
19 expected interest savings.

### 20 **7.9% Rate Increases are a Critical Component of Manitoba Hydro's Strategy**

21  
22  
23 As discussed in Section 3.1 of Tab 3, the proposed Interim Rate increase of 7.9%  
24 effective August 1, 2017 is part of an overall strategy that will allow Manitoba Hydro to:

- 25  
26
- 27 • Offset the reductions to domestic load and electricity export price forecasts;
  - 28 • Mitigate the upward pressure of borrowing requirements and costs on future  
29 revenue requirements;
  - 30 • Mitigate the deterioration of Manitoba Hydro's financial position thereby reducing  
31 the likelihood of being an encumbrance on the Province of Manitoba's financial  
32 position; and,
  - 33 • Provide financial insurance that minimizes the impact to customer rates under a  
34 significant risk event.

35  
36 Manitoba Hydro recognizes that its proposed rate increases may create hardships for  
certain customers; however, these rate increases are necessary in order to avoid even

- 1 higher rate increases in future and will enable a return to inflationary level rate
- 2 increases much earlier than contemplated under previous forecasts.
- 3



### 3.0 ADDITIONAL INFORMATION REQUESTED BY THE PUB

In its letter dated June 9, 2017, the PUB requested Manitoba Hydro provide the following Integrated Financial Forecast Scenarios, utilizing different assumed rate increases for the 2017/18 fiscal years as follows:

- i. Manitoba Hydro's twenty year Integrated Financial Forecast MH16, complete with all financial ratios, where the only change is in the 2018 fiscal year where the scenarios to be run reflect rate increases in that year of 0%; 1.6%; 3.36%; 3.95% and any other amount chosen by Manitoba Hydro, recognizing the 7.9% scenario for the interim rate has already been filed in Appendix 3.1;
- ii. Manitoba Hydro's twenty year Integrated Financial Forecast MH16, complete with all financial ratios, where the scenarios to be run reflect rate increases in the 2018 fiscal year of 0%; 1.6%; 3.36%; 3.95% and any other amount chosen by Manitoba Hydro, and Manitoba Hydro is to also insert the indicative rate increases in subsequent years to achieve Manitoba Hydro's desired Debt:Equity target by the end of fiscal year 2027.

These scenarios are provided as Attachments 1 and 2 to this Submission.

**Figure 5** shows the impact on future years rate increases by foregoing or reducing the interim rate requested in MH16. It is clear that deferring all or a portion of the 2017/18 7.9% interim rate increase results in rate increases that are approximately 10% to 10.5% in the following four years under expected conditions. Should water flows, export prices or interest rates deviate from forecast unfavourably, there will be increased pressure for even higher rate increases in the years subsequent to 2017/18. Given the imminent in-service of Bipole III in 2018/19, it would be rash to defer the interim rate increase to future years.

1

**Figure 5. Impact on Future Rate Increases of Foregoing a 2017/18 Rate Increase**

	2017/18 Interim Rate Increase	2018/19	2019/20	2020/21	2021/22
<b>MH Proposed</b>	<b>7.90%</b>	<b>7.90%</b>	<b>7.90%</b>	<b>7.90%</b>	<b>7.90%</b>
PUB Scenario (ii) - 1	0%	10.53%	10.53%	10.53%	10.53%
PUB Scenario (ii) - 2	1.60%	9.98%	9.98%	9.98%	9.98%
PUB Scenario (ii) - 3	3.36%	9.39%	9.39%	9.39%	9.39%
PUB Scenario (ii) - 4	3.95%	9.20%	9.20%	9.20%	9.20%

2

#### 4.0 MANITOBA HYDRO'S RESPONSE TO INTERVENER SUBMISSIONS

Manitoba Hydro notes that interveners have attempted to demonstrate that Manitoba Hydro's financial position is better in MH16 than either MH15 or MH14. Such is not the case, when the appropriate comparisons are made.

**Figure 6** summarizes Manitoba Hydro's actual results and current and previous forecast results for the period 2014/15 to 2018/19, as well as two additional MH16 scenarios including the previous forecasts' 3.95% rate increases (Appendix 3.4) and no rate increase in 2017/18 (Attachment 1, page 1 of this submission).

**Figure 6. Comparison of Financial Results**

	Net Income				
	2015	2016	2017	2018	2019
Actual	111	37			
MH14	102	115	59	64	(90)
MH15	111	15	29	63	(41)
MH16 @3.95%	111	37	34	70	112
MH16 @7.9%	111	37	34	111	242
MH16 0% 2017/18	111	37	34	<b>29</b>	107

At page 3 of MIPUG's submission and pages 5 to 13 of the Coalition's submission, the interveners walk through analysis of actual results compared to each of the forecasts MH14, MH15 and MH16. MIPUG concludes that, "*Hydro's financial position for 2017/18, when the interim rates would apply, is materially improved compared to the previous two Integrated Financial Forecasts (MH14 and MH15) even with no 2017/18 interim rate increase.*"

**Figure 7** reflects Manitoba Hydro's understanding of MIPUG's assertion, at page 3 of its submission, that IFF16 is "materially improved" in 2017/18 even with no rate increase is based on forecast net income (adjusted for rate increases assumed in MH14 and MH15 either not granted or deferred).

**Figure 7. Adjusted Net Income in Financial Forecasts**

	2017/18 Net Income as reported	Portion of Forecast Rate Increase Not Granted or Moved to Bipole III Reserve	2017/18 Net Income Adjusted for Bipole III Reserve
MH14	64	2.15% 32	32
MH15	63	3.95% 61	2
MH16	111		111
MH16 (No 2017/18 Rate Increase)	29		<b>29</b>

Based on the adjustment for rate increases not granted or deferred, net income moves from \$32 million in IFF14 to \$2 million in MH15 to \$29 million in MH16 assuming no interim rate increase in 2017/18. MIPUG's argument is flawed as set out below.

A \$27 million improvement in net income centered around effectively \$nil earnings is not a "material improvement" nor is it sufficient for a Corporation with \$2 billion in revenue and on a path to over \$30 billion of assets and \$23 billion of debt.

Moreover, the fiscal year 2017/18 forecast results in MH16 are not directly comparable to those MH15 or MH14 as a result of the regulatory deferrals of ineligible overheads and depreciation methodology differences included in MH16. It can be seen in the following figure that \$29 million in projected net income for 2017/18 in MH16 is in fact a \$20 million net loss when one assumes the same accounting methodologies as presented in MH14 and MH15.

**Figure 8.**

	Net Income before OH and Depreciation Provisions				
	2015	2016	2017	2018	2019
Actual	62	(14)			
MH14	102	115	59	64	(90)
MH15	62	15	29	63	(41)
MH16 @3.95%	62	(14)	(18)	20	64
MH16 @7.9%	62	(14)	(19)	61	194
MH16 0% 2017/18	62	(14)	(19)	<b>(20)</b>	59

Further, MH16 generates approximately an additional \$80 million in export revenues in 2017/18 based on very favourable water flow conditions and reservoir levels relative to

MH14 and MH15 which were based on the appropriate assumption of average water flows. **Figure 9** below shows the estimated MH16 export revenues attributable to water flows in excess in average using information from PUB MFR 24.

**Figure 9. Analysis of 2017/18 Export Revenues**

	2017/18		Total Variance
	IFF16	IFF15	
Domestic Sales	22,519	22,971	(452)
Total Export Sales GWh	9,074	6,854	2,219
Total Export Sales \$/MWh	44.35	61.53	(17.17)
Revenue \$ Millions	402	422	(19)
			Variance due to Lower Domestic Sales 20
			<b>Variance due to Water Flows 78</b>
			Variance due to Lower Average Unit Revenues (118)

Under “average of all flow conditions”, and using the MH15 methodology, MH16 would have produced the expectation of a net loss in the order of \$100 million. Therefore, and consistent with Manitoba Hydro’s arguments throughout its Application, the financial outlook for Manitoba Hydro has deteriorated.

In essence, two of three critical factors influencing net income, being favourable water flows and lower interest rates, have turned out positively for Manitoba Hydro. The third factor, export prices, have not improved as projected. The result is that current domestic revenues are barely sufficient from an income perspective to “break even” for 2017/18 notwithstanding an estimated \$80 million contribution or “tailwind” from an expectation that 2017/18 is again, for the 14<sup>th</sup> consecutive year, a high water flow environment. Even then, actual cash receipts (including rates collected but allocated to the Bipole III reserve) are not sufficient to fully fund cash flow requirements as evidenced by the \$264 million deficiency noted on page 20 in Tab 2 of the Application.

MIPUG and Coalition’s review focused on actual performance to forecast and conveniently truncates at the end of 2018/19. The Interveners’ analyses and recommendations are short-sighted and, if adopted, would leave Manitoba Hydro grossly unprepared for the inevitability of the in-service of Bipole III and Keeyask. The addition of Bipole III to Manitoba Hydro’s system will result in incremental costs of

1 nearly \$350 million annually (as indicated on page 19 of Tab 2) and over \$550 million  
2 annually for Keeyask (as indicated on page 25 of Tab 2). Even with incremental export  
3 revenues associated with Keeyask, Manitoba Hydro needs in the order of \$600 million in  
4 additional domestic revenues in 2023/24 (the first full year of Keeyask in operation) to  
5 compensate. Of that, only \$120 million, or 20%, is accounted for in current rates being  
6 those rate increases currently being set aside to the Bipole III deferral account.

7  
8 On page 7 of Appendix B to its submission, the Coalition has asserted that the  
9 deterioration in financial results was “part of the plan”. Past plans required a consistent  
10 pattern of annual rate increases and continued growth in Manitoba demand as a source  
11 of incremental revenues. The past two successive load forecasts have shown an  
12 approximate 2600 GWh reduction in Manitoba load by 2027 resulting in a \$1.1 billion  
13 reduction in domestic revenues since MH14 over the 10 year period from 2017/18 to  
14 2026/27.

15  
16 The Corporation’s previous plans have also relied on increases in export revenues that  
17 are predicated on assumed real growth in forecast export prices. In all but one of the  
18 past seven export revenue forecasts, total projected net export revenues have  
19 significantly declined in each successive forecast due mainly to decreasing export prices.  
20 When projected export prices were at their highest in MH09, total projected net export  
21 revenues were \$8.3 billion over the 10 year period from 2017/18 to 2026/27. In MH16,  
22 total projected net export revenues over the same period are forecast to be \$3.8 billion  
23 or a 54% reduction since MH09.

24  
25 Through all seven of the past forecasts since MH09, Manitoba Hydro absorbed these  
26 impacts with the annual rate trajectory increasing only once in MH12 from 3.50% to  
27 3.95%. Previous plans were able to defer the need for higher rate increases on the back  
28 of declining interest rates and thirteen actual years of highly favourable water flow  
29 conditions. It has become clear that reliance on growth in Manitoba’s own load or the  
30 elusive rebound in export prices to subsidize costs for ratepayers will not cure Manitoba  
31 Hydro’s financial weakness and is a challenged assumption.

32  
33 Manitoba Hydro cannot endorse a financial plan that effectively relies on natural  
34 phenomena (high water flows) or continuing cooperation of global financial markets  
35 (low interest rates) in order to avoid having to come to terms with the fundamental

1 difference between the costs of operating the utility and the rates currently being  
2 collected. The consequences of relying on a strategy built on hope are too grave.

3  
4 As noted on page 4 of its submission, MIPUG considers that *“IFF16 reflects far less*  
5 *exposure to risk than IFF14 or IFF15”* and on that basis, no rate increase for 2017/18 is  
6 required. MIPUG completely fails to recognize the hundreds of millions of domestic and  
7 export revenues that have dropped out of the forecast as discussed above, as well as in  
8 Section 2.1 of Tab 2 and Section 3.1 of the GRA. Additionally, Bipole III and Keeyask  
9 capital budgets have increased by a total of \$2.6 billion. While Manitoba Hydro has  
10 done its due diligence on these project estimates and will do everything possible to  
11 complete these projects on time and on budget, Bipole III has thirteen months and  
12 Keeyask has fifty months until their planned in-service dates.

13  
14 With respect to the Bipole III and Keeyask projects, there is still significant planned  
15 spending to be undertaken until the projects are complete. On page 3 of its submission,  
16 MIPUG argues that, *“IFF16 has been prepared with a further 16 months of debt issued,*  
17 *and with actual interest costs locked in.”* MIPUG is naïve in thinking that once interest  
18 rates are locked in and the capital spent the risk goes away. CEF16 shows that  
19 approximately \$7 billion remains to be spent on Bipole III and Keeyask; spending of  
20 which Manitoba Hydro must borrow and is at risk for higher interest rates. In fact, MH16  
21 includes \$11.5 billion of borrowing (inclusive of refinancing existing debt) over the next  
22 5 years. The associated interest is a real cash cost that must be paid regardless of  
23 accounting standards for capitalization and the principal eventually must be repaid or  
24 refinanced.

25  
26 MIPUG points to the substantial savings in MH16 on interest expense and argues there  
27 is no deterioration in financial condition as such savings serve to offset part of the  
28 deterioration caused by lower export prices, slowing domestic load growth and higher  
29 capital investment requirements. In reality, over \$500 million of the interest savings are  
30 driven by Manitoba Hydro’s decision to reduce the weighted average maturity of its  
31 debt portfolio. Manitoba Hydro is taking that action as part of a comprehensive,  
32 responsible plan, inclusive of significant rate increases, to create the cash flow required  
33 to permanently retire debt to diminish the financial risk of Manitoba Hydro for this and  
34 future generations of ratepayers. Without the rate increases Manitoba Hydro cannot  
35 generate the cash flow to retire debt. This savings opportunity is thus inextricably linked  
36 to the expected achievement of MH16 as without the expectation of necessary income

1 and cash flow it would be imprudent to increase the refinancing risk facing the  
2 Corporation.

3  
4 Following Keeyask in-service, interest costs are projected to be \$1.1 billion annually  
5 even after the interest savings associated with cumulative incremental revenue from  
6 the proposed 7.9% rate increases, as shown in Appendix 3.1, page 57. Carrying costs on  
7 debt, even assuming interest rates remain at historically low levels, would consume 80  
8 cents of every domestic revenue dollar at current approved rates and before any  
9 consideration of all of the operating costs and reinvestment needs of the business and  
10 the maintenance of reserves. Even with 7.9% rate increases, Manitoba Hydro is  
11 substantially vulnerable to increases in costs or reductions to revenues. MH16 already  
12 relies on export prices that rebound from today's level, continued low interest rates and  
13 average water flow levels. Any negative variation from forecast would impact the level  
14 of borrowing which already peaks at \$23 billion with 7.9% rate increases. No rate  
15 increase in 2017/18 pushes the peak net debt to \$24 billion.

16  
17 As shown in Appendix 3.4, a profile of 3.95% rate increases, if all assumptions on water  
18 flows, export prices and interest rates proved accurate, would generate limited and  
19 even negative net income in the years following Keeyask in-service even after Manitoba  
20 Hydro's significant actions to reduce costs. Manitoba Hydro's belief is that a forecast  
21 targeting no net income is imprudent given the scale of the corporation's balance sheet.  
22 The corporation and its ratepayers can no longer afford to be wrong on key  
23 assumptions. With no earnings cushion, negative events or forecast errors are  
24 immediately and potentially dramatically laid on ratepayers. Positive variances can be  
25 absorbed into subsequent financial plans and rate actions.

26  
27 MIPUG's position on equity is flawed. The need to meet an equity target is not simply to  
28 have a sufficient stock of retained earnings. Rather, equity reserves are the  
29 consequence of many years of targeting appropriate levels of income and cash flow to  
30 ensure against rate shock. Moreover, equity levels are the reciprocal of the critical need  
31 to avoid taking on more debt. In the absence of adequate earnings and cash flow, any  
32 increases to the debt level are a perpetual burden on the ratepayer to service debt and  
33 perpetual risk to refinance the debt. MIPUG is proposing that Manitoba Hydro should  
34 not only live with excessive levels of debt but live with it forever. The heart of Manitoba  
35 Hydro's Application is the need to create cash flow to permanently deleverage the  
36 business to levels which do not leave ratepayers at risk of rate shock from even modest



1 variances in interest rates, export prices or water flows. What matters to that end is the  
2 avoidance of debt by imposing a rate structure the meets the true current and future  
3 costs of operating the utility.  
4

5 MIPUG and Coalition ask what has changed. Manitoba Hydro acknowledged at page 37  
6 in Tab 2 of the Application that there is no longer a willingness to relax the equity ratio  
7 for an extended duration of fifteen years before recovering to its 25% minimum equity  
8 target. Manitoba Hydro is facing a future of lower expected domestic revenue growth,  
9 the lowest forecast of export prices the corporation has seen before, and \$1 billion in  
10 finance expense at the lowest average interest rate in corporate history.  
11

12 Manitoba Hydro's previous plans were not sufficiently robust to address current  
13 circumstances. MH14 projected over \$800 million in cumulative losses over the ten year  
14 period from 2017/18 to 2026/27. MH15 and MH16 at 3.95% rate increases show a  
15 moderate improvement with \$700 million to \$750 million in cumulative net income over  
16 the same period with, in the case of MH15, almost all of that income being realized in  
17 the final few years of the 10 year forecast. On average, this equates to approximately  
18 \$50 million to \$60 million in annual net income. However, this level of net income only  
19 results in a relatively flat level of retained earnings while net plant in service grows to  
20 \$25 billion and \$27 billion, and net debt peaks at \$23 billion and \$24 billion in MH15 and  
21 MH16, respectively. Annual net income levels of \$50 to \$60 million are not sufficient to  
22 service this level of debt.  
23

24 Manitoba Hydro requires an interim rate increase that sets it on a course that forecasts  
25 annual net income levels in the order of \$300 million to \$400 million, approximately 1%  
26 of its assets, in order to sufficiently manage and absorb the financial, hydrology and  
27 export price risks inherent in the scope and nature of Manitoba Hydro's operations. At  
28 this level of planned earnings, when there is a negative deviation from forecasts,  
29 Manitoba Hydro will be in a stronger financial position to weather a temporary  
30 deviation from its plan. If actual financial results are better than forecast, future rate  
31 increase proposals can be adjusted accordingly. The point addressed by the proposed  
32 rate increases, including the Interim, is that risks and consequences facing Manitoba  
33 Hydro and its ratepayers are not symmetrical. The Corporation's past financial plans and  
34 current financial outlook leave no margin for error.  
35  
36

## 5.0 PROPOSED RATES FOR AUGUST 1, 2017 AND CUSTOMER IMPACTS

Manitoba Hydro is requesting approval of an interim 7.9% rate increase, to be applied on all rate components<sup>1</sup> and to all customer classes on an across-the-board basis, effective August 1, 2017.

Manitoba Hydro provided rate schedules reflecting the application of the proposed 7.9% increase to all rate components, including basic charges, demand and energy charges, as Appendix 9.3 of the GRA. Bill Comparisons between current August 1, 2016 rates and proposed August 1, 2017 rates were provided as Appendix 9.5 of the Application. Proof of Revenues showing both total revenue increase by customer class for the remaining of fiscal year 2017/18, and the total revenue increase by customer class on an annualized basis, were provided as Appendix 9.1 of the Application.

The increase in revenues on class by class basis for fiscal year 2017/18 is shown in the **Figure 10** below:

**Figure 10. Recovery of Additional Revenues for Fiscal 2017/18 by Customer Sub-Class**

Customer Class	2017/18 Additional \$(millions)
Residential	\$38.4
GS Small*	\$17.5
GS Medium	\$11.5
GS Large	\$20.0
A&R Lighting	\$1.3
Misc. & DSM**	(\$1.1)
Total GCR	\$87.7

\*includes revenues from General Service customers in Diesel Communities

\*\* includes revenues associated with the Adjustment to the 2016 Load Forecast

Manitoba Hydro has applied the proposed 7.9% interim rate increase across all components of the rates for the Residential, General Service (except General Service Diesel) and Area & Roadway Lighting classes. For Diesel General Service customers,

<sup>1</sup> Excluding the Government and First Nations Education and the Full Cost Rate for General Service Customers in the Diesel Communities.

1 Manitoba Hydro is proposing to increase the grid portion of the rate (Basic charge and  
2 first 2,000 kWh per month for non-government customers) by 7.9% with the non-grid  
3 portion of the rate remaining unchanged. The proposed 7.9% interim rate increase  
4 applied on an across-the-board basis generates additional revenues of \$87.7 million for  
5 fiscal year 2017/18 (or \$123.3 million on an annualized basis).

6  
7 A residential customer, without electric space heat, with an average usage of 1,000 kWh  
8 per month would experience an increase in their monthly bill of \$6.88 effective August  
9 1, 2017. A residential customer with electric space heat, using an average of 2,000 kWh  
10 a month, would experience an increase of \$13.14 per month for August 1, 2017.

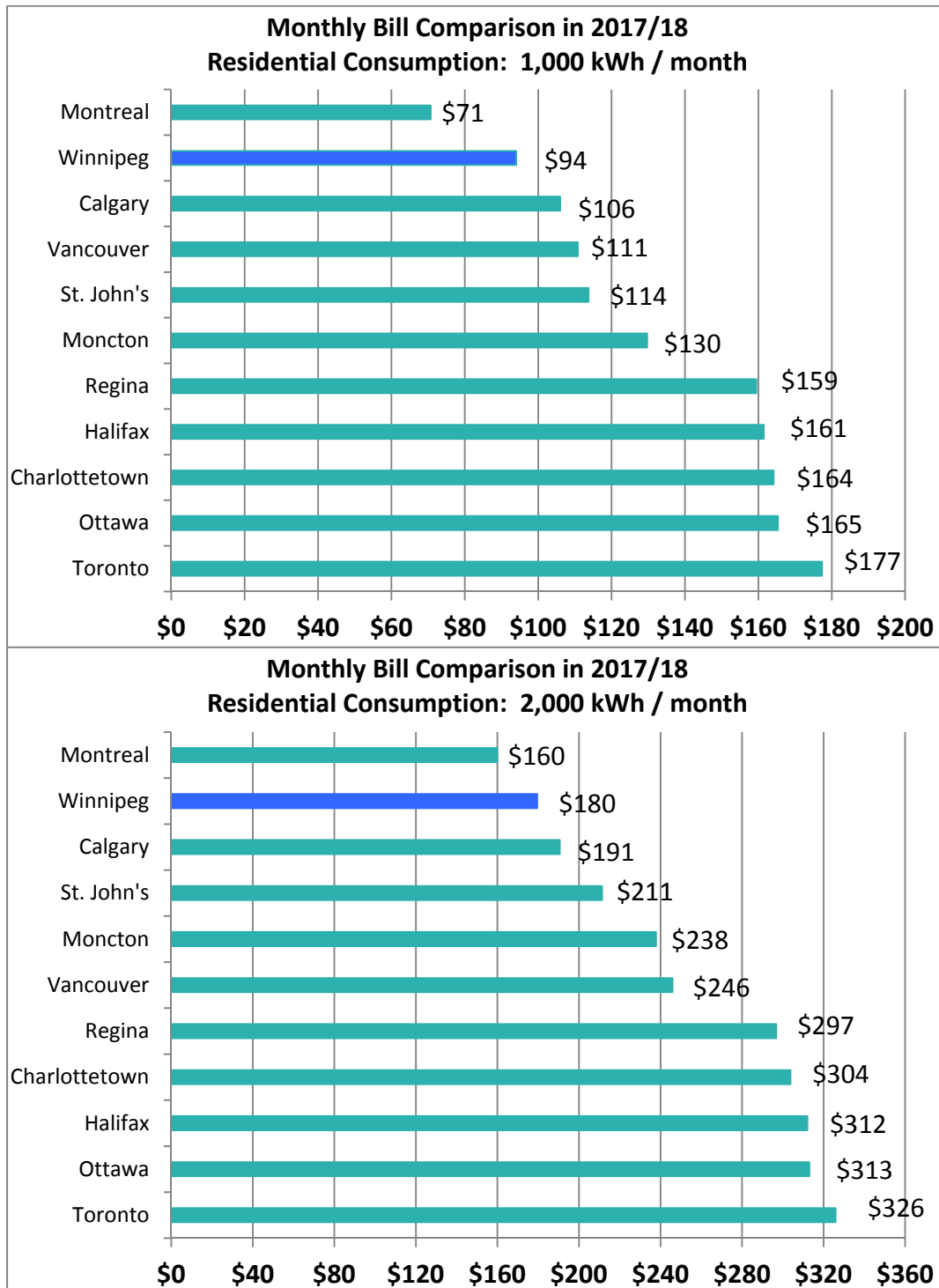
11  
12 As demonstrated in Figure 9.7 of Tab 9, Manitoba Hydro's weighted-average retail  
13 electricity price for all customer classes is among the lowest in North America.

14  
15 As also demonstrated in the **Figure 11** below, Manitoba continues to enjoy a distinct  
16 advantage over most of the Canadian jurisdictions with respect to the average monthly  
17 bills of residential customers. Even with the proposed interim rate increase of 7.9%,  
18 Manitoba Hydro rates will continue to be competitive compared to other jurisdictions.

19  
20

1  
2  
3  
4  
5  
6  
7  
8

**Figure 11. Monthly Bill Comparisons Reflecting Manitoba Hydro’s Proposed 2017/18 Rates**



Note: Where published information is available, projected rate increases have been reflected in the bill calculations for other cities, and where not available, annual rate increases of 2% have been assumed. Analysis does not consider the impact that the implementation of a carbon tax may have on electricity prices in the future.

1   **6.0   CONCLUSION**

2

3       The principal reasons for Manitoba Hydro's proposed Interim Rate increase of 7.9%  
4       effective August 1, 2017 are as follows:

5

6           i.    To mitigate the deficit funding of Manitoba Hydro's core operations thereby  
7           reducing future interest costs that will need to be recovered; and,

8           ii.   To allow Manitoba Hydro's customers the maximum time frame possible to  
9           phase-in and adjust to the aggregate level of increases inevitably and  
10          unavoidably required for Manitoba Hydro to address its current and future  
11          financial position.

12

13       In summary, and as conveyed throughout Tab 2 of the GRA, there is no ability for the  
14       Corporation to continue operating at its level of current rates, nor is there the ability for  
15       Manitoba Hydro to seek rate increases at or near inflation as Interveners would suggest  
16       given Manitoba Hydro's current and forecasted financial position.

17

18       Recognizing that higher rate increases than what has been contemplated in previous  
19       forecasts will be required, Manitoba Hydro is of the view that the public interest is best  
20       served by not allowing a delay to compound and exacerbate the need which will, in  
21       turn, only serve to make eventual rate increases more disruptive to customers.

22

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED OPERATING STATEMENT**  
**PUB Scenario (i) - 1: 0% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>REVENUES</b>											
General Consumers at approved rates	1 517	1 569	1 561	1 552	1 551	1 552	1 559	1 567	1 577	1 584	1 593
additional*	0	0	123	255	397	551	596	643	691	740	790
BPIII Reserve Account	(96)	(113)	11	69	69	69	69	23	0	0	0
Extraprovincial	468	454	432	455	578	696	795	818	844	707	714
Other	27	30	31	31	33	33	34	34	35	35	36
	<u>1 915</u>	<u>1 941</u>	<u>2 157</u>	<u>2 363</u>	<u>2 628</u>	<u>2 901</u>	<u>3 053</u>	<u>3 085</u>	<u>3 146</u>	<u>3 066</u>	<u>3 133</u>
<b>EXPENSES</b>											
Operating and Administrative	535	518	501	511	513	524	536	548	559	571	583
Finance Expense	613	574	665	731	791	853	1 084	1 119	1 104	1 086	1 083
Finance Income	(18)	(16)	(20)	(27)	(27)	(31)	(37)	(16)	(14)	(13)	(17)
Depreciation and Amortization	384	396	471	515	554	597	689	714	725	739	751
Water Rentals and Assessments	131	124	112	113	114	117	127	128	131	131	131
Fuel and Power Purchased	130	135	166	146	162	149	140	138	141	128	129
Capital and Other Taxes	118	132	145	154	161	165	173	174	174	174	174
Other Expenses	60	115	109	481	94	92	71	64	67	71	76
Corporate Allocation	8	8	8	8	8	8	8	8	8	8	8
	<u>1 962</u>	<u>1 987</u>	<u>2 157</u>	<u>2 633</u>	<u>2 371</u>	<u>2 475</u>	<u>2 791</u>	<u>2 876</u>	<u>2 895</u>	<u>2 894</u>	<u>2 917</u>
Net Income before Net Movement in Reg. Deferral	(47)	(47)	(0)	(270)	257	427	261	209	251	172	216
Net Movement in Regulatory Deferral	69	68	106	462	69	61	40	(49)	(49)	(48)	(45)
<b>Net Income</b>	<u>22</u>	<u>21</u>	<u>106</u>	<u>191</u>	<u>326</u>	<u>488</u>	<u>301</u>	<u>160</u>	<u>202</u>	<u>124</u>	<u>171</u>
<b>Net Income Attributable to:</b>											
<b>Manitoba Hydro</b>	<b>34</b>	<b>29</b>	<b>107</b>	<b>189</b>	<b>321</b>	<b>480</b>	<b>292</b>	<b>149</b>	<b>199</b>	<b>122</b>	<b>168</b>
Non-controlling Interest	(12)	(9)	(1)	2	5	8	9	11	3	2	3
* Additional General Consumers Revenue											
Percent Increase	0.00%	0.00%	7.90%	7.90%	7.90%	7.90%	2.00%	2.00%	2.00%	2.00%	2.00%
Cumulative Percent Increase	0.00%	0.00%	7.90%	16.42%	25.62%	35.55%	38.26%	41.02%	43.84%	46.72%	49.65%
<b>Financial Ratios</b>											
Equity	15%	14%	14%	13%	14%	15%	15%	16%	17%	17%	18%
EBITDA Interest Coverage	1.50	1.48	1.62	1.72	1.84	2.01	1.93	1.86	1.93	1.89	1.95
Capital Coverage	1.08	1.14	1.22	1.40	1.78	2.22	1.94	1.90	1.80	1.62	1.69

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED OPERATING STATEMENT**  
**PUB Scenario (i) - 1: 0% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>REVENUES</b>									
General Consumers at approved rates	1 599	1 608	1 623	1 639	1 667	1 698	1 730	1 762	1 796
additional*	842	895	954	1 016	1 087	1 163	1 243	1 327	1 416
BPIII Reserve Account	0	0	0	0	0	0	0	0	0
Extraprovincial	708	721	733	744	745	743	739	732	654
Other	36	37	38	38	39	40	40	40	41
	<b>3 185</b>	<b>3 260</b>	<b>3 348</b>	<b>3 438</b>	<b>3 538</b>	<b>3 643</b>	<b>3 752</b>	<b>3 862</b>	<b>3 907</b>
<b>EXPENSES</b>									
Operating and Administrative	595	607	620	633	646	660	674	688	702
Finance Expense	1 075	1 059	1 044	1 062	1 034	1 022	1 001	964	926
Finance Income	(19)	(22)	(16)	(16)	(16)	(17)	(23)	(23)	(24)
Depreciation and Amortization	764	775	790	804	822	840	856	871	887
Water Rentals and Assessments	131	132	132	132	133	133	133	134	134
Fuel and Power Purchased	129	131	135	145	151	159	167	178	172
Capital and Other Taxes	174	174	176	177	178	178	180	180	186
Other Expenses	79	84	87	87	89	91	92	95	96
Corporate Allocation	8	8	5	2	2	2	2	2	2
	<b>2 936</b>	<b>2 948</b>	<b>2 973</b>	<b>3 026</b>	<b>3 039</b>	<b>3 067</b>	<b>3 082</b>	<b>3 088</b>	<b>3 082</b>
Net Income before Net Movement in Reg. Deferral	249	312	375	411	499	577	670	774	825
Net Movement in Regulatory Deferral	(43)	(40)	(35)	(33)	(31)	(28)	(28)	(28)	(30)
<b>Net Income</b>	<b>206</b>	<b>272</b>	<b>340</b>	<b>379</b>	<b>468</b>	<b>549</b>	<b>642</b>	<b>745</b>	<b>796</b>
<b>Net Income Attributable to:</b>									
<b>Manitoba Hydro</b>	<b>202</b>	<b>267</b>	<b>333</b>	<b>369</b>	<b>458</b>	<b>537</b>	<b>628</b>	<b>730</b>	<b>780</b>
Non-controlling Interest	4	5	7	9	11	12	14	15	15
* Additional General Consumers Revenue									
Percent Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Cumulative Percent Increase	52.65%	55.70%	58.81%	61.99%	65.23%	68.53%	71.90%	75.34%	78.85%
<b>Financial Ratios</b>									
Equity	19%	20%	21%	23%	25%	27%	29%	32%	35%
EBITDA Interest Coverage	2.00	2.09	2.18	2.21	2.35	2.46	2.61	2.79	2.93
Capital Coverage	1.72	1.77	1.90	1.87	1.99	2.08	2.21	2.15	2.19

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED BALANCE SHEET**  
**PUB Scenario (i) - 1: 0% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>ASSETS</b>											
Plant in Service	13 256	13 881	19 254	19 876	20 938	26 363	30 693	31 222	31 858	32 522	33 133
Accumulated Depreciation	(985)	(1 319)	(1 749)	(2 197)	(2 634)	(3 143)	(3 724)	(4 347)	(4 961)	(5 625)	(6 231)
Net Plant in Service	12 272	12 562	17 505	17 679	18 304	23 219	26 969	26 876	26 897	26 897	26 902
Construction in Progress	6 943	9 308	6 596	7 378	7 870	3 693	224	312	276	272	269
Current and Other Assets	1 721	2 021	2 249	2 475	2 094	1 783	1 787	1 759	1 681	1 624	1 887
Goodwill and Intangible Assets	270	485	725	869	1 271	1 225	1 180	1 135	1 092	1 049	1 007
Total Assets before Regulatory Deferral	21 206	24 376	27 075	28 401	29 539	29 921	30 160	30 083	29 946	29 842	30 066
Regulatory Deferral Balance	459	526	633	1 094	1 163	1 225	1 265	1 216	1 167	1 118	1 074
	21 665	24 902	27 708	29 495	30 702	31 146	31 425	31 299	31 113	30 960	31 139
<b>LIABILITIES AND EQUITY</b>											
Long-Term Debt	15 578	18 120	21 357	22 182	22 954	23 481	23 900	23 469	22 781	21 920	22 962
Current and Other Liabilities	3 415	3 905	3 301	4 067	4 212	3 672	3 255	3 422	3 714	4 289	3 247
Provisions	19	19	19	18	17	16	16	15	14	14	14
Deferred Revenue	444	460	486	515	537	546	556	566	577	588	599
BPIII Reserve Account	196	309	299	230	161	92	23	(0)	(0)	(0)	(0)
Retained Earnings	2 730	2 760	2 867	3 056	3 377	3 857	4 149	4 299	4 498	4 620	4 788
Accumulated Other Comprehensive Income	(761)	(714)	(665)	(616)	(600)	(562)	(517)	(516)	(515)	(515)	(515)
Total Liabilities and Equity before Regulatory Deferral	21 621	24 859	27 664	29 451	30 659	31 102	31 381	31 255	31 069	30 916	31 096
Regulatory Deferral Balance	44	44	44	44	44	44	44	44	44	44	44
	21 665	24 902	27 708	29 495	30 702	31 146	31 425	31 299	31 113	30 960	31 139
Net Debt	15 349	18 335	20 753	22 404	23 380	23 701	23 604	23 363	23 052	22 833	22 561
Total Equity	2 778	3 017	3 240	3 486	3 815	4 309	4 296	4 445	4 659	4 794	4 976
Equity Ratio	15%	14%	14%	13%	14%	15%	15%	16%	17%	17%	18%



**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED BALANCE SHEET**  
**PUB Scenario (i) - 1: 0% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**  
(In Millions of Dollars)

*For the year ended March 31*

	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>ASSETS</b>									
Plant in Service	33 741	34 487	35 147	35 978	36 754	37 549	38 293	39 095	40 163
Accumulated Depreciation	(6 924)	(7 621)	(8 329)	(9 059)	(9 806)	(10 595)	(11 384)	(12 186)	(12 993)
Net Plant in Service	26 817	26 866	26 817	26 919	26 948	26 955	26 909	26 909	27 170
Construction in Progress	351	313	348	258	232	224	264	319	115
Current and Other Assets	2 062	2 381	2 178	2 046	2 397	2 425	2 993	3 363	4 117
Goodwill and Intangible Assets	967	928	890	852	814	777	740	703	667
Total Assets before Regulatory Deferral	30 196	30 487	30 233	30 075	30 391	30 380	30 906	31 295	32 069
Regulatory Deferral Balance	1 030	990	955	923	892	864	836	807	777
	31 226	31 477	31 189	30 998	31 283	31 244	31 742	32 102	32 846
<b>LIABILITIES AND EQUITY</b>									
Long-Term Debt	22 915	19 297	17 844	19 465	19 675	19 864	19 918	19 907	19 991
Current and Other Liabilities	3 169	6 760	7 581	5 391	4 997	4 223	4 027	3 656	3 524
Provisions	14	14	14	14	14	14	14	14	14
Deferred Revenue	610	619	629	639	649	660	671	682	694
BPll Reserve Account	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Retained Earnings	4 990	5 258	5 591	5 960	6 418	6 955	7 583	8 313	9 093
Accumulated Other Comprehensive Income	(515)	(515)	(515)	(515)	(515)	(515)	(515)	(515)	(515)
Total Liabilities and Equity before Regulatory Deferral	31 183	31 434	31 145	30 954	31 239	31 201	31 698	32 058	32 802
Regulatory Deferral Balance	44	44	44	44	44	44	44	44	44
	31 226	31 477	31 189	30 998	31 283	31 244	31 742	32 102	32 846
Net Debt	22 262	21 909	21 475	21 029	20 483	19 861	19 127	18 354	17 532
Total Equity	5 193	5 470	5 810	6 187	6 653	7 198	7 835	8 575	9 365
Equity Ratio	19%	20%	21%	23%	25%	27%	29%	32%	35%

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED CASH FLOW STATEMENT**  
**PUB Scenario (i) - 1: 0% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**  
(In Millions of Dollars)

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>OPERATING ACTIVITIES</b>											
Cash Receipts from Customers	2 007	2 043	2 135	2 282	2 547	2 820	2 971	3 050	3 134	3 053	3 120
Cash Paid to Suppliers and Employees	(876)	(917)	(881)	(880)	(903)	(908)	(923)	(937)	(954)	(952)	(964)
Interest Paid	(569)	(529)	(634)	(702)	(752)	(818)	(1 048)	(1 089)	(1 082)	(1 068)	(1 051)
Interest Received	7	5	12	21	16	16	8	7	7	5	10
	569	601	632	721	908	1 110	1 008	1 031	1 105	1 038	1 115
<b>FINANCING ACTIVITIES</b>											
Proceeds from Long-Term Debt	2 743	3 570	3 590	2 170	1 790	990	760	(10)	(10)	350	1 190
Sinking Fund Withdrawals	146	0	0	182	303	767	173	56	340	141	235
Retirement of Long-Term Debt	(1 030)	(330)	(1 002)	(336)	(1 278)	(1 020)	(449)	(290)	(412)	(715)	(1 178)
Other	10	(10)	(10)	(11)	(11)	(11)	11	(5)	(5)	(5)	(5)
	1 868	3 229	2 578	2 005	804	725	495	(249)	(87)	(229)	242
<b>INVESTING ACTIVITIES</b>											
Property, Plant and Equipment, net of contributions	(2 609)	(3 553)	(3 015)	(2 351)	(1 742)	(1 352)	(880)	(700)	(704)	(732)	(756)
Sinking Fund Payment	(146)	(246)	(210)	(244)	(282)	(334)	(241)	(251)	(256)	(249)	(251)
Other	(68)	(51)	(55)	(44)	(128)	(91)	(84)	(83)	(83)	(80)	(79)
	(2 822)	(3 850)	(3 280)	(2 639)	(2 152)	(1 777)	(1 205)	(1 035)	(1 043)	(1 061)	(1 087)
<b>Net Increase (Decrease) in Cash</b>	(384)	(19)	(70)	87	(441)	58	298	(253)	(25)	(251)	270
<b>Cash at Beginning of Year</b>	944	559	540	470	557	117	175	473	221	196	(55)
<b>Cash at End of Year</b>	559	540	470	557	117	175	473	221	196	(55)	215

**ELECTRIC OPERATIONS (MH16)  
PROJECTED CASH FLOW STATEMENT**

**PUB Scenario (i) - 1: 0% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**

**(In Millions of Dollars)**

*For the year ended March 31*

	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>
<b>OPERATING ACTIVITIES</b>									
Cash Receipts from Customers	3 172	3 247	3 334	3 424	3 524	3 629	3 738	3 848	3 893
Cash Paid to Suppliers and Employees	(976)	(990)	(1 007)	(1 030)	(1 050)	(1 071)	(1 093)	(1 118)	(1 131)
Interest Paid	(1 060)	(1 052)	(1 034)	(1 048)	(1 019)	(1 016)	(989)	(969)	(936)
Interest Received	16	27	11	11	10	16	24	33	36
	<u>1 152</u>	<u>1 231</u>	<u>1 304</u>	<u>1 357</u>	<u>1 465</u>	<u>1 559</u>	<u>1 680</u>	<u>1 795</u>	<u>1 862</u>
<b>FINANCING ACTIVITIES</b>									
Proceeds from Long-Term Debt	(10)	(20)	2 980	3 780	1 960	1 140	750	310	170
Sinking Fund Withdrawals	150	60	500	410	0	290	0	10	275
Retirement of Long-Term Debt	(150)	(50)	(3 650)	(4 386)	(2 182)	(1 763)	(945)	(740)	(265)
Other	(5)	(5)	(5)	(5)	(5)	(7)	(4)	(4)	(5)
	<u>(15)</u>	<u>(15)</u>	<u>(176)</u>	<u>(201)</u>	<u>(228)</u>	<u>(340)</u>	<u>(199)</u>	<u>(424)</u>	<u>175</u>
<b>INVESTING ACTIVITIES</b>									
Property, Plant and Equipment, net of contributions	(767)	(798)	(793)	(832)	(840)	(857)	(870)	(948)	(966)
Sinking Fund Payment	(250)	(253)	(260)	(244)	(232)	(238)	(230)	(238)	(243)
Other	(78)	(72)	(70)	(71)	(70)	(69)	(68)	(66)	(65)
	<u>(1 095)</u>	<u>(1 123)</u>	<u>(1 122)</u>	<u>(1 146)</u>	<u>(1 143)</u>	<u>(1 164)</u>	<u>(1 168)</u>	<u>(1 251)</u>	<u>(1 274)</u>
<b>Net Increase (Decrease) in Cash</b>	<b>41</b>	<b>93</b>	<b>6</b>	<b>9</b>	<b>95</b>	<b>55</b>	<b>314</b>	<b>120</b>	<b>764</b>
<b>Cash at Beginning of Year</b>	<b>215</b>	<b>256</b>	<b>349</b>	<b>355</b>	<b>364</b>	<b>459</b>	<b>514</b>	<b>828</b>	<b>947</b>
<b>Cash at End of Year</b>	<b>256</b>	<b>349</b>	<b>355</b>	<b>364</b>	<b>459</b>	<b>514</b>	<b>828</b>	<b>947</b>	<b>1 711</b>

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED OPERATING STATEMENT**  
**PUB Scenario (i) - 2: 1.6% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>REVENUES</b>											
General Consumers											
at approved rates	1 517	1 569	1 561	1 552	1 551	1 552	1 559	1 567	1 577	1 584	1 593
additional*	0	18	149	284	428	585	630	678	727	777	828
BPIII Reserve Account	(96)	(114)	10	69	69	69	69	23	0	0	0
Extraprovincial	468	454	432	455	578	696	795	818	844	707	714
Other	27	30	31	31	33	33	34	34	35	35	36
	<u>1 915</u>	<u>1 957</u>	<u>2 183</u>	<u>2 392</u>	<u>2 660</u>	<u>2 935</u>	<u>3 087</u>	<u>3 120</u>	<u>3 182</u>	<u>3 103</u>	<u>3 171</u>
<b>EXPENSES</b>											
Operating and Administrative	535	518	501	511	513	524	536	548	559	571	583
Finance Expense	613	574	665	729	788	849	1 078	1 108	1 093	1 072	1 063
Finance Income	(18)	(16)	(20)	(27)	(27)	(32)	(39)	(16)	(16)	(13)	(16)
Depreciation and Amortization	384	396	471	515	554	597	689	714	725	739	751
Water Rentals and Assessments	131	124	112	113	114	117	127	128	131	131	131
Fuel and Power Purchased	130	135	166	146	162	149	140	138	141	128	129
Capital and Other Taxes	118	132	145	154	161	165	173	174	174	174	174
Other Expenses	60	115	109	481	94	92	71	64	67	71	76
Corporate Allocation	8	8	8	8	8	8	8	8	8	8	8
	<u>1 962</u>	<u>1 987</u>	<u>2 157</u>	<u>2 631</u>	<u>2 367</u>	<u>2 469</u>	<u>2 784</u>	<u>2 865</u>	<u>2 883</u>	<u>2 879</u>	<u>2 898</u>
Net Income before Net Movement in Reg. Deferral	(47)	(30)	27	(239)	292	466	304	255	300	224	273
Net Movement in Regulatory Deferral	69	68	106	462	69	61	40	(49)	(49)	(48)	(45)
<b>Net Income</b>	<u>22</u>	<u>37</u>	<u>133</u>	<u>223</u>	<u>361</u>	<u>527</u>	<u>344</u>	<u>207</u>	<u>250</u>	<u>176</u>	<u>228</u>
<b>Net Income Attributable to:</b>											
<b>Manitoba Hydro</b>	<b>34</b>	<b>46</b>	<b>134</b>	<b>221</b>	<b>356</b>	<b>519</b>	<b>334</b>	<b>196</b>	<b>247</b>	<b>174</b>	<b>225</b>
Non-controlling Interest	(12)	(9)	(1)	2	5	8	9	11	3	2	3
* Additional General Consumers Revenue											
Percent Increase	0.00%	1.60%	7.90%	7.90%	7.90%	7.90%	2.00%	2.00%	2.00%	2.00%	2.00%
Cumulative Percent Increase	0.00%	1.60%	9.63%	18.29%	27.63%	37.71%	40.47%	43.28%	46.14%	49.07%	52.05%
<b>Financial Ratios</b>											
Equity	15%	14%	14%	14%	14%	16%	16%	17%	18%	19%	19%
EBITDA Interest Coverage	1.50	1.50	1.65	1.76	1.87	2.05	1.97	1.91	1.99	1.95	2.02
Capital Coverage	1.08	1.18	1.28	1.45	1.84	2.30	2.02	1.98	1.87	1.70	1.77

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED OPERATING STATEMENT**  
**PUB Scenario (i) - 2: 1.6% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>REVENUES</b>									
General Consumers at approved rates	1 599	1 608	1 623	1 639	1 667	1 698	1 730	1 762	1 796
additional*	881	935	995	1 058	1 131	1 209	1 291	1 376	1 467
BP/III Reserve Account	0	0	0	0	0	0	0	0	0
Extraprovincial	708	721	733	744	745	743	739	732	654
Other	36	37	38	38	39	40	40	40	41
	<u>3 224</u>	<u>3 300</u>	<u>3 389</u>	<u>3 480</u>	<u>3 582</u>	<u>3 689</u>	<u>3 800</u>	<u>3 912</u>	<u>3 959</u>
<b>EXPENSES</b>									
Operating and Administrative	595	607	620	633	646	660	674	688	702
Finance Expense	1 055	1 038	1 019	1 031	1 003	983	951	912	873
Finance Income	(20)	(25)	(17)	(16)	(18)	(18)	(19)	(23)	(24)
Depreciation and Amortization	764	775	790	804	822	840	856	871	887
Water Rentals and Assessments	131	132	132	132	133	133	133	134	134
Fuel and Power Purchased	129	131	135	145	151	159	167	178	172
Capital and Other Taxes	174	174	176	177	178	179	180	180	186
Other Expenses	79	84	87	87	89	91	92	95	96
Corporate Allocation	8	8	5	2	2	2	2	2	2
	<u>2 915</u>	<u>2 925</u>	<u>2 947</u>	<u>2 995</u>	<u>3 005</u>	<u>3 028</u>	<u>3 037</u>	<u>3 037</u>	<u>3 029</u>
Net Income before Net Movement in Reg. Deferral	309	375	442	485	577	661	763	874	930
Net Movement in Regulatory Deferral	(43)	(40)	(35)	(33)	(31)	(28)	(28)	(28)	(30)
<b>Net Income</b>	<u>266</u>	<u>335</u>	<u>407</u>	<u>452</u>	<u>546</u>	<u>633</u>	<u>735</u>	<u>846</u>	<u>900</u>
<b>Net Income Attributable to:</b>									
<b>Manitoba Hydro</b>	<b>262</b>	<b>330</b>	<b>400</b>	<b>443</b>	<b>535</b>	<b>621</b>	<b>722</b>	<b>831</b>	<b>885</b>
Non-controlling Interest	4	5	7	9	11	12	14	15	15
* Additional General Consumers Revenue									
Percent Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Cumulative Percent Increase	55.09%	58.19%	61.35%	64.58%	67.87%	71.23%	74.66%	78.15%	81.71%
<b>Financial Ratios</b>									
Equity	21%	22%	23%	25%	27%	30%	32%	36%	39%
EBITDA Interest Coverage	2.08	2.18	2.27	2.31	2.47	2.60	2.78	3.00	3.17
Capital Coverage	1.81	1.86	1.99	1.97	2.10	2.20	2.33	2.28	2.31

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED BALANCE SHEET**  
**PUB Scenario (i) - 2: 1.6% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**  
(In Millions of Dollars)

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>ASSETS</b>											
Plant in Service	13 256	13 881	19 254	19 876	20 938	26 363	30 693	31 222	31 858	32 522	33 133
Accumulated Depreciation	(985)	(1 319)	(1 749)	(2 197)	(2 634)	(3 143)	(3 724)	(4 347)	(4 961)	(5 625)	(6 231)
Net Plant in Service	12 272	12 562	17 505	17 679	18 304	23 219	26 969	26 876	26 897	26 897	26 902
Construction in Progress	6 943	9 308	6 596	7 378	7 870	3 693	224	312	276	272	269
Current and Other Assets	1 721	2 039	2 294	2 549	2 200	1 929	1 775	1 793	1 763	1 702	1 874
Goodwill and Intangible Assets	270	485	725	869	1 271	1 225	1 180	1 135	1 092	1 049	1 007
Total Assets before Regulatory Deferral	21 206	24 394	27 120	28 475	29 645	30 067	30 147	30 116	30 028	29 920	30 052
Regulatory Deferral Balance	459	526	633	1 094	1 163	1 225	1 265	1 216	1 167	1 118	1 074
	21 665	24 920	27 753	29 569	30 809	31 292	31 412	31 333	31 195	31 039	31 126
<b>LIABILITIES AND EQUITY</b>											
Long-Term Debt	15 578	18 120	21 357	22 182	22 954	23 481	23 700	23 269	22 581	21 720	22 562
Current and Other Liabilities	3 415	3 905	3 301	4 065	4 207	3 668	3 250	3 418	3 710	4 229	3 239
Provisions	19	19	19	18	17	16	16	15	14	14	14
Deferred Revenue	444	460	486	515	537	546	556	566	577	588	599
BP III Reserve Account	196	311	300	231	162	92	23	(0)	(0)	(0)	(0)
Retained Earnings	2 730	2 776	2 911	3 131	3 488	4 007	4 341	4 537	4 784	4 958	5 183
Accumulated Other Comprehensive Income	(761)	(714)	(665)	(616)	(600)	(562)	(517)	(516)	(515)	(515)	(515)
Total Liabilities and Equity before Regulatory Deferral	21 621	24 877	27 709	29 526	30 765	31 248	31 369	31 289	31 151	30 995	31 082
Regulatory Deferral Balance	44	44	44	44	44	44	44	44	44	44	44
	21 665	24 920	27 753	29 569	30 809	31 292	31 412	31 333	31 195	31 039	31 126
Net Debt	15 349	18 318	20 708	22 330	23 274	23 555	23 416	23 129	22 770	22 499	22 174
Total Equity	2 778	3 034	3 286	3 562	3 926	4 459	4 489	4 683	4 945	5 132	5 371
Equity Ratio	15%	14%	14%	14%	14%	16%	16%	17%	18%	19%	19%

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED BALANCE SHEET**  
**PUB Scenario (i) - 2: 1.6% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>ASSETS</b>									
Plant in Service	33 741	34 487	35 147	35 978	36 754	37 549	38 293	39 095	40 163
Accumulated Depreciation	(6 924)	(7 621)	(8 329)	(9 059)	(9 806)	(10 595)	(11 384)	(12 186)	(12 993)
Net Plant in Service	26 817	26 866	26 817	26 919	26 948	26 955	26 909	26 909	27 170
Construction in Progress	351	313	348	258	232	224	264	319	115
Current and Other Assets	2 109	2 490	2 155	2 097	2 328	2 643	2 900	3 578	4 436
Goodwill and Intangible Assets	967	928	890	852	814	777	740	703	667
Total Assets before Regulatory Deferral	30 243	30 597	30 210	30 126	30 322	30 598	30 813	31 509	32 388
Regulatory Deferral Balance	1 030	990	955	923	892	864	836	807	777
	31 273	31 587	31 165	31 049	31 213	31 462	31 649	32 316	33 165
<b>LIABILITIES AND EQUITY</b>									
Long-Term Debt	22 515	18 897	17 244	18 865	18 875	19 264	19 118	19 107	19 191
Current and Other Liabilities	3 161	6 752	7 574	5 383	4 992	4 220	3 820	3 656	3 524
Provisions	14	14	14	14	14	14	14	14	14
Deferred Revenue	610	619	629	639	649	660	671	682	694
BPll Reserve Account	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Retained Earnings	5 445	5 775	6 175	6 618	7 154	7 775	8 497	9 328	10 212
Accumulated Other Comprehensive Income	(515)	(515)	(515)	(515)	(515)	(515)	(515)	(515)	(515)
Total Liabilities and Equity before Regulatory Deferral	31 230	31 543	31 122	31 005	31 170	31 418	31 605	32 273	33 121
Regulatory Deferral Balance	44	44	44	44	44	44	44	44	44
	31 273	31 587	31 165	31 049	31 213	31 462	31 649	32 316	33 165
Net Debt	21 815	21 399	20 898	20 378	19 753	19 043	18 220	17 339	16 413
Total Equity	5 647	5 988	6 394	6 845	7 389	8 019	8 749	9 589	10 484
Equity Ratio	21%	22%	23%	25%	27%	30%	32%	36%	39%

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED CASH FLOW STATEMENT**  
**PUB Scenario (i) - 2: 1.6% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**  
(In Millions of Dollars)

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>OPERATING ACTIVITIES</b>											
Cash Receipts from Customers	2 007	2 061	2 162	2 311	2 578	2 853	3 005	3 085	3 170	3 090	3 158
Cash Paid to Suppliers and Employees	(876)	(917)	(881)	(880)	(903)	(908)	(923)	(937)	(954)	(952)	(964)
Interest Paid	(569)	(529)	(634)	(701)	(752)	(813)	(1 043)	(1 079)	(1 071)	(1 054)	(1 035)
Interest Received	7	5	12	21	17	17	10	8	9	5	9
	569	619	659	750	940	1 149	1 050	1 077	1 153	1 090	1 168
<b>FINANCING ACTIVITIES</b>											
Proceeds from Long-Term Debt	2 743	3 570	3 590	2 170	1 790	990	560	(10)	(10)	350	990
Sinking Fund Withdrawals	146	0	0	182	303	767	173	56	338	139	233
Retirement of Long-Term Debt	(1 030)	(330)	(1 002)	(336)	(1 278)	(1 020)	(449)	(290)	(412)	(715)	(1 178)
Other	10	(10)	(10)	(11)	(11)	(11)	11	(5)	(5)	(5)	(5)
	1 868	3 229	2 578	2 005	804	725	295	(249)	(89)	(231)	40
<b>INVESTING ACTIVITIES</b>											
Property, Plant and Equipment, net of contributions	(2 609)	(3 553)	(3 015)	(2 351)	(1 742)	(1 352)	(880)	(700)	(704)	(732)	(756)
Sinking Fund Payment	(146)	(246)	(210)	(244)	(282)	(334)	(241)	(249)	(254)	(246)	(248)
Other	(68)	(51)	(55)	(44)	(128)	(91)	(84)	(83)	(83)	(80)	(79)
	(2 822)	(3 850)	(3 280)	(2 639)	(2 152)	(1 777)	(1 205)	(1 033)	(1 041)	(1 058)	(1 083)
<b>Net Increase (Decrease) in Cash</b>	(384)	(1)	(43)	116	(408)	98	140	(205)	24	(199)	124
<b>Cash at Beginning of Year</b>	944	559	558	515	631	223	321	461	256	280	81
<b>Cash at End of Year</b>	559	558	515	631	223	321	461	256	280	81	205



**ELECTRIC OPERATIONS (MH16)  
PROJECTED CASH FLOW STATEMENT**

**PUB Scenario (i) - 2: 1.6% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**

**(In Millions of Dollars)**

*For the year ended March 31*

	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>
<b>OPERATING ACTIVITIES</b>									
Cash Receipts from Customers	3 211	3 287	3 375	3 466	3 568	3 675	3 786	3 897	3 944
Cash Paid to Suppliers and Employees	(976)	(990)	(1 007)	(1 030)	(1 050)	(1 071)	(1 093)	(1 118)	(1 131)
Interest Paid	(1 040)	(1 032)	(1 009)	(1 017)	(986)	(979)	(953)	(920)	(892)
Interest Received	16	29	12	11	13	21	30	43	46
	<u>1 212</u>	<u>1 294</u>	<u>1 371</u>	<u>1 431</u>	<u>1 545</u>	<u>1 646</u>	<u>1 770</u>	<u>1 902</u>	<u>1 967</u>
<b>FINANCING ACTIVITIES</b>									
Proceeds from Long-Term Debt	(10)	(20)	2 780	3 780	1 760	1 340	350	310	170
Sinking Fund Withdrawals	150	60	488	399	0	30	0	10	275
Retirement of Long-Term Debt	(150)	(50)	(3 650)	(4 386)	(2 182)	(1 763)	(945)	(540)	(265)
Other	(5)	(5)	(5)	(5)	(5)	(7)	(4)	(4)	(5)
	<u>(15)</u>	<u>(15)</u>	<u>(387)</u>	<u>(212)</u>	<u>(428)</u>	<u>(400)</u>	<u>(599)</u>	<u>(224)</u>	<u>175</u>
<b>INVESTING ACTIVITIES</b>									
Property, Plant and Equipment, net of contributions	(767)	(798)	(793)	(832)	(840)	(857)	(870)	(948)	(966)
Sinking Fund Payment	(246)	(248)	(255)	(238)	(225)	(231)	(234)	(238)	(245)
Other	(78)	(72)	(70)	(71)	(70)	(69)	(68)	(66)	(65)
	<u>(1 091)</u>	<u>(1 119)</u>	<u>(1 118)</u>	<u>(1 141)</u>	<u>(1 136)</u>	<u>(1 157)</u>	<u>(1 172)</u>	<u>(1 252)</u>	<u>(1 276)</u>
<b>Net Increase (Decrease) in Cash</b>	106	160	(134)	79	(19)	89	(1)	426	866
<b>Cash at Beginning of Year</b>	205	311	470	336	415	396	486	485	911
<b>Cash at End of Year</b>	<u>311</u>	<u>470</u>	<u>336</u>	<u>415</u>	<u>396</u>	<u>486</u>	<u>485</u>	<u>911</u>	<u>1 777</u>

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED OPERATING STATEMENT**  
**PUB Scenario (i) - 3: 3.36% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>REVENUES</b>											
General Consumers at approved rates	1 517	1 569	1 561	1 552	1 551	1 552	1 559	1 567	1 577	1 584	1 593
additional*	0	37	179	315	463	622	668	717	767	818	870
BP/II Reserve Account	(96)	(116)	10	70	70	70	70	23	0	0	0
Extraprovincial	468	454	432	455	578	696	795	818	844	707	714
Other	27	30	31	31	33	33	34	34	35	35	36
	<u>1 915</u>	<u>1 975</u>	<u>2 212</u>	<u>2 424</u>	<u>2 694</u>	<u>2 973</u>	<u>3 126</u>	<u>3 159</u>	<u>3 222</u>	<u>3 144</u>	<u>3 213</u>
<b>EXPENSES</b>											
Operating and Administrative	535	518	501	511	513	524	536	548	559	571	583
Finance Expense	613	574	664	726	783	844	1 070	1 100	1 084	1 061	1 045
Finance Income	(18)	(16)	(20)	(27)	(26)	(32)	(39)	(17)	(17)	(15)	(16)
Depreciation and Amortization	384	396	471	515	554	597	689	714	725	739	751
Water Rentals and Assessments	131	124	112	113	114	117	127	128	131	131	131
Fuel and Power Purchased	130	135	166	146	162	149	140	138	141	128	129
Capital and Other Taxes	118	132	145	154	161	165	173	174	174	174	174
Other Expenses	60	115	109	481	94	92	71	64	67	71	76
Corporate Allocation	8	8	8	8	8	8	8	8	8	8	8
	<u>1 962</u>	<u>1 987</u>	<u>2 155</u>	<u>2 628</u>	<u>2 363</u>	<u>2 464</u>	<u>2 776</u>	<u>2 856</u>	<u>2 872</u>	<u>2 866</u>	<u>2 880</u>
Net Income before Net Movement in Reg. Deferral	(47)	(12)	57	(204)	331	509	350	304	350	278	333
Net Movement in Regulatory Deferral	69	68	106	462	69	61	40	(49)	(49)	(48)	(45)
<b>Net Income</b>	<u>22</u>	<u>55</u>	<u>163</u>	<u>257</u>	<u>400</u>	<u>570</u>	<u>390</u>	<u>255</u>	<u>301</u>	<u>229</u>	<u>288</u>
<b>Net Income Attributable to:</b>											
<b>Manitoba Hydro</b>	<b>34</b>	<b>64</b>	<b>165</b>	<b>255</b>	<b>395</b>	<b>562</b>	<b>381</b>	<b>244</b>	<b>298</b>	<b>227</b>	<b>285</b>
Non-controlling Interest	(12)	(9)	(1)	2	5	8	9	11	3	2	3
* Additional General Consumers Revenue											
Percent Increase	0.00%	3.36%	7.90%	7.90%	7.90%	7.90%	2.00%	2.00%	2.00%	2.00%	2.00%
Cumulative Percent Increase	0.00%	3.36%	11.53%	20.34%	29.84%	40.10%	42.90%	45.76%	48.68%	51.65%	54.68%
<b>Financial Ratios</b>											
Equity	15%	14%	14%	14%	15%	17%	17%	18%	19%	20%	21%
EBITDA Interest Coverage	1.50	1.52	1.68	1.79	1.91	2.09	2.02	1.96	2.04	2.01	2.10
Capital Coverage	1.08	1.21	1.33	1.52	1.92	2.38	2.10	2.07	1.96	1.78	1.86

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED OPERATING STATEMENT**  
**PUB Scenario (i) - 3: 3.36% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>REVENUES</b>									
General Consumers at approved rates	1 599	1 608	1 623	1 639	1 667	1 698	1 730	1 762	1 796
additional*	924	979	1 041	1 105	1 179	1 259	1 343	1 431	1 524
BP/III Reserve Account	0	0	0	0	0	0	0	0	0
Extraprovincial	708	721	733	744	745	743	739	732	654
Other	36	37	38	38	39	40	40	40	41
	<u>3 267</u>	<u>3 344</u>	<u>3 434</u>	<u>3 527</u>	<u>3 631</u>	<u>3 739</u>	<u>3 852</u>	<u>3 966</u>	<u>4 015</u>
<b>EXPENSES</b>									
Operating and Administrative	595	607	620	633	646	660	674	688	702
Finance Expense	1 036	1 020	996	999	965	944	910	874	828
Finance Income	(21)	(28)	(19)	(16)	(17)	(18)	(22)	(28)	(29)
Depreciation and Amortization	764	775	790	804	822	840	856	871	887
Water Rentals and Assessments	131	132	132	132	133	133	133	134	134
Fuel and Power Purchased	129	131	135	145	151	159	167	178	172
Capital and Other Taxes	174	174	176	177	178	179	180	181	186
Other Expenses	79	84	87	87	89	91	92	95	96
Corporate Allocation	8	8	5	2	2	2	2	2	2
	<u>2 895</u>	<u>2 904</u>	<u>2 922</u>	<u>2 963</u>	<u>2 969</u>	<u>2 988</u>	<u>2 993</u>	<u>2 994</u>	<u>2 978</u>
Net Income before Net Movement in Reg. Deferral	372	441	512	564	661	751	860	972	1 037
Net Movement in Regulatory Deferral	(43)	(40)	(35)	(33)	(31)	(28)	(28)	(28)	(30)
<b>Net Income</b>	<u>328</u>	<u>400</u>	<u>478</u>	<u>531</u>	<u>630</u>	<u>723</u>	<u>831</u>	<u>943</u>	<u>1 007</u>
<b>Net Income Attributable to:</b>									
<b>Manitoba Hydro</b>	<b>325</b>	<b>396</b>	<b>470</b>	<b>522</b>	<b>620</b>	<b>711</b>	<b>818</b>	<b>928</b>	<b>992</b>
Non-controlling Interest	4	5	7	9	11	12	14	15	15
* Additional General Consumers Revenue									
Percent Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Cumulative Percent Increase	57.78%	60.93%	64.15%	67.43%	70.78%	74.20%	77.68%	81.23%	84.86%
<b>Financial Ratios</b>									
Equity	22%	24%	26%	28%	30%	33%	36%	40%	43%
EBITDA Interest Coverage	2.16	2.26	2.38	2.44	2.61	2.77	2.97	3.21	3.43
Capital Coverage	1.90	1.95	2.09	2.07	2.21	2.31	2.45	2.39	2.43

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED BALANCE SHEET**  
**PUB Scenario (i) - 3: 3.36% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>ASSETS</b>											
Plant in Service	13 256	13 881	19 254	19 876	20 938	26 363	30 693	31 222	31 858	32 522	33 133
Accumulated Depreciation	(985)	(1 319)	(1 749)	(2 197)	(2 634)	(3 143)	(3 724)	(4 347)	(4 961)	(5 625)	(6 231)
Net Plant in Service	12 272	12 562	17 505	17 679	18 304	23 219	26 969	26 876	26 897	26 897	26 902
Construction in Progress	6 943	9 308	6 596	7 378	7 870	3 693	224	312	276	272	269
Current and Other Assets	1 721	2 059	2 343	2 430	2 123	1 893	1 784	1 850	1 871	1 662	1 893
Goodwill and Intangible Assets	270	485	725	869	1 271	1 225	1 180	1 135	1 092	1 049	1 007
Total Assets before Regulatory Deferral	21 206	24 413	27 169	28 357	29 568	30 030	30 156	30 174	30 136	29 880	30 072
Regulatory Deferral Balance	459	526	633	1 094	1 163	1 225	1 265	1 216	1 167	1 118	1 074
	21 665	24 940	27 802	29 451	30 731	31 255	31 421	31 390	31 303	30 998	31 146
<b>LIABILITIES AND EQUITY</b>											
Long-Term Debt	15 578	18 120	21 357	21 982	22 754	23 281	23 500	23 069	22 381	21 320	22 162
Current and Other Liabilities	3 415	3 905	3 300	4 062	4 207	3 666	3 249	3 416	3 708	4 226	3 235
Provisions	19	19	19	18	17	16	16	15	14	14	14
Deferred Revenue	444	460	486	515	537	546	556	566	577	588	599
BP/III Reserve Account	196	312	302	232	163	93	23	(0)	(0)	(0)	(0)
Retained Earnings	2 730	2 794	2 959	3 214	3 610	4 171	4 552	4 796	5 094	5 321	5 606
Accumulated Other Comprehensive Income	(761)	(714)	(665)	(616)	(600)	(562)	(517)	(516)	(515)	(515)	(515)
Total Liabilities and Equity before Regulatory Deferral	21 621	24 896	27 759	29 407	30 688	31 212	31 378	31 346	31 259	30 955	31 102
Regulatory Deferral Balance	44	44	44	44	44	44	44	44	44	44	44
	21 665	24 940	27 802	29 451	30 731	31 255	31 421	31 390	31 303	30 998	31 146
Net Debt	15 349	18 298	20 659	22 248	23 151	23 391	23 207	22 872	22 462	22 140	21 754
Total Equity	2 778	3 054	3 336	3 646	4 049	4 624	4 699	4 942	5 254	5 495	5 794
Equity Ratio	15%	14%	14%	14%	15%	17%	17%	18%	19%	20%	21%

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED BALANCE SHEET**  
**PUB Scenario (i) - 3: 3.36% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>ASSETS</b>									
Plant in Service	33 741	34 487	35 147	35 978	36 754	37 549	38 293	39 095	40 163
Accumulated Depreciation	(6 924)	(7 621)	(8 329)	(9 059)	(9 806)	(10 595)	(11 384)	(12 186)	(12 993)
Net Plant in Service	26 817	26 866	26 817	26 919	26 948	26 955	26 909	26 909	27 170
Construction in Progress	351	313	348	258	232	224	264	319	115
Current and Other Assets	2 191	2 638	2 172	2 189	2 499	2 500	3 252	3 620	4 385
Goodwill and Intangible Assets	967	928	890	852	814	777	740	703	667
Total Assets before Regulatory Deferral	30 325	30 745	30 227	30 218	30 493	30 455	31 165	31 551	32 337
Regulatory Deferral Balance	1 030	990	955	923	892	864	836	807	777
	31 356	31 735	31 183	31 141	31 385	31 319	32 000	32 359	33 114
<b>LIABILITIES AND EQUITY</b>									
Long-Term Debt	22 115	18 497	16 644	18 465	18 275	18 264	18 518	18 107	17 991
Current and Other Liabilities	3 157	6 748	7 569	5 175	4 979	4 202	3 800	3 630	3 498
Provisions	14	14	14	14	14	14	14	14	14
Deferred Revenue	610	619	629	639	649	660	671	682	694
BPIII Reserve Account	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Retained Earnings	5 931	6 327	6 797	7 319	7 939	8 650	9 468	10 396	11 388
Accumulated Other Comprehensive Income	(515)	(515)	(515)	(515)	(515)	(515)	(515)	(515)	(515)
Total Liabilities and Equity before Regulatory Deferral	31 312	31 691	31 139	31 098	31 342	31 276	31 957	32 315	33 071
Regulatory Deferral Balance	44	44	44	44	44	44	44	44	44
	31 356	31 735	31 183	31 141	31 385	31 319	32 000	32 359	33 114
Net Debt	21 332	20 852	20 281	19 686	18 981	18 186	17 268	16 297	15 263
Total Equity	6 133	6 539	7 016	7 546	8 174	8 894	9 720	10 658	11 660
Equity Ratio	22%	24%	26%	28%	30%	33%	36%	40%	43%

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED CASH FLOW STATEMENT**  
**PUB Scenario (i) - 3: 3.36% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**  
(In Millions of Dollars)

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>OPERATING ACTIVITIES</b>											
Cash Receipts from Customers	2 007	2 080	2 192	2 343	2 612	2 890	3 043	3 124	3 210	3 131	3 200
Cash Paid to Suppliers and Employees	(876)	(917)	(881)	(880)	(903)	(908)	(923)	(937)	(954)	(952)	(964)
Interest Paid	(569)	(529)	(633)	(701)	(745)	(809)	(1 034)	(1 070)	(1 062)	(1 045)	(1 017)
Interest Received	7	5	12	21	16	17	9	8	10	7	9
	569	639	689	783	981	1 190	1 095	1 125	1 204	1 142	1 228
<b>FINANCING ACTIVITIES</b>											
Proceeds from Long-Term Debt	2 743	3 570	3 590	1 970	1 790	990	560	(10)	(10)	150	990
Sinking Fund Withdrawals	146	0	0	182	303	767	173	54	336	137	231
Retirement of Long-Term Debt	(1 030)	(330)	(1 002)	(336)	(1 278)	(1 020)	(449)	(290)	(412)	(715)	(1 178)
Other	10	(10)	(10)	(11)	(11)	(11)	11	(5)	(5)	(5)	(5)
	1 868	3 229	2 578	1 805	804	725	295	(251)	(91)	(433)	38
<b>INVESTING ACTIVITIES</b>											
Property, Plant and Equipment, net of contributions	(2 609)	(3 553)	(3 015)	(2 351)	(1 742)	(1 352)	(880)	(700)	(704)	(732)	(756)
Sinking Fund Payment	(146)	(246)	(210)	(244)	(282)	(334)	(239)	(247)	(252)	(244)	(244)
Other	(68)	(51)	(55)	(44)	(128)	(91)	(84)	(83)	(83)	(80)	(79)
	(2 822)	(3 850)	(3 280)	(2 639)	(2 152)	(1 777)	(1 203)	(1 031)	(1 039)	(1 056)	(1 080)
<b>Net Increase (Decrease) in Cash</b>	(384)	18	(13)	(51)	(368)	139	188	(156)	74	(348)	186
<b>Cash at Beginning of Year</b>	944	559	578	564	513	146	284	472	316	390	42
<b>Cash at End of Year</b>	559	578	564	513	146	284	472	316	390	42	228

**ELECTRIC OPERATIONS (MH16)  
PROJECTED CASH FLOW STATEMENT**

**PUB Scenario (i) - 3: 3.36% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**

**(In Millions of Dollars)**

*For the year ended March 31*

	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>
<b>OPERATING ACTIVITIES</b>									
Cash Receipts from Customers	3 254	3 331	3 421	3 513	3 616	3 725	3 838	3 952	4 001
Cash Paid to Suppliers and Employees	(976)	(990)	(1 007)	(1 030)	(1 050)	(1 071)	(1 094)	(1 118)	(1 132)
Interest Paid	(1 021)	(1 013)	(986)	(988)	(953)	(944)	(907)	(882)	(839)
Interest Received	18	32	14	10	11	21	27	42	44
	<u>1 275</u>	<u>1 359</u>	<u>1 441</u>	<u>1 506</u>	<u>1 624</u>	<u>1 731</u>	<u>1 864</u>	<u>1 993</u>	<u>2 074</u>
<b>FINANCING ACTIVITIES</b>									
Proceeds from Long-Term Debt	(10)	(20)	2 580	3 780	1 560	940	750	(90)	(30)
Sinking Fund Withdrawals	150	60	476	388	0	170	0	10	275
Retirement of Long-Term Debt	(150)	(50)	(3 650)	(4 386)	(1 982)	(1 763)	(945)	(540)	(265)
Other	(5)	(5)	(5)	(5)	(5)	(7)	(4)	(4)	(5)
	<u>(15)</u>	<u>(15)</u>	<u>(600)</u>	<u>(223)</u>	<u>(428)</u>	<u>(660)</u>	<u>(199)</u>	<u>(624)</u>	<u>(25)</u>
<b>INVESTING ACTIVITIES</b>									
Property, Plant and Equipment, net of contributions	(767)	(798)	(793)	(832)	(840)	(857)	(870)	(948)	(966)
Sinking Fund Payment	(242)	(244)	(251)	(232)	(219)	(224)	(218)	(225)	(227)
Other	(78)	(72)	(70)	(71)	(70)	(69)	(68)	(66)	(65)
	<u>(1 087)</u>	<u>(1 115)</u>	<u>(1 113)</u>	<u>(1 134)</u>	<u>(1 130)</u>	<u>(1 150)</u>	<u>(1 156)</u>	<u>(1 238)</u>	<u>(1 259)</u>
<b>Net Increase (Decrease) in Cash</b>	173	229	(272)	149	67	(79)	509	130	791
<b>Cash at Beginning of Year</b>	228	401	630	358	508	574	496	1 005	1 136
<b>Cash at End of Year</b>	<u>401</u>	<u>630</u>	<u>358</u>	<u>508</u>	<u>574</u>	<u>496</u>	<u>1 005</u>	<u>1 136</u>	<u>1 926</u>

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED OPERATING STATEMENT**  
**PUB Scenario (i) - 4: 3.95% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>REVENUES</b>											
General Consumers at approved rates	1 517	1 569	1 561	1 552	1 551	1 552	1 559	1 567	1 577	1 584	1 593
additional*	0	44	189	326	474	634	681	730	780	831	884
BP/III Reserve Account	(96)	(116)	10	70	70	70	70	23	0	0	0
Extraprovincial	468	454	432	455	578	696	795	818	844	707	714
Other	27	30	31	31	33	33	34	34	35	35	36
	<u>1 915</u>	<u>1 981</u>	<u>2 222</u>	<u>2 435</u>	<u>2 706</u>	<u>2 985</u>	<u>3 139</u>	<u>3 172</u>	<u>3 236</u>	<u>3 158</u>	<u>3 227</u>
<b>EXPENSES</b>											
Operating and Administrative	535	518	501	511	513	524	536	548	559	571	583
Finance Expense	613	574	664	726	781	839	1 062	1 090	1 074	1 051	1 042
Finance Income	(18)	(16)	(20)	(27)	(26)	(30)	(36)	(14)	(15)	(14)	(19)
Depreciation and Amortization	384	396	471	515	554	597	689	714	725	739	751
Water Rentals and Assessments	131	124	112	113	114	117	127	128	131	131	131
Fuel and Power Purchased	130	135	166	146	162	149	140	138	141	128	129
Capital and Other Taxes	118	132	145	154	161	165	173	174	174	174	174
Other Expenses	60	115	109	481	94	92	71	64	67	71	76
Corporate Allocation	8	8	8	8	8	8	8	8	8	8	8
	<u>1 962</u>	<u>1 987</u>	<u>2 155</u>	<u>2 628</u>	<u>2 361</u>	<u>2 460</u>	<u>2 771</u>	<u>2 848</u>	<u>2 864</u>	<u>2 858</u>	<u>2 875</u>
Net Income before Net Movement in Reg. Deferral	(47)	(6)	67	(193)	345	525	368	324	371	300	352
Net Movement in Regulatory Deferral	69	68	106	462	69	61	40	(49)	(49)	(48)	(45)
<b>Net Income</b>	<u>22</u>	<u>61</u>	<u>173</u>	<u>269</u>	<u>414</u>	<u>586</u>	<u>408</u>	<u>275</u>	<u>322</u>	<u>251</u>	<u>307</u>
<b>Net Income Attributable to:</b>											
<b>Manitoba Hydro</b>	<b>34</b>	<b>70</b>	<b>174</b>	<b>267</b>	<b>409</b>	<b>578</b>	<b>398</b>	<b>264</b>	<b>319</b>	<b>249</b>	<b>305</b>
Non-controlling Interest	(12)	(9)	(1)	2	5	8	9	11	3	2	3
* Additional General Consumers Revenue											
Percent Increase	0.00%	3.95%	7.90%	7.90%	7.90%	7.90%	2.00%	2.00%	2.00%	2.00%	2.00%
Cumulative Percent Increase	0.00%	3.95%	12.16%	21.02%	30.58%	40.90%	43.72%	46.59%	49.52%	52.51%	55.56%
<b>Financial Ratios</b>											
Equity	15%	14%	14%	14%	15%	17%	17%	18%	19%	20%	22%
EBITDA Interest Coverage	1.50	1.53	1.69	1.80	1.92	2.11	2.04	1.99	2.07	2.04	2.12
Capital Coverage	1.08	1.23	1.35	1.54	1.94	2.41	2.13	2.11	1.99	1.82	1.89



**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED OPERATING STATEMENT**  
**PUB Scenario (i) - 4: 3.95% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>REVENUES</b>									
General Consumers at approved rates	1 599	1 608	1 623	1 639	1 667	1 698	1 730	1 762	1 796
additional*	938	994	1 056	1 121	1 196	1 276	1 361	1 449	1 543
BP/III Reserve Account	0	0	0	0	0	0	0	0	0
Extraprovincial	708	721	733	744	745	743	739	732	654
Other	36	37	38	38	39	40	40	40	41
	<u>3 282</u>	<u>3 359</u>	<u>3 450</u>	<u>3 543</u>	<u>3 647</u>	<u>3 756</u>	<u>3 870</u>	<u>3 984</u>	<u>4 034</u>
<b>EXPENSES</b>									
Operating and Administrative	595	607	620	633	646	660	674	688	702
Finance Expense	1 036	1 020	991	988	953	926	893	854	810
Finance Income	(26)	(33)	(21)	(17)	(18)	(17)	(22)	(28)	(31)
Depreciation and Amortization	764	775	790	804	822	840	856	871	887
Water Rentals and Assessments	131	132	132	132	133	133	133	134	134
Fuel and Power Purchased	129	131	135	145	151	159	167	178	172
Capital and Other Taxes	174	175	176	177	178	179	180	181	187
Other Expenses	79	84	87	87	89	91	92	95	96
Corporate Allocation	8	8	5	2	2	2	2	2	2
	<u>2 891</u>	<u>2 899</u>	<u>2 915</u>	<u>2 952</u>	<u>2 955</u>	<u>2 971</u>	<u>2 976</u>	<u>2 974</u>	<u>2 959</u>
Net Income before Net Movement in Reg. Deferral	391	460	535	591	691	785	894	1 010	1 075
Net Movement in Regulatory Deferral	(43)	(40)	(35)	(33)	(31)	(28)	(28)	(28)	(30)
<b>Net Income</b>	<u>347</u>	<u>420</u>	<u>500</u>	<u>558</u>	<u>661</u>	<u>757</u>	<u>866</u>	<u>982</u>	<u>1 045</u>
<b>Net Income Attributable to:</b>									
<b>Manitoba Hydro</b>	<b>344</b>	<b>415</b>	<b>493</b>	<b>549</b>	<b>650</b>	<b>745</b>	<b>852</b>	<b>967</b>	<b>1 030</b>
Non-controlling Interest	4	5	7	9	11	12	14	15	15
* Additional General Consumers Revenue									
Percent Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Cumulative Percent Increase	58.68%	61.85%	65.09%	68.39%	71.76%	75.19%	78.69%	82.27%	85.91%
<b>Financial Ratios</b>									
Equity	23%	25%	26%	29%	31%	34%	37%	41%	45%
EBITDA Interest Coverage	2.19	2.29	2.41	2.48	2.66	2.83	3.05	3.31	3.54
Capital Coverage	1.93	1.98	2.13	2.11	2.26	2.36	2.50	2.44	2.48

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED BALANCE SHEET**  
**PUB Scenario (i) - 4: 3.95% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**  
(In Millions of Dollars)

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>ASSETS</b>											
Plant in Service	13 256	13 881	19 254	19 876	20 938	26 363	30 693	31 222	31 858	32 522	33 133
Accumulated Depreciation	(985)	(1 319)	(1 749)	(2 197)	(2 634)	(3 143)	(3 724)	(4 347)	(4 961)	(5 625)	(6 231)
Net Plant in Service	12 272	12 562	17 505	17 679	18 304	23 219	26 969	26 876	26 897	26 897	26 902
Construction in Progress	6 943	9 308	6 596	7 378	7 870	3 693	224	312	276	272	269
Current and Other Assets	1 721	2 065	2 360	2 458	2 162	1 947	1 652	1 739	1 781	1 794	2 044
Goodwill and Intangible Assets	270	485	725	869	1 271	1 225	1 180	1 135	1 092	1 049	1 007
Total Assets before Regulatory Deferral	21 206	24 420	27 186	28 384	29 607	30 085	30 025	30 062	30 046	30 012	30 222
Regulatory Deferral Balance	459	526	633	1 094	1 163	1 225	1 265	1 216	1 167	1 118	1 074
	21 665	24 946	27 819	29 478	30 770	31 309	31 290	31 279	31 212	31 130	31 296
<b>LIABILITIES AND EQUITY</b>											
Long-Term Debt	15 578	18 120	21 357	21 982	22 754	23 281	23 300	22 869	22 181	21 320	22 162
Current and Other Liabilities	3 415	3 905	3 300	4 062	4 205	3 663	3 242	3 410	3 701	4 219	3 228
Provisions	19	19	19	18	17	16	16	15	14	14	14
Deferred Revenue	444	460	486	515	537	546	556	566	577	588	599
BPIII Reserve Account	196	312	303	233	163	93	23	(0)	(0)	(0)	(0)
Retained Earnings	2 730	2 800	2 975	3 242	3 651	4 228	4 627	4 891	5 210	5 460	5 764
Accumulated Other Comprehensive Income	(761)	(714)	(665)	(616)	(600)	(562)	(517)	(516)	(515)	(515)	(515)
Total Liabilities and Equity before Regulatory Deferral	21 621	24 903	27 775	29 435	30 726	31 266	31 246	31 235	31 169	31 087	31 252
Regulatory Deferral Balance	44	44	44	44	44	44	44	44	44	44	44
	21 665	24 946	27 819	29 478	30 770	31 309	31 290	31 279	31 212	31 130	31 296
Net Debt	15 349	18 292	20 642	22 220	23 112	23 337	23 139	22 783	22 353	22 008	21 604
Total Equity	2 778	3 060	3 352	3 674	4 090	4 681	4 774	5 037	5 371	5 634	5 952
Equity Ratio	15%	14%	14%	14%	15%	17%	17%	18%	19%	20%	22%

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED BALANCE SHEET**  
**PUB Scenario (i) - 4: 3.95% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**  
(In Millions of Dollars)

*For the year ended March 31*

	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>ASSETS</b>									
Plant in Service	33 741	34 487	35 147	35 978	36 754	37 549	38 293	39 095	40 163
Accumulated Depreciation	(6 924)	(7 621)	(8 329)	(9 059)	(9 806)	(10 595)	(11 384)	(12 186)	(12 993)
Net Plant in Service	26 817	26 866	26 817	26 919	26 948	26 955	26 909	26 909	27 170
Construction in Progress	351	313	348	258	232	224	264	319	115
Current and Other Assets	2 360	2 827	2 183	2 027	2 372	2 608	3 195	3 805	4 608
Goodwill and Intangible Assets	967	928	890	852	814	777	740	703	667
Total Assets before Regulatory Deferral	30 494	30 934	30 238	30 057	30 366	30 564	31 108	31 736	32 560
Regulatory Deferral Balance	1 030	990	955	923	892	864	836	807	777
	31 525	31 924	31 194	30 979	31 258	31 428	31 944	32 544	33 338
<b>LIABILITIES AND EQUITY</b>									
Long-Term Debt	22 115	18 497	16 444	18 065	17 875	18 064	18 318	17 907	17 791
Current and Other Liabilities	3 149	6 741	7 561	5 167	4 974	4 199	3 598	3 631	3 499
Provisions	14	14	14	14	14	14	14	14	14
Deferred Revenue	610	619	629	639	649	660	671	682	694
BP/III Reserve Account	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Retained Earnings	6 108	6 524	7 017	7 566	8 216	8 961	9 813	10 780	11 810
Accumulated Other Comprehensive Income	(515)	(515)	(515)	(515)	(515)	(515)	(515)	(515)	(515)
Total Liabilities and Equity before Regulatory Deferral	31 481	31 880	31 150	30 936	31 214	31 384	31 900	32 500	33 294
Regulatory Deferral Balance	44	44	44	44	44	44	44	44	44
	31 525	31 924	31 194	30 979	31 258	31 428	31 944	32 544	33 338
Net Debt	21 163	20 662	20 070	19 447	18 709	17 878	16 925	15 912	14 840
Total Equity	6 310	6 736	7 236	7 793	8 451	9 205	10 066	11 042	12 082
Equity Ratio	23%	25%	26%	29%	31%	34%	37%	41%	45%

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED CASH FLOW STATEMENT**  
**PUB Scenario (i) - 4: 3.95% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**  
(In Millions of Dollars)

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>OPERATING ACTIVITIES</b>											
Cash Receipts from Customers	2 007	2 087	2 202	2 354	2 624	2 903	3 056	3 137	3 223	3 145	3 214
Cash Paid to Suppliers and Employees	(876)	(917)	(881)	(880)	(903)	(908)	(923)	(937)	(954)	(952)	(964)
Interest Paid	(569)	(529)	(633)	(701)	(744)	(805)	(1 030)	(1 060)	(1 052)	(1 035)	(1 015)
Interest Received	7	5	12	21	16	15	6	6	8	6	12
	569	645	699	794	993	1 205	1 110	1 145	1 225	1 164	1 246
<b>FINANCING ACTIVITIES</b>											
Proceeds from Long-Term Debt	2 743	3 570	3 590	1 970	1 790	990	360	(10)	(10)	350	990
Sinking Fund Withdrawals	146	0	0	182	303	767	173	54	334	135	229
Retirement of Long-Term Debt	(1 030)	(330)	(1 002)	(336)	(1 278)	(1 020)	(449)	(290)	(412)	(715)	(1 178)
Other	10	(10)	(10)	(11)	(11)	(11)	11	(5)	(5)	(5)	(5)
	1 868	3 229	2 578	1 805	804	725	95	(251)	(93)	(235)	36
<b>INVESTING ACTIVITIES</b>											
Property, Plant and Equipment, net of contributions	(2 609)	(3 553)	(3 015)	(2 351)	(1 742)	(1 352)	(880)	(700)	(704)	(732)	(756)
Sinking Fund Payment	(146)	(246)	(210)	(244)	(282)	(334)	(239)	(245)	(250)	(242)	(243)
Other	(68)	(51)	(55)	(44)	(128)	(91)	(84)	(83)	(83)	(80)	(79)
	(2 822)	(3 850)	(3 280)	(2 639)	(2 152)	(1 777)	(1 203)	(1 029)	(1 037)	(1 054)	(1 079)
<b>Net Increase (Decrease) in Cash</b>	(384)	25	(3)	(40)	(356)	154	2	(134)	95	(126)	203
<b>Cash at Beginning of Year</b>	944	559	584	581	541	185	338	340	206	302	176
<b>Cash at End of Year</b>	559	584	581	541	185	338	340	206	302	176	379

**ELECTRIC OPERATIONS (MH16)  
PROJECTED CASH FLOW STATEMENT**

**PUB Scenario (i) - 4: 3.95% in 2017/18, MH16 Proposed Rates 2018/19 to 2035/36**

**(In Millions of Dollars)**

*For the year ended March 31*

	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>
<b>OPERATING ACTIVITIES</b>									
Cash Receipts from Customers	3 268	3 345	3 436	3 529	3 633	3 742	3 855	3 970	4 020
Cash Paid to Suppliers and Employees	(976)	(990)	(1 007)	(1 030)	(1 050)	(1 071)	(1 094)	(1 118)	(1 132)
Interest Paid	(1 021)	(1 013)	(982)	(977)	(937)	(924)	(895)	(864)	(828)
Interest Received	22	37	16	11	13	20	32	47	51
	<b>1 294</b>	<b>1 379</b>	<b>1 463</b>	<b>1 533</b>	<b>1 658</b>	<b>1 767</b>	<b>1 899</b>	<b>2 035</b>	<b>2 112</b>
<b>FINANCING ACTIVITIES</b>									
Proceeds from Long-Term Debt	(10)	(20)	2 380	3 580	1 560	1 140	550	(90)	(30)
Sinking Fund Withdrawals	150	60	474	386	0	30	0	10	275
Retirement of Long-Term Debt	(150)	(50)	(3 650)	(4 386)	(1 982)	(1 763)	(945)	(340)	(265)
Other	(5)	(5)	(5)	(5)	(5)	(7)	(4)	(4)	(5)
	<b>(15)</b>	<b>(15)</b>	<b>(801)</b>	<b>(425)</b>	<b>(428)</b>	<b>(600)</b>	<b>(399)</b>	<b>(424)</b>	<b>(25)</b>
<b>INVESTING ACTIVITIES</b>									
Property, Plant and Equipment, net of contributions	(767)	(798)	(793)	(832)	(840)	(857)	(870)	(948)	(966)
Sinking Fund Payment	(242)	(244)	(251)	(229)	(216)	(220)	(222)	(226)	(231)
Other	(78)	(72)	(70)	(71)	(70)	(69)	(68)	(66)	(65)
	<b>(1 087)</b>	<b>(1 114)</b>	<b>(1 113)</b>	<b>(1 132)</b>	<b>(1 127)</b>	<b>(1 146)</b>	<b>(1 159)</b>	<b>(1 240)</b>	<b>(1 262)</b>
<b>Net Increase (Decrease) in Cash</b>	<b>192</b>	<b>249</b>	<b>(451)</b>	<b>(23)</b>	<b>104</b>	<b>22</b>	<b>341</b>	<b>371</b>	<b>825</b>
<b>Cash at Beginning of Year</b>	<b>379</b>	<b>571</b>	<b>820</b>	<b>369</b>	<b>346</b>	<b>450</b>	<b>471</b>	<b>812</b>	<b>1 183</b>
<b>Cash at End of Year</b>	<b>571</b>	<b>820</b>	<b>369</b>	<b>346</b>	<b>450</b>	<b>471</b>	<b>812</b>	<b>1 183</b>	<b>2 008</b>

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED OPERATING STATEMENT**  
**PUB Scenario (ii) - 1: 0% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>REVENUES</b>											
General Consumers at approved rates	1 517	1 569	1 561	1 552	1 551	1 552	1 559	1 567	1 577	1 584	1 593
additional*	0	0	163	344	543	764	814	866	920	974	1 031
BPIII Reserve Account	(96)	(113)	10	69	69	69	69	23	0	0	0
Extraprovincial	468	454	432	455	578	696	795	818	844	707	714
Other	27	30	31	31	33	33	34	34	35	35	36
	<u>1 915</u>	<u>1 941</u>	<u>2 197</u>	<u>2 452</u>	<u>2 774</u>	<u>3 114</u>	<u>3 270</u>	<u>3 308</u>	<u>3 375</u>	<u>3 301</u>	<u>3 373</u>
<b>EXPENSES</b>											
Operating and Administrative	535	518	501	511	513	524	536	548	559	571	583
Finance Expense	613	574	665	728	781	839	1 056	1 079	1 064	1 040	1 006
Finance Income	(18)	(16)	(20)	(27)	(26)	(32)	(38)	(18)	(23)	(25)	(21)
Depreciation and Amortization	384	396	471	515	554	597	689	714	725	739	751
Water Rentals and Assessments	131	124	112	113	114	117	127	128	131	131	131
Fuel and Power Purchased	130	135	166	146	162	149	140	138	141	128	129
Capital and Other Taxes	118	132	145	154	161	165	173	174	174	174	174
Other Expenses	60	115	109	481	94	92	71	64	67	71	76
Corporate Allocation	8	8	8	8	8	8	8	8	8	8	8
	<u>1 962</u>	<u>1 987</u>	<u>2 157</u>	<u>2 630</u>	<u>2 362</u>	<u>2 459</u>	<u>2 763</u>	<u>2 835</u>	<u>2 847</u>	<u>2 836</u>	<u>2 836</u>
Net Income before Net Movement in Reg. Deferral	(47)	(47)	40	(178)	412	655	508	474	529	465	537
Net Movement in Regulatory Deferral	69	68	106	462	69	61	40	(49)	(49)	(48)	(45)
<b>Net Income</b>	<u>22</u>	<u>21</u>	<u>147</u>	<u>284</u>	<u>481</u>	<u>716</u>	<u>548</u>	<u>425</u>	<u>479</u>	<u>416</u>	<u>492</u>
<b>Net Income Attributable to:</b>											
<b>Manitoba Hydro</b>	<b>34</b>	<b>29</b>	<b>148</b>	<b>281</b>	<b>476</b>	<b>708</b>	<b>538</b>	<b>414</b>	<b>476</b>	<b>415</b>	<b>490</b>
Non-controlling Interest	(12)	(9)	(1)	2	5	8	9	11	3	2	3
* Additional General Consumers Revenue											
Percent Increase	0.00%	0.00%	10.53%	10.53%	10.53%	10.53%	2.00%	2.00%	2.00%	2.00%	2.00%
Cumulative Percent Increase	0.00%	0.00%	10.53%	22.16%	35.02%	49.24%	52.22%	55.27%	58.37%	61.54%	64.77%
<b>Financial Ratios</b>											
Equity	15%	14%	14%	14%	15%	17%	18%	20%	21%	23%	25%
EBITDA Interest Coverage	1.50	1.48	1.66	1.82	1.99	2.23	2.18	2.14	2.23	2.22	2.35
Capital Coverage	1.08	1.14	1.30	1.57	2.07	2.68	2.41	2.38	2.25	2.08	2.17

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED OPERATING STATEMENT**  
**PUB Scenario (ii) - 1: 0% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>REVENUES</b>									
General Consumers at approved rates	1 599	1 608	1 623	1 639	1 667	1 698	1 730	1 762	1 796
additional*	1 088	1 148	1 214	1 284	1 365	1 452	1 543	1 639	1 740
BPIII Reserve Account	0	0	0	0	0	0	0	0	0
Extraprovincial	708	721	733	744	745	743	739	732	654
Other	36	37	38	38	39	40	40	40	41
	<b>3 432</b>	<b>3 513</b>	<b>3 608</b>	<b>3 706</b>	<b>3 816</b>	<b>3 932</b>	<b>4 053</b>	<b>4 174</b>	<b>4 232</b>
<b>EXPENSES</b>									
Operating and Administrative	595	607	620	633	646	660	674	688	702
Finance Expense	996	980	937	904	855	818	765	722	682
Finance Income	(32)	(45)	(29)	(17)	(18)	(19)	(20)	(33)	(48)
Depreciation and Amortization	764	775	790	804	822	840	856	871	887
Water Rentals and Assessments	131	132	132	132	133	133	133	134	134
Fuel and Power Purchased	129	131	135	145	151	159	167	178	172
Capital and Other Taxes	174	175	176	177	178	179	180	181	187
Other Expenses	79	84	87	87	89	91	92	95	96
Corporate Allocation	8	8	5	2	2	2	2	2	2
	<b>2 845</b>	<b>2 847</b>	<b>2 853</b>	<b>2 868</b>	<b>2 858</b>	<b>2 862</b>	<b>2 849</b>	<b>2 836</b>	<b>2 815</b>
Net Income before Net Movement in Reg. Deferral	587	665	755	838	958	1 070	1 203	1 338	1 417
Net Movement in Regulatory Deferral	(43)	(40)	(35)	(33)	(31)	(28)	(28)	(28)	(30)
<b>Net Income</b>	<b>544</b>	<b>625</b>	<b>721</b>	<b>805</b>	<b>927</b>	<b>1 042</b>	<b>1 175</b>	<b>1 309</b>	<b>1 387</b>
<b>Net Income Attributable to:</b>									
<b>Manitoba Hydro</b>	<b>540</b>	<b>620</b>	<b>713</b>	<b>796</b>	<b>917</b>	<b>1 030</b>	<b>1 162</b>	<b>1 294</b>	<b>1 372</b>
Non-controlling Interest	4	5	7	9	11	12	14	15	15
* Additional General Consumers Revenue									
Percent Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Cumulative Percent Increase	68.07%	71.43%	74.86%	78.35%	81.92%	85.56%	89.27%	93.06%	96.92%
<b>Financial Ratios</b>									
Equity	27%	29%	32%	35%	39%	43%	47%	52%	57%
EBITDA Interest Coverage	2.44	2.57	2.74	2.89	3.16	3.43	3.79	4.22	4.61
Capital Coverage	2.22	2.27	2.45	2.45	2.62	2.75	2.91	2.83	2.88

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED BALANCE SHEET**  
**PUB Scenario (ii) - 1: 0% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>ASSETS</b>											
Plant in Service	13 256	13 881	19 254	19 876	20 938	26 363	30 693	31 222	31 858	32 522	33 133
Accumulated Depreciation	(985)	(1 319)	(1 749)	(2 197)	(2 634)	(3 143)	(3 724)	(4 347)	(4 961)	(5 625)	(6 231)
Net Plant in Service	12 272	12 562	17 505	17 679	18 304	23 219	26 969	26 876	26 897	26 897	26 902
Construction in Progress	6 943	9 308	6 596	7 378	7 870	3 693	224	312	276	272	269
Current and Other Assets	1 721	2 021	2 290	2 405	2 177	1 893	1 742	1 979	2 178	1 956	2 189
Goodwill and Intangible Assets	270	485	725	869	1 271	1 225	1 180	1 135	1 092	1 049	1 007
Total Assets before Regulatory Deferral	21 206	24 376	27 116	28 331	29 622	30 031	30 115	30 302	30 443	30 174	30 367
Regulatory Deferral Balance	459	526	633	1 094	1 163	1 225	1 265	1 216	1 167	1 118	1 074
	21 665	24 902	27 749	29 425	30 785	31 255	31 380	31 519	31 610	31 292	31 441
<b>LIABILITIES AND EQUITY</b>											
Long-Term Debt	15 578	18 120	21 357	21 982	22 754	23 081	23 105	22 674	21 986	20 725	21 367
Current and Other Liabilities	3 415	3 905	3 301	4 064	4 207	3 666	3 248	3 416	3 708	4 225	3 232
Provisions	19	19	19	18	17	16	16	15	14	14	14
Deferred Revenue	444	460	486	515	537	546	556	566	577	588	599
BP/III Reserve Account	196	309	300	230	161	92	23	(0)	(0)	(0)	(0)
Retained Earnings	2 730	2 760	2 907	3 189	3 665	4 373	4 911	5 325	5 801	6 216	6 705
Accumulated Other Comprehensive Income	(761)	(714)	(665)	(616)	(600)	(562)	(522)	(521)	(520)	(520)	(520)
Total Liabilities and Equity before Regulatory Deferral	21 621	24 859	27 705	29 382	30 741	31 212	31 337	31 475	31 566	31 249	31 397
Regulatory Deferral Balance	44	44	44	44	44	44	44	44	44	44	44
	21 665	24 902	27 749	29 425	30 785	31 255	31 380	31 519	31 610	31 292	31 441
Net Debt	15 349	18 335	20 712	22 274	23 097	23 191	22 854	22 348	21 760	21 250	20 664
Total Equity	2 778	3 017	3 282	3 619	4 103	4 824	5 053	5 466	5 957	6 385	6 888
Equity Ratio	15%	14%	14%	14%	15%	17%	18%	20%	21%	23%	25%



**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED BALANCE SHEET**  
**PUB Scenario (ii) - 1: 0% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>ASSETS</b>									
Plant in Service	33 741	34 487	35 147	35 978	36 754	37 549	38 293	39 095	40 163
Accumulated Depreciation	(6 924)	(7 621)	(8 329)	(9 059)	(9 806)	(10 595)	(11 384)	(12 186)	(12 993)
Net Plant in Service	26 817	26 866	26 817	26 919	26 948	26 955	26 909	26 909	27 170
Construction in Progress	351	313	348	258	232	224	264	319	115
Current and Other Assets	2 702	3 374	2 149	2 041	2 454	2 578	3 269	4 203	5 348
Goodwill and Intangible Assets	967	928	890	852	814	777	740	703	667
Total Assets before Regulatory Deferral	30 836	31 480	30 204	30 071	30 448	30 534	31 182	32 135	33 300
Regulatory Deferral Balance	1 030	990	955	923	892	864	836	807	777
	31 866	32 470	31 160	30 994	31 340	31 398	32 018	32 942	34 078
<b>LIABILITIES AND EQUITY</b>									
Long-Term Debt	21 320	17 702	14 849	16 270	15 880	15 864	15 718	15 307	15 191
Current and Other Liabilities	3 153	6 745	7 564	5 171	4 980	4 013	3 607	3 636	3 504
Provisions	14	14	14	14	14	14	14	14	14
Deferred Revenue	610	619	629	639	649	660	671	682	694
BP/III Reserve Account	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Retained Earnings	7 245	7 866	8 579	9 375	10 292	11 322	12 484	13 778	15 150
Accumulated Other Comprehensive Income	(520)	(520)	(520)	(520)	(520)	(520)	(520)	(520)	(520)
Total Liabilities and Equity before Regulatory Deferral	31 823	32 427	31 116	30 950	31 296	31 354	31 974	32 898	34 034
Regulatory Deferral Balance	44	44	44	44	44	44	44	44	44
	31 866	32 470	31 160	30 994	31 340	31 398	32 018	32 942	34 078
Net Debt	20 027	19 321	18 509	17 638	16 631	15 513	14 250	12 913	11 500
Total Equity	7 443	8 074	8 793	9 597	10 522	11 561	12 731	14 035	15 416
Equity Ratio	27%	29%	32%	35%	39%	43%	47%	52%	57%

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED CASH FLOW STATEMENT**  
**PUB Scenario (ii) - 1: 0% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>OPERATING ACTIVITIES</b>											
Cash Receipts from Customers	2 007	2 043	2 176	2 371	2 693	3 032	3 189	3 273	3 363	3 288	3 360
Cash Paid to Suppliers and Employees	(876)	(917)	(881)	(880)	(903)	(908)	(923)	(937)	(954)	(952)	(964)
Interest Paid	(569)	(529)	(634)	(701)	(745)	(805)	(1 020)	(1 050)	(1 042)	(1 024)	(981)
Interest Received	7	5	12	21	16	17	8	9	16	17	14
	569	601	673	811	1 060	1 336	1 254	1 295	1 382	1 329	1 429
<b>FINANCING ACTIVITIES</b>											
Proceeds from Long-Term Debt	2 743	3 570	3 590	1 970	1 790	790	360	(10)	(10)	(50)	790
Sinking Fund Withdrawals	146	0	0	182	303	767	173	52	332	133	227
Retirement of Long-Term Debt	(1 030)	(330)	(1 002)	(336)	(1 278)	(1 020)	(449)	(290)	(412)	(715)	(1 178)
Other	10	(10)	(10)	(11)	(11)	(11)	11	(5)	(5)	(5)	(5)
	1 868	3 229	2 578	1 805	804	525	95	(253)	(95)	(637)	(166)
<b>INVESTING ACTIVITIES</b>											
Property, Plant and Equipment, net of contributions	(2 609)	(3 553)	(3 015)	(2 351)	(1 742)	(1 352)	(880)	(700)	(704)	(732)	(756)
Sinking Fund Payment	(146)	(246)	(210)	(244)	(282)	(334)	(237)	(243)	(248)	(240)	(237)
Other	(68)	(51)	(55)	(44)	(128)	(91)	(84)	(83)	(83)	(80)	(79)
	(2 822)	(3 850)	(3 280)	(2 639)	(2 152)	(1 777)	(1 201)	(1 026)	(1 035)	(1 052)	(1 073)
<b>Net Increase (Decrease) in Cash</b>	(384)	(19)	(29)	(24)	(288)	85	148	16	253	(360)	190
<b>Cash at Beginning of Year</b>	944	559	540	511	488	199	284	433	448	701	341
<b>Cash at End of Year</b>	559	540	511	488	199	284	433	448	701	341	531

**ELECTRIC OPERATIONS (MH16)  
PROJECTED CASH FLOW STATEMENT**

**PUB Scenario (ii) - 1: 0% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**

(In Millions of Dollars)

*For the year ended March 31*

	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>
<b>OPERATING ACTIVITIES</b>									
Cash Receipts from Customers	3 419	3 499	3 594	3 692	3 802	3 918	4 038	4 160	4 217
Cash Paid to Suppliers and Employees	(976)	(990)	(1 007)	(1 030)	(1 050)	(1 071)	(1 094)	(1 118)	(1 132)
Interest Paid	(980)	(973)	(929)	(892)	(838)	(813)	(765)	(732)	(696)
Interest Received	28	48	24	11	12	21	29	50	64
	<u>1 490</u>	<u>1 584</u>	<u>1 682</u>	<u>1 782</u>	<u>1 927</u>	<u>2 055</u>	<u>2 208</u>	<u>2 359</u>	<u>2 454</u>
<b>FINANCING ACTIVITIES</b>									
Proceeds from Long-Term Debt	(10)	(20)	1 580	3 380	1 360	740	150	(90)	(30)
Sinking Fund Withdrawals	150	60	452	361	0	30	0	10	275
Retirement of Long-Term Debt	(150)	(50)	(3 650)	(4 386)	(1 982)	(1 763)	(750)	(340)	(265)
Other	(5)	(5)	(5)	(5)	(5)	(7)	(4)	(4)	(5)
	<u>(15)</u>	<u>(15)</u>	<u>(1 623)</u>	<u>(650)</u>	<u>(628)</u>	<u>(1 000)</u>	<u>(604)</u>	<u>(424)</u>	<u>(25)</u>
<b>INVESTING ACTIVITIES</b>									
Property, Plant and Equipment, net of contributions	(767)	(798)	(793)	(832)	(840)	(857)	(870)	(948)	(966)
Sinking Fund Payment	(234)	(236)	(242)	(213)	(198)	(199)	(196)	(198)	(201)
Other	(78)	(72)	(70)	(71)	(70)	(69)	(68)	(66)	(65)
	<u>(1 079)</u>	<u>(1 106)</u>	<u>(1 104)</u>	<u>(1 116)</u>	<u>(1 109)</u>	<u>(1 125)</u>	<u>(1 134)</u>	<u>(1 211)</u>	<u>(1 232)</u>
<b>Net Increase (Decrease) in Cash</b>	396	463	(1 045)	16	190	(70)	471	723	1 197
<b>Cash at Beginning of Year</b>	531	927	1 389	344	360	550	480	951	1 675
<b>Cash at End of Year</b>	<u>927</u>	<u>1 389</u>	<u>344</u>	<u>360</u>	<u>550</u>	<u>480</u>	<u>951</u>	<u>1 675</u>	<u>2 871</u>

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED OPERATING STATEMENT**  
**PUB Scenario (ii) - 2: 1.6% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>REVENUES</b>											
General Consumers at approved rates	1 517	1 569	1 561	1 552	1 551	1 552	1 559	1 567	1 577	1 584	1 593
additional*	0	18	182	355	545	754	804	856	910	964	1 020
BPIII Reserve Account	(96)	(114)	9	69	69	69	69	23	0	0	0
Extraprovincial	468	454	432	455	578	696	795	818	844	707	714
Other	27	30	31	31	33	33	34	34	35	35	36
	<u>1 915</u>	<u>1 957</u>	<u>2 216</u>	<u>2 463</u>	<u>2 776</u>	<u>3 105</u>	<u>3 261</u>	<u>3 298</u>	<u>3 365</u>	<u>3 290</u>	<u>3 363</u>
<b>EXPENSES</b>											
Operating and Administrative	535	518	501	511	513	524	536	548	559	571	583
Finance Expense	613	574	664	726	781	836	1 052	1 079	1 064	1 040	1 006
Finance Income	(18)	(16)	(20)	(27)	(27)	(32)	(37)	(19)	(24)	(26)	(22)
Depreciation and Amortization	384	396	471	515	554	597	689	714	725	739	751
Water Rentals and Assessments	131	124	112	113	114	117	127	128	131	131	131
Fuel and Power Purchased	130	135	166	146	162	149	140	138	141	128	129
Capital and Other Taxes	118	132	145	154	161	165	173	174	174	174	174
Other Expenses	60	115	109	481	94	92	71	64	67	71	76
Corporate Allocation	8	8	8	8	8	8	8	8	8	8	8
	<u>1 962</u>	<u>1 987</u>	<u>2 156</u>	<u>2 628</u>	<u>2 361</u>	<u>2 456</u>	<u>2 760</u>	<u>2 834</u>	<u>2 846</u>	<u>2 835</u>	<u>2 836</u>
Net Income before Net Movement in Reg. Deferral	(47)	(30)	60	(165)	415	648	501	465	519	455	527
Net Movement in Regulatory Deferral	69	68	106	462	69	61	40	(49)	(49)	(48)	(45)
<b>Net Income</b>	<u>22</u>	<u>37</u>	<u>166</u>	<u>297</u>	<u>484</u>	<u>710</u>	<u>541</u>	<u>416</u>	<u>470</u>	<u>407</u>	<u>482</u>
<b>Net Income Attributable to:</b>											
<b>Manitoba Hydro</b>	<b>34</b>	<b>46</b>	<b>167</b>	<b>295</b>	<b>480</b>	<b>702</b>	<b>532</b>	<b>405</b>	<b>467</b>	<b>405</b>	<b>479</b>
Non-controlling Interest	(12)	(9)	(1)	2	5	8	9	11	3	2	3
* Additional General Consumers Revenue											
Percent Increase	0.00%	1.60%	9.98%	9.98%	9.98%	9.98%	2.00%	2.00%	2.00%	2.00%	2.00%
Cumulative Percent Increase	0.00%	1.60%	11.74%	22.89%	35.15%	48.64%	51.61%	54.64%	57.74%	60.89%	64.11%
<b>Financial Ratios</b>											
Equity	15%	14%	14%	14%	15%	17%	18%	20%	22%	23%	25%
EBITDA Interest Coverage	1.50	1.50	1.68	1.83	1.99	2.23	2.18	2.13	2.23	2.21	2.34
Capital Coverage	1.08	1.18	1.34	1.59	2.08	2.66	2.39	2.37	2.23	2.06	2.15

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED OPERATING STATEMENT**  
**PUB Scenario (ii) - 2: 1.6% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>REVENUES</b>									
General Consumers at approved rates	1 599	1 608	1 623	1 639	1 667	1 698	1 730	1 762	1 796
additional*	1 077	1 137	1 203	1 272	1 353	1 439	1 530	1 625	1 726
BP/III Reserve Account	0	0	0	0	0	0	0	0	0
Extraprovincial	708	721	733	744	745	743	739	732	654
Other	36	37	38	38	39	40	40	40	41
	<u>3 421</u>	<u>3 502</u>	<u>3 597</u>	<u>3 694</u>	<u>3 804</u>	<u>3 920</u>	<u>4 039</u>	<u>4 161</u>	<u>4 217</u>
<b>EXPENSES</b>									
Operating and Administrative	595	607	620	633	646	660	674	688	702
Finance Expense	996	980	938	906	859	820	773	735	692
Finance Income	(32)	(44)	(29)	(17)	(18)	(18)	(22)	(38)	(49)
Depreciation and Amortization	764	775	790	804	822	840	856	871	887
Water Rentals and Assessments	131	132	132	132	133	133	133	134	134
Fuel and Power Purchased	129	131	135	145	151	159	167	178	172
Capital and Other Taxes	174	175	176	177	178	179	180	181	187
Other Expenses	79	84	87	87	89	91	92	95	96
Corporate Allocation	8	8	5	2	2	2	2	2	2
	<u>2 845</u>	<u>2 848</u>	<u>2 854</u>	<u>2 869</u>	<u>2 862</u>	<u>2 865</u>	<u>2 856</u>	<u>2 846</u>	<u>2 823</u>
Net Income before Net Movement in Reg. Deferral	576	654	743	825	942	1 055	1 184	1 315	1 394
Net Movement in Regulatory Deferral	(43)	(40)	(35)	(33)	(31)	(28)	(28)	(28)	(30)
<b>Net Income</b>	<u>533</u>	<u>614</u>	<u>708</u>	<u>792</u>	<u>911</u>	<u>1 027</u>	<u>1 155</u>	<u>1 287</u>	<u>1 364</u>
<b>Net Income Attributable to:</b>									
<b>Manitoba Hydro</b>	<b>529</b>	<b>609</b>	<b>701</b>	<b>783</b>	<b>901</b>	<b>1 015</b>	<b>1 142</b>	<b>1 272</b>	<b>1 349</b>
Non-controlling Interest	4	5	7	9	11	12	14	15	15
* Additional General Consumers Revenue									
Percent Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Cumulative Percent Increase	67.39%	70.74%	74.15%	77.64%	81.19%	84.81%	88.51%	92.28%	96.13%
<b>Financial Ratios</b>									
Equity	27%	29%	32%	35%	39%	42%	47%	52%	57%
EBITDA Interest Coverage	2.43	2.56	2.72	2.87	3.14	3.40	3.75	4.15	4.54
Capital Coverage	2.20	2.26	2.43	2.43	2.59	2.72	2.88	2.80	2.85

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED BALANCE SHEET**  
**PUB Scenario (ii) - 2: 1.6% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>ASSETS</b>											
Plant in Service	13 256	13 881	19 254	19 876	20 938	26 363	30 693	31 222	31 858	32 522	33 133
Accumulated Depreciation	(985)	(1 319)	(1 749)	(2 197)	(2 634)	(3 143)	(3 724)	(4 347)	(4 961)	(5 625)	(6 231)
Net Plant in Service	12 272	12 562	17 505	17 679	18 304	23 219	26 969	26 876	26 897	26 897	26 902
Construction in Progress	6 943	9 308	6 596	7 378	7 870	3 693	224	312	276	272	269
Current and Other Assets	1 721	2 039	2 327	2 453	2 228	1 935	1 775	2 003	2 192	1 960	2 183
Goodwill and Intangible Assets	270	485	725	869	1 271	1 225	1 180	1 135	1 092	1 049	1 007
Total Assets before Regulatory Deferral	21 206	24 394	27 153	28 379	29 673	30 073	30 147	30 326	30 457	30 178	30 361
Regulatory Deferral Balance	459	526	633	1 094	1 163	1 225	1 265	1 216	1 167	1 118	1 074
	21 665	24 920	27 786	29 474	30 836	31 298	31 412	31 542	31 624	31 297	31 435
<b>LIABILITIES AND EQUITY</b>											
Long-Term Debt	15 578	18 120	21 357	21 982	22 754	23 081	23 105	22 674	21 986	20 725	21 367
Current and Other Liabilities	3 415	3 905	3 300	4 062	4 205	3 661	3 240	3 408	3 699	4 217	3 223
Provisions	19	19	19	18	17	16	16	15	14	14	14
Deferred Revenue	444	460	486	515	537	546	556	566	577	588	599
BPll Reserve Account	196	311	301	232	162	93	23	(0)	(0)	(0)	(0)
Retained Earnings	2 730	2 776	2 943	3 238	3 718	4 419	4 951	5 356	5 823	6 228	6 707
Accumulated Other Comprehensive Income	(761)	(714)	(665)	(616)	(600)	(562)	(522)	(521)	(520)	(520)	(520)
Total Liabilities and Equity before Regulatory Deferral	21 621	24 877	27 742	29 430	30 793	31 254	31 369	31 498	31 580	31 253	31 391
Regulatory Deferral Balance	44	44	44	44	44	44	44	44	44	44	44
	21 665	24 920	27 786	29 474	30 836	31 298	31 412	31 542	31 624	31 297	31 435
Net Debt	15 349	18 318	20 675	22 225	23 046	23 149	22 821	22 325	21 746	21 246	20 670
Total Equity	2 778	3 034	3 319	3 670	4 157	4 871	5 094	5 498	5 979	6 397	6 890
Equity Ratio	15%	14%	14%	14%	15%	17%	18%	20%	22%	23%	25%

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED BALANCE SHEET**  
**PUB Scenario (ii) - 2: 1.6% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>ASSETS</b>									
Plant in Service	33 741	34 487	35 147	35 978	36 754	37 549	38 293	39 095	40 163
Accumulated Depreciation	(6 924)	(7 621)	(8 329)	(9 059)	(9 806)	(10 595)	(11 384)	(12 186)	(12 993)
Net Plant in Service	26 817	26 866	26 817	26 919	26 948	26 955	26 909	26 909	27 170
Construction in Progress	351	313	348	258	232	224	264	319	115
Current and Other Assets	2 684	3 345	2 108	2 188	2 380	2 686	3 356	4 270	5 393
Goodwill and Intangible Assets	967	928	890	852	814	777	740	703	667
Total Assets before Regulatory Deferral	30 819	31 452	30 164	30 218	30 374	30 641	31 269	32 202	33 345
Regulatory Deferral Balance	1 030	990	955	923	892	864	836	807	777
	31 849	32 442	31 119	31 140	31 265	31 505	32 104	33 009	34 122
<b>LIABILITIES AND EQUITY</b>									
Long-Term Debt	21 320	17 702	14 849	16 470	15 880	16 064	15 918	15 507	15 391
Current and Other Liabilities	3 145	6 736	7 556	5 164	4 967	3 998	3 590	3 623	3 491
Provisions	14	14	14	14	14	14	14	14	14
Deferred Revenue	610	619	629	639	649	660	671	682	694
BP/III Reserve Account	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Retained Earnings	7 237	7 846	8 547	9 330	10 230	11 245	12 387	13 659	15 008
Accumulated Other Comprehensive Income	(520)	(520)	(520)	(520)	(520)	(520)	(520)	(520)	(520)
Total Liabilities and Equity before Regulatory Deferral	31 805	32 398	31 075	31 097	31 222	31 461	32 061	32 965	34 078
Regulatory Deferral Balance	44	44	44	44	44	44	44	44	44
	31 849	32 442	31 119	31 140	31 265	31 505	32 104	33 009	34 122
Net Debt	20 044	19 350	18 550	17 691	16 706	15 605	14 364	13 046	11 655
Total Equity	7 434	8 053	8 761	9 552	10 460	11 484	12 634	13 915	15 274
Equity Ratio	27%	29%	32%	35%	39%	42%	47%	52%	57%

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED CASH FLOW STATEMENT**  
**PUB Scenario (ii) - 2: 1.6% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**  
(In Millions of Dollars)

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>OPERATING ACTIVITIES</b>											
Cash Receipts from Customers	2 007	2 061	2 195	2 383	2 695	3 023	3 179	3 263	3 353	3 278	3 350
Cash Paid to Suppliers and Employees	(876)	(917)	(881)	(880)	(903)	(908)	(923)	(937)	(954)	(952)	(964)
Interest Paid	(569)	(529)	(634)	(701)	(744)	(804)	(1 020)	(1 050)	(1 042)	(1 024)	(981)
Interest Received	7	5	12	21	17	17	7	10	17	18	14
	569	619	692	822	1 064	1 328	1 244	1 286	1 373	1 319	1 419
<b>FINANCING ACTIVITIES</b>											
Proceeds from Long-Term Debt	2 743	3 570	3 590	1 970	1 790	790	360	(10)	(10)	(50)	790
Sinking Fund Withdrawals	146	0	0	182	303	767	173	52	332	133	227
Retirement of Long-Term Debt	(1 030)	(330)	(1 002)	(336)	(1 278)	(1 020)	(449)	(290)	(412)	(715)	(1 178)
Other	10	(10)	(10)	(11)	(11)	(11)	11	(5)	(5)	(5)	(5)
	1 868	3 229	2 578	1 805	804	525	95	(253)	(95)	(637)	(166)
<b>INVESTING ACTIVITIES</b>											
Property, Plant and Equipment, net of contributions	(2 609)	(3 553)	(3 015)	(2 351)	(1 742)	(1 352)	(880)	(700)	(704)	(732)	(756)
Sinking Fund Payment	(146)	(246)	(210)	(244)	(282)	(334)	(237)	(243)	(248)	(240)	(237)
Other	(68)	(51)	(55)	(44)	(128)	(91)	(84)	(83)	(83)	(80)	(79)
	(2 822)	(3 850)	(3 280)	(2 639)	(2 152)	(1 777)	(1 201)	(1 026)	(1 035)	(1 052)	(1 073)
<b>Net Increase (Decrease) in Cash</b>	(384)	(1)	(10)	(12)	(285)	76	138	7	243	(370)	180
<b>Cash at Beginning of Year</b>	944	559	558	548	536	251	327	465	472	715	345
<b>Cash at End of Year</b>	559	558	548	536	251	327	465	472	715	345	525



**ELECTRIC OPERATIONS (MH16)  
PROJECTED CASH FLOW STATEMENT**

**PUB Scenario (ii) - 2: 1.6% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**

(In Millions of Dollars)

*For the year ended March 31*

	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>OPERATING ACTIVITIES</b>									
Cash Receipts from Customers	3 408	3 488	3 583	3 680	3 790	3 905	4 025	4 146	4 203
Cash Paid to Suppliers and Employees	(976)	(990)	(1 007)	(1 030)	(1 050)	(1 071)	(1 094)	(1 118)	(1 132)
Interest Paid	(980)	(973)	(929)	(892)	(847)	(818)	(775)	(743)	(706)
Interest Received	28	47	23	11	12	20	31	55	66
	<u>1 479</u>	<u>1 572</u>	<u>1 670</u>	<u>1 769</u>	<u>1 905</u>	<u>2 037</u>	<u>2 187</u>	<u>2 340</u>	<u>2 431</u>
<b>FINANCING ACTIVITIES</b>									
Proceeds from Long-Term Debt	(10)	(20)	1 580	3 580	1 160	940	150	(90)	(30)
Sinking Fund Withdrawals	150	60	452	362	0	30	0	10	275
Retirement of Long-Term Debt	(150)	(50)	(3 650)	(4 386)	(1 982)	(1 763)	(750)	(340)	(265)
Other	(5)	(5)	(5)	(5)	(5)	(7)	(4)	(4)	(5)
	<u>(15)</u>	<u>(15)</u>	<u>(1 623)</u>	<u>(449)</u>	<u>(828)</u>	<u>(800)</u>	<u>(604)</u>	<u>(424)</u>	<u>(25)</u>
<b>INVESTING ACTIVITIES</b>									
Property, Plant and Equipment, net of contributions	(767)	(798)	(793)	(832)	(840)	(857)	(870)	(948)	(966)
Sinking Fund Payment	(234)	(236)	(242)	(214)	(199)	(199)	(198)	(200)	(203)
Other	(78)	(72)	(70)	(71)	(70)	(69)	(68)	(66)	(65)
	<u>(1 079)</u>	<u>(1 106)</u>	<u>(1 104)</u>	<u>(1 116)</u>	<u>(1 110)</u>	<u>(1 125)</u>	<u>(1 135)</u>	<u>(1 213)</u>	<u>(1 235)</u>
<b>Net Increase (Decrease) in Cash</b>	385	451	(1 058)	204	(32)	112	448	702	1 172
<b>Cash at Beginning of Year</b>	525	910	1 361	303	507	475	587	1 035	1 737
<b>Cash at End of Year</b>	<u>910</u>	<u>1 361</u>	<u>303</u>	<u>507</u>	<u>475</u>	<u>587</u>	<u>1 035</u>	<u>1 737</u>	<u>2 908</u>

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED OPERATING STATEMENT**  
**PUB Scenario (ii) - 3: 3.36% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>REVENUES</b>											
General Consumers at approved rates	1 517	1 569	1 561	1 552	1 551	1 552	1 559	1 567	1 577	1 584	1 593
additional*	0	37	203	368	547	745	794	846	899	954	1 010
BP/III Reserve Account	(96)	(116)	9	70	70	70	70	23	0	0	0
Extraprovincial	468	454	432	455	578	696	795	818	844	707	714
Other	27	30	31	31	33	33	34	34	35	35	36
	<u>1 915</u>	<u>1 975</u>	<u>2 236</u>	<u>2 476</u>	<u>2 779</u>	<u>3 096</u>	<u>3 252</u>	<u>3 288</u>	<u>3 355</u>	<u>3 280</u>	<u>3 352</u>
<b>EXPENSES</b>											
Operating and Administrative	535	518	501	511	513	524	536	548	559	571	583
Finance Expense	613	574	664	725	779	832	1 052	1 081	1 066	1 041	1 001
Finance Income	(18)	(16)	(20)	(27)	(27)	(31)	(38)	(20)	(25)	(26)	(18)
Depreciation and Amortization	384	396	471	515	554	597	689	714	725	739	751
Water Rentals and Assessments	131	124	112	113	114	117	127	128	131	131	131
Fuel and Power Purchased	130	135	166	146	162	149	140	138	141	128	129
Capital and Other Taxes	118	132	145	154	161	165	173	174	174	174	174
Other Expenses	60	115	109	481	94	92	71	64	67	71	76
Corporate Allocation	8	8	8	8	8	8	8	8	8	8	8
	<u>1 962</u>	<u>1 987</u>	<u>2 155</u>	<u>2 627</u>	<u>2 358</u>	<u>2 453</u>	<u>2 759</u>	<u>2 834</u>	<u>2 846</u>	<u>2 836</u>	<u>2 835</u>
Net Income before Net Movement in Reg. Deferral	(47)	(12)	81	(150)	421	642	493	455	508	444	517
Net Movement in Regulatory Deferral	69	68	106	462	69	61	40	(49)	(49)	(48)	(45)
<b>Net Income</b>	<u>22</u>	<u>55</u>	<u>187</u>	<u>311</u>	<u>490</u>	<u>704</u>	<u>533</u>	<u>406</u>	<u>459</u>	<u>395</u>	<u>472</u>
<b>Net Income Attributable to:</b>											
<b>Manitoba Hydro</b>	<b>34</b>	<b>64</b>	<b>188</b>	<b>309</b>	<b>485</b>	<b>695</b>	<b>523</b>	<b>395</b>	<b>456</b>	<b>393</b>	<b>470</b>
Non-controlling Interest	(12)	(9)	(1)	2	5	8	9	11	3	2	3
* Additional General Consumers Revenue											
Percent Increase	0.00%	3.36%	9.39%	9.39%	9.39%	9.39%	2.00%	2.00%	2.00%	2.00%	2.00%
Cumulative Percent Increase	0.00%	3.36%	13.07%	23.69%	35.31%	48.02%	50.98%	54.00%	57.08%	60.22%	63.43%
<b>Financial Ratios</b>											
Equity	15%	14%	14%	14%	15%	18%	18%	20%	22%	23%	25%
EBITDA Interest Coverage	1.50	1.52	1.70	1.85	2.00	2.22	2.17	2.12	2.22	2.20	2.33
Capital Coverage	1.08	1.21	1.38	1.62	2.09	2.65	2.38	2.35	2.21	2.04	2.14

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED OPERATING STATEMENT**  
**PUB Scenario (ii) - 3: 3.36% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>REVENUES</b>									
General Consumers at approved rates	1 599	1 608	1 623	1 639	1 667	1 698	1 730	1 762	1 796
additional*	1 066	1 125	1 191	1 260	1 340	1 426	1 517	1 611	1 711
BP/III Reserve Account	0	0	0	0	0	0	0	0	0
Extraprovincial	708	721	733	744	745	743	739	732	654
Other	36	37	38	38	39	40	40	40	41
	<b>3 410</b>	<b>3 490</b>	<b>3 585</b>	<b>3 682</b>	<b>3 791</b>	<b>3 907</b>	<b>4 026</b>	<b>4 146</b>	<b>4 203</b>
<b>EXPENSES</b>									
Operating and Administrative	595	607	620	633	646	660	674	688	702
Finance Expense	987	971	933	910	865	823	778	735	690
Finance Income	(27)	(39)	(26)	(17)	(20)	(17)	(23)	(34)	(45)
Depreciation and Amortization	764	775	790	804	822	840	856	871	887
Water Rentals and Assessments	131	132	132	132	133	133	133	134	134
Fuel and Power Purchased	129	131	135	145	151	159	167	178	172
Capital and Other Taxes	174	175	176	177	178	179	180	181	187
Other Expenses	79	84	87	87	89	91	92	95	96
Corporate Allocation	8	8	5	2	2	2	2	2	2
	<b>2 841</b>	<b>2 844</b>	<b>2 852</b>	<b>2 874</b>	<b>2 866</b>	<b>2 868</b>	<b>2 860</b>	<b>2 849</b>	<b>2 825</b>
Net Income before Net Movement in Reg. Deferral	569	646	733	808	925	1 038	1 166	1 297	1 378
Net Movement in Regulatory Deferral	(43)	(40)	(35)	(33)	(31)	(28)	(28)	(28)	(30)
<b>Net Income</b>	<b>525</b>	<b>606</b>	<b>698</b>	<b>776</b>	<b>895</b>	<b>1 011</b>	<b>1 138</b>	<b>1 269</b>	<b>1 348</b>
<b>Net Income Attributable to:</b>									
<b>Manitoba Hydro</b>	<b>522</b>	<b>601</b>	<b>691</b>	<b>766</b>	<b>884</b>	<b>998</b>	<b>1 124</b>	<b>1 254</b>	<b>1 333</b>
Non-controlling Interest	4	5	7	9	11	12	14	15	15
* Additional General Consumers Revenue									
Percent Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Cumulative Percent Increase	66.69%	70.03%	73.43%	76.90%	80.44%	84.04%	87.72%	91.48%	95.31%
<b>Financial Ratios</b>									
Equity	27%	29%	32%	35%	38%	42%	46%	51%	56%
EBITDA Interest Coverage	2.43	2.56	2.72	2.84	3.11	3.37	3.71	4.11	4.50
Capital Coverage	2.19	2.24	2.41	2.40	2.57	2.70	2.86	2.78	2.83

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED BALANCE SHEET**  
**PUB Scenario (ii) - 3: 3.36% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>ASSETS</b>											
Plant in Service	13 256	13 881	19 254	19 876	20 938	26 363	30 693	31 222	31 858	32 522	33 133
Accumulated Depreciation	(985)	(1 319)	(1 749)	(2 197)	(2 634)	(3 143)	(3 724)	(4 347)	(4 961)	(5 625)	(6 231)
Net Plant in Service	12 272	12 562	17 505	17 679	18 304	23 219	26 969	26 876	26 897	26 897	26 902
Construction in Progress	6 943	9 308	6 596	7 378	7 870	3 693	224	312	276	272	269
Current and Other Assets	1 721	2 059	2 367	2 507	2 089	1 792	1 826	2 044	2 222	1 979	1 990
Goodwill and Intangible Assets	270	485	725	869	1 271	1 225	1 180	1 135	1 092	1 049	1 007
Total Assets before Regulatory Deferral	21 206	24 413	27 194	28 433	29 533	29 930	30 199	30 367	30 487	30 197	30 169
Regulatory Deferral Balance	459	526	633	1 094	1 163	1 225	1 265	1 216	1 167	1 118	1 074
	21 665	24 940	27 826	29 527	30 697	31 155	31 464	31 583	31 654	31 316	31 242
<b>LIABILITIES AND EQUITY</b>											
Long-Term Debt	15 578	18 120	21 357	21 982	22 554	22 882	23 108	22 677	21 989	20 728	21 170
Current and Other Liabilities	3 415	3 905	3 300	4 061	4 205	3 665	3 248	3 415	3 707	4 225	3 229
Provisions	19	19	19	18	17	16	16	15	14	14	14
Deferred Revenue	444	460	486	515	537	546	556	566	577	588	599
BPll Reserve Account	196	312	303	233	163	93	23	(0)	(0)	(0)	(0)
Retained Earnings	2 730	2 794	2 982	3 292	3 777	4 472	4 995	5 390	5 846	6 240	6 709
Accumulated Other Comprehensive Income	(761)	(714)	(665)	(616)	(600)	(563)	(525)	(524)	(523)	(523)	(523)
Total Liabilities and Equity before Regulatory Deferral	21 621	24 896	27 783	29 484	30 653	31 112	31 420	31 540	31 611	31 272	31 199
Regulatory Deferral Balance	44	44	44	44	44	44	44	44	44	44	44
	21 665	24 940	27 826	29 527	30 697	31 155	31 464	31 583	31 654	31 316	31 242
Net Debt	15 349	18 298	20 635	22 172	22 986	23 093	22 773	22 287	21 719	21 230	20 666
Total Equity	2 778	3 054	3 360	3 724	4 216	4 923	5 135	5 528	5 999	6 406	6 889
Equity Ratio	15%	14%	14%	14%	15%	18%	18%	20%	22%	23%	25%

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED BALANCE SHEET**  
**PUB Scenario (ii) - 3: 3.36% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>ASSETS</b>									
Plant in Service	33 741	34 487	35 147	35 978	36 754	37 549	38 293	39 095	40 163
Accumulated Depreciation	(6 924)	(7 621)	(8 329)	(9 059)	(9 806)	(10 595)	(11 384)	(12 186)	(12 993)
Net Plant in Service	26 817	26 866	26 817	26 919	26 948	26 955	26 909	26 909	27 170
Construction in Progress	351	313	348	258	232	224	264	319	115
Current and Other Assets	2 484	3 137	2 290	2 148	2 324	2 412	3 268	3 961	5 067
Goodwill and Intangible Assets	967	928	890	852	814	777	740	703	667
Total Assets before Regulatory Deferral	30 619	31 244	30 345	30 178	30 318	30 367	31 180	31 893	33 019
Regulatory Deferral Balance	1 030	990	955	923	892	864	836	807	777
	31 649	32 234	31 301	31 100	31 210	31 231	32 016	32 700	33 796
<b>LIABILITIES AND EQUITY</b>									
Long-Term Debt	21 123	17 505	15 052	16 473	16 080	15 864	15 718	15 307	15 191
Current and Other Liabilities	3 150	6 742	7 561	5 164	4 772	4 000	3 796	3 625	3 493
Provisions	14	14	14	14	14	14	14	14	14
Deferred Revenue	610	619	629	639	649	660	671	682	694
BP/III Reserve Account	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Retained Earnings	7 231	7 832	8 523	9 290	10 173	11 172	12 296	13 550	14 883
Accumulated Other Comprehensive Income	(523)	(523)	(523)	(523)	(523)	(523)	(523)	(523)	(523)
Total Liabilities and Equity before Regulatory Deferral	31 605	32 190	31 257	31 057	31 167	31 188	31 972	32 656	33 753
Regulatory Deferral Balance	44	44	44	44	44	44	44	44	44
	31 649	32 234	31 301	31 100	31 210	31 231	32 016	32 700	33 796
Net Debt	20 047	19 361	18 571	17 735	16 764	15 679	14 452	13 155	11 781
Total Equity	7 425	8 037	8 734	9 509	10 400	11 407	12 540	13 804	15 146
Equity Ratio	27%	29%	32%	35%	38%	42%	46%	51%	56%

**ELECTRIC OPERATIONS (MH16)  
PROJECTED CASH FLOW STATEMENT**

**PUB Scenario (ii) - 3: 3.36% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**

**(In Millions of Dollars)**

*For the year ended March 31*

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>OPERATING ACTIVITIES</b>											
Cash Receipts from Customers	2 007	2 080	2 216	2 395	2 697	3 013	3 169	3 253	3 342	3 267	3 339
Cash Paid to Suppliers and Employees	(876)	(917)	(881)	(880)	(903)	(908)	(923)	(937)	(954)	(952)	(964)
Interest Paid	(569)	(529)	(633)	(701)	(740)	(797)	(1 017)	(1 051)	(1 043)	(1 026)	(978)
Interest Received	7	5	12	21	17	16	8	11	17	18	10
	<u>569</u>	<u>639</u>	<u>713</u>	<u>835</u>	<u>1 070</u>	<u>1 324</u>	<u>1 238</u>	<u>1 276</u>	<u>1 362</u>	<u>1 308</u>	<u>1 407</u>
<b>FINANCING ACTIVITIES</b>											
Proceeds from Long-Term Debt	2 743	3 570	3 590	1 970	1 590	790	560	(10)	(10)	(50)	590
Sinking Fund Withdrawals	146	0	0	182	303	767	173	50	332	133	227
Retirement of Long-Term Debt	(1 030)	(330)	(1 002)	(336)	(1 278)	(1 020)	(449)	(290)	(412)	(715)	(1 178)
Other	10	(10)	(10)	(11)	(11)	(11)	11	(5)	(5)	(5)	(5)
	<u>1 868</u>	<u>3 229</u>	<u>2 578</u>	<u>1 805</u>	<u>604</u>	<u>525</u>	<u>295</u>	<u>(255)</u>	<u>(95)</u>	<u>(637)</u>	<u>(366)</u>
<b>INVESTING ACTIVITIES</b>											
Property, Plant and Equipment, net of contributions	(2 609)	(3 553)	(3 015)	(2 351)	(1 742)	(1 352)	(880)	(700)	(704)	(732)	(756)
Sinking Fund Payment	(146)	(246)	(210)	(244)	(282)	(334)	(235)	(243)	(248)	(240)	(237)
Other	(68)	(51)	(55)	(44)	(128)	(91)	(84)	(83)	(83)	(80)	(79)
	<u>(2 822)</u>	<u>(3 850)</u>	<u>(3 280)</u>	<u>(2 639)</u>	<u>(2 152)</u>	<u>(1 777)</u>	<u>(1 199)</u>	<u>(1 026)</u>	<u>(1 035)</u>	<u>(1 052)</u>	<u>(1 073)</u>
<b>Net Increase (Decrease) in Cash</b>	<b>(384)</b>	<b>18</b>	<b>11</b>	<b>1</b>	<b>(478)</b>	<b>73</b>	<b>334</b>	<b>(5)</b>	<b>232</b>	<b>(382)</b>	<b>(32)</b>
<b>Cash at Beginning of Year</b>	<b>944</b>	<b>559</b>	<b>578</b>	<b>589</b>	<b>589</b>	<b>111</b>	<b>184</b>	<b>519</b>	<b>513</b>	<b>746</b>	<b>364</b>
<b>Cash at End of Year</b>	<b>559</b>	<b>578</b>	<b>589</b>	<b>589</b>	<b>111</b>	<b>184</b>	<b>519</b>	<b>513</b>	<b>746</b>	<b>364</b>	<b>332</b>

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED CASH FLOW STATEMENT**

**PUB Scenario (ii) - 3: 3.36% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**

(In Millions of Dollars)

*For the year ended March 31*

	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>OPERATING ACTIVITIES</b>									
Cash Receipts from Customers	3 397	3 477	3 571	3 668	3 777	3 892	4 011	4 132	4 188
Cash Paid to Suppliers and Employees	(976)	(990)	(1 007)	(1 030)	(1 050)	(1 071)	(1 094)	(1 118)	(1 132)
Interest Paid	(971)	(964)	(924)	(902)	(851)	(819)	(771)	(740)	(698)
Interest Received	23	42	20	11	14	19	26	45	56
	<u>1 472</u>	<u>1 565</u>	<u>1 660</u>	<u>1 747</u>	<u>1 890</u>	<u>2 021</u>	<u>2 173</u>	<u>2 319</u>	<u>2 414</u>
<b>FINANCING ACTIVITIES</b>									
Proceeds from Long-Term Debt	(10)	(20)	1 980	3 380	1 160	540	350	(90)	(30)
Sinking Fund Withdrawals	150	60	448	361	0	170	0	10	260
Retirement of Long-Term Debt	(150)	(50)	(3 650)	(4 386)	(1 982)	(1 566)	(750)	(540)	(265)
Other	(5)	(5)	(5)	(5)	(5)	(7)	(4)	(4)	(5)
	<u>(15)</u>	<u>(15)</u>	<u>(1 227)</u>	<u>(650)</u>	<u>(828)</u>	<u>(863)</u>	<u>(404)</u>	<u>(624)</u>	<u>(40)</u>
<b>INVESTING ACTIVITIES</b>									
Property, Plant and Equipment, net of contributions	(767)	(798)	(793)	(832)	(840)	(857)	(870)	(948)	(966)
Sinking Fund Payment	(232)	(233)	(240)	(215)	(199)	(199)	(191)	(194)	(195)
Other	(78)	(72)	(70)	(71)	(70)	(69)	(68)	(66)	(65)
	<u>(1 077)</u>	<u>(1 104)</u>	<u>(1 102)</u>	<u>(1 117)</u>	<u>(1 110)</u>	<u>(1 125)</u>	<u>(1 129)</u>	<u>(1 208)</u>	<u>(1 226)</u>
<b>Net Increase (Decrease) in Cash</b>	380	445	(670)	(20)	(48)	32	641	487	1 148
<b>Cash at Beginning of Year</b>	332	712	1 157	487	467	419	452	1 092	1 579
<b>Cash at End of Year</b>	<u>712</u>	<u>1 157</u>	<u>487</u>	<u>467</u>	<u>419</u>	<u>452</u>	<u>1 092</u>	<u>1 579</u>	<u>2 727</u>

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED OPERATING STATEMENT**  
**PUB Scenario (ii) - 4: 3.95% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>REVENUES</b>											
General Consumers at approved rates	1 517	1 569	1 561	1 552	1 551	1 552	1 559	1 567	1 577	1 584	1 593
additional*	0	44	210	372	548	741	791	842	896	950	1 006
BPIII Reserve Account	(96)	(116)	9	70	70	70	70	23	0	0	0
Extraprovincial	468	454	432	455	578	696	795	818	844	707	714
Other	27	30	31	31	33	33	34	34	35	35	36
	<u>1 915</u>	<u>1 981</u>	<u>2 243</u>	<u>2 480</u>	<u>2 780</u>	<u>3 092</u>	<u>3 248</u>	<u>3 285</u>	<u>3 351</u>	<u>3 276</u>	<u>3 348</u>
<b>EXPENSES</b>											
Operating and Administrative	535	518	501	511	513	524	536	548	559	571	583
Finance Expense	613	574	664	724	778	830	1 052	1 081	1 066	1 041	1 001
Finance Income	(18)	(16)	(21)	(27)	(27)	(30)	(38)	(20)	(25)	(26)	(18)
Depreciation and Amortization	384	396	471	515	554	597	689	714	725	739	751
Water Rentals and Assessments	131	124	112	113	114	117	127	128	131	131	131
Fuel and Power Purchased	130	135	166	146	162	149	140	138	141	128	129
Capital and Other Taxes	118	132	145	154	161	165	173	174	174	174	174
Other Expenses	60	115	109	481	94	92	71	64	67	71	76
Corporate Allocation	8	8	8	8	8	8	8	8	8	8	8
	<u>1 962</u>	<u>1 987</u>	<u>2 155</u>	<u>2 626</u>	<u>2 358</u>	<u>2 452</u>	<u>2 758</u>	<u>2 834</u>	<u>2 846</u>	<u>2 836</u>	<u>2 835</u>
Net Income before Net Movement in Reg. Deferral	(47)	(6)	87	(146)	422	640	490	451	505	440	513
Net Movement in Regulatory Deferral	69	68	106	462	69	61	40	(49)	(49)	(48)	(45)
<b>Net Income</b>	<u>22</u>	<u>61</u>	<u>194</u>	<u>316</u>	<u>491</u>	<u>702</u>	<u>530</u>	<u>402</u>	<u>455</u>	<u>391</u>	<u>468</u>
<b>Net Income Attributable to:</b>											
<b>Manitoba Hydro</b>	<b>34</b>	<b>70</b>	<b>195</b>	<b>314</b>	<b>486</b>	<b>693</b>	<b>521</b>	<b>392</b>	<b>453</b>	<b>390</b>	<b>466</b>
Non-controlling Interest	(12)	(9)	(1)	2	5	8	9	11	3	2	3
* Additional General Consumers Revenue											
Percent Increase	0.00%	3.95%	9.20%	9.20%	9.20%	9.20%	2.00%	2.00%	2.00%	2.00%	2.00%
Cumulative Percent Increase	0.00%	3.95%	13.51%	23.95%	35.35%	47.79%	50.75%	53.76%	56.84%	59.97%	63.17%
<b>Financial Ratios</b>											
Equity	15%	14%	14%	14%	16%	18%	18%	20%	22%	23%	25%
EBITDA Interest Coverage	1.50	1.53	1.71	1.85	2.00	2.22	2.17	2.12	2.21	2.20	2.32
Capital Coverage	1.08	1.23	1.39	1.63	2.10	2.64	2.37	2.34	2.21	2.04	2.13



**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED OPERATING STATEMENT**  
**PUB Scenario (ii) - 4: 3.95% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>REVENUES</b>									
General Consumers at approved rates	1 599	1 608	1 623	1 639	1 667	1 698	1 730	1 762	1 796
additional*	1 062	1 121	1 187	1 256	1 336	1 421	1 512	1 606	1 706
BP/III Reserve Account	0	0	0	0	0	0	0	0	0
Extraprovincial	708	721	733	744	745	743	739	732	654
Other	36	37	38	38	39	40	40	40	41
	<b>3 406</b>	<b>3 486</b>	<b>3 581</b>	<b>3 678</b>	<b>3 787</b>	<b>3 902</b>	<b>4 021</b>	<b>4 141</b>	<b>4 197</b>
<b>EXPENSES</b>									
Operating and Administrative	595	607	620	633	646	660	674	688	702
Finance Expense	987	971	934	910	862	824	780	735	690
Finance Income	(26)	(39)	(26)	(17)	(17)	(17)	(23)	(33)	(44)
Depreciation and Amortization	764	775	790	804	822	840	856	871	887
Water Rentals and Assessments	131	132	132	132	133	133	133	134	134
Fuel and Power Purchased	129	131	135	145	151	159	167	178	172
Capital and Other Taxes	174	175	176	177	178	179	180	181	187
Other Expenses	79	84	87	87	89	91	92	95	96
Corporate Allocation	8	8	5	2	2	2	2	2	2
	<b>2 841</b>	<b>2 845</b>	<b>2 853</b>	<b>2 874</b>	<b>2 865</b>	<b>2 869</b>	<b>2 861</b>	<b>2 850</b>	<b>2 826</b>
Net Income before Net Movement in Reg. Deferral	565	642	728	804	922	1 033	1 159	1 291	1 371
Net Movement in Regulatory Deferral	(43)	(40)	(35)	(33)	(31)	(28)	(28)	(28)	(30)
<b>Net Income</b>	<b>521</b>	<b>602</b>	<b>693</b>	<b>771</b>	<b>891</b>	<b>1 005</b>	<b>1 131</b>	<b>1 263</b>	<b>1 341</b>
<b>Net Income Attributable to:</b>									
<b>Manitoba Hydro</b>	<b>518</b>	<b>597</b>	<b>686</b>	<b>762</b>	<b>880</b>	<b>992</b>	<b>1 118</b>	<b>1 248</b>	<b>1 326</b>
Non-controlling Interest	4	5	7	9	11	12	14	15	15
* Additional General Consumers Revenue									
Percent Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Cumulative Percent Increase	66.44%	69.77%	73.16%	76.63%	80.16%	83.76%	87.44%	91.18%	95.01%
<b>Financial Ratios</b>									
Equity	27%	29%	32%	35%	38%	42%	46%	51%	56%
EBITDA Interest Coverage	2.42	2.55	2.71	2.84	3.10	3.36	3.69	4.09	4.48
Capital Coverage	2.19	2.24	2.41	2.40	2.56	2.69	2.85	2.77	2.83

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED BALANCE SHEET**  
**PUB Scenario (ii) - 4: 3.95% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**  
**(In Millions of Dollars)**

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>ASSETS</b>											
Plant in Service	13 256	13 881	19 254	19 876	20 938	26 363	30 693	31 222	31 858	32 522	33 133
Accumulated Depreciation	(985)	(1 319)	(1 749)	(2 197)	(2 634)	(3 143)	(3 724)	(4 347)	(4 961)	(5 625)	(6 231)
Net Plant in Service	12 272	12 562	17 505	17 679	18 304	23 219	26 969	26 876	26 897	26 897	26 902
Construction in Progress	6 943	9 308	6 596	7 378	7 870	3 693	224	312	276	272	269
Current and Other Assets	1 721	2 065	2 381	2 528	2 110	1 810	1 841	2 055	2 231	1 984	1 990
Goodwill and Intangible Assets	270	485	725	869	1 271	1 225	1 180	1 135	1 092	1 049	1 007
Total Assets before Regulatory Deferral	21 206	24 420	27 207	28 454	29 555	29 948	30 214	30 379	30 495	30 202	30 169
Regulatory Deferral Balance	459	526	633	1 094	1 163	1 225	1 265	1 216	1 167	1 118	1 074
	21 665	24 946	27 840	29 548	30 718	31 173	31 479	31 595	31 662	31 320	31 243
<b>LIABILITIES AND EQUITY</b>											
Long-Term Debt	15 578	18 120	21 357	21 982	22 554	22 882	23 108	22 677	21 989	20 728	21 170
Current and Other Liabilities	3 415	3 905	3 300	4 063	4 207	3 666	3 248	3 416	3 708	4 226	3 230
Provisions	19	19	19	18	17	16	16	15	14	14	14
Deferred Revenue	444	460	486	515	537	546	556	566	577	588	599
BP/III Reserve Account	196	312	303	233	163	93	23	(0)	(0)	(0)	(0)
Retained Earnings	2 730	2 800	2 995	3 309	3 796	4 489	5 010	5 401	5 854	6 243	6 709
Accumulated Other Comprehensive Income	(761)	(714)	(665)	(616)	(600)	(563)	(525)	(524)	(523)	(523)	(523)
Total Liabilities and Equity before Regulatory Deferral	21 621	24 903	27 796	29 504	30 675	31 130	31 435	31 551	31 619	31 276	31 199
Regulatory Deferral Balance	44	44	44	44	44	44	44	44	44	44	44
	21 665	24 946	27 840	29 548	30 718	31 173	31 479	31 595	31 662	31 320	31 243
Net Debt	15 349	18 292	20 621	22 151	22 964	23 075	22 758	22 275	21 711	21 226	20 666
Total Equity	2 778	3 060	3 373	3 742	4 236	4 940	5 149	5 539	6 006	6 409	6 889
Equity Ratio	15%	14%	14%	14%	16%	18%	18%	20%	22%	23%	25%

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED BALANCE SHEET**  
**PUB Scenario (ii) - 4: 3.95% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**  
(In Millions of Dollars)

*For the year ended March 31*

	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>ASSETS</b>									
Plant in Service	33 741	34 487	35 147	35 978	36 754	37 549	38 293	39 095	40 163
Accumulated Depreciation	(6 924)	(7 621)	(8 329)	(9 059)	(9 806)	(10 595)	(11 384)	(12 186)	(12 993)
Net Plant in Service	26 817	26 866	26 817	26 919	26 948	26 955	26 909	26 909	27 170
Construction in Progress	351	313	348	258	232	224	264	319	115
Current and Other Assets	2 481	3 129	2 278	2 132	2 301	2 383	3 234	3 921	5 021
Goodwill and Intangible Assets	967	928	890	852	814	777	740	703	667
Total Assets before Regulatory Deferral	30 615	31 236	30 334	30 161	30 295	30 339	31 147	31 853	32 972
Regulatory Deferral Balance	1 030	990	955	923	892	864	836	807	777
	31 645	32 226	31 289	31 084	31 187	31 203	31 982	32 660	33 750
<b>LIABILITIES AND EQUITY</b>									
Long-Term Debt	21 123	17 505	15 052	16 473	16 080	15 864	15 718	15 307	15 191
Current and Other Liabilities	3 151	6 743	7 564	5 166	4 772	4 000	3 797	3 627	3 495
Provisions	14	14	14	14	14	14	14	14	14
Deferred Revenue	610	619	629	639	649	660	671	682	694
BPIII Reserve Account	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Retained Earnings	7 227	7 823	8 509	9 271	10 151	11 143	12 261	13 509	14 835
Accumulated Other Comprehensive Income	(523)	(523)	(523)	(523)	(523)	(523)	(523)	(523)	(523)
Total Liabilities and Equity before Regulatory Deferral	31 602	32 182	31 245	31 040	31 143	31 159	31 939	32 616	33 706
Regulatory Deferral Balance	44	44	44	44	44	44	44	44	44
	31 645	32 226	31 289	31 084	31 187	31 203	31 982	32 660	33 750
Net Debt	20 051	19 369	18 583	17 751	16 787	15 708	14 486	13 196	11 828
Total Equity	7 421	8 028	8 720	9 490	10 377	11 379	12 505	13 762	15 098
Equity Ratio	27%	29%	32%	35%	38%	42%	46%	51%	56%

**ELECTRIC OPERATIONS (MH16)  
PROJECTED CASH FLOW STATEMENT**

**PUB Scenario (ii) - 4: 3.95% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**

(In Millions of Dollars)

*For the year ended March 31*

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>OPERATING ACTIVITIES</b>											
Cash Receipts from Customers	2 007	2 087	2 223	2 399	2 698	3 009	3 166	3 249	3 338	3 263	3 335
Cash Paid to Suppliers and Employees	(876)	(917)	(881)	(880)	(903)	(908)	(923)	(937)	(954)	(952)	(964)
Interest Paid	(569)	(529)	(633)	(697)	(740)	(796)	(1 016)	(1 051)	(1 043)	(1 026)	(978)
Interest Received	7	5	12	21	17	15	9	12	18	18	11
	569	645	720	842	1 071	1 321	1 235	1 273	1 358	1 304	1 403
<b>FINANCING ACTIVITIES</b>											
Proceeds from Long-Term Debt	2 743	3 570	3 590	1 970	1 590	790	560	(10)	(10)	(50)	590
Sinking Fund Withdrawals	146	0	0	182	303	767	173	50	332	133	227
Retirement of Long-Term Debt	(1 030)	(330)	(1 002)	(336)	(1 278)	(1 020)	(449)	(290)	(412)	(715)	(1 178)
Other	10	(10)	(10)	(11)	(11)	(11)	11	(5)	(5)	(5)	(5)
	1 868	3 229	2 578	1 805	604	525	295	(255)	(95)	(637)	(366)
<b>INVESTING ACTIVITIES</b>											
Property, Plant and Equipment, net of contributions	(2 609)	(3 553)	(3 015)	(2 351)	(1 742)	(1 352)	(880)	(700)	(704)	(732)	(756)
Sinking Fund Payment	(146)	(246)	(210)	(244)	(282)	(334)	(235)	(243)	(248)	(240)	(237)
Other	(68)	(51)	(55)	(44)	(128)	(91)	(84)	(83)	(83)	(80)	(79)
	(2 822)	(3 850)	(3 280)	(2 639)	(2 152)	(1 777)	(1 199)	(1 026)	(1 035)	(1 052)	(1 073)
<b>Net Increase (Decrease) in Cash</b>	(384)	25	18	8	(477)	69	331	(9)	229	(385)	(36)
<b>Cash at Beginning of Year</b>	944	559	584	602	610	133	202	534	525	754	368
<b>Cash at End of Year</b>	559	584	602	610	133	202	534	525	754	368	332

**ELECTRIC OPERATIONS (MH16)**  
**PROJECTED CASH FLOW STATEMENT**

**PUB Scenario (ii) - 4: 3.95% in 2017/18, Rates to 2021/22 to Achieve 25% Equity in 2026/27**

(In Millions of Dollars)

*For the year ended March 31*

	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>OPERATING ACTIVITIES</b>									
Cash Receipts from Customers	3 393	3 473	3 567	3 664	3 773	3 887	4 006	4 127	4 183
Cash Paid to Suppliers and Employees	(976)	(990)	(1 007)	(1 030)	(1 050)	(1 071)	(1 094)	(1 118)	(1 132)
Interest Paid	(971)	(964)	(924)	(902)	(851)	(820)	(771)	(740)	(698)
Interest Received	22	42	21	11	12	19	26	44	55
	<u>1 467</u>	<u>1 560</u>	<u>1 656</u>	<u>1 742</u>	<u>1 883</u>	<u>2 016</u>	<u>2 168</u>	<u>2 312</u>	<u>2 408</u>
<b>FINANCING ACTIVITIES</b>									
Proceeds from Long-Term Debt	(10)	(20)	1 980	3 380	1 160	540	350	(90)	(30)
Sinking Fund Withdrawals	150	60	448	361	0	170	0	10	260
Retirement of Long-Term Debt	(150)	(50)	(3 650)	(4 386)	(1 982)	(1 566)	(750)	(540)	(265)
Other	(5)	(5)	(5)	(5)	(5)	(7)	(4)	(4)	(5)
	<u>(15)</u>	<u>(15)</u>	<u>(1 227)</u>	<u>(650)</u>	<u>(828)</u>	<u>(863)</u>	<u>(404)</u>	<u>(624)</u>	<u>(39)</u>
<b>INVESTING ACTIVITIES</b>									
Property, Plant and Equipment, net of contributions	(767)	(798)	(793)	(832)	(840)	(857)	(870)	(948)	(966)
Sinking Fund Payment	(232)	(233)	(240)	(215)	(199)	(200)	(191)	(194)	(195)
Other	(78)	(72)	(70)	(71)	(70)	(69)	(68)	(66)	(65)
	<u>(1 077)</u>	<u>(1 104)</u>	<u>(1 102)</u>	<u>(1 117)</u>	<u>(1 110)</u>	<u>(1 126)</u>	<u>(1 129)</u>	<u>(1 208)</u>	<u>(1 226)</u>
<b>Net Increase (Decrease) in Cash</b>	376	441	(673)	(25)	(54)	27	635	481	1 142
<b>Cash at Beginning of Year</b>	332	708	1 149	476	450	396	423	1 058	1 538
<b>Cash at End of Year</b>	<u>708</u>	<u>1 149</u>	<u>476</u>	<u>450</u>	<u>396</u>	<u>423</u>	<u>1 058</u>	<u>1 538</u>	<u>2 681</u>