

REFERENCE:

PUB/MH I-49(a-b)

PREAMBLE TO IR (IF ANY):

Hydro states in its response to this IR that:

The 2019/20 DSM Plan is being prepared in consultation with the Province of Manitoba in accordance with The Energy Savings Act. As directed by the Province, the 2019/20 1-year plan, which will be used for the 2019/20 fiscal year, represents a status quo approach and continuation of current DSM program offerings while responsibility for DSM transitions to Efficiency Manitoba.

QUESTION:

Please provide a copy of the direction received from the province, note the date this direction was provided, and if the direction pre-dates the Order 59/18 directives, please indicate the communication from Hydro and any direction received from the province post-Order 59/18 to confirm whether the province intended Hydro to disregard the conclusions in Order 59/18.

RESPONSE:

Consistent with Manitoba Hydro's position and previous rulings of the PUB on the matter¹, Manitoba Hydro does not disclose cabinet confidences nor does it disclose advice, opinions, recommendations, analyses or policy options developed by or for a minister. Pursuant to *The Energy Savings Act*, Manitoba Hydro is required to prepare an energy efficiency plan annually in consultation with the Minister of Sustainable Development. The direction received was to maintain a continuation of current DSM programs while responsibility transitions to Efficiency Manitoba. Manitoba Hydro's 2018/19 DSM plan was approved by the Minister in August of 2018, subsequent to the issuance of Order 59/18 on May 1, 2018.

¹ PUB Order 33/15, MIPUG/MH I-13a) (2014/15 & 2015/16 GRA), MH Ex#87 (2017/18 & 2018/19 GRA)

Efficiency Manitoba will assume responsibility for the planning, design and implementation of DSM initiatives, including the preparation of a three-year plan pursuant to *The Efficiency Manitoba Act*. The three-year plan will outline programming and initiatives proposed to meet the legislated savings targets of 1.5% and 0.75% of annual consumption for electricity and natural gas respectively, including analyses of cost effectiveness.

REFERENCE:

PUB/MH I-50 a-b

PREAMBLE TO IR (IF ANY):

Hydro states in its response to this IR that:

Forecast savings for the 2019/20 year incorporated in the 2019/20 Interim Budget were sourced from the 2016/17 Power Smart Plan 15 Year Supplemental Appendix A.1 and A.2. The table below shows the incremental MW and GW.h for the 2019/20 year that is included in both forecasts.

The attached Table shows material load reductions associated with Residential Conservation Rates and Fuel Choice, initiatives that Hydro indicates were “suspended” from the 2018/19 programs.

QUESTION:

- a) Please confirm if Hydro plans any implementation or activity associated with the Residential Conservation Rates, Commercial Conservation Rates or Fuel Choice programming for 2018/19, 2019/20.
- b) If any component of (a) is “no” (e.g., any program, for any year) please indicate the change in net revenue (added domestic load and sales revenue, lost export revenue, reduced program expenditures) associated with this reduced DSM activity for 2019/20 budgets.

RESPONSE:

- a) Based on consultations with the Province, as per *The Energy Savings Act*, Manitoba Hydro will not be undertaking any implementation or activity associated with Residential Conservation Rates, Commercial Conservation Rates or Fuel Choice programming in 2018/19, nor 2019/20.

- b) The 2018/19 DSM Plan reflected this direction and the associated budgets and savings, and impact to net revenues were reflected in the 2019/20 Electric Rate Application filed on November 30, 2018.

The 2019/20 DSM Plan, currently pending final consultation with the Province as per *The Energy Savings Act*, also reflects this direction and the updated preliminary budgets and savings are included in the Supplement to the 2019/20 Electric Rate Application filed on February 14, 2019. The reduced DSM activity for 2019/20 results in an \$18 million increase in net revenues (\$30 million in additional domestic sales revenue offset by approximate \$12 million in lost export revenue). Planned program expenditures for 2019/20 have been reduced by \$33 million associated with this change in DSM activity.

REFERENCE:

PUB/MH I-57 and PUB/MH I-60a

PREAMBLE TO IR (IF ANY):

QUESTION:

Per PUB-60b, if 100% of Bipole III is being placed in service in 2018/19 (“as only \$23 million in expenditures remain to be incurred for the 2019/20 period”) why does the updated Bipole III annual cost in PUB-57 (for a \$4.77 billion scenario) show increased costs from 2019/20 to 2020/21 and to 2021/22 (for interest and depreciation)? Why does the annual Bipole III cost not hit its maximum in 2019/20?

RESPONSE:

The following table provides a comparison of the Bipole III project costs underlying the 2018/19 Outlook and 2019/20 Interim Budget filed with the PUB on November 30, 2018, with the 2018/19 Current Outlook and 2019/20 Approved Budget filed on February 14, 2019.

Total In-Service (In millions)	Up to 2016/17	2017/18	2018/19	2019/20	2020/21	Total
November 30, 2018 Filing (CEF18)	221	37	4 782	1	-	5 042
Supplement to the 2019/20 GRA	221	33	4 275	104	137	4 769
Actuals to December 31, 2018	221	33	4 197	-	-	4 451

* Actuals shaded in grey

As discussed on page 14 of the Supplement to the 2019/20 Electric Rate Application and as can be seen in the table above, the cash flows for 2019/20 and 2020/21 have been revised to reflect the scheduling of the final clean-up costs, decommissioning of temporary construction infrastructure, and construction of permanent staff accommodations and water treatment plant. As these costs are incurred, the remaining \$240 million is placed into service and the associated depreciation, capital tax and finance expenses will be reflected in the revenue requirement for each respective year.

REFERENCE:

PUB/MH I-29a

PREAMBLE TO IR (IF ANY):

QUESTION:

- a) Please provide the Hydraulic Energy and Net Revenue Variation with Historic Flow Year for the year 2019/20 (i.e., in the format of Table 1 of MIPUG/MH-I-9 from the 2014/15 & 2015/16 GRA). For each row please also show the resulting electric operations Net Income
- b) Please provide the same table based on updated water conditions consistent with Appendix 9 Updated

RESPONSE:

a) & b):

Table 1 has been prepared incorporating updated water conditions to December 31, 2018 consistent with Appendix 9 Updated filed in response to PUB/MH I-26a and the 2019/20 Approved Budget filed in the Supplement to the 2019/20 Electric Rate Application. This table provides the hydraulic energy and net revenue associated with each of the 105 historical flow years (representing historic flow years 1912/13 to 2016/17, inclusive) for the 2019/20 load year. The variation of net revenue with respect to the average net revenue and the variation in electric operations Net Income (excluding financing impacts) are also provided.

The net revenue is determined as revenues minus costs. Revenues are inclusive of firm and opportunity export sales and transmission inter-connection revenues. Costs are inclusive of water rentals for Manitoba Hydro hydraulic energy generation, thermal generation, import and wind energy purchases, and transmission inter-connection costs.

The revenues and costs are reflected in Manitoba Hydro’s projected operating statements. Revenues are reflected in Extra-provincial Revenue, while the costs are reflected in Water Rentals & Assessments and Fuel & Power Purchased.

**Table 1: Hydraulic Energy and Net Revenue Variation with Flow
Fiscal Year 2019/20**

Flow Year Begin	MH Hydraulic Energy (TWh/yr)	Net Revenue (M \$Cdn)	Variation of Net Revenue from Average (M \$Cdn)	Net Income (M \$Cdn)	Flow Year Begin	MH Hydraulic Energy (TWh/yr)	Net Revenue (M \$Cdn)	Variation of Net Revenue from Average (M \$Cdn)	Net Income (M \$Cdn)
1912	32.9	209	35	150	1965	36.5	271	97	212
1913	32.9	206	32	147	1966	35.8	256	82	197
1914	29.2	129	-45	70	1967	32.4	198	24	139
1915	31.0	170	-4	111	1968	34.6	240	66	181
1916	36.1	262	88	203	1969	36.5	273	99	214
1917	33.3	217	43	158	1970	36.3	268	94	209
1918	30.1	149	-25	90	1971	34.9	248	74	189
1919	28.7	113	-61	54	1972	34.8	241	67	182
1920	30.6	159	-15	100	1973	32.4	198	24	139
1921	32.5	200	26	141	1974	36.0	260	86	201
1922	30.9	166	-8	107	1975	35.8	255	81	196
1923	32.2	194	20	135	1976	26.0	46	-128	-13
1924	28.0	99	-75	40	1977	28.2	101	-73	42
1925	33.0	211	37	152	1978	33.9	229	55	170
1926	32.0	191	17	132	1979	34.4	231	57	172
1927	36.1	262	88	203	1980	27.1	77	-97	18
1928	32.8	207	33	148	1981	25.2	31	-143	-28
1929	25.4	28	-146	-31	1982	32.7	202	28	143
1930	25.7	38	-136	-21	1983	31.5	181	7	122
1931	24.9	17	-157	-42	1984	29.7	140	-34	81
1932	27.7	94	-80	35	1985	35.2	248	74	189
1933	29.1	128	-46	69	1986	34.3	232	58	173
1934	32.9	209	35	150	1987	23.8	-10	-184	-69
1935	32.8	205	31	146	1988	21.8	-76	-251	-136
1936	27.3	78	-96	19	1989	27.5	83	-91	24
1937	28.9	117	-57	58	1990	27.2	78	-96	19
1938	27.5	83	-91	24	1991	28.1	105	-69	46
1939	23.9	-6	-180	-65	1992	32.6	194	20	135
1940	20.1	-173	-347	-232	1993	31.0	167	-7	108
1941	27.2	73	-101	14	1994	30.2	146	-28	87
1942	30.6	159	-15	100	1995	30.7	161	-13	102
1943	31.7	183	9	124	1996	35.4	250	76	191
1944	31.5	177	3	118	1997	36.0	266	92	207
1945	33.2	214	40	155	1998	29.1	120	-54	61
1946	32.3	195	21	136	1999	31.9	187	13	128
1947	34.2	233	59	174	2000	33.3	214	40	155

**Table 1: Hydraulic Energy and Net Revenue Variation with Flow
Fiscal Year 2019/20**

Flow Year Begin	MH Hydraulic Energy	Net Revenue	Variation of Net Revenue from Average	Net Income
	(TWh/yr)	(M \$Cdn)	(M \$Cdn)	(M \$Cdn)
1948	33.1	209	35	150
1949	31.8	182	8	123
1950	35.7	254	79	194
1951	35.5	255	81	196
1952	31.8	184	10	125
1953	34.4	237	63	178
1954	36.1	264	90	205
1955	35.3	247	73	188
1956	32.8	205	31	146
1957	32.1	188	14	129
1958	28.0	101	-73	42
1959	35.3	251	77	192
1960	29.3	127	-47	68
1961	22.7	-45	-219	-104
1962	33.0	205	31	146
1963	32.0	190	16	131
1964	32.8	207	33	148

Flow Year Begin	MH Hydraulic Energy	Net Revenue	Variation of Net Revenue from Average	Net Income
	(TWh/yr)	(M \$Cdn)	(M \$Cdn)	(M \$Cdn)
2001	32.9	190	16	131
2002	30.0	136	-38	77
2003	22.4	-48	-222	-107
2004	34.9	240	66	181
2005	36.9	280	106	221
2006	32.0	184	10	125
2007	36.2	266	92	207
2008	35.8	254	80	195
2009	35.4	245	71	186
2010	36.4	269	95	210
2011	35.0	237	62	177
2012	33.3	217	43	158
2013	35.7	253	79	194
2014	36.0	260	86	201
2015	34.2	233	59	174
2016	37.3	288	114	229
Average	31.7	174	0	115

REFERENCE:

PUB/MH I-36

PREAMBLE TO IR (IF ANY):

QUESTION:

Please provide the most current Debt Management Strategy document (after review by MHEB).

RESPONSE:

Manitoba Hydro's last Debt Management Strategy was approved in April 2017 and filed as Appendix 3.5 in the 2017/18 & 2018/19 General Rate Application. A comprehensive review of Manitoba Hydro's operations, forecasts and financial plans, including examination of financial targets is currently being undertaken to allow the MHEB to establish a long-term financial plan for the Corporation. As Manitoba Hydro is in the process of working towards a long range plan, there is no long term Integrated Financial Forecast ("IFF") upon which to base Manitoba Hydro's Debt Management Strategy ("DMS"). Once a new long term plan and IFF have been established by the MHEB, Manitoba Hydro will prepare a DMS which will be reflective of the long term direction for the Corporation.

Manitoba Hydro will continue to manage its debt as a function of its current corporate circumstances, net income levels, financial metrics and targets, outlook and the prevailing interest rate environment including the shape of yield curve. As noted in the response to PUB/MH I-40, Manitoba Hydro will continue to mitigate refinancing risk by maintaining the weighted average term to maturity ("WATM") on new debt issuance at approximately 20 years due to the diminished potential savings and increased risk of targeting a 12 year WATM for new debt issuance.

Due to high levels of new borrowings for prospective cash requirements, in order to manage the overall interest rate risk profile, Manitoba Hydro has continued to keep the

percentage of aggregated floating rate debt and short term debt below 10% of the total debt portfolio.

Additionally as noted in the response to PUB/MH I-39, Manitoba Hydro will continue to monitor markets and upcoming cash requirements to determine the appropriate level of unencumbered cash required to protect against liquidity risk and adjust the balance accordingly.

REFERENCE:

PUB/MH I-4c and PUB/MH I-8c

PREAMBLE TO IR (IF ANY):

QUESTION:

- a) Please reconcile the total major project spending provided for years 2018 – 2020 with CEF18 and the above amounts provided for actuals and the amount provided in row G of PUB/MH I-8c

RESPONSE:

The capital spending amounts provided in the response to PUB/MH I-4c reflect cash based forecast capital expenditures related to the Major New Generation & Transmission (MNG&T) projects, whereas the capital projections in the response to PUB/MH I-8c reflect accrual based forecast capital expenditures. In addition, the forecast amounts provided in the response to PUB/MH I-4c do not include cash outflows related to spending on intangible assets (such as easements), or non-cash based forecasts of the capitalization of the accretion related to mitigation and major development obligations for the Keeyask and Bipole III projects.

The table below provides a reconciliation of the capital spending provided in the updated response to PUB/MH I-4c (Updated) with the Total Major New Generation & Transmission expenditures provided in the updated response to PUB/MH I-8c (row G) and Figure 8 of the Supplement to the 2019/20 Electric Rate Application.

		CURRENT ACTUAL 2018	APPROVED OUTLOOK 2019	BUDGET 2020
<i>Ref.</i>				
PUB/MH I-4c (Updated) Total Capital Spending on MNG&T (incl. capitalized interest)		2 410	1 694	1 529
<u>Add:</u>				
Intangible spending on MNG&T (incl. capitalized interest)		-	1	16
Projects formerly classified as MNG&T*		53	-	-
Capitalization of accretions related to mitigation and major development		-	7	5
<u>Adjust for:</u>				
Accruals not included in cash flow		-	(77)	(29)
Adjusted Total Capital Spending		2 463	1 625	1 521
PUB/MH I-8c (Updated) Major New Generation & Transmission (row G)		2 463	1 625	1 521
Difference		-	-	-
Figure 8 (Supplement to the 2019/20 Electric Rate Application)			1 625	1 521

* Actual expenditures related to projects previously classified as Major New Generation & Transmission which have been completed, e.g. Kettle Improvements, GREP as well as other various projects.

REFERENCE:

PUB/MH I-4c and PUB/MH I-8c

PREAMBLE TO IR (IF ANY):

QUESTION:

- b) Please provide actual capital expenditures for the years 2014/15 to 2017/18 and forecast years 2018/19 and 2019/20 broken into the following categories:
- i. Electric Business Operations Capital
 - ii. Major New Generation & Transmission
 - iii. Electric Demand Side Management
 - iv. Total Electric Capital Expenditures
- c) Please provide the above splitting out capitalized interest for each category separately, where applicable.
- d) Please provide actual cash flow after operating activities for the years 2014/15 to 2017/18 using both the method presented in Appendix 1 and the Direct Method provided in PUB/MH I-4c.

RESPONSE:

- b) The following table provides the total spending (net expenditures) as well as the capitalized interest component for the years 2014/15 through 2017/18 for Major New Generation and Transmission, Electric Business Operations Capital, and Electric Demand Side Management. Demand Side Management does not have capitalized interest.

MANITOBA HYDRO <i>(in millions of dollars)</i>	ACTUAL				SUPPLEMENT	
	2014/15	2015/16	2016/17	2017/18	2018/19 Current Outlook	2019/20 Approved Budget
Major New Generation & Transmission						
Net Expenditure	1,324	1,722	2,362	2,463	1,625	1,521
Capitalized Interest	115	148	221	316	239	265
Business Operations Capital						
Net Expenditure	524	533	530	461	478	478
Capitalized Interest	28	25	22	21	22	21
Demand Side Management						
Net Expenditure	31	54	50	64	63	61
TOTAL ELECTRIC CAPITAL						
NET EXPENDITURE	1,880	2,309	2,942	2,988	2,165	2,060
CAPITALIZED INTEREST	143	173	243	337	260	286

c) Please see the response to part b) above.

d) Please see page 3 of this response for the Electric Cash Flow statements for 2014/15 to 2017/18 presented under both the indirect and direct methods. It is noted that under either method, there is no change to either Investing or Financing Activities.

Electric Cash Flow Statement
Presented using the Direct and Indirect Methods
(in millions of dollars)

	2014/15	2015/16	2016/17	2017/18
OPERATING ACTIVITIES - INDIRECT METHOD				
Net income (loss)	100	27	41	10
Add back:	-	-	-	-
Depreciation and amortization	352	367	375	402
Net finance expense	489	560	590	578
Net movement impacts on depreciation, amortization and finance expense	-	-	9	3
Adjustments for non-cash items	(89)	2	(3)	(12)
Adjustments for changes in non-cash working capital accounts	267	281	333	(256)
Interest paid	(481)	(551)	(802)	(880)
Interest received	26	23	17	23
Cash (used for) provided by operating activities	664	708	562	(132)
OPERATING ACTIVITIES - DIRECT METHOD				
Cash Receipts from Customers	1 865	1 858	1 901	1 883
Cash Paid to Suppliers and Employees	(746)	(622)	(555)	(1 158)
Interest Paid	(481)	(551)	(802)	(880)
Interest Received	26	23	17	23
Cash Provided by Operating Activities	664	708	562	(132)
INVESTING ACTIVITIES				
Additions to Capital Assets	(1 754)	(2 269)	(2 612)	(2 610)
Additions to Intangible Assets	(10)	(30)	(118)	(133)
Additions to regulatory deferral balances	(63)	(79)	(75)	(93)
Contributions Received	68	88	127	194
Cash paid to the City	(16)	(16)	(16)	(16)
Cash paid for mitigation	(13)	(33)	(21)	(30)
Cash paid for major development liabilities	(9)	(22)	(11)	(15)
Other	(30)	(8)	14	(3)
Cash used for investing activities	(1 827)	(2 368)	(2 712)	(2 706)
FINANCING ACTIVITIES				
Proceeds from long-term debt	2 210	2 129	2 166	3 391
Proceeds from (repayment of) short-term borrowings	-	-	-	50
Retirement of long-term debt	(654)	(362)	(320)	(583)
Repayments from/(advances to) external entities	(51)	164	(53)	(57)
Proceeds from partnership issuances	58	30	42	44
Sinking fund withdrawals	111	246	146	165
Sinking fund payment	(114)	(132)	(146)	(165)
Advance with Centra	(45)	46	7	(11)
Long-term advance with subsidiaries	-	(1)	(1)	-
Cash provided by financing activities	1 514	2 121	1 841	2 833
Net (decrease) increase in cash and cash equivalents	351	461	(309)	(4)
Cash and cash equivalents, beginning of year	131	482	943	634
Cash and cash equivalents, end of year	482	943	634	630

REFERENCE:

PUB/MH I-4a

PREAMBLE TO IR (IF ANY):**QUESTION:**

- a) Please provide a copy of the table at page 2 of 4 separating out
 - i. Revenues at existing rates versus proposed/projected increases
- b) Why is the payment to the City and Payments for ongoing Mitigation considered investing activities if they are pursuant to long-term agreements that are not tied to new or future investments?
- c) Please show a version of the table from (a)(i) above that reflects payments to the city and payments for ongoing mitigation as operating activities.

RESPONSE:

- a) Please see the Projected Cash Flow below using the Direct Method with capitalized interest reclassified as investing activities, based on the financial projections in Manitoba Hydro's Supplement to the 2019/20 Electric Rate Application filed on February 14, 2019. Cash receipts from customers from the proposed rate increase in 2019/20 have been separately identified.

ELECTRIC OPERATIONS
PROJECTED CASH FLOW STATEMENT
DIRECT METHOD
(In Millions of Dollars)

	ACTUAL 2018	CURRENT OUTLOOK 2019	APPROVED BUDGET 2020
<i>For the year ended March 31</i>			
OPERATING ACTIVITIES			
Cash Receipts from Customers	1 883	2 111	2 187
<i>Cash Receipts from Customers at Existing Rates</i>		<i>1 659</i>	<i>1 699</i>
<i>Cash Receipts from Customers at Proposed Rates</i>		<i>0</i>	<i>50</i>
<i>Cash Receipts from Customers for Other Revenues</i>		<i>21</i>	<i>19</i>
<i>Cash Receipts from Customers for Extraprovincial Sales</i>		<i>432</i>	<i>418</i>
Cash Paid to Suppliers and Employees	(1 158)	(836)	(843)
Interest Paid	(538)	(690)	(717)
Interest Received	23	14	16
Cash Provided by Operating Activities	211	600	642
FINANCING ACTIVITIES			
Proceeds from Long-Term Debt*	3 441	3 852	2 150
Retirement of Long-Term Debt	(583)	(1 775)	(227)
Repayments from/(Advances to) External Entities	(57)	(52)	(45)
Proceeds from Partnership Issuances	44	51	44
Sinking Fund Withdrawals	165	193	130
Sinking Fund Payment	(165)	(193)	(214)
Other	(11)	0	0
Cash Provided by Financing Activities	2 833	2 076	1 838
INVESTING ACTIVITIES			
Additions to Capital Assets	(2 949)	(2 193)	(2 021)
Additions to Intangible Assets	(135)	(231)	(231)
Additions to Regulatory Deferral Balances	(93)	(94)	(96)
Contributions Received	194	62	13
Cash Paid to the City	(16)	(16)	(16)
Cash Paid for Mitigation and Major Development Liabilities	(46)	(104)	(69)
Other	(3)	(1)	(0)
Cash Used for Investing Activities	(3 048)	(2 578)	(2 421)
Net Increase (Decrease) in Cash	(4)	98	59
Cash at Beginning of Year	634	579	678
Cash at End of Year	629	678	737

* 2018 Actuals include \$3.4 billion related to proceeds from Long-Term Debt and \$0.05 billion net proceeds from short-term borrowings (Notes Payable).

- b) While the City of Winnipeg and Mitigation settlement payments are not associated with new or future investments, the Corporation has historically presented the City of Winnipeg and Mitigation settlement obligations as Investing Activities for financial reporting purposes as they are payments associated with the previous acquisition or development of long lived assets. *International Accounting Standard (IAS) 7 Statement of cash flows*, paragraph 16, provides that “The separate disclosure of cash flows arising from investing activities is important because the cash flows represent the extent to which expenditures have been made for resources intended to generate future income and cash flows.”

Although presented on the Statement of Cash Flow as Investing Activities, the Corporation includes these payments in the calculation of the Operating Cash Coverage metric. This metric is used internally and measures the ability of the Corporation’s overall cash flow to fund ongoing capital, operating and contractual requirements excluding Major New Generation & Transmission expenditures which are assumed to be funded through debt borrowings.

- c) The following Projected Cash Flow Statement reclassifies payments to the City of Winnipeg and payments for ongoing mitigation as operating activities.

ELECTRIC OPERATIONS
PROJECTED CASH FLOW STATEMENT
DIRECT METHOD
(In Millions of Dollars)

<i>For the year ended March 31</i>	ACTUAL 2018	CURRENT OUTLOOK 2019	APPROVED BUDGET 2020
OPERATING ACTIVITIES			
Cash Receipts from Customers	1 883	2 111	2 187
<i>Cash Receipts from Customers at Existing Rates</i>		<i>1 659</i>	<i>1 699</i>
<i>Cash Receipts from Customers at Proposed Rates</i>		<i>0</i>	<i>50</i>
<i>Cash Receipts from Customers for Other Revenues</i>		<i>21</i>	<i>19</i>
<i>Cash Receipts from Customers for Extraprovincial Sales</i>		<i>432</i>	<i>418</i>
Cash Paid to Suppliers and Employees	(1 158)	(836)	(843)
Interest Paid	(538)	(690)	(717)
Interest Received	23	14	16
Cash Paid to the City	(16)	(16)	(16)
Cash Paid for Mitigation	(30)	(74)	(54)
Cash Provided by Operating Activities	164	510	571
FINANCING ACTIVITIES			
Proceeds from Long-Term Debt*	3 441	3 852	2 150
Retirement of Long-Term Debt	(583)	(1 775)	(227)
Repayments from/(Advances to) External Entities	(57)	(52)	(45)
Proceeds from Partnership Issuances	44	51	44
Sinking Fund Withdrawals	165	193	130
Sinking Fund Payment	(165)	(193)	(214)
Other	(11)	0	0
Cash Provided by Financing Activities	2 833	2 076	1 838
INVESTING ACTIVITIES			
Additions to Capital Assets	(2 949)	(2 193)	(2 021)
Additions to Intangible Assets	(135)	(231)	(231)
Additions to Regulatory Deferral Balances	(93)	(94)	(96)
Contributions Received	194	62	13
Cash Paid for Major Development Liabilities	(15)	(29)	(15)
Other	(3)	(1)	(0)
Cash Used for Investing Activities	(3 002)	(2 488)	(2 350)
Net Increase (Decrease) in Cash	(4)	98	59
Cash at Beginning of Year	634	579	678
Cash at End of Year	629	678	737

* 2018 Actuals include \$3.4 billion related to proceeds from Long-Term Debt and \$0.05 billion net proceeds from short-term borrowings (Notes Payable).

REFERENCE:

PUB/MH-I-8a-b; PUB/MH-I-26b

PREAMBLE TO IR (IF ANY):

Manitoba Hydro has requested approval of a one-year final rate increase for 2019/20 without providing the normal long-term financial forecasts typical of a Hydro GRA. As a result, any assessment of Hydro's data is required to be focused on one-year projections. These projections are at present extremely dated, and multiple material variables show ongoing significant variances from the levels used in the projections.

PUB/MH-I-26b suggests portions of the inputs are expected to be updated, but no date for the update is provided.

QUESTION:

- a) Please provide a version of the figures and tables in PUB/MH-I-8a-b reflecting the following:
 - i. Bipole III costs at \$4.77 billion
 - ii. Elasticity effects of the 3.6% rate increase in 2018, per PUB/MH-I-48.
 - iii. Updated water conditions per Appendix 9 Updated per PUB/MH-I-26a
 - iv. Revenue and costs updated to reflect DSM programming omitting residential and commercial conservation rates (except to the extent of any existing rates) and fuel choice (except to the extent and any existing programming).
 - v. Interest rates and US\$ exchange rates consistent with PUB/MH-I-34a-c Tables 4, 5 and 6 (based on December 2018 projections)
 - vi. Export pricing per PUB/MH-I-26b
- b) In the event Hydro is not able to provide the above scenario at this time, please indicate the earliest date on which this can be provided (based on the earliest date following MHEB approval, as per PUB/MH-I-26b).
- c) In the event Hydro asserts that the above scenario cannot be provided until such time as the Province of Manitoba approves the scenario, please provide specific reference to

the prohibition or limitation Hydro submits prevents this information from being disclosed prior to Government approval.

- d) Please provide a response to PUB/MH-I-45a and 45b in respect of the PUB's request for information that reflects "the current forecast" (i.e., not the 2019/20 Interim Budget, but the latest forecast consistent with Appendix 9 Updated or more recent).

RESPONSE:

a) to c):

On February 14, 2019, Manitoba Hydro filed a Supplement to its 2019/20 Electric Rate Application which included the 2018/19 Current Outlook and 2019/20 Approved Budget following approval by the Manitoba Hydro-Electric Board on February 12, 2019. As discussed in the Supplement to the 2019/20 Electric Rate Application, the Approved Budget reflects the following:

- 2018/19 and 2019/20 projected capital expenditures, incorporating the revised projected costs for Bipole III of \$4.77 billion;
- Updated Load Forecast assumptions, which incorporates the impacts of the 3.6% electric rate increase in 2018;
- Water conditions and short-term forecast of export prices at December 31, 2018;
- Preliminary projections for 2019/20 DSM expenditures and revised planned savings, which reflect the delayed implementation of the Conservation Rates and the Fuel Choice initiatives; and
- December 2018 consensus forecast of interest and U.S. exchange rates.

Please see the updated response to PUB/MH I-8 a) and b) for the calculations of the financial ratios based on the 2018/19 Current Outlook and 2019/20 Approved Budget.

- d) Please see the updated response to PUB/MH I-45 a) and b).