

MIPUG MFR 29

Financial Results and Forecasts

Operating & Administrative Quarterly Reports to the PUB since the 2019/20 Rate Application.

Please refer to Attachment 1 to this response for the Operating & Administrative Quarterly reports since the 2019/20 Application.

RESPONSE TO DIRECTIVE #14 – BOARD ORDER 73/15

For the Quarter Ended December 31, 2018

14. *Manitoba Hydro shall file quarterly updates regarding its Operation, Maintenance & Administration (OM&A) expenditures and the actual OM&A expenditures compared to Manitoba Hydro's target.*

Manitoba Hydro's Operating and Administrative (O&A) expenses for Electric Operations for the third quarter of 2018/19 were \$378.0 million, as compared to a forecast of \$376.1 million. The 0.5% variance continues to be attributable to higher employee related expenditures primarily due to lower than anticipated capitalization of resources, partially offset by unallocated contingency funds for transitional requirements which may be required as a result of the Voluntary Departure Program (VDP), as well as the timing of consulting and professional fee requirements.

Compared to the same 9 month period last year, O&A expenditures were lower by \$10.9 million or 2.9%. The decrease is primarily related to a reduction in employee related expenditures as a result of the VDP. This was partially offset by an increase in external services and materials primarily due to unscheduled maintenance requirements, as well as externally contracted training for Bipole III converter station equipment and the Enterprise Asset Management system. In addition, there was an increase in biophysical monitoring requirements for Wuskwatim and an environmental investigation at Sutherland.

A summary of Manitoba Hydro's actual and forecast O&A expenditures by cost element with a comparison to the 2017/18 third quarter expenditures has been provided in the table below, as well as the annual O&A forecast for 2018/19.

ELECTRIC OPERATIONS
OPERATING & ADMINISTRATIVE COSTS BY COST ELEMENT
FOR THE QUARTER ENDED DECEMBER 31, 2018
(in Thousands of Dollars)

	2017/18 Q3 Actual	2018/19 Annual Forecast	2018/19 Q3 Actual	2018/19 Q3 Forecast	Favourable (Unfavourable) Variance
Employee Related Expenditures					
Wages & salaries	\$377 247	\$469 597	\$345 088	\$353 226	\$8 138
Overtime	58 024	76 642	55 503	58 912	3 409
Employee benefits	117 879	145 225	105 703	104 098	(1 605)
Other	50 065	73 421	51 781	54 691	2 910
Total Employee Related Expenditures	603 215	764 885	558 075	570 927	12 852
Less: Capitalized labour and overhead	(248 096)	(332 292)	(221 505)	(245 559)	(24 054)
Operational Employee Related Expenditures	355 119	432 593	336 570	325 368	(11 202)
External services and materials	89 489	130 905	94 104	97 279	3 175
Donations, sponsorships & grants	1 702	2 140	1 408	1 605	197
Uncollectible accounts	3 279	4 265	3 214	3 199	(15)
Other	557	9 188	1 731	6 794	5 063
Cost recoveries	(11 666)	(14 593)	(12 188)	(10 944)	1 244
O&A charged to gas operations	(49 545)	(63 315)	(46 814)	(47 251)	(437)
Operating & Administrative Expenses	388 935	501 183	378 025	376 050	(1 975)

RESPONSE TO DIRECTIVE #14 – BOARD ORDER 73/15

For the Year Ended March 31, 2019

14. *Manitoba Hydro shall file quarterly updates regarding its Operation, Maintenance & Administration (OM&A) expenditures and the actual OM&A expenditures compared to Manitoba Hydro's target.*

Manitoba Hydro's Operating and Administrative (O&A) expenses for Electric Operations for the year ended 2018/19 were \$508.0 million, as compared to a forecast of \$501.2 million. The 1.4% variance is attributed to higher employee related expenditures primarily due to lower than anticipated capitalization of resources as well as the write-off of previously capitalized expenditures for projects no longer proceeding, partially offset by unallocated contingency funds set aside to assist in transitional requirements as a result of the Voluntary Departure Program (VDP).

Compared to the prior year, O&A expenditures were lower by \$8.9 million or 1.7%. The decrease is mainly due to a reduction in employee related expenditures as a result of the VDP as well as lower collection costs associated with an increase in bad debt expense in 2017/18 due to the collectability assumptions for First Nations accounts. This was partially offset by higher external services & materials as a result of:

- Unscheduled maintenance work at hydraulic generation and diesel sites;
- A refocus on operating and maintenance work by operational staff that were previously redeployed to the BiPole III project;
- An extended winter season for line maintenance brush clearing;
- Contracted services for training on both the new BiPole III converter stations' equipment as well as Enterprise Asset Management software; and
- An increased scope of environmental work related to aquatic and terrestrial field studies, biophysical monitoring at Wuskwatim as well as additional environmental investigations required at Sutherland.

A summary of Manitoba Hydro's actual and forecast O&A expenditures by cost element with a comparison to the 2017/18 year end expenditures has been provided in the table below, as well as the annual O&A forecast for 2018/19.

ELECTRIC OPERATIONS
OPERATING & ADMINISTRATIVE COSTS BY COST ELEMENT
FOR THE QUARTER ENDED MARCH 31

(in thousands of dollars)

	2017/18 Q4 Actual	2018/19 Annual Forecast	2018/19 Q4 Actual	Favourable (Unfavourable) Variance
Employee Related Expenditures				
Wages & salaries	\$493 691	\$469 597	\$456 796	\$12 801
Overtime	75 095	76 642	68 395	8 247
Employee benefits	156 884	145 225	140 888	4 337
Other	68 232	73 421	69 551	3 870
Total Employee Related Expenditures	793 902	764 885	735 630	29 255
Less: Capitalized labour and overhead	(336 396)	(332 292)	(289 496)	(42 796)
Operational Employee Related Expenditures	457 506	432 593	446 134	(13 541)
External services and materials	122 842	130 905	130 338	567
Donations, sponsorships & grants	2 434	2 140	2 000	140
Uncollectible accounts	12 375	4 265	3 496	769
Other	1 198	9 189	2 658	6 530
Cost recoveries	(16 387)	(14 593)	(15 245)	652
O&A charged to gas operations	(63 113)	(63 315)	(61 420)	(1 895)
Operating & Administrative Expenses	516 855	501 184	507 961	(6 778)

RESPONSE TO DIRECTIVE #14 – BOARD ORDER 73/15

For the First Quarter of 2019/20

14. *Manitoba Hydro shall file quarterly updates regarding its Operation, Maintenance & Administration (OM&A) expenditures and the actual OM&A expenditures compared to Manitoba Hydro's target.*

Manitoba Hydro's Operating and Administrative (O&A) expenses for Electric Operations for the first quarter of 2019/20 was \$131.2 million, as compared to a forecast of \$131.4 million. The 0.2% minor variance is primarily attributed to planned maintenance costs not yet incurred, as well as a higher level of vacancies, offset by lower than anticipated capitalization of resources.

Compared to the prior year, O&A expenditures were higher by \$8.1 million or 6.6%. The increase is primarily related to a refocus on operating and maintenance work by operational staff that were previously redeployed to the Bipole III Reliability project.

A summary of Manitoba Hydro's actual and forecast O&A expenditures by cost element with a comparison to the 2018/19 first quarter expenditures has been provided in the table below.

**ELECTRIC OPERATIONS
OPERATING & ADMINISTRATIVE COSTS BY COST ELEMENT
FOR THE QUARTER ENDED JUNE 30
(in thousands of dollars)**

	2018/19 Q1 Actual	2019/20 Q1 Actual	2019/20 Q1 Forecast	Favourable (Unfavourable) Variance
Employee Related Expenditures				
Wages & salaries	\$114 967	\$115 046	\$116 064	\$1 018
Overtime	20 138	17 420	17 423	3
Employee benefits	38 477	40 133	40 337	204
Other	17 092	16 823	17 538	715
Total Employee Related Expenditures	190 674	189 422	191 362	1 940
Less: Capitalized labour and overhead	(78 848)	(71 684)	(73 733)	(2 049)
Operational Employee Related Expenditures	111 826	117 738	117 629	(109)
External services and materials	29 456	29 978	32 651	2 673
Donations, sponsorships & grants	546	607	552	(55)
Uncollectible accounts	1 079	1 036	1 066	30
Other	123	263	(1 006)	(1 269)
Cost recoveries	(4 267)	(3 309)	(3 846)	(537)
O&A charged to gas operations	(15 679)	(15 158)	(15 601)	(443)
Operating & Administrative Expenses	123 084	131 155	131 445	290

RESPONSE TO DIRECTIVE #14 – BOARD ORDER 73/15

For the Second Quarter of 2019/20

14. *Manitoba Hydro shall file quarterly updates regarding its Operation, Maintenance & Administration (OM&A) expenditures and the actual OM&A expenditures compared to Manitoba Hydro's target.*

Manitoba Hydro's Operating and Administrative (O&A) expenses for Electric Operations for the second quarter of 2019/20 was \$261.3 million, as compared to a forecast of \$258.9 million. The 0.9% variance was primarily attributed to lower than anticipated capitalization of resources due to a shift in resources to meet operational requirements.

Compared to the prior year, O&A expenditures were higher by \$11.8 million or 4.7%. The increase was primarily due to lower capitalized labour as a result of a refocus on operating and maintenance work by operational staff that were previously redeployed to the Bipole III Reliability Project, as well as a delay in receiving the environmental license required for construction of the Manitoba-Minnesota Transmission project.

A summary of Manitoba Hydro's actual and forecast O&A expenditures by cost element with a comparison to the 2018/19 second quarter expenditures has been provided in the table below.

**ELECTRIC OPERATIONS
OPERATING & ADMINISTRATIVE COSTS BY COST ELEMENT
FOR THE QUARTER ENDED SEPTEMBER 30**
(in thousands of dollars)

	2018/19 Q2 Actual	2019/20 Q2 Actual	2019/20 Q2 Forecast	Favourable (Unfavourable) Variance
Employee Related Expenditures				
Wages & salaries	\$230 728	\$230 859	\$234 739	\$3 880
Overtime	35 395	31 838	34 455	2 617
Employee benefits	73 067	75 890	74 605	(1 285)
Other	33 952	33 256	34 866	1 610
Total Employee Related Expenditures	373 142	371 843	378 665	6 822
Less: Capitalized labour and overhead	(150 109)	(141 663)	(149 489)	(7 826)
Operational Employee Related Expenditures	223 033	230 180	229 176	(1 004)
External services and materials	62 323	63 406	66 609	3 203
Donations, sponsorships & grants	905	919	1 034	115
Uncollectible accounts	2 182	2 052	2 132	80
Other	225	500	(2 020)	(2 520)
Cost recoveries	(8 626)	(6 157)	(7 693)	(1 536)
O&A charged to gas operations	(30 511)	(29 601)	(30 367)	(766)
Operating & Administrative Expenses	249 531	261 299	258 871	(2 428)

RESPONSE TO DIRECTIVE #14 – BOARD ORDER 73/15

For the Third Quarter of 2019/20

14. *Manitoba Hydro shall file quarterly updates regarding its Operation, Maintenance & Administration (OM&A) expenditures and the actual OM&A expenditures compared to Manitoba Hydro's target.*

Manitoba Hydro's Operating and Administrative (O&A) expenses for Electric Operations for the third quarter of 2019/20 was \$392.6 million, as compared to a forecast of \$380.4 million. The 3.2% variance was primarily attributed to the response to restore power due to the unprecedented storm experienced in the month of October 2019, as well as the impacts of lower than anticipated capitalization of resources due to a shift in resources to meet operational requirements.

Compared to the prior year, O&A expenditures were higher by \$14.5 million or 3.8%. The increase was primarily related to the October 2019 winter storm, general cost escalation, increased Manitoba Hydro Utility Services meter reading rates, as well as a re-focus on operating and maintenance work by operational staff that were previously redeployed to the Bipole III Reliability Project, partially offset by a decrease in staffing levels in 2019/20.

A summary of Manitoba Hydro's actual and forecast O&A expenditures by cost element with a comparison to the 2018/19 third quarter expenditures has been provided in the following table.

ELECTRIC OPERATIONS
OPERATING & ADMINISTRATIVE COSTS BY COST ELEMENT
FOR THE QUARTER ENDED DECEMBER 31
(in thousands of dollars)

	2018/19	2019/20	2019/20	Favourable
	Q3 Actual	Q3 Actual	Q3 Forecast	(Unfavourable)
				Variance
Employee Related Expenditures				
Wages & salaries	\$345 088	\$344 959	\$352 056	\$7 097
Overtime	55 503	60 276	52 891	(7 385)
Employee benefits	105 703	107 744	107 035	(709)
Other	51 781	52 839	52 226	(613)
Total Employee Related Expenditures	558 075	565 818	564 208	(1 610)
Less: Capitalized labour and overhead	(221 499)	(221 998)	(228 058)	(6 060)
Operational Employee Related Expenditu	336 576	343 820	336 150	(7 670)
External services and materials	94 104	98 472	99 511	1 039
Donations, sponsorships & grants	1 408	1 385	1 516	131
Uncollectible accounts	3 214	2 896	3 198	302
Other	1 723	660	(3 030)	(3 690)
Cost recoveries	(12 186)	(10 027)	(11 539)	(1 512)
O&A charged to gas operations	(46 814)	(44 640)	(45 381)	(741)
Operating & Administrative Expenses	378 025	392 566	380 425	(12 141)

RESPONSE TO DIRECTIVE #14 – BOARD ORDER 73/15

For the Year Ended March 31, 2020

14. *Manitoba Hydro shall file quarterly updates regarding its Operation, Maintenance & Administration (OM&A) expenditures and the actual OM&A expenditures compared to Manitoba Hydro's target.*

Manitoba Hydro's Operating and Administrative (O&A) expenses for Electric Operations for the year ended March 31, 2020 was \$512.0 million, as compared to a forecast of \$511.2 million. The 0.2% variance was primarily attributed to the response to restore power due to the unprecedented storm experienced in the month of October 2019, the impacts of lower than anticipated capitalization of resources due to a shift in resources to meet operational requirements, as well as a higher allowance for doubtful accounts related to the assessment of collectability for certain receivables. This was partially offset by lower benefit costs as a result of a change in the discount rate as well as a decrease in staffing levels.

Compared to the prior year, O&A expenditures were higher by \$4.0 million or 0.8%. The increase was primarily related to the October 2019 winter storm, an increase in the allowance for doubtful accounts related to the assessment of collectability for certain receivables, increased Manitoba Hydro Utility Services meter reading rates, and a re-focus on operating and maintenance work by operational staff that were previously redeployed to the Bipole III Reliability Project. This was partially offset by a decrease in benefit costs resulting from an increase in the discount rate and reduced staffing levels in 2019/20.

A summary of Manitoba Hydro's actual and forecast O&A expenditures by cost element with a comparison to the March 31, 2019 expenditures has been provided in the following table.

ELECTRIC OPERATIONS
OPERATING & ADMINISTRATIVE COSTS BY COST ELEMENT
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	2018/19 Q4 Actual	2019/20 Q4 Actual	2019/20 Q4 Budget	Favourable (Unfavourable) Variance
Employee Related Expenditures				
Wages & salaries	\$456 796	\$458 039	\$468 500	\$10 461
Overtime	68 395	75 516	70 596	(4 920)
Employee benefits	140 888	123 853	148 149	24 296
Other	69 551	70 856	69 998	(858)
Total Employee Related Expenditures	735 630	728 264	757 243	28 979
Less: Capitalized labour and overhead	(289 490)	(286 852)	(305 558)	(18 706)
Operational Employee Related Expenditures	446 140	441 412	451 685	10 273
External services and materials	130 338	135 131	133 905	(1 226)
Donations, sponsorships & grants	2 000	2 069	1 998	(71)
Uncollectible accounts	3 496	6 291	4 264	(2 027)
Other	2 661	(376)	(4 041)	(3 665)
Cost recoveries	(15 254)	(14 605)	(15 400)	(795)
O&A charged to gas operations	(61 420)	(57 961)	(61 250)	(3 289)
Operating & Administrative Expenses	507 961	511 961	511 161	(800)

RESPONSE TO DIRECTIVE #14 – BOARD ORDER 73/15

For the First Quarter of 2020/21

14. *Manitoba Hydro shall file quarterly updates regarding its Operation, Maintenance & Administration (OM&A) expenditures and the actual OM&A expenditures compared to Manitoba Hydro's target.*

Manitoba Hydro's Operating and Administrative (O&A) expenses for Electric Operations for the first quarter of 2020/21 were \$127.5 million, compared to a budget of \$135.1 million. The 5.6% favourable variance was primarily related to COVID-19 and the associated government cost savings initiative. The primary impacts were lower staffing levels resulting from the decision to not hire students, increased retirements and a temporary external hiring freeze; reduced overtime, a reduction in extended health benefits, as well as lower fuel prices for motor vehicles. This was partially offset by lower capital activity resulting primarily from the reduced workforce, as well as delays in construction activity at the Keeyask site due to COVID-19 and the associated blockades.

Compared to the prior year, O&A expenditures were lower by \$3.7 million or 2.8%. The decrease was primarily related to the COVID-19 pandemic and the associated government cost savings initiative impacting expenditures as noted above.

A summary of Manitoba Hydro's actual and forecast O&A expenditures by cost element with a comparison to the 2019/20 first quarter expenditures has been provided in the following table.

ELECTRIC OPERATIONS
OPERATING & ADMINISTRATIVE COSTS BY COST ELEMENT
FOR THE QUARTER ENDED JUNE 30
(in thousands of dollars)

	2019/20	2020/21	2020/21	Favourable
	Q1 Actual	Q1 Actual	Q1 Budget	(Unfavourable)
				Variance
Employee Related Expenditures				
Wages & salaries	\$115 046	\$112 261	\$116 702	\$4 441
Overtime	17 420	14 997	18 284	3 287
Employee benefits	40 133	38 032	42 121	4 089
Other	16 823	14 312	17 770	3 458
Total Employee Related Expenditures	189 422	179 602	194 877	15 275
Less: Capitalized labour and overhead	(71 684)	(67 285)	(76 072)	(8 787)
Operational Employee Related Expenditures	117 738	112 317	118 805	6 488
External services and materials	29 978	30 144	34 427	4 283
Donations, sponsorships & grants	607	347	550	203
Uncollectible accounts	1 036	1 008	1 066	58
Other	263	(40)	(1 033)	(993)
Cost recoveries	(3 309)	(1 978)	(3 483)	(1 505)
O&A charged to gas operations	(15 158)	(14 302)	(15 267)	(965)
Operating & Administrative Expenses	\$131 155	\$127 496	\$135 065	\$7 569

RESPONSE TO DIRECTIVE #14 – BOARD ORDER 73/15

For the Second Quarter of 2020/21

14. *Manitoba Hydro shall file quarterly updates regarding its Operation, Maintenance & Administration (OM&A) expenditures and the actual OM&A expenditures compared to Manitoba Hydro's target.*

Manitoba Hydro's Operating and Administrative (O&A) expenses for Electric Operations for the second quarter of 2020/21 were \$257.8 million, compared to a budget of \$268.5 million. The 4.0% favourable variance was primarily related to the COVID-19 pandemic and the associated government cost saving initiative. The primary impacts were lower staffing levels partially due to the decision to not hire students, increased retirements and a temporary external hiring freeze, reduced overtime, as well as a reduction in extended health benefit costs. This was partially offset by lower capital activity primarily due to the reduced workforce and delays in construction activity on Keeyask and other projects due to the COVID-19 pandemic and the associated blockades at Keeyask.

Compared to the prior year, O&A expenditures were lower by \$3.5 million or 1.3%. The decrease was primarily related to the COVID-19 pandemic and the associated government cost savings initiative impacting expenditures as noted above.

A summary of Manitoba Hydro's actual and forecast O&A expenditures by cost element with a comparison to the 2019/20 second quarter expenditures has been provided in the following table.

ELECTRIC OPERATIONS
OPERATING & ADMINISTRATIVE COSTS BY COST ELEMENT
FOR THE QUARTER ENDED SEPTEMBER 30
(in thousands of dollars)

	2019/20 Q2 Actual	2020/21 Q2 Actual	2020/21 Q2 Budget	Favourable (Unfavourable) Variance
Employee Related Expenditures				
Wages & salaries	\$230 859	\$221 588	\$235 859	\$14 271
Overtime	31 838	30 482	35 760	5 278
Employee benefits	75 890	74 460	78 380	3 920
Other	33 256	28 945	35 169	6 224
Total Employee Related Expenditures	371 843	355 475	385 168	29 693
Less: Capitalized labour and overhead	(141 663)	(129 540)	(150 261)	(20 721)
Operational Employee Related Expenditures	230 180	225 935	234 907	8 972
External services and materials	63 407	61 819	70 620	8 801
Donations, sponsorships & grants	919	502	1 030	528
Uncollectible accounts	2 052	3 042	2 132	(910)
Other	498	98	(2 062)	(2 160)
Cost recoveries	(6 157)	(4 946)	(6 968)	(2 022)
O&A charged to gas operations	(29 601)	(28 670)	(31 157)	(2 487)
Operating & Administrative Expenses	\$261 298	\$257 780	\$268 502	\$10 722

RESPONSE TO DIRECTIVE #14 – BOARD ORDER 73/15

For the Third Quarter of 2020/21

14. *Manitoba Hydro shall file quarterly updates regarding its Operation, Maintenance & Administration (OM&A) expenditures and the actual OM&A expenditures compared to Manitoba Hydro's target.*

Manitoba Hydro's Operating and Administrative (O&A) expenses for Electric Operations for the third quarter of 2020/21 were \$381.1 million, compared to a budget of \$394.0 million. The 3.3% favourable variance was primarily related to the COVID-19 pandemic and the associated government cost saving initiative. The primary impacts were lower staffing levels partially due to the decision to not hire students, increased retirements and a temporary external hiring freeze, reduced overtime, lower than budgeted pension costs, as well as a reduction in extended health benefit costs. This was partially offset by lower capital activities primarily due to the reduced workforce and delays in construction activity on Keeyask and other projects due to the COVID-19 pandemic and the associated blockades at Keeyask.

Compared to the prior year, O&A expenditures were lower by \$11.5 million or 2.9%. The decrease was primarily related to the COVID-19 pandemic and the associated government cost savings initiative impacting expenditures as noted above.

A summary of Manitoba Hydro's actual and forecast O&A expenditures by cost element with a comparison to the 2019/20 third quarter expenditures has been provided in the following table.

ELECTRIC OPERATIONS
OPERATING & ADMINISTRATIVE COSTS BY COST ELEMENT
FOR THE QUARTER ENDED DECEMBER 31
(in thousands of dollars)

	2019/20 Q3 Actual	2020/21 Q3 Actual	2020/21 Q3 Budget	Favourable (Unfavourable) Variance
Employee Related Expenditures				
Wages & salaries	\$344 959	\$329 400	\$353 737	\$24 337
Overtime	60 276	44 123	51 673	7 550
Employee benefits	107 744	107 556	111 347	3 791
Other	52 839	44 384	52 541	8 157
Total Employee Related Expenditures	565 818	525 463	569 298	43 835
Less: Capitalized labour and overhead	(221 998)	(191 853)	(224 841)	(32 988)
Operational Employee Related Expenditures	343 820	333 610	344 457	10 847
External services and materials	98 472	94 255	105 402	11 147
Donations, sponsorships & grants	1 385	716	1 510	794
Uncollectible accounts	2 896	4 557	3 198	(1 359)
Other	660	78	(3 096)	(3 174)
Cost recoveries	(10 027)	(7 959)	(10 451)	(2 492)
O&A charged to gas operations	(44 640)	(44 183)	(47 027)	(2 844)
Operating & Administrative Expenses	\$392 566	\$381 074	\$393 993	\$12 919

RESPONSE TO DIRECTIVE #14 – BOARD ORDER 73/15

For the Year Ended March 31, 2021

14. *Manitoba Hydro shall file quarterly updates regarding its Operation, Maintenance & Administration (OM&A) expenditures and the actual OM&A expenditures compared to Manitoba Hydro's target.*

Manitoba Hydro's Operating and Administrative (O&A) expenses for Electric Operations for the year ended March 31, 2021 was \$533.9 million, compared to a budget of \$531.5 million. The 0.5% variance was related to the impact of the change in the discount rate on employee benefits, higher vacation expense as a result of the remeasurement of the vacation liability necessitated by employees taking less vacation, in part due to COVID-19, as well as lower capital activity. The reduction in capital activity was primarily due to a reduced workforce and delays in construction activity on Keeyask and other projects as a result of COVID-19 as well as the blockades at Keeyask. This was largely offset by under expenditures related to the corporation's cost reduction measures implemented to support the government cost saving initiative related to COVID-19. The under expenditures were primarily driven by lower staffing levels as a result of the decision not to hire students, increased retirements, an external hiring freeze and reduced overtime.

Compared to the prior year, O&A expenditures were higher by \$22.0 million or 4.3%. The increase was primarily related to an increase in benefit costs associated with the impacts of a lower discount rate and higher vacation expenses as employees took less vacation than the prior year. As well, there was lower capital activity primarily due to the reduced workforce and delays in construction activity on Keeyask and other projects due to the COVID-19 pandemic. These increases were partially offset by the corporation's cost reduction measures in support of the associated government cost saving initiative as documented above.

A summary of Manitoba Hydro's actual and budget O&A expenditures by cost element with a comparison to 2019/20 has been provided in the following table.

ELECTRIC OPERATIONS
OPERATING & ADMINISTRATIVE COSTS BY COST ELEMENT
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	2019/20 Q4 Actual	2020/21 Q4 Actual	2020/21 Q4 Budget	Favourable (Unfavourable) Variance
Employee Related Expenditures				
Wages & salaries	\$458 039	\$440 808	\$469 166	\$28 358
Overtime	75 516	58 423	68 428	10 005
Employee benefits	123 853	176 121	154 065	(22 056)
Other	70 856	58 497	70 548	12 051
Total Employee Related Expenditures	728 264	733 849	762 207	28 358
Less: Capitalized labour and overhead	(286 852)	(267 521)	(298 414)	(30 893)
Operational Employee Related Expenditures	441 412	466 328	463 793	(2 535)
External services and materials	135 131	132 421	141 954	9 533
Donations, sponsorships & grants	2 069	1 062	1 991	929
Uncollectible accounts	6 291	7 473	4 264	(3 209)
Other	(376)	662	(4 128)	(4 790)
Cost recoveries	(14 605)	(12 218)	(13 949)	(1 731)
O&A charged to gas operations	(57 961)	(61 815)	(62 475)	(660)
Operating & Administrative Expenses	\$511 961	\$533 913	\$531 450	(\$2 463)