

2021/22 INTERIM RATE APPLICATION**Manitoba Hydro Undertaking #1**

What is the cumulative rate increase in the scenario shown in the 20-year period shown in the credit rating agency presentation, 3.5% to 2030 and 0.55% to 2039/40?

Response:

The cumulative rate increase is 43.97% of 3.5% annual rate increases in 2021/22 to 2029/30, followed by 0.55% annual rate increase from 2030/31 to 2039/40.

To assist in trend analysis to address concerns raised by credit rating agencies about the self-sustainability of the utility, Manitoba Hydro incorporated, as part of its presentation, a scenario with annual rate increases of 3.5% to 2030. This scenario was provided to illustrate one potential path to recovery of financial health and achievement of the debt ratio targets set out in Bill 35 through annual, consistent rate increases. The potential scenario is not reflective of any long-term financial forecast or rate strategy approved by the Manitoba Hydro-Electric Board.