

**2021/22 INTERIM RATE APPLICATION**

**Manitoba Hydro Undertaking #2**

**Manitoba Hydro to provide the net present value of a 1.5% rate increase?**

**Response:**

Manitoba Hydro has calculated the net present value of a 1.5% rate increase, using the following assumptions, in the following table:

- Weighted average cost of capital of 5.75%
- Annual revenues of \$88 million each year to 2035/36

In Millions of Dollars

	Nominal WACC	Discount Factor	Effective Annual Rate Increases	Effective Cumulative Rate Increases	Additional Domestic Revenue	Discounted Additional Domestic Revenue
2022/23	5.75%	1.058	0.00%	1.50%	26	25
2023/24	5.75%	1.118	0.00%	1.50%	26	24
2024/25	5.75%	1.183	0.00%	1.50%	26	22
2025/26	5.75%	1.251	0.00%	1.50%	26	21
2026/27	5.75%	1.323	0.00%	1.50%	26	20
2027/28	5.75%	1.399	0.00%	1.50%	26	19
2028/29	5.75%	1.479	0.00%	1.50%	26	18
2029/30	5.75%	1.564	0.00%	1.50%	26	17
2030/31	5.75%	1.654	0.00%	1.50%	26	16
2031/32	5.75%	1.749	0.00%	1.50%	26	15
2032/33	5.75%	1.850	0.00%	1.50%	26	14
2033/34	5.75%	1.956	0.00%	1.50%	26	13
2034/35	5.75%	2.068	0.00%	1.50%	26	13
2035/36	5.75%	2.187	0.00%	1.50%	26	12
<b>NPV</b>						<b>\$249</b>