

2021/22 INTERIM RATE APPLICATION

Manitoba Hydro Undertaking #3

Manitoba Hydro to provide the net present value of a 5.0% rate increase?

Response:

Manitoba Hydro has calculated the net present value of a 5.0% 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	Annual Rate Increases	Effective Cumulative Rate Increases	Additional Domestic Revenue *	Discounted Additional Domestic Revenue
2022/23	5.75%	1.058	0.00%	5.00%	\$88	83
2023/24	5.75%	1.118	0.00%	5.00%	\$88	79
2024/25	5.75%	1.183	0.00%	5.00%	\$88	74
2025/26	5.75%	1.251	0.00%	5.00%	\$88	70
2026/27	5.75%	1.323	0.00%	5.00%	\$88	66
2027/28	5.75%	1.399	0.00%	5.00%	\$88	63
2028/29	5.75%	1.479	0.00%	5.00%	\$88	59
2029/30	5.75%	1.564	0.00%	5.00%	\$88	56
2030/31	5.75%	1.654	0.00%	5.00%	\$88	53
2031/32	5.75%	1.749	0.00%	5.00%	\$88	50
2032/33	5.75%	1.850	0.00%	5.00%	\$88	48
2033/34	5.75%	1.956	0.00%	5.00%	\$88	45
2034/35	5.75%	2.068	0.00%	5.00%	\$88	42
2035/36	5.75%	2.187	0.00%	5.00%	\$88	40
NPV						\$830