

# Manitoba Hydro Corporate Update

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Presentation to DBRS  
August 22, 2012

# Agenda

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- Corporate Profile
- Financial Results & Outlook
- Capital Overview
- Water Conditions
- Export Sales Contracts
- Liquidity & Projected Financing
- Financial Targets
- Regulatory Update

# Corporate Profile

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- ❑ One of the largest integrated electricity and natural gas utilities in Canada.
- ❑ 543,000 electricity customers and 268,000 natural gas customers.
- ❑ \$14 billion total assets.
- ❑ \$2 billion annual revenues.
- ❑ 5,500 MW generating capability.
- ❑ Lowest electricity rates in North America.
- ❑ One of Canada's "Top 100" Employers.
- ❑ Canada's greenest office tower.

# Financial Results & Outlook

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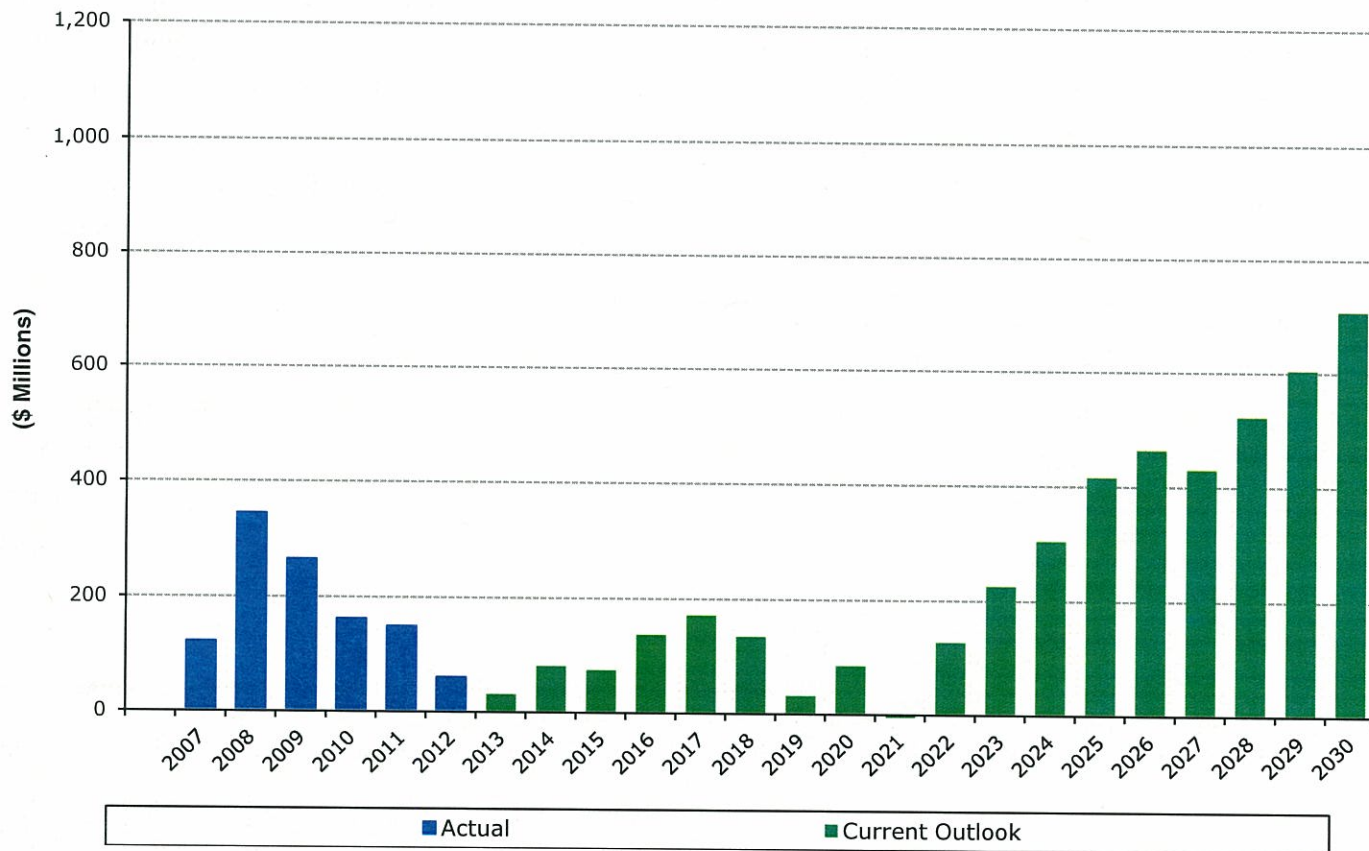
# Financial Results

Income Statement for the Fiscal Year Ended March 31<sup>st</sup> (\$ millions)

	2012 Preliminary	2011 Actual	2010 Actual
<b>REVENUE</b>			
Electric			
Manitoba	\$1,210	\$1,218	\$1,156
Extraprovincial	363	398	427
Gas	329	404	454
	<b>\$1,902</b>	<b>\$2,020</b>	<b>\$2,037</b>
<b>EXPENSES</b>			
Operating and administrative	472	463	440
Finance expense	423	425	410
Depreciation and amortization	381	393	384
Cost of gas sold	197	261	316
Water rentals and assessments	119	120	121
Fuel and power purchased	146	106	104
Capital and other taxes	103	102	99
	<b>\$1,841</b>	<b>\$1,870</b>	<b>\$1,874</b>
<b>NET INCOME</b>	<b>\$61</b>	<b>\$150</b>	<b>\$163</b>



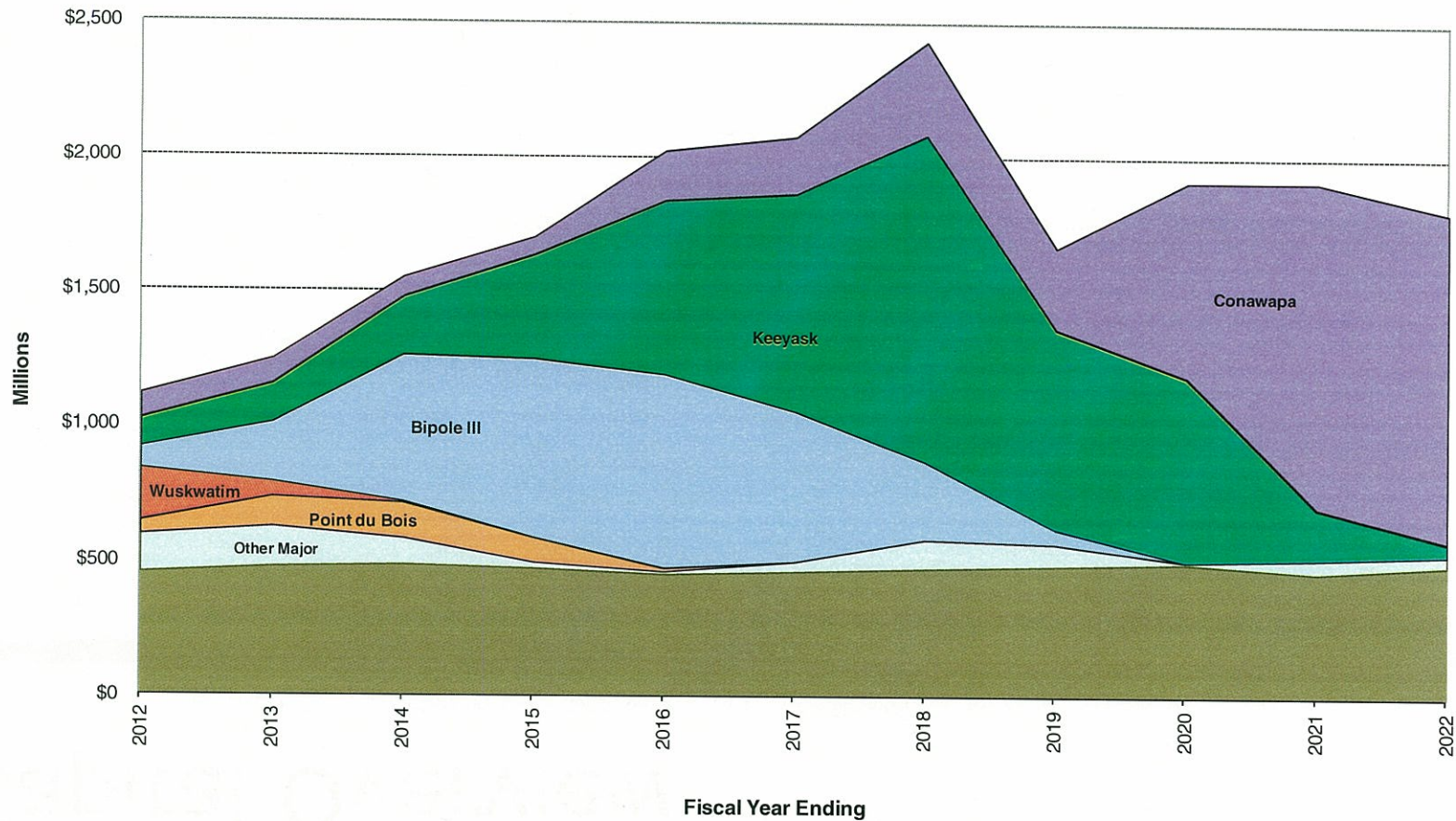
# Projected Net Income (IFF11-2)



# Capital Overview

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# Capital Expenditures (CEF11-2)





# Major Generation and Transmission Projects

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- 200 MW Wuskwatim G.S. (2012/13) \$1.4 billion
- Bipole III (2017/18) \$3.3 billion
- 695 MW Keeyask G.S. (2019/20) \$5.6 billion
- 1,485 MW Conawapa G.S. (2024/25) \$7.8 billion

# Water Conditions

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# Water Conditions (as of Aug. 13, 2012)

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- ❑ 60-day precipitation is 92% of average.
- ❑ Current reservoir storage is 124% of average and 4<sup>th</sup> highest since 1977.
- ❑ Fiscal year 2012/13 hydraulic generation projected at 115% of IFF11-2.
- ❑ Projected reservoir storage for April 1, 2013 is expected to be above average.

# Export Sales Contracts

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# Power Sales

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## Contracts

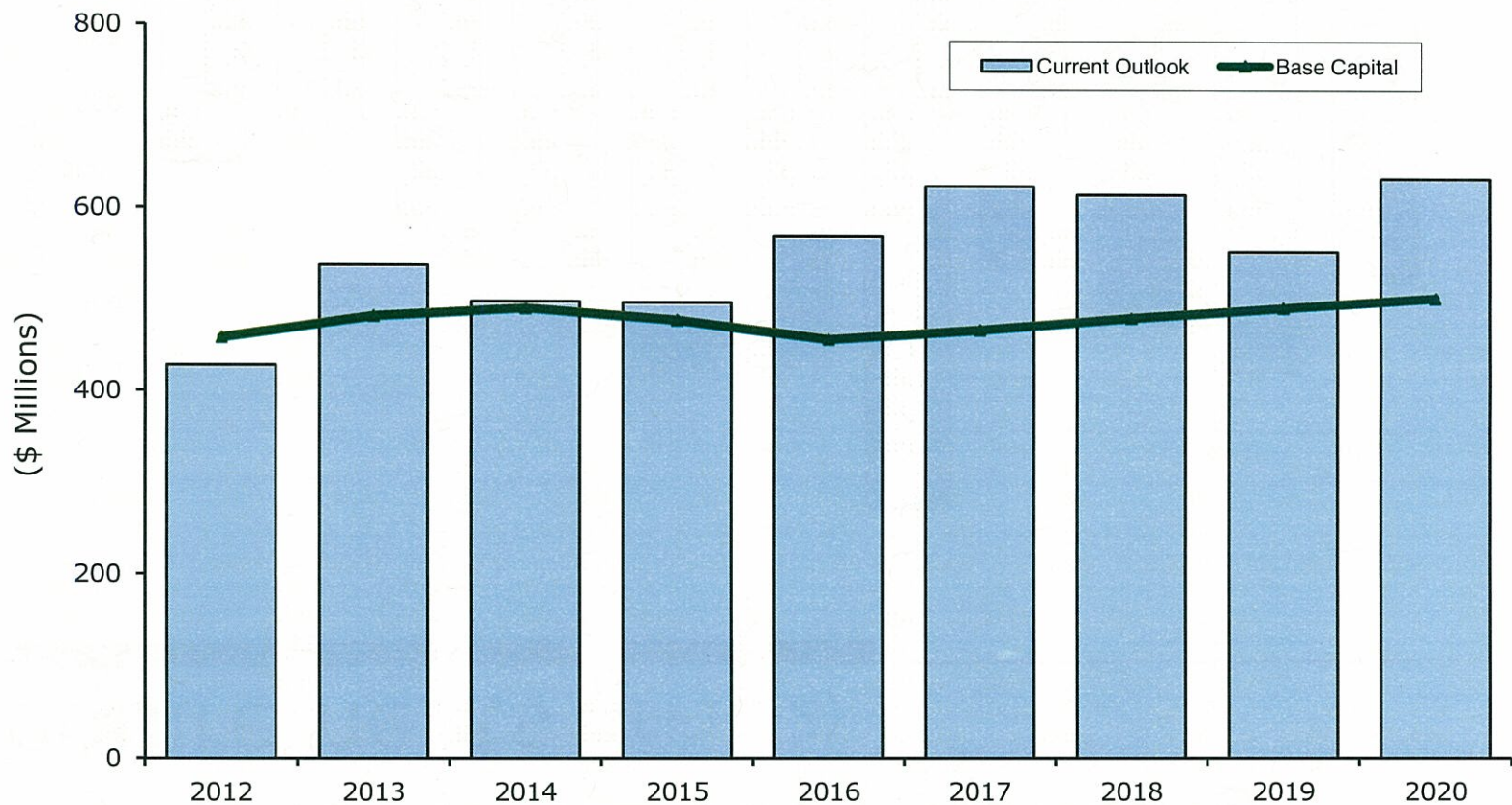
- 375 MW/ 500 MW Sale to Northern States Power
  - Starting in 2015 (10 years)
  
- 250 MW Sale to Minnesota Power
  - Starting in 2020 (15 years)
  
- 100MW Sale to Wisconsin Public Service (Part of 500 MW Term Sheet Sale)
  - Starting in 2021 (8 years)



# Liquidity & Projected Financing

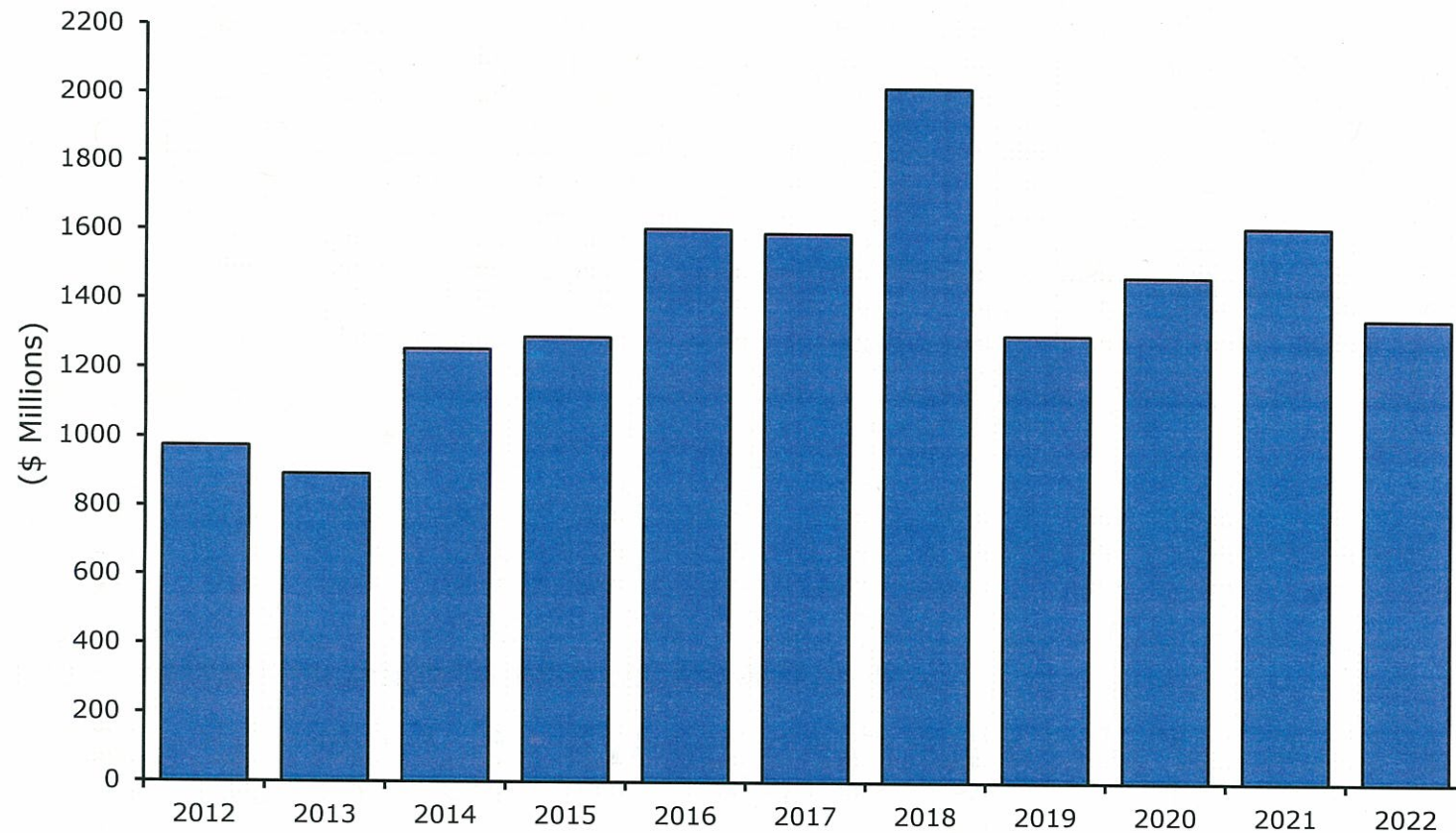
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# Cash Flow from Operations (IFF11-2)



# Projected New Debt Financing Requirements (IFF11-2)

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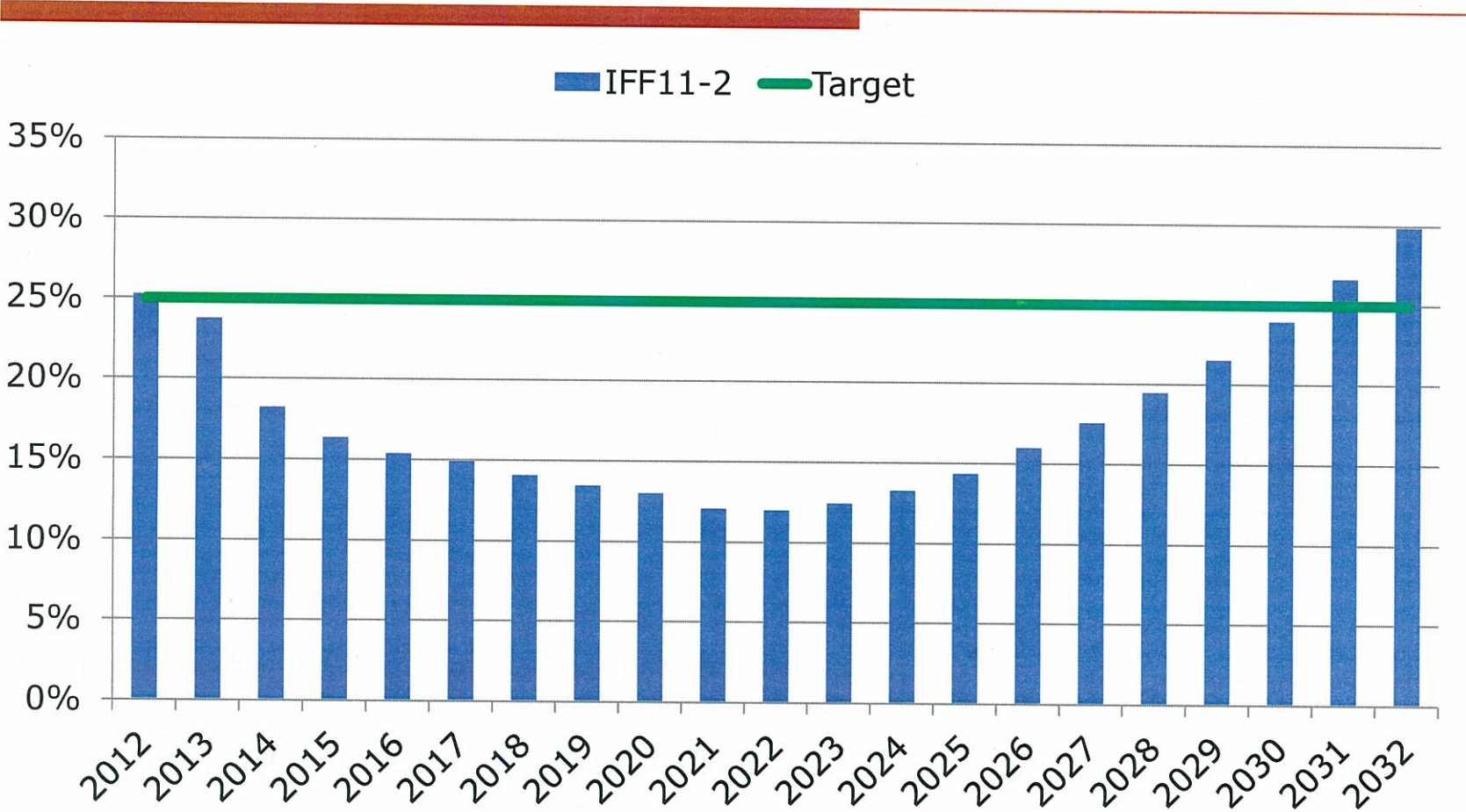


# Financial Targets

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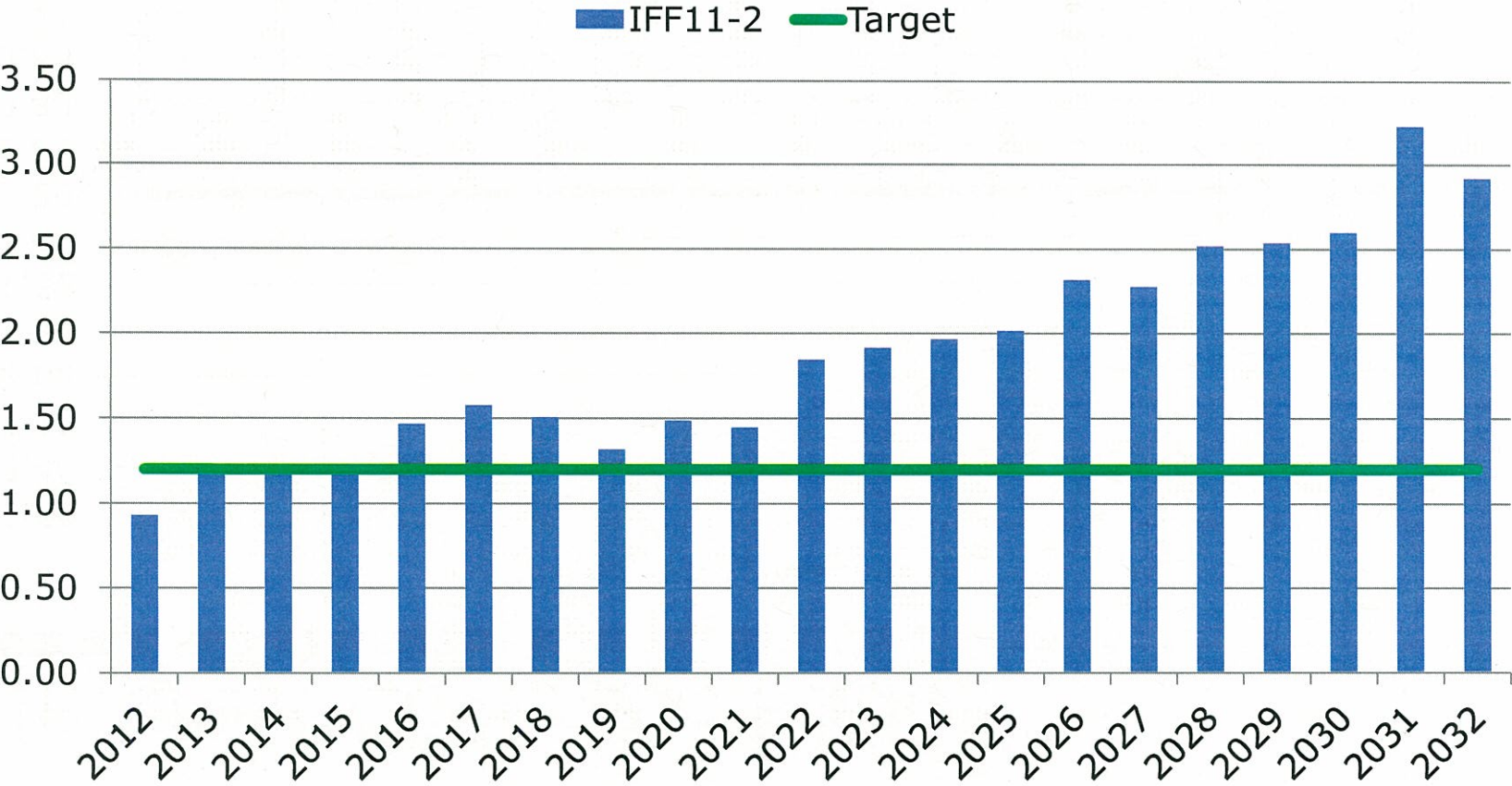


# Equity Ratio

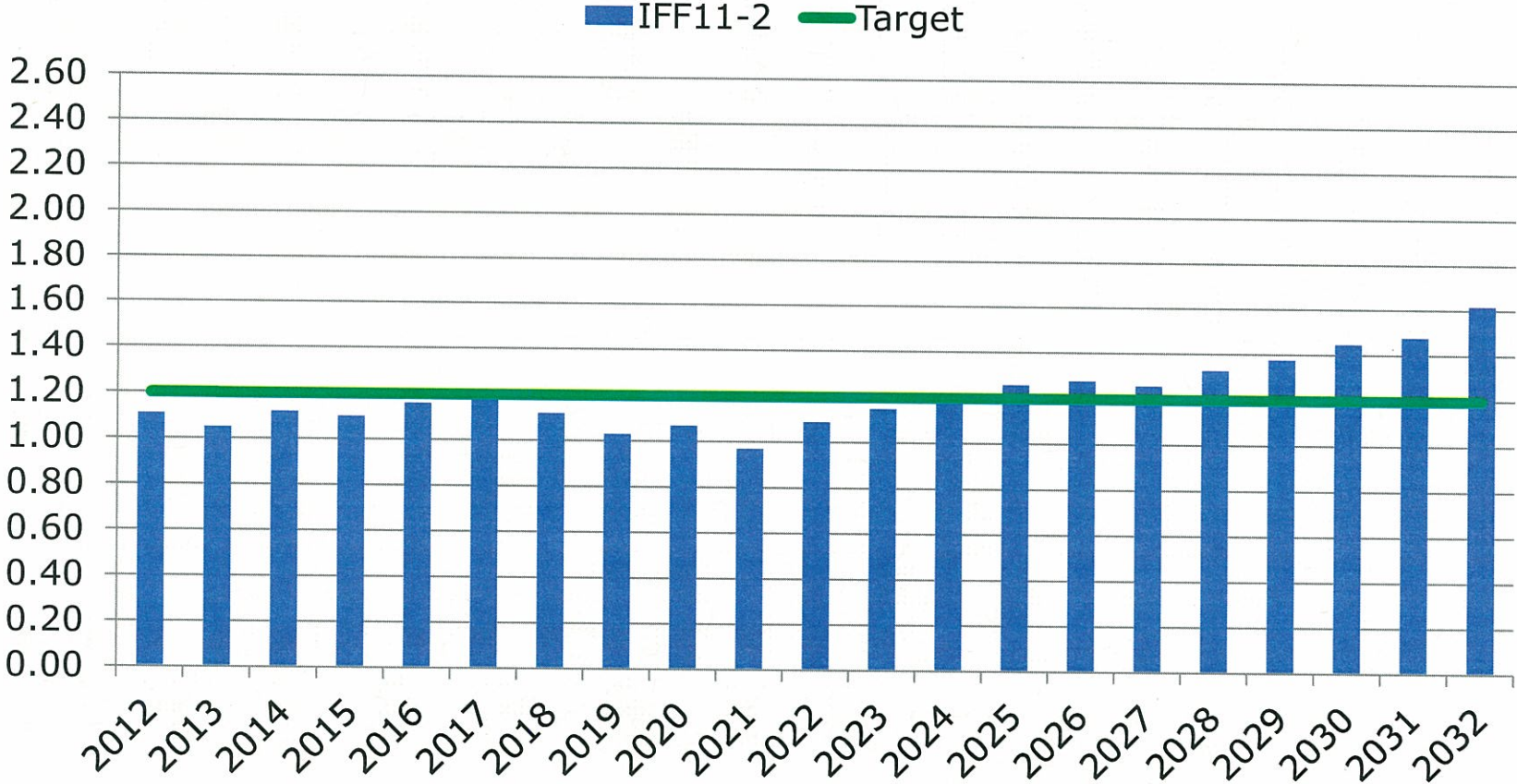




# Capital Coverage Ratio



# Interest Coverage Ratio



# Regulatory Update

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- MH applied to the PUB for approval of a 2.5% electricity rate increase to be effective September 1, 2012. MH is also seeking the approval of the PUB to increase rates by a further 3.5% effective April 1, 2013. Oral hearing is scheduled to begin in December 2012.

# Questions?

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