

### **DEPRECIATION RATES & DEPRECIATION STUDY**

Depreciation expense is recognized on a straight-line basis over the estimated remaining service life of assets, based upon depreciation studies conducted periodically (typically every 5 years) by the Corporation. The last depreciation study for Manitoba Hydro was completed in July 2006 with the resulting depreciation rates being implemented effective April 1, 2007.

In addition to the normal update of service lives, this depreciation study also involved an assessment of IFRS compliant depreciation practices and methodologies given that Manitoba Hydro will be required to implement IFRS compliant depreciation rates effective April 1, 2013.

As with previous depreciation studies, an external consultant, Gannett Fleming, Inc., was engaged to review Manitoba Hydro's current depreciation practices, to provide advice on any changes necessary for compliance with IFRS, and to develop IFRS compliant depreciation rates. A depreciation study involves an analysis of financial asset addition and retirement activity to determine a statistical estimate of the average service life for each depreciable component; a peer review; and discussions with operational and engineering staff to identify company specific factors impacting the service lives of each component, such as changes in use or technology that could limit the usefulness of historical transactions in predicting current useful lives, and differences in use and circumstances that could impact the comparability to peer companies. The depreciation consultant considers each of these factors in determining an appropriate average service life and depreciation curve to be used for each depreciable component. Please see the IFRS compliant Depreciation Study for information about the scope and basis for the study, as well as the methods used in this study.

The depreciation study was initiated in 2009 and completed in October 2011 and is based on depreciable assets in service as of March 31, 2010. The implementation of the depreciation rates resulting from the recent study will be accomplished in two phases. In the first phase, Manitoba Hydro implemented the new asset component groupings and updated services lives effective April 1, 2011. In the second phase, Manitoba Hydro will implement IFRS compliant depreciation rates effective April 1, 2013 which will include a change in the depreciation methodology to the Equal Life Group (ELG) and the removal of asset retirement costs from depreciation rates.

## Appendix 5.7 Electric Depreciation Rates

A summary of the depreciation rates effective April 1, 2007 as compared to the depreciation rates effective April 1, 2011 and April 1, 2013 may be found in the tables on page 5-10, followed by a letter from Gannett Fleming, Inc. containing the depreciation rates to be used under GAAP, and by the full IFRS compliant Depreciation Study.

The following table provides a summary of the estimated changes to depreciation expense for electric operations for the 3 year period between 2012 and 2014:

|   | <u>Depreciation Expense (\$ 000's)</u> |                        |                        |
|---|--|------------------------|------------------------|
|   | <u>2012</u>                            | <u>2013</u>            | <u>2014</u>            |
| <b>Change in service life - PP&amp;E (net of contributions)</b> | (35,433)                               | (38,429)               | (40,663)               |
| <b>Change in Methodology (ELG)</b>                              |  |                        | 32,307                 |
| <b>Removal of Asset Retirement Costs from Depreciation</b>      |  |                        | (55,574)               |
| <b>Net Impact</b>   | <u><b>(35,433)</b></u>                 | <u><b>(38,429)</b></u> | <u><b>(63,930)</b></u> |

The significant changes in the depreciation study are discussed in the sections below.

### Componentization & Change in Service Lives

In preparation for conversion to IFRS, Manitoba Hydro undertook a comprehensive review of existing depreciable component groupings, to determine whether IFRS requirements were met. IFRS is more rigorous than GAAP in terms of identifying separate components. As a result of this review, Manitoba Hydro determined that further componentization was required, primarily for generation and distribution assets. With the assistance of its depreciation consultant, Manitoba Hydro has established new component groupings consistent with the requirements of IFRS, and has completed a depreciation study based on these new component groupings.

Normally a depreciation study process is routine and involves updating the retirement experience of existing asset classes and reviewing operational factors to assess what new considerations are warranted. However, because of the new component groupings required under IFRS, an extensive effort involving accounting and operational personnel was required to research historical records and to assess operational factors of all new, existing and modified component groupings in order to establish account balances and to estimate service lives.

In addition, subject matter experts from the operational areas were able to provide information that has been developed through enhanced asset condition assessment processes that was not available in the 2005 depreciation study. This has resulted in less

## Appendix 5.7 Electric Depreciation Rates

reliance on statistical developed asset lives and more reliance on the enhanced operational information. This is particularly the case with respect to distribution plant where the increased reliance on operational information has significantly extended the service lives and resulted in the majority of the reduction in depreciation expense. For example, the extension in estimated service lives for Poles and Fixtures from 33 to 55 years is due, in part, to the introduction of bar-coding and the ability to specifically track the service lives of individual poles. Further, enhancements in the use of pole preservatives and other technologies in recent years have resulted in extended service lives for these and other plant assets.

The estimated impact of these changes for Manitoba Hydro electric operations is a decrease to depreciation expense (net of contributions) of \$35.4 million in 2011/12, \$38.4 million in 2012/13 and \$40.7 million in 2013/14.

### Change in methodology to Equal Life Group

There are two main methods used by utilities for calculating group depreciation -- the Average Service Life (ASL) procedure and the Equal Life Group (ELG) procedure.

An IFRS requirement is that any gains and losses on the disposal/retirement of an asset must be recognized immediately in income. This is different than the current North American regulatory practice of recording gains and losses in accumulated depreciation and this has resulted in the need to change the depreciation methodology to better match the recording of depreciation with the actual service life of the underlying assets.

The ASL procedure, which has been used by Manitoba Hydro in the past, calculates depreciation expense based upon the average life of all assets within each class. Although accepted for utility accounting under current Canadian accounting standards, this method is viewed as problematic from an IFRS perspective because, except for those assets which have a life exactly equal to the average service life of that group, assets are being depreciated over a longer or shorter timeframe than their expected service life.

The ELG procedure addresses this issue by developing depreciation rates with specific consideration of the expected retirement pattern for each asset within each class. Every asset in the class is depreciated over its own expected service life and therefore is expected to be fully depreciated (not over or under depreciated) when it is removed from service. The resulting depreciation expense calculations are in full compliance with IFRS and minimize retirement gains or losses that must be recognized in current income.

Appendix 5.7  
Electric Depreciation Rates

Manitoba Hydro will be calculating depreciation rates based on ELG methodology effective April 1, 2013.

Because the ELG procedure ensures that assets with a shorter service life than average are fully depreciated at their expected retirement date, there is an earlier recognition of depreciation expense than would be the case under the ASL procedure. The estimated impact of this change for Manitoba Hydro electric operations is an increase to depreciation expense of \$32.3 million in 2013/14.

Removal of Asset Retirement Costs from Depreciation

IFRS is also much more prescriptive in terms of those items that make up the depreciable cost of assets and does not recognize North American regulatory practices of including the costs of removal of assets in depreciation rates unless there is a legal or constructive obligation to remove such assets (in which case an asset retirement obligation is recorded). As such, Manitoba Hydro will be eliminating this practice and removing asset retirement costs from its depreciation rates effective April 1, 2013.

The estimated impact of this change for Manitoba Hydro electric operations is a decrease to depreciation expense of \$55.6 million in 2013/14.

Please see the following tables for the Electric depreciation rates.

Appendix 5.7  
Electric Depreciation Rates

| Depreciable Group           | Effective<br>April 1, 2007 | Depreciable Group                      | Effective<br>April 1, 2011 | Effective<br>April 1, 2013 |
|-----------------------------|----------------------------|--|----------------------------|----------------------------|
| <b>HYDRAULIC GENERATION</b> |                            | <b>HYDRAULIC GENERATION</b>            |                            |                            |
| <b>GREAT FALLS</b>          |                            | <b>GREAT FALLS</b>                     |                            |                            |
| Civil                       | 1.33                       | Dams, Dykes & Weirs                    | 1.28                       | 1.10                       |
|                             |                            | Powerhouse                             | 1.27                       | 1.09                       |
|                             |                            | Powerhouse Renovations                 | 4.40                       | 4.00                       |
|                             |                            | Spillway                               | 1.59                       | 1.50                       |
|                             |                            | Water Control Systems                  | 2.07                       | 1.84                       |
|                             |                            | Roads & Site Improvements              | 2.33                       | 2.39                       |
| Turbines And Generators     | 2.18                       | Turbines & Generators                  | 1.82                       | 1.60                       |
|                             |                            | Governors & Excitation System          | 2.11                       | 1.88                       |
|                             |                            | Licence Renewal                        | 2.00                       | 2.00                       |
| Accessory Station Equipment | 2.30                       | A/C Electrical Power Systems           | 2.10                       | 1.99                       |
|                             |                            | Instrumentation, Control & D/C Systems | 4.43                       | 4.92                       |
|                             |                            | Auxiliary Station Processes            | 2.59                       | 2.58                       |
| Other                       | 2.01                       | Support Buildings                      | 1.73                       | 1.44                       |
|                             |                            | Support Building Renovations           | 5.50                       | 5.00                       |
| <b>POINTE DU BOIS</b>       |                            | <b>POINTE DU BOIS</b>                  |                            |                            |
| Civil                       | 11.75                      | Dams, Dykes & Weirs                    | 3.68                       | 3.16                       |
|                             |                            | Powerhouse                             | 4.41                       | 3.91                       |
|                             |                            | Powerhouse Renovations                 | 5.24                       | 4.84                       |
|                             |                            | Spillway - Original                    | 10.76                      | 8.41                       |
|                             |                            | Water Control Systems                  | 3.35                       | 2.81                       |
|                             |                            | Roads & Site Improvements              | 3.36                       | 2.87                       |
| Turbines And Generators     | 11.59                      | Turbines & Generators                  | 4.04                       | 3.53                       |
|                             |                            | Governors & Excitation System          | 5.24                       | 5.04                       |
|                             |                            | Licence Renewal                        | 4.76                       | 4.76                       |
| Accessory Station Equipment | 11.48                      | A/C Electrical Power Systems           | 4.58                       | 4.16                       |
|                             |                            | Instrumentation, Control & D/C Systems | 5.12                       | 5.14                       |
|                             |                            | Auxiliary Station Processes            | 4.03                       | 3.68                       |
| Other                       | 11.46                      | Support Buildings                      | 2.93                       | 2.41                       |
|                             |                            | Support Building Renovations           | 5.50                       | 5.00                       |
|                             |                            | Spillway - New                         | 1.47                       | 1.33                       |
| <b>SEVEN SISTERS</b>        |                            | <b>SEVEN SISTERS</b>                   |                            |                            |
| Civil                       | 1.31                       | Dams, Dykes & Weirs                    | 1.03                       | 0.88                       |
|                             |                            | Powerhouse                             | 0.90                       | 0.75                       |
|                             |                            | Powerhouse Renovations                 | 4.40                       | 4.00                       |
|                             |                            | Spillway                               | 1.17                       | 1.22                       |
|                             |                            | Water Control Systems                  | 1.80                       | 1.33                       |
|                             |                            | Roads & Site Improvements              | 1.84                       | 1.26                       |
| Turbines And Generators     | 1.88                       | Turbines & Generators                  | 1.64                       | 1.49                       |
|                             |                            | Governors & Excitation System          | 2.00                       | 2.00                       |
|                             |                            | Licence Renewal                        | 2.00                       | 2.00                       |
| Accessory Station Equipment | 2.34                       | A/C Electrical Power Systems           | 1.91                       | 1.76                       |
|                             |                            | Instrumentation, Control & D/C Systems | 3.73                       | 3.50                       |
|                             |                            | Auxiliary Station Processes            | 2.13                       | 2.03                       |
| Other                       | 2.14                       | Support Buildings                      | 1.74                       | 1.70                       |
|                             |                            | Support Building Renovations           | 5.50                       | 5.00                       |
| <b>SLAVE FALLS</b>          |                            | <b>SLAVE FALLS</b>                     |                            |                            |
| Civil                       | 1.90                       | Dams, Dykes & Weirs                    | 1.69                       | 1.54                       |
|                             |                            | Powerhouse                             | 1.58                       | 1.42                       |
|                             |                            | Powerhouse Renovations                 | 4.40                       | 4.00                       |
|                             |                            | Spillway                               | 1.87                       | 2.03                       |
|                             |                            | Water Control Systems                  | 2.18                       | 2.04                       |
|                             |                            | Roads & Site Improvements              | 2.20                       | 2.27                       |
| Turbines And Generators     | 2.01                       | Turbines & Generators                  | 1.79                       | 1.68                       |
|                             |                            | Governors & Excitation System          | 2.20                       | 2.00                       |
|                             |                            | Licence Renewal                        | 2.00                       | 2.00                       |
| Accessory Station Equipment | 2.25                       | A/C Electrical Power Systems           | 2.21                       | 2.30                       |
|                             |                            | Instrumentation, Control & D/C Systems | 4.72                       | 5.41                       |
|                             |                            | Auxiliary Station Processes            | 2.73                       | 3.13                       |
| Other                       | 2.42                       | Support Buildings                      | 1.81                       | 1.79                       |
|                             |                            | Support Building Renovations           | 5.50                       | 5.00                       |

Appendix 5.7  
Electric Depreciation Rates

| Depreciable Group           | Effective<br>April 1, 2007 | Depreciable Group                      | Effective<br>April 1, 2011 | Effective<br>April 1, 2013 |
|-----------------------------|----------------------------|--|----------------------------|----------------------------|
| <b>PINE FALLS</b>           |                            | <b>PINE FALLS</b>                      |                            |                            |
| Civil                       | 1.55                       | Dams, Dykes & Weirs                    | 1.17                       | 1.07                       |
|                             |                            | Powerhouse                             | 0.83                       | 0.71                       |
|                             |                            | Powerhouse Renovations                 | 4.40                       | 4.00                       |
|                             |                            | Spillway                               | 1.60                       | 1.94                       |
|                             |                            | Water Control Systems                  | 1.95                       | 1.46                       |
|                             |                            | Roads & Site Improvements              | 1.81                       | 0.06                       |
| Turbines And Generators     | 1.91                       | Turbines & Generators                  | 1.47                       | 1.27                       |
|                             |                            | Governors & Excitation System          | 2.20                       | 2.00                       |
|                             |                            | Licence Renewal                        | 2.00                       | 2.00                       |
| Accessory Station Equipment | 2.07                       | A/C Electrical Power Systems           | 2.06                       | 1.87                       |
|                             |                            | Instrumentation, Control & D/C Systems | 4.25                       | 4.45                       |
|                             |                            | Auxiliary Station Processes            | 2.54                       | 2.43                       |
| Other                       | 2.01                       | Support Buildings                      | 1.61                       | 1.62                       |
|                             |                            | Support Building Renovations           | 5.50                       | 5.00                       |
| Community Development Costs | 1.90                       | Community Development Costs            | 1.17                       | 1.17                       |
| <b>MCARTHUR FALLS</b>       |                            | <b>MCARTHUR FALLS</b>                  |                            |                            |
| Civil                       | 1.48                       | Dams, Dykes & Weirs                    | 0.91                       | 0.82                       |
|                             |                            | Powerhouse                             | 0.83                       | 0.74                       |
|                             |                            | Powerhouse Renovations                 | 4.40                       | 4.00                       |
|                             |                            | Spillway                               | 1.19                       | 0.99                       |
|                             |                            | Water Control Systems                  | 2.06                       | 1.81                       |
|                             |                            | Roads & Site Improvements              | 1.99                       | 1.79                       |
| Turbines And Generators     | 0.98                       | Turbines & Generators                  | 1.06                       | 0.53                       |
|                             |                            | Governors & Excitation System          | 2.10                       | 1.97                       |
|                             |                            | Licence Renewal                        | 2.00                       | 2.00                       |
| Accessory Station Equipment | 2.01                       | A/C Electrical Power Systems           | 1.90                       | 1.48                       |
|                             |                            | Instrumentation, Control & D/C Systems | 4.29                       | 3.61                       |
|                             |                            | Auxiliary Station Processes            | 2.58                       | 2.47                       |
| Other                       | 2.25                       | Support Buildings                      | 1.63                       | 1.63                       |
|                             |                            | Support Building Renovations           | 5.50                       | 5.00                       |
| <b>KELSEY</b>               |                            | <b>KELSEY</b>                          |                            |                            |
| Civil                       | 1.32                       | Dams, Dykes & Weirs                    | 1.05                       | 0.96                       |
|                             |                            | Powerhouse                             | 0.89                       | 0.80                       |
|                             |                            | Powerhouse Renovations                 | 4.40                       | 4.00                       |
|                             |                            | Spillway                               | 1.34                       | 1.20                       |
|                             |                            | Water Control Systems                  | 2.09                       | 1.81                       |
|                             |                            | Roads & Site Improvements              | 2.05                       | 1.78                       |
| Turbines And Generators     | 1.61                       | Turbines & Generators                  | 1.68                       | 1.63                       |
|                             |                            | Governors & Excitation System          | 2.14                       | 2.01                       |
|                             |                            | Licence Renewal                        | 2.00                       | 2.00                       |
| Accessory Station Equipment | 2.04                       | A/C Electrical Power Systems           | 2.03                       | 1.77                       |
|                             |                            | Instrumentation, Control & D/C Systems | 4.58                       | 4.61                       |
|                             |                            | Auxiliary Station Processes            | 2.63                       | 2.55                       |
| Other                       | 2.25                       | Support Buildings                      | 1.67                       | 1.70                       |
|                             |                            | Support Building Renovations           | 5.50                       | 5.00                       |
| <b>GRAND RAPIDS</b>         |                            | <b>GRAND RAPIDS</b>                    |                            |                            |
| Civil                       | 1.21                       | Dams, Dykes & Weirs                    | 0.98                       | 0.88                       |
|                             |                            | Powerhouse                             | 0.91                       | 0.81                       |
|                             |                            | Powerhouse Renovations                 | 4.40                       | 4.00                       |
|                             |                            | Spillway                               | 1.30                       | 1.21                       |
|                             |                            | Water Control Systems                  | 1.79                       | 1.55                       |
|                             |                            | Roads & Site Improvements              | 1.68                       | 1.21                       |
| Turbines And Generators     | 1.83                       | Turbines & Generators                  | 1.64                       | 1.57                       |
|                             |                            | Governors & Excitation System          | 2.13                       | 2.00                       |
|                             |                            | Licence Renewal                        | 2.00                       | 2.00                       |
| Accessory Station Equipment | 1.96                       | A/C Electrical Power Systems           | 2.07                       | 1.96                       |
|                             |                            | Instrumentation, Control & D/C Systems | 4.08                       | 3.16                       |
|                             |                            | Auxiliary Station Processes            | 2.62                       | 2.68                       |
| Other                       | 2.54                       | Support Buildings                      | 1.66                       | 1.69                       |
|                             |                            | Support Building Renovations           | 5.50                       | 5.00                       |
| Community Development Costs | 1.38                       | Community Development Costs            | 1.16                       | 1.16                       |

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Electric Depreciation Rates

| Depreciable Group                | Effective<br>April 1, 2007 | Depreciable Group                      | Effective<br>April 1, 2011 | Effective<br>April 1, 2013 |
|----------------------------------|----------------------------|--|----------------------------|----------------------------|
| <b>KETTLE</b>                    |                            | <b>KETTLE</b>                          |                            |                            |
| Civil                            | 1.21                       | Dams, Dykes & Weirs                    | 0.86                       | 0.79                       |
|                                  |                            | Powerhouse                             | 0.87                       | 0.79                       |
|                                  |                            | Powerhouse Renovations                 | 4.40                       | 4.00                       |
|                                  |                            | Spillway                               | 1.33                       | 1.29                       |
|                                  |                            | Water Control Systems                  | 1.55                       | 1.02                       |
|                                  |                            | Roads & Site Improvements              | 2.14                       | 2.17                       |
| Turbines And Generators          | 1.58                       | Turbines & Generators                  | 1.48                       | 1.29                       |
|                                  |                            | Governors & Excitation System          | 1.66                       | 1.17                       |
|                                  |                            | Licence Renewal                        | 2.00                       | 2.00                       |
| Accessory Station Equipment      | 1.95                       | A/C Electrical Power Systems           | 2.04                       | 1.92                       |
|                                  |                            | Instrumentation, Control & D/C Systems | 4.11                       | 3.30                       |
|                                  |                            | Auxiliary Station Processes            | 2.44                       | 2.15                       |
| Other                            | 2.01                       | Support Buildings                      | 1.46                       | 1.28                       |
|                                  |                            | Support Building Renovations           | 5.50                       | 5.00                       |
| <b>LAURIE RIVER</b>              |                            | <b>LAURIE RIVER</b>                    |                            |                            |
| Civil                            | 1.92                       | Dams, Dykes & Weirs                    | 3.47                       | 3.02                       |
|                                  |                            | Powerhouse                             | 4.25                       | 3.80                       |
|                                  |                            | Powerhouse Renovations                 | 5.00                       | 4.55                       |
|                                  |                            | Spillway                               | 3.88                       | 3.49                       |
|                                  |                            | Water Control Systems                  | 3.84                       | 3.39                       |
|                                  |                            | Roads & Site Improvements              | 4.01                       | 3.63                       |
| Turbines And Generators          | 2.06                       | Turbines & Generators                  | 4.49                       | 4.04                       |
|                                  |                            | Governors & Excitation System          | 4.70                       | 4.26                       |
|                                  |                            | Licence Renewal                        | 4.55                       | 4.55                       |
| Accessory Station Equipment      | 2.24                       | A/C Electrical Power Systems           | 4.08                       | 3.70                       |
|                                  |                            | Instrumentation, Control & D/C Systems | 7.23                       | 7.30                       |
|                                  |                            | Auxiliary Station Processes            | 4.30                       | 4.03                       |
| Other                            | 2.43                       | Support Buildings                      | 3.75                       | 3.34                       |
|                                  |                            | Support Building Renovations           | 5.50                       | 5.00                       |
| <b>JENPEG</b>                    |                            | <b>JENPEG</b>                          |                            |                            |
| Civil                            | 1.25                       | Dams, Dykes & Weirs                    | 0.92                       | 0.86                       |
|                                  |                            | Powerhouse                             | 0.89                       | 0.83                       |
|                                  |                            | Powerhouse Renovations                 | 4.40                       | 4.00                       |
|                                  |                            | Spillway                               | 1.42                       | 1.45                       |
|                                  |                            | Water Control Systems                  | 2.02                       | 1.61                       |
|                                  |                            | Roads & Site Improvements              | 2.12                       | 1.98                       |
| Turbines And Generators          | 1.66                       | Turbines & Generators                  | 1.63                       | 1.51                       |
|                                  |                            | Governors & Excitation System          | 2.20                       | 2.00                       |
|                                  |                            | Licence Renewal                        | 2.00                       | 2.00                       |
| Accessory Station Equipment      | 1.93                       | A/C Electrical Power Systems           | 2.05                       | 1.77                       |
|                                  |                            | Instrumentation, Control & D/C Systems | 4.53                       | 4.38                       |
|                                  |                            | Auxiliary Station Processes            | 2.66                       | 2.54                       |
| Other                            | 1.58                       | Support Buildings                      | 1.67                       | 1.65                       |
|                                  |                            | Support Building Renovations           | 5.50                       | 5.00                       |
| <b>LAKE WINNIPEG REGULATION</b>  |                            | <b>LAKE WINNIPEG REGULATION</b>        |                            |                            |
| Civil                            | 1.41                       | Dams, Dykes & Weirs                    | 0.82                       | 0.76                       |
| Water Channels                   | 1.33                       |  |                            |                            |
|                                  |                            | Licence Renewal                        | 2.20                       | 2.00                       |
| Community Development Costs      | 1.12                       | Community Development Costs            | 0.94                       | 0.94                       |
| <b>CHURCHILL RIVER DIVERSION</b> |                            | <b>CHURCHILL RIVER DIVERSION</b>       |                            |                            |
| Civil                            | 1.35                       | Dams, Dykes & Weirs                    | 0.88                       | 0.83                       |
| Water Channels                   | 1.17                       | Spillway                               | 1.47                       | 1.50                       |
|                                  |                            | Water Control Systems                  | 2.21                       | 1.80                       |
|                                  |                            | Roads & Site Improvements              | 2.21                       | 1.94                       |
|                                  |                            | Licence Renewal                        | 2.00                       | 2.00                       |
|                                  |                            | A/C Electrical Power Systems           | 2.21                       | 1.94                       |
|                                  |                            | Instrumentation, Control & D/C Systems | 4.82                       | 3.66                       |
|                                  |                            | Auxiliary Station Processes            | 2.75                       | 2.88                       |
|                                  |                            | Support Buildings                      | 1.69                       | 1.75                       |
|                                  |                            | Support Building Renovations           | 5.50                       | 5.00                       |
| Community Development Costs      | 1.09                       | Community Development Costs            | 0.93                       | 0.93                       |

Appendix 5.7  
Electric Depreciation Rates

| Depreciable Group                | Effective<br>April 1, 2007 | Depreciable Group                           | Effective<br>April 1, 2011 | Effective<br>April 1, 2013 |
|----------------------------------|----------------------------|---|----------------------------|----------------------------|
| <b>LONG SPRUCE</b>               |                            | <b>LONG SPRUCE</b>                          |                            |                            |
| Civil                            | 1.24                       | Dams, Dykes & Weirs                         | 0.90                       | 0.83                       |
|                                  |                            | Powerhouse                                  | 0.90                       | 0.83                       |
|                                  |                            | Powerhouse Renovations                      | 4.40                       | 4.00                       |
|                                  |                            | Spillway                                    | 1.43                       | 1.45                       |
|                                  |                            | Water Control Systems                       | 2.04                       | 1.62                       |
|                                  |                            | Roads & Site Improvements                   | 2.10                       | 1.88                       |
| Turbines And Generators          | 1.67                       | Turbines & Generators                       | 1.63                       | 1.51                       |
|                                  |                            | Governors & Excitation System               | 2.19                       | 2.09                       |
|                                  |                            | Licence Renewal                             | 2.00                       | 2.00                       |
| Accessory Station Equipment      | 1.69                       | A/C Electrical Power Systems                | 2.09                       | 1.85                       |
|                                  |                            | Instrumentation, Control & D/C Systems      | 4.37                       | 3.36                       |
|                                  |                            | Auxiliary Station Processes                 | 2.63                       | 2.36                       |
| Other                            | 2.32                       | Support Buildings                           | 1.69                       | 1.75                       |
|                                  |                            | Support Building Renovations                | 5.50                       | 5.00                       |
| <b>LIMESTONE</b>                 |                            | <b>LIMESTONE</b>                            |                            |                            |
| Civil                            | 1.24                       | Dams, Dykes & Weirs                         | 0.90                       | 0.85                       |
|                                  |                            | Powerhouse                                  | 0.91                       | 0.85                       |
|                                  |                            | Powerhouse Renovations                      | 4.40                       | 4.00                       |
|                                  |                            | Spillway                                    | 1.45                       | 1.59                       |
|                                  |                            | Water Control Systems                       | 2.17                       | 1.96                       |
|                                  |                            | Roads & Site Improvements                   | 2.17                       | 2.11                       |
| Turbines And Generators          | 1.60                       | Turbines & Generators                       | 1.68                       | 1.61                       |
|                                  |                            | Governors & Excitation System               | 2.17                       | 2.01                       |
|                                  |                            | Licence Renewal                             | 2.00                       | 2.00                       |
| Accessory Station Equipment      | 2.03                       | A/C Electrical Power Systems                | 2.17                       | 2.11                       |
|                                  |                            | Instrumentation, Control & D/C Systems      | 4.67                       | 4.67                       |
|                                  |                            | Auxiliary Station Processes                 | 2.71                       | 2.67                       |
| Other                            | 2.23                       | Support Buildings                           | 1.68                       | 1.68                       |
|                                  |                            | Support Building Renovations                | 5.50                       | 5.00                       |
|                                  |                            | <b>WUSKWATIM</b>                            |                            |                            |
|                                  |                            | Dams, Dykes & Weirs                         | 0.88                       | 0.80                       |
|                                  |                            | Powerhouse                                  | 0.88                       | 0.80                       |
|                                  |                            | Powerhouse Renovations                      | 4.40                       | 4.00                       |
|                                  |                            | Spillway                                    | 1.47                       | 1.33                       |
|                                  |                            | Water Control Systems                       | 2.20                       | 2.00                       |
|                                  |                            | Roads & Site Improvements                   | 2.20                       | 2.00                       |
|                                  |                            | Turbines & Generators                       | 1.69                       | 1.54                       |
|                                  |                            | Governors & Excitation System               | 2.20                       | 2.00                       |
|                                  |                            | A/C Electrical Power Systems                | 2.20                       | 2.00                       |
|                                  |                            | Instrumentation, Control & D/C Systems      | 4.78                       | 4.35                       |
|                                  |                            | Auxiliary Station Processes                 | 2.75                       | 2.50                       |
|                                  |                            | Support Buildings                           | 1.69                       | 1.54                       |
|                                  |                            | Support Building Renovations                | 5.50                       | 5.00                       |
|                                  |                            | <b>INFRASTRUCTURE SUPPORTING GENERATION</b> |                            |                            |
|                                  |                            | Provincial Roads                            | 2.30                       | 2.10                       |
|                                  |                            | Town Site Buildings                         | 1.71                       | 1.81                       |
|                                  |                            | Town Site Buildings Renovations             | 5.94                       | 5.59                       |
|                                  |                            | Town Site Other Infrastructure              | 2.49                       | 2.50                       |
| <b>THERMAL GENERATION</b>        |                            | <b>THERMAL GENERATION</b>                   |                            |                            |
| <b>BRANDON UNIT 5 (COAL)</b>     |                            | <b>BRANDON UNIT 5 (COAL)</b>                |                            |                            |
| Generation - Brandon Unit 5      | 3.71                       | Powerhouse                                  | 3.87                       | 3.88                       |
| Thermal Life Assurance Brandon 5 | 4.85                       | Powerhouse Renovations                      | 10.00                      | 10.00                      |
|                                  |                            | Roads & Site Improvements                   | 4.56                       | 4.58                       |
|                                  |                            | Thermal Turbines & Generators               | 5.03                       | 5.03                       |
|                                  |                            | Governors & Excitation System               | 5.07                       | 5.08                       |
|                                  |                            | Licence Renewal                             | 10.00                      | 10.00                      |
|                                  |                            | Steam Generator & Auxiliaries               | 3.93                       | 3.95                       |
|                                  |                            | A/C Electrical Power Systems                | 4.06                       | 4.06                       |
|                                  |                            | Instrumentation, Control & D/C Systems      | 5.41                       | 5.73                       |
|                                  |                            | Auxiliary Station Processes                 | 4.67                       | 4.70                       |
|                                  |                            | Support Buildings                           | 4.25                       | 4.26                       |
|                                  |                            | Support Building Renovations                | 10.00                      | 10.00                      |



## Appendix 5.7 Electric Depreciation Rates

| Depreciable Group                           | Effective<br>April 1, 2007 | Depreciable Group                          | Effective<br>April 1, 2011 | Effective<br>April 1, 2013 |
|---|----------------------------|--|----------------------------|----------------------------|
| <b>BRANDON UNITS 6 &amp; 7</b>              |                            | <b>BRANDON UNITS 6 &amp; 7</b>             |                            |                            |
|   |                            | Powerhouse                                 | 1.65                       | 1.57                       |
|   |                            | Powerhouse Renovations                     | 4.40                       | 4.00                       |
|   |                            | Thermal Turbines & Generators              | 2.12                       | 2.04                       |
|   |                            | Governors & Excitation System              | 2.20                       | 2.00                       |
|   |                            | Licence Renewal                            | 2.00                       | 2.00                       |
| Brandon Combustion Turbine                  | 4.40                       | Combustion Turbine                         | 4.05                       | 3.99                       |
|   |                            | Combustion Turbine Overhauls               | 11.00                      | 10.00                      |
|   |                            | A/C Electrical Power Systems               | 2.12                       | 2.17                       |
|   |                            | Instrumentation, Control & D/C Systems     | 4.58                       | 5.20                       |
|   |                            | Auxiliary Station Processes                | 2.64                       | 2.80                       |
| <b>SELKIRK</b>                              |                            | <b>SELKIRK</b>                             |                            |                            |
| Generation - Selkirk 1 & 2                  | 2.97                       | Powerhouse                                 | 0.93                       | 0.00                       |
| Thermal Life Assurance Selkirk              | 2.46                       | Powerhouse Renovations                     | 4.00                       | 4.00                       |
|   |                            | Roads & Site Improvements                  | 1.35                       | 1.30                       |
|   |                            | Thermal Turbines & Generators              | 1.46                       | 1.46                       |
|   |                            | Governors & Excitation System              | 2.00                       | 2.10                       |
|   |                            | Licence Renewal                            | 2.00                       | 2.00                       |
|   |                            | Steam Generator & Auxiliaries              | 1.34                       | 1.61                       |
|   |                            | A/C Electrical Power Systems               | 1.21                       | 0.00                       |
|   |                            | Instrumentation, Control & D/C Systems     | 2.41                       | 2.74                       |
|   |                            | Auxiliary Station Processes                | 1.64                       | 1.56                       |
|   |                            | Support Buildings                          | 1.06                       | 1.04                       |
|   |                            | Support Building Renovations               | 5.00                       | 5.00                       |
| <b>DIESEL GENERATION</b>                    |                            | <b>DIESEL GENERATION</b>                   |                            |                            |
| Structures & Improvements                   | 7.27                       | Buildings                                  | 2.57                       | 2.61                       |
|   |                            | Building Renovations                       | 5.14                       | 6.67                       |
|   |                            | Engines & Generators - Overhauls           | 20.00                      | 20.00                      |
| Engines & Generators - Post 1987            | 12.78                      | Engines & Generators                       | 1.88                       | 2.03                       |
| Accessory Station Equipment                 | 11.23                      | Accessory Station Equipment                | 3.07                       | 2.73                       |
|   |                            | Fuel Storage & Handling                    | 2.28                       | 2.30                       |
| <b>TRANSMISSION</b>                         |                            | <b>TRANSMISSION</b>                        |                            |                            |
| Roads, Trails & Bridges                     | 2.25                       | Roads, Trails & Bridges                    | 2.51                       | 2.63                       |
| Metal Towers                                | 1.45                       | Metal Towers & Concrete Poles              | 1.51                       | 1.19                       |
| Metal Towers [HVDC Purchase]                | 1.92                       |  |                            |                            |
| Poles & Fixtures                            | 2.60                       | Poles & Fixtures                           | 2.49                       | 1.82                       |
| Concrete Poles                              | 1.41                       |  |                            |                            |
| Ground Line Treatment                       | 10.00                      | Ground Line Treatment                      | 10.00                      | 10.00                      |
| Conductor & Devices                         | 1.85                       | Overhead Conductor & Devices               | 1.62                       | 1.38                       |
| Conductor & Devices [HVDC Purchase]         | 2.37                       |  |                            |                            |
| Underground Conductor & Devices             | 2.38                       | Underground Cable & Devices                | 2.23                       | 2.19                       |
| <b>SUB-STATION</b>                          |                            | <b>SUB-STATIONS</b>                        |                            |                            |
| Structures & Improvements                   | 1.66                       | Buildings                                  | 1.49                       | 1.47                       |
| Structures & Improvements                   | 1.87                       | Building Renovations                       | 5.00                       | 4.52                       |
| Roads, Trails & Bridges                     | 2.18                       | Roads, Steel Structures & Civil Site Work  | 2.10                       | 1.94                       |
| Poles & Fixtures                            | 3.36                       | Poles & Fixtures                           | 3.25                       | 2.66                       |
| Serialized Equipment                        | 2.99                       | Power Transformers                         | 2.21                       | 2.28                       |
|   |                            | Other Transformers                         | 3.09                       | 2.91                       |
|   |                            | Interrupting Equipment                     | 2.41                       | 2.31                       |
| Accessory Station Equipment                 | 2.47                       | Other Station Equipment                    | 2.54                       | 2.46                       |
| Supervisory Equipment                       | 5.40                       | Electronic Equipment & Batteries           | 4.76                       | 4.50                       |
|   |                            | Synchronous Condensers & Unit Transformers | 1.68                       | 1.64                       |
| Serialized Equipment - HVDC System          | 3.79                       | Synchronous Condenser Overhauls            | 7.43                       | 7.67                       |
| Serialized Equipment [HVDC Purchase]        | 2.71                       | HVDC Converter Equipment                   | 4.13                       | 3.10                       |
| Accessory Station Equipment - HVDC System   | 4.07                       | HVDC Serialized Equipment                  | 4.18                       | 3.51                       |
| Accessory Station Equipment [HVDC Purchase] | 9.37                       | HVDC Accessory Station Equipment           | 2.85                       | 2.34                       |
| Supervisory Equipment - HVDC System         | 5.01                       | HVDC Electronic Equipment & Batteries      | 4.66                       | 3.88                       |

## Appendix 5.7 Electric Depreciation Rates

| Depreciable Group                                 | Effective<br>April 1, 2007 | Depreciable Group                              | Effective<br>April 1, 2011 | Effective<br>April 1, 2013 |
|---|----------------------------|--|----------------------------|----------------------------|
| <b><u>SUB-TRANSMISSION &amp; DISTRIBUTION</u></b> |                            | <b><u>DISTRIBUTION - 66 kV &amp; BELOW</u></b> |                            |                            |
| Roads, Trails & Bridges [Sub-Trans.]              | 1.97                       | Underground Duct & Conduit - Concrete          | 2.29                       | 2.35                       |
| Metal Towers [Sub-Trans.]                         | 2.91                       | Underground Duct - Roof                        | 2.08                       | 2.31                       |
| Poles, Conductor & Attachments [Sub-Trans.]       | 3.68                       | Metal Towers                                   | 1.99                       | 1.39                       |
| Poles, Conductor & Attachments [Distribution]     | 4.54                       | Poles & Fixtures                               | 2.10                       | 1.41                       |
| Groundline Treatment                              | 10.00                      | Overhead Conductor & Devices                   | 1.98                       | 1.54                       |
| Underground Conductor & Devices [Sub-Trans.]      | 3.35                       | Ground Line Treatment                          | 9.58                       | 9.58                       |
| Underground Conductor & Devices [Distribution]    | 2.44                       | Underground Cable & Devices - 66 Kv            | 1.48                       | 1.60                       |
| Serialized Equipment [Sub-Transmission]           | 6.01                       | Underground Cable & Devices - Primary          | 1.69                       | 1.69                       |
| Serialized Equipment [Distribution]               | 5.09                       | Underground Cable & Devices - Secondary        | 2.21                       | 2.21                       |
| Services  | 5.03                       | Serialized Equipment - Overhead                | 2.86                       | 2.49                       |
| Street Lighting                                   | 2.49                       | Serialized Equipment - Underground             | 2.62                       | 2.43                       |
|   |                            | DSC - High Voltage Transformers                | 2.19                       | 2.50                       |
|   |                            | Electronic Equipment                           | 10.00                      | 10.00                      |
|   |                            | Services                                       | 4.38                       | 3.01                       |
|   |                            | Street Lighting                                | 3.04                       | 2.61                       |
| <b><u>DISTRIBUTION - METERS</u></b>               |                            | <b><u>DISTRIBUTION METERS</u></b>              |                            |                            |
| Meters  | 3.47                       | Meters - Electronic                            | 6.10                       | 7.89                       |
| Metering Transformers                             | 1.17                       | Meters - Analog                                | 13.54                      | 14.38                      |
|   |                            | Metering Transformers                          | 2.20                       | 2.76                       |
| <b><u>COMMUNICATION</u></b>                       |                            | <b><u>COMMUNICATION</u></b>                    |                            |                            |
| Structures & Improvements                         | 1.85                       | Buildings                                      | 1.67                       | 1.69                       |
| Fibre Optic Cable                                 | 2.59                       | Building Renovations                           | 5.67                       | 5.28                       |
| Communication & Control Equipment                 | 6.01                       | Building - System Control Centre               | 1.68                       | 1.70                       |
| Fibre Optic Electronics                           | 6.71                       | Communication Towers                           | 1.82                       | 2.08                       |
|   |                            | Fibre Optic & Metallic Cable                   | 3.06                       | 3.95                       |
|   |                            | Carrier Equipment                              | 7.68                       | 8.85                       |
|   |                            | Operational IT Equipment                       | 22.97                      | 19.99                      |
|   |                            | Mobile Radio, Telephone & Video Conf.          | 10.24                      | 8.19                       |
|   |                            | Operational Data Network                       | 14.10                      | 13.19                      |
|   |                            | Power System Control                           | 11.16                      | 10.68                      |
| <b><u>MOTOR VEHICLES</u></b>                      |                            | <b><u>MOTOR VEHICLES</u></b>                   |                            |                            |
| Passenger Vehicles                                | 7.34                       | Passenger Vehicles                             | 11.09                      | 13.67                      |
| Light Trucks                                      | 9.10                       | Light Trucks                                   | 7.85                       | 8.79                       |
| Heavy Trucks                                      | 6.08                       | Heavy Trucks                                   | 5.83                       | 7.17                       |
| Construction Equipment                            | 4.57                       | Construction Equipment                         | 5.27                       | 6.30                       |
| Large Soft-Track Equipment                        | 3.39                       | Large Soft-Track Equipment                     | 4.28                       | 4.97                       |
| Trailers  | 2.00                       | Trailers                                       | 1.94                       | 2.18                       |
| Miscellaneous Vehicles                            | 11.79                      | Miscellaneous Vehicles                         | 5.93                       | 6.99                       |
| <b><u>BUILDINGS</u></b>                           |                            | <b><u>BUILDINGS</u></b>                        |                            |                            |
| Buildings - Wood                                  | 1.69                       | Buildings - General                            | 1.59                       | 1.58                       |
| Buildings - Concrete                              | 1.99                       | Building Renovations                           | 7.14                       | 6.66                       |
| Buildings - Metal                                 | 1.88                       | Building - 360 Portage - Civil                 | 1.00                       | 1.06                       |
| Buildings - 360 Portage                           | 1.18                       | Building - 360 Portage - Electro/Mechanical    | 2.21                       | 3.10                       |
| <b><u>GENERAL EQUIPMENT</u></b>                   |                            | <b><u>GENERAL EQUIPMENT</u></b>                |                            |                            |
| Tools, Shop & Garage Equipment                    | 6.67                       | Tools, Shop & Garage Equipment                 | 7.74                       | 7.74                       |
| Computer Equipment                                | 20.00                      | Computer Equipment                             | 28.48                      | 28.48                      |
| Office Furniture & Equipment                      | 6.67                       | Office Furniture & Equipment                   | 4.81                       | 4.81                       |
| Hot Water Tanks                                   | 6.67                       | Hot Water Tanks                                | 21.20                      | 21.20                      |
| Bill Inserter                                     | 14.29                      |  |                            |                            |
| Fire Retardant Clothing                           | 20.00                      |  |                            |                            |
| <b><u>INTANGIBLE ASSETS</u></b>                   |                            | <b><u>INTANGIBLE ASSETS</u></b>                |                            |                            |
| Easements   | 1.33                       | Easements                                      | 1.28                       | 1.49                       |
| Computer Application                              | 10.00                      | Computer Development - Major Systems           | 9.37                       | 10.43                      |
|   |                            | Computer Development - Small Systems           | 10.00                      | 10.00                      |
|   |                            | Computer Software - General                    | 23.36                      | 19.76                      |
|   |                            | Computer Software - Communic./Operational      | 13.93                      | 13.93                      |
|   |                            | Operational Sys. Major Software EMS/SCADA      | 23.35                      | 23.08                      |
| <b>COMPOSITE (WEIGHTED AVERAGE) RATE</b>          | <b>2.95</b>                | <b>COMPOSITE (WEIGHTED AVERAGE) RATE</b>       | <b>2.59</b>                | <b>2.44</b>                |



*Excellence Delivered **As Promised***

January 13, 2012

Manitoba Hydro  
360 Portage Avenue  
Winnipeg, Manitoba  
R3C 0G8

Attention: Mr. Vince Warden  
Vice President, Finance & Administration  
And Chief Financial Officer

Ladies and Gentlemen:

Pursuant to your request, we have calculated depreciation rates based on your original cost as of March 31, 2010 using the depreciation calculation procedures that were approved in your last depreciation study, namely the use of the Average Service Life ("ASL") procedure and incorporation of estimated net negative salvage percentages. The attached schedules provide a summary of the depreciation rates related to the electric generation, transmission, substation, distribution and general plant assets of Manitoba Hydro (or "the Company") as of March 31, 2010.

The calculated annual depreciation accrual rates presented in the report are applicable to plant in service as of March 31, 2010. The depreciation rates are based on the average service life estimates and interim survivor curve determinations as recently completed in the full depreciation study report. The net salvage percentages used in the enclosed schedules of depreciation rates were based on the net salvage percentages as approved in your last depreciation study.

Gannett Fleming has calculated and is providing these requested schedules of depreciation rates in order to provide continuity from the last depreciation study, through the transition to the depreciation rates as provided in the recently completed Gannett Fleming Depreciation Study report.

**Gannett Fleming Canada ULC**

Suite 277 • 200 Rivercrest Drive S.E. • Calgary, AB T2C 2X5 • Canada  
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*Excellence Delivered **As Promised***

As the attached schedules are a work product of Gannett Fleming, we ask that this cover letter be provided any time that the attached schedules are distributed. Gannett Fleming does, however, authorize the distribution of the electronic version of the attached schedules.

Respectfully submitted,

GANNETT FLEMING CANADA ULC

A handwritten signature in black ink, appearing to read "L. Kennedy", written over a light grey rectangular background.

LARRY E. KENNEDY  
Vice President

LEK/hac  
Project: 052988.200  
/Attachments - 2

**Gannett Fleming Canada ULC**

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MANITOBA HYDRO

SCHEDULE 1. ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENTS, ORIGINAL COST AND ANNUAL ACCRUALS  
FOR THE TWELVE MONTHS ENDED MARCH 31, 2010  
(USE OF THE ASL PROCEDURE)

| ACCOUNT      | DEPRECIABLE WORK<br>(1)                  | LIFE SPAN DATE | SURVIVOR CURVE<br>(2) | NET SALVAGE<br>(3) | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(4) | CALCULATED ANNUAL ACCRUAL AMOUNT<br>(5) | RATE (%)<br>(6)=(5)/(4) | ANNUAL PROVISION FOR TRUE-UP<br>(7) | TOTAL DEPRECIATION EXPENSE<br>(8)=(5)+(7) | RATE (%)<br>(9)=(8)/(4) |
|--------------|--|----------------|-----------------------|--------------------|---|---|-------------------------|-------------------------------------|---|-------------------------|
| <b>10000</b> | <b>GENERATION</b>                        |                |                       |                    |   |   |                         |                                     |   |                         |
| <b>11000</b> | <b>HYDRAULIC GENERATION</b>              |                |                       |                    |   |   |                         |                                     |   |                         |
| <b>11050</b> | <b>GREAT FALLS</b>                       |                |                       |                    |   |   |                         |                                     |   |                         |
| 1105A        | DAMS, DYKES AND WEIRS                    | 2063           | 125-R4                | (10)               | 17,302,772  | 238,985                                 | 1.38                    | (16,829)                            | 222,156                                   | 1.28                    |
| 1105B        | POWERHOUSE                               | 2063           | 125-R4                | (10)               | 7,990,993   | 109,555                                 | 1.37                    | (8,305)                             | 101,250                                   | 1.27                    |
| 1105C        | POWERHOUSE RENOVATIONS                   | 2063           | 25-SQ                 | (10)               |   |   |                         |                                     |   | 4.40 **                 |
| 1105D        | SPILLWAY                                 | 2063           | 75-R2                 | (10)               | 9,676,327   | 163,925                                 | 1.69                    | (10,492)                            | 153,433                                   | 1.59                    |
| 1105E        | WATER CONTROL SYSTEMS                    | 2063           | 50-S4                 | (10)               | 24,245,253  | 535,198                                 | 2.21                    | (33,000)                            | 502,198                                   | 2.07                    |
| 1105F        | ROADS AND SITE IMPROVEMENTS              | 2063           | 50-R3                 | (10)               | 213,964   | 5,020                                   | 2.35                    | (29)                                | 4,991                                     | 2.33                    |
| 1105G        | TURBINES AND GENERATORS                  | 2063           | 65-S3                 | (10)               | 25,128,789  | 476,981                                 | 1.90                    | (20,626)                            | 456,355                                   | 1.82                    |
| 1105H        | GOVERNORS AND EXCITATION SYSTEM          | 2063           | 50-R4                 | (10)               | 482,218   | 10,949                                  | 2.22                    | (948)                               | 10,401                                    | 2.11                    |
| 1105L        | LICENCE RENEWAL                          | 2063           | 50-SQ                 | 0                  |   |   |                         |                                     |   | 2.00 **                 |
| 1105P        | A/C ELECTRICAL POWER SYSTEMS             | 2063           | 50-R3                 | (10)               | 9,493,088   | 211,271                                 | 2.23                    | (12,083)                            | 199,188                                   | 2.10                    |
| 1105Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2063           | 23-L2                 | (10)               | 19,271,956  | 899,389                                 | 4.67                    | (45,393)                            | 853,996                                   | 4.43                    |
| 1105R        | AUXILIARY STATION PROCESSES              | 2063           | 40-R2.5               | (10)               | 8,345,798   | 228,986                                 | 2.74                    | (13,147)                            | 215,839                                   | 2.59                    |
| 1105X        | SUPPORT BUILDINGS                        | 2063           | 65-R3                 | (10)               | 1,495,253   | 27,670                                  | 1.85                    | (1,875)                             | 25,795                                    | 1.73                    |
| 1105W        | SUPPORT BUILDING RENOVATIONS             | 2063           | 20-SQ                 | (10)               |   |   |                         |                                     |   | 5.50 **                 |
|              | <b>TOTAL GREAT FALLS</b>                 |                |                       |                    | <b>123,656,412</b>                                  | <b>2,907,929</b>                        | <b>2.35</b>             | <b>(162,327)</b>                    | <b>2,745,602</b>                          | <b>2.22</b>             |
| <b>11100</b> | <b>POINTE DU BOIS</b>                    |                |                       |                    |   |   |                         |                                     |   |                         |
| 1110A        | DAMS, DYKES AND WEIRS                    | 2031           | 125-R4                | (10)               | 11,263,332  | 491,508                                 | 4.36                    | (82,462)                            | 409,046                                   | 3.63                    |
| 1110B        | POWERHOUSE                               | 2031           | 125-R4                | (10)               | 6,242,749   | 298,076                                 | 4.77                    | (24,130)                            | 273,946                                   | 4.39                    |
| 1110C        | POWERHOUSE RENOVATIONS                   | 2031           | 25-SQ                 | (10)               |   |   |                         |                                     |   | 5.24 **                 |
| 1110D        | SPILLWAY - ORIGINAL                      | 2017           | 75-R2                 | 0                  | 3,104,842   | 344,107                                 | 11.08                   | (85,021)                            | 259,086                                   | 8.34                    |
| 1110E        | WATER CONTROL SYSTEMS                    | 2031           | 50-S4                 | (10)               | 4,027,603   | 168,173                                 | 4.18                    | (35,621)                            | 132,552                                   | 3.29                    |
| 1110F        | ROADS AND SITE IMPROVEMENTS              | 2031           | 50-R3                 | (10)               | 28,533  | 1,208                                   | 4.23                    | (266)                               | 942                                       | 3.30                    |
| 1110G        | TURBINES AND GENERATORS                  | 2031           | 65-S3                 | (10)               | 24,610,324  | 1,123,496                               | 4.57                    | (138,078)                           | 985,418                                   | 4.00 *                  |
| 1110H        | GOVERNORS AND EXCITATION SYSTEM          | 2031           | 50-R4                 | (10)               |   |   |                         |                                     |   | 5.24 **                 |
| 1110L        | LICENCE RENEWAL                          | 2031           | 50-SQ                 | 0                  |   |   |                         |                                     |   | 4.76                    |
| 1110P        | A/C ELECTRICAL POWER SYSTEMS             | 2031           | 50-R3                 | (10)               | 6,057,709   | 296,661                                 | 4.90                    | (20,819)                            | 275,842                                   | 4.55                    |
| 1110Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2031           | 23-L2                 | (10)               | 355,959   | 20,419                                  | 5.74                    | (2,381)                             | 18,038                                    | 5.07                    |
| 1110R        | AUXILIARY STATION PROCESSES              | 2031           | 40-R2.5               | (10)               | 1,377,014   | 65,027                                  | 4.72                    | (10,107)                            | 54,920                                    | 3.99                    |
| 1110X        | SUPPORT BUILDINGS                        | 2031           | 65-R3                 | (10)               | 2,616,290   | 103,919                                 | 3.97                    | (29,103)                            | 74,816                                    | 2.86 **                 |
| 1110W        | SUPPORT BUILDING RENOVATIONS             | 2031           | 20-SQ                 | (10)               |   |   |                         |                                     |   | 5.50 *                  |
| 1111D        | SPILLWAY - NEW                           |                | 75-R2                 | (10)               |   |   |                         |                                     |   | 1.47 *                  |
|              | <b>TOTAL POINTE DU BOIS</b>              |                |                       |                    | <b>59,683,956</b>                                   | <b>2,912,594</b>                        | <b>4.88</b>             | <b>(427,989)</b>                    | <b>2,484,605</b>                          | <b>4.16</b>             |
| <b>11150</b> | <b>SEVEN SISTERS</b>                     |                |                       |                    |   |   |                         |                                     |   |                         |
| 1115A        | DAMS, DYKES AND WEIRS                    | 2072           | 125-R4                | (10)               | 31,497,995  | 386,490                                 | 1.23                    | (60,803)                            | 325,687                                   | 1.03                    |
| 1115B        | POWERHOUSE                               | 2072           | 125-R4                | (10)               | 13,653,945  | 157,769                                 | 1.16                    | (34,219)                            | 123,550                                   | 0.90                    |
| 1115C        | POWERHOUSE RENOVATIONS                   | 2072           | 25-SQ                 | (10)               |   |   |                         |                                     |   | 4.40 **                 |
| 1115D        | SPILLWAY                                 | 2072           | 75-R2                 | (10)               | 2,841,355   | 40,970                                  | 1.44                    | (7,812)                             | 33,158                                    | 1.17                    |
| 1115E        | WATER CONTROL SYSTEMS                    | 2072           | 50-S4                 | (10)               | 4,296,891   | 94,567                                  | 2.20                    | (17,127)                            | 77,440                                    | 1.80                    |
| 1115F        | ROADS AND SITE IMPROVEMENTS              | 2072           | 65-R3                 | (10)               | 201,701   | 4,456                                   | 2.21                    | (744)                               | 3,712                                     | 1.64                    |
| 1115G        | TURBINES AND GENERATORS                  | 2072           | 50-S3                 | (10)               | 41,208,963  | 737,500                                 | 1.79                    | (62,085)                            | 675,415                                   | 1.64                    |
| 1115H        | GOVERNORS AND EXCITATION SYSTEM          | 2072           | 50-R4                 | (10)               | 6,860   | 151                                     | 2.20                    | (379)                               | (228)                                     | 2.00                    |
| 1115L        | LICENCE RENEWAL                          | 2072           | 50-SQ                 | 0                  |   |   |                         |                                     |   | 2.00 **                 |
| 1115P        | A/C ELECTRICAL POWER SYSTEMS             | 2072           | 50-R3                 | (10)               | 10,648,619  | 234,601                                 | 2.20                    | (31,151)                            | 203,450                                   | 1.91                    |
| 1115Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2072           | 23-L2                 | (10)               | 3,821,416   | 182,855                                 | 4.79                    | (40,388)                            | 142,467                                   | 3.73                    |
| 1115R        | AUXILIARY STATION PROCESSES              | 2072           | 40-R2.5               | (10)               | 5,224,958   | 134,972                                 | 2.58                    | (23,517)                            | 111,455                                   | 2.13                    |
| 1115X        | SUPPORT BUILDINGS                        | 2072           | 65-R3                 | (10)               | 608,294   | 11,185                                  | 1.84                    | (628)                               | 10,557                                    | 1.74                    |
| 1115W        | SUPPORT BUILDING RENOVATIONS             | 2072           | 20-SQ                 | (10)               |   |   |                         |                                     |   | 5.50 **                 |
|              | <b>TOTAL SEVEN SISTERS</b>               |                |                       |                    | <b>114,010,998</b>                                  | <b>1,985,516</b>                        | <b>1.74</b>             | <b>(278,855)</b>                    | <b>1,706,661</b>                          | <b>1.50</b>             |

MANITOBA HYDRO

SCHEDULE 1. ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENTS, ORIGINAL COST AND ANNUAL ACCRUALS  
FOR THE TWELVE MONTHS ENDED MARCH 31, 2010  
(USE OF THE ASL PROCEDURE)

| ACCOUNT      | DEPRECIABLE WORK<br>(1)                  | LIFE SPAN DATE | SURVIVOR CURVE<br>(2) | NET SALVAGE<br>(3) | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(4) | CALCULATED ANNUAL ACCRUAL AMOUNT<br>(5) | RATE (%)<br>(6)=(5)/(4) | ANNUAL PROVISION FOR TRUE-UP<br>(7) | TOTAL DEPRECIATION EXPENSE<br>(8)=(5)+(7) | RATE (%)<br>(9)=(8)/(4) |
|--------------|--|----------------|-----------------------|--------------------|---|---|-------------------------|-------------------------------------|---|-------------------------|
| <b>11200</b> | <b>SLAVE FALLS</b>                       |                |                       |                    |   |   |                         |                                     |   |                         |
| 1120A        | DAMS, DYKES AND WEIRS                    | 2072           | 125-R4                | (10)               | 954,684   | 16,233                                  | 1.70                    | (84)                                | 16,149                                    | 1.69                    |
| 1120B        | POWERHOUSE                               | 2072           | 125-R4                | (10)               | 45,692,194  | 729,914                                 | 1.60                    | (9,268)                             | 720,646                                   | 1.58                    |
| 1120C        | POWERHOUSE RENOVATIONS                   | 2072           | 25-SQ                 | (10)               |   |   |                         |                                     |   | 4.40 **                 |
| 1120D        | SPILLWAY                                 | 2072           | 75-R2                 | (10)               | 760,201   | 14,295                                  | 1.88                    | (103)                               | 14,192                                    | 1.87                    |
| 1120E        | WATER CONTROL SYSTEMS                    | 2072           | 50-S4                 | (10)               | 318,933   | 7,022                                   | 2.20                    | (59)                                | 6,963                                     | 2.18                    |
| 1120F        | ROADS AND SITE IMPROVEMENTS              | 2072           | 50-R3                 | (10)               | 769,506   | 17,098                                  | 2.22                    | (177)                               | 16,921                                    | 2.20                    |
| 1120G        | TURBINES AND GENERATORS                  | 2072           | 65-S3                 | (10)               | 11,630,909  | 211,168                                 | 1.82                    | (3,143)                             | 208,025                                   | 1.79                    |
| 1120H        | GOVERNORS AND EXCITATION SYSTEM          | 2072           | 50-R4                 | (10)               |   |   |                         |                                     |   | 2.20 *                  |
| 1120L        | LICENCE RENEWAL                          | 2072           | 50-SQ                 | 0                  |   |   |                         |                                     |   | 2.00 **                 |
| 1120P        | A/C ELECTRICAL POWER SYSTEMS             | 2072           | 50-R3                 | (10)               | 21,815,741  | 485,981                                 | 2.23                    | (4,334)                             | 481,647                                   | 2.21                    |
| 1120Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2072           | 23-L2                 | (10)               | 786,382   | 37,628                                  | 4.78                    | (491)                               | 37,137                                    | 4.72                    |
| 1120R        | AUXILIARY STATION PROCESSES              | 2072           | 40-R2.5               | (10)               | 2,201,466   | 60,540                                  | 2.75                    | (440)                               | 60,100                                    | 2.73                    |
| 1120X        | SUPPORT BUILDINGS                        | 2072           | 65-R3                 | (10)               | 3,724,095   | 88,422                                  | 1.84                    | (1,005)                             | 67,417                                    | 1.81                    |
| 1120W        | SUPPORT BUILDING RENOVATIONS             | 2072           | 20-SQ                 | (10)               |   |   |                         |                                     |   | 5.50 **                 |
|              | <b>TOTAL SLAVE FALLS</b>                 |                |                       |                    | <b>88,654,109</b>                                   | <b>1,648,301</b>                        | <b>1.86</b>             | <b>(19,103)</b>                     | <b>1,629,198</b>                          | <b>1.84</b>             |
| <b>11250</b> | <b>PINE FALLS</b>                        |                |                       |                    |   |   |                         |                                     |   |                         |
| 1125A        | DAMS, DYKES AND WEIRS                    | 2092           | 125-R4                | (10)               | 14,110,589  | 170,023                                 | 1.20                    | (4,444)                             | 165,579                                   | 1.17                    |
| 1125B        | POWERHOUSE                               | 2092           | 125-R4                | (10)               | 10,060,843  | 94,485                                  | 0.94                    | (11,302)                            | 83,183                                    | 0.83                    |
| 1125C        | POWERHOUSE RENOVATIONS                   | 2092           | 25-SQ                 | (10)               |   |   |                         |                                     |   | 4.40 **                 |
| 1125D        | SPILLWAY                                 | 2092           | 75-R2                 | (10)               | 93,376  | 1,505                                   | 1.61                    | (6)                                 | 1,499                                     | 1.60                    |
| 1125E        | WATER CONTROL SYSTEMS                    | 2092           | 50-S4                 | (10)               | 3,564,106   | 78,410                                  | 2.20                    | (9,007)                             | 69,403                                    | 1.95                    |
| 1125F        | ROADS AND SITE IMPROVEMENTS              | 2092           | 50-R3                 | (10)               | 1,176,575   | 25,929                                  | 2.20                    | (4,557)                             | 21,372                                    | 1.81                    |
| 1125G        | TURBINES AND GENERATORS                  | 2092           | 65-S3                 | (10)               | 9,464,220   | 160,333                                 | 1.69                    | (21,435)                            | 138,898                                   | 1.47                    |
| 1125H        | GOVERNORS AND EXCITATION SYSTEM          | 2092           | 50-R4                 | (10)               |   |   |                         |                                     |   | 2.20 *                  |
| 1125L        | LICENCE RENEWAL                          | 2092           | 50-SQ                 | 0                  |   |   |                         |                                     |   | 2.00 **                 |
| 1125P        | A/C ELECTRICAL POWER SYSTEMS             | 2092           | 50-R3                 | (10)               | 5,071,108   | 111,564                                 | 2.20                    | (6,896)                             | 104,668                                   | 2.06                    |
| 1125Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2092           | 23-L2                 | (10)               | 2,156,586   | 103,193                                 | 4.79                    | (11,485)                            | 91,708                                    | 4.25                    |
| 1125R        | AUXILIARY STATION PROCESSES              | 2092           | 40-R2.5               | (10)               | 3,790,230   | 104,231                                 | 2.75                    | (7,987)                             | 96,244                                    | 2.54                    |
| 1125X        | SUPPORT BUILDINGS                        | 2092           | 65-R3                 | (10)               | 336,412   | 5,699                                   | 1.69                    | (268)                               | 5,430                                     | 1.61                    |
| 1125W        | SUPPORT BUILDING RENOVATIONS             | 2092           | 20-SQ                 | (10)               |   |   |                         |                                     |   | 5.50 **                 |
| 1125Z        | COMMUNITY DEVELOPMENT COSTS              | 2092           | 81-SQ                 | 0                  | 4,425,543   | 54,434                                  | 1.23                    | (2,471)                             | 51,963                                    | 1.17 **                 |
|              | <b>TOTAL PINE FALLS</b>                  |                |                       |                    | <b>54,251,587</b>                                   | <b>909,806</b>                          | <b>1.68</b>             | <b>(79,858)</b>                     | <b>829,948</b>                            | <b>1.53</b>             |
| <b>11300</b> | <b>MCARTHUR FALLS</b>                    |                |                       |                    |   |   |                         |                                     |   |                         |
| 1130A        | DAMS, DYKES AND WEIRS                    | 2095           | 125-R4                | (10)               | 3,578,068   | 35,150                                  | 0.98                    | (2,609)                             | 32,541                                    | 0.91                    |
| 1130B        | POWERHOUSE                               | 2095           | 125-R4                | (10)               | 9,523,798   | 88,239                                  | 0.93                    | (8,742)                             | 79,497                                    | 0.83                    |
| 1130C        | POWERHOUSE RENOVATIONS                   | 2095           | 25-SQ                 | (10)               |   |   |                         |                                     |   | 4.40 **                 |
| 1130D        | SPILLWAY                                 | 2095           | 75-R2                 | (10)               | 2,351,438   | 34,402                                  | 1.46                    | (6,451)                             | 27,951                                    | 1.19                    |
| 1130E        | WATER CONTROL SYSTEMS                    | 2095           | 50-S4                 | (10)               | 11,703,203  | 257,470                                 | 2.20                    | (16,879)                            | 240,591                                   | 2.06                    |
| 1130F        | ROADS AND SITE IMPROVEMENTS              | 2095           | 50-R3                 | (10)               | 234,820   | 5,166                                   | 2.20                    | (489)                               | 4,677                                     | 1.99                    |
| 1130G        | TURBINES AND GENERATORS                  | 2095           | 65-S3                 | (10)               | 5,096,367   | 86,332                                  | 1.69                    | (32,214)                            | 54,118                                    | 1.06                    |
| 1130H        | GOVERNORS AND EXCITATION SYSTEM          | 2095           | 50-R4                 | (10)               | 119,315   | 2,625                                   | 2.20                    | (121)                               | 2,504                                     | 2.10                    |
| 1130L        | LICENCE RENEWAL                          | 2095           | 50-SQ                 | 0                  |   |   |                         |                                     |   | 2.00 **                 |
| 1130P        | A/C ELECTRICAL POWER SYSTEMS             | 2095           | 50-R3                 | (10)               | 2,480,539   | 54,572                                  | 2.20                    | (7,535)                             | 47,037                                    | 1.90                    |
| 1130Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2095           | 23-L2                 | (10)               | 1,245,885   | 59,616                                  | 4.79                    | (6,197)                             | 53,419                                    | 4.29                    |
| 1130R        | AUXILIARY STATION PROCESSES              | 2095           | 40-R2.5               | (10)               | 3,440,197   | 94,605                                  | 2.75                    | (5,940)                             | 88,665                                    | 2.58                    |
| 1130X        | SUPPORT BUILDINGS                        | 2095           | 65-R3                 | (10)               | 227,212   | 3,849                                   | 1.69                    | (156)                               | 3,693                                     | 1.63                    |
| 1130W        | SUPPORT BUILDING RENOVATIONS             | 2095           | 20-SQ                 | (10)               |   |   |                         |                                     |   | 5.50 **                 |
|              | <b>TOTAL MCARTHUR FALLS</b>              |                |                       |                    | <b>40,000,842</b>                                   | <b>722,026</b>                          | <b>1.81</b>             | <b>(87,333)</b>                     | <b>634,693</b>                            | <b>1.59</b>             |

MANITOBA HYDRO

SCHEDULE 1. ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENTS, ORIGINAL COST AND ANNUAL ACCRUALS  
FOR THE TWELVE MONTHS ENDED MARCH 31, 2010  
(USE OF THE ASL PROCEDURE)

| ACCOUNT      | DEPRECIABLE WORK<br>(1)                  | LIFE SPAN DATE | SURVIVOR CURVE<br>(2) | NET SALVAGE<br>(3) | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(4) | CALCULATED ANNUAL ACCRUAL AMOUNT<br>(5) | RATE (%)<br>(6)=(5)/(4) | ANNUAL PROVISION FOR TRUE-UP<br>(7) | TOTAL DEPRECIATION EXPENSE<br>(8)=(5)+(7) | RATE (%)<br>(9)=(8)/(4) |
|--------------|--|----------------|-----------------------|--------------------|---|---|-------------------------|-------------------------------------|---|-------------------------|
| <b>11350</b> | <b>KELSEY</b>                            |                |                       |                    |   |   |                         |                                     |   |                         |
| 1135A        | DAMS, DYKES AND WEIRS                    | 2101           | 125-R4                | (10)               | 11,066,409  | 118,604                                 | 1.07                    | (2,046)                             | 116,558                                   | 1.05                    |
| 1135B        | POWERHOUSE                               | 2101           | 125-R4                | (10)               | 27,569,817  | 256,025                                 | 0.93                    | (11,217)                            | 244,808                                   | 0.89                    |
| 1135C        | POWERHOUSE RENOVATIONS                   | 2101           | 25-SQ                 | (10)               |   |   |                         |                                     |   | 4.40 ***                |
| 1135D        | SPILLWAY                                 | 2101           | 75-R2                 | (10)               | 5,331,929   | 78,006                                  | 1.46                    | (6,786)                             | 71,220                                    | 1.34                    |
| 1135E        | WATER CONTROL SYSTEMS                    | 2101           | 50-S4                 | (10)               | 11,792,566  | 259,436                                 | 2.20                    | (12,855)                            | 246,581                                   | 2.09                    |
| 1135F        | ROADS AND SITE IMPROVEMENTS              | 2101           | 50-R3                 | (10)               | 6,442,928   | 141,744                                 | 2.20                    | (9,348)                             | 132,396                                   | 2.05                    |
| 1135G        | TURBINES AND GENERATORS                  | 2101           | 65-S3                 | (10)               | 130,323,693   | 2,207,683                               | 1.69                    | (12,933)                            | 2,194,750                                 | 1.68                    |
| 1135H        | GOVERNORS AND EXCITATION SYSTEM          | 2101           | 50-R4                 | (10)               | 88,651  | 1,950                                   | 2.20                    | (55)                                | 1,895                                     | 2.14                    |
| 1135L        | LICENCE RENEWAL                          | 2101           | 50-SQ                 | 0                  |   |   |                         |                                     |   | 2.00 ***                |
| 1135P        | A/C ELECTRICAL POWER SYSTEMS             | 2101           | 50-R3                 | (10)               | 5,751,610   | 126,535                                 | 2.20                    | (9,565)                             | 116,970                                   | 2.03                    |
| 1135Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2101           | 23-L2                 | (10)               | 3,595,490   | 172,044                                 | 4.78                    | (7,271)                             | 164,773                                   | 4.58                    |
| 1135R        | AUXILIARY STATION PROCESSES              | 2101           | 40-R2.5               | (10)               | 7,788,815   | 214,192                                 | 2.75                    | (9,235)                             | 204,957                                   | 2.63                    |
| 1135X        | SUPPORT BUILDINGS                        | 2101           | 65-R3                 | (10)               | 9,953,977   | 188,620                                 | 1.69                    | (2,711)                             | 165,909                                   | 1.67                    |
| 1135W        | SUPPORT BUILDING RENOVATIONS             | 2101           | 20-SQ                 | (10)               |   |   |                         |                                     |   | 5.50 ***                |
|              | <b>TOTAL KELSEY</b>                      |                |                       |                    | <b>219,705,886</b>                                  | <b>3,744,859</b>                        | <b>1.70</b>             | <b>(84,022)</b>                     | <b>3,660,817</b>                          | <b>1.67</b>             |
| <b>11400</b> | <b>GRAND RAPIDS</b>                      |                |                       |                    |   |   |                         |                                     |   |                         |
| 1140A        | DAMS, DYKES AND WEIRS                    | 2091           | 125-R4                | (10)               | 53,468,974  | 555,421                                 | 1.04                    | (30,489)                            | 524,932                                   | 0.98                    |
| 1140B        | POWERHOUSE                               | 2091           | 125-R4                | (10)               | 24,506,522  | 240,389                                 | 0.98                    | (16,737)                            | 223,652                                   | 0.91                    |
| 1140C        | POWERHOUSE RENOVATIONS                   | 2091           | 25-SQ                 | (10)               |   |   |                         |                                     |   | 4.40 ***                |
| 1140D        | SPILLWAY                                 | 2091           | 75-R2                 | (10)               | 5,308,334   | 77,804                                  | 1.47                    | (8,835)                             | 68,969                                    | 1.30                    |
| 1140E        | WATER CONTROL SYSTEMS                    | 2091           | 50-S4                 | (10)               | 15,982,492  | 351,615                                 | 2.20                    | (65,570)                            | 286,045                                   | 1.79                    |
| 1140F        | ROADS AND SITE IMPROVEMENTS              | 2091           | 50-R3                 | (10)               | 2,581,475   | 56,792                                  | 2.20                    | (13,491)                            | 43,301                                    | 1.68                    |
| 1140G        | TURBINES AND GENERATORS                  | 2091           | 65-S3                 | (10)               | 113,066,160   | 1,920,457                               | 1.70                    | (61,682)                            | 1,858,775                                 | 1.64                    |
| 1140H        | GOVERNORS AND EXCITATION SYSTEM          | 2091           | 50-R4                 | (10)               | 42,718  | 940                                     | 2.20                    | (32)                                | 908                                       | 2.13                    |
| 1140L        | LICENCE RENEWAL                          | 2091           | 50-SQ                 | 0                  |   |   |                         |                                     |   | 2.00 ***                |
| 1140P        | A/C ELECTRICAL POWER SYSTEMS             | 2091           | 50-R3                 | (10)               | 8,240,545   | 181,292                                 | 2.20                    | (10,702)                            | 170,590                                   | 2.07                    |
| 1140Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2091           | 23-L2                 | (10)               | 4,674,247   | 223,663                                 | 4.79                    | (32,854)                            | 190,809                                   | 4.08                    |
| 1140R        | AUXILIARY STATION PROCESSES              | 2091           | 40-R2.5               | (10)               | 5,600,506   | 154,014                                 | 2.75                    | (7,004)                             | 147,010                                   | 2.62                    |
| 1140X        | SUPPORT BUILDINGS                        | 2091           | 65-R3                 | (10)               | 6,190,376   | 105,161                                 | 1.70                    | (2,598)                             | 102,562                                   | 1.66                    |
| 1140W        | SUPPORT BUILDING RENOVATIONS             | 2091           | 20-SQ                 | (10)               |   |   |                         |                                     |   | 5.50 ***                |
| 1140Z        | COMMUNITY DEVELOPMENT COSTS              | 2091           | 80-SQ                 | 0                  | 101,442,997   | 1,288,037                               | 1.25                    | (90,628)                            | 1,177,409                                 | 1.16 **                 |
|              | <b>TOTAL GRAND RAPIDS</b>                |                |                       |                    | <b>341,105,346</b>                                  | <b>5,135,595</b>                        | <b>1.51</b>             | <b>(340,623)</b>                    | <b>4,794,972</b>                          | <b>1.41</b>             |
| <b>11450</b> | <b>KETTLE</b>                            |                |                       |                    |   |   |                         |                                     |   |                         |
| 1145A        | DAMS, DYKES AND WEIRS                    | 2111           | 125-R4                | (10)               | 45,280,663  | 414,201                                 | 0.91                    | (23,299)                            | 390,902                                   | 0.86                    |
| 1145B        | POWERHOUSE                               | 2111           | 125-R4                | (10)               | 146,207,420   | 1,340,586                               | 0.92                    | (74,373)                            | 1,266,213                                 | 0.87                    |
| 1145C        | POWERHOUSE RENOVATIONS                   | 2111           | 25-SQ                 | (10)               |   |   |                         |                                     |   | 4.40 ***                |
| 1145D        | SPILLWAY                                 | 2111           | 75-R2                 | (10)               | 25,406,960  | 371,704                                 | 1.46                    | (34,043)                            | 337,661                                   | 1.33                    |
| 1145E        | WATER CONTROL SYSTEMS                    | 2111           | 50-S4                 | (10)               | 17,834,945  | 392,369                                 | 2.20                    | (115,814)                           | 276,555                                   | 1.55                    |
| 1145F        | ROADS AND SITE IMPROVEMENTS              | 2111           | 50-R3                 | (10)               | 10,591  | 233                                     | 2.20                    | (7)                                 | 226                                       | 2.14                    |
| 1145G        | TURBINES AND GENERATORS                  | 2111           | 65-S3                 | (10)               | 70,740,028  | 1,198,336                               | 1.69                    | (154,283)                           | 1,044,053                                 | 1.48                    |
| 1145H        | GOVERNORS AND EXCITATION SYSTEM          | 2111           | 50-R4                 | (10)               | 3,304,326   | 72,695                                  | 2.20                    | (17,985)                            | 54,710                                    | 1.66                    |
| 1145L        | LICENCE RENEWAL                          | 2111           | 50-SQ                 | 0                  |   |   |                         |                                     |   | 2.00 ***                |
| 1145P        | A/C ELECTRICAL POWER SYSTEMS             | 2111           | 50-R3                 | (10)               | 6,771,761   | 148,979                                 | 2.20                    | (10,563)                            | 138,416                                   | 2.04                    |
| 1145Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2111           | 23-L2                 | (10)               | 12,001,279  | 474,261                                 | 4.78                    | (81,473)                            | 492,788                                   | 4.11                    |
| 1145R        | AUXILIARY STATION PROCESSES              | 2111           | 40-R2.5               | (10)               | 15,361,985  | 422,455                                 | 2.75                    | (47,108)                            | 375,347                                   | 2.44                    |
| 1145X        | SUPPORT BUILDINGS                        | 2111           | 65-R3                 | (10)               | 3,908,404   | 66,208                                  | 1.69                    | (9,217)                             | 56,991                                    | 1.46                    |
| 1145W        | SUPPORT BUILDING RENOVATIONS             | 2111           | 20-SQ                 | (10)               |   |   |                         |                                     |   | 5.50 ***                |
|              | <b>TOTAL KETTLE</b>                      |                |                       |                    | <b>346,826,362</b>                                  | <b>5,002,027</b>                        | <b>1.44</b>             | <b>(568,166)</b>                    | <b>4,433,861</b>                          | <b>1.28</b>             |

MANITOBA HYDRO

SCHEDULE 1. ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENTS, ORIGINAL COST AND ANNUAL ACCRUALS  
FOR THE TWELVE MONTHS ENDED MARCH 31, 2010  
(USE OF THE ASL PROCEDURE)

| ACCOUNT      | DEPRECIABLE WORK<br>(1)                  | LIFE SPAN DATE | SURVIVOR CURVE<br>(2) | NET SALVAGE<br>(3) | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(4) | CALCULATED ANNUAL ACCRUAL AMOUNT<br>(5) | RATE (%)<br>(6)=(5)/(4) | ANNUAL PROVISION FOR TRUE-UP<br>(7) | TOTAL DEPRECIATION EXPENSE<br>(8)=(5)+(7) | RATE (%)<br>(9)=(8)/(4) |
|--------------|--|----------------|-----------------------|--------------------|---|---|-------------------------|-------------------------------------|---|-------------------------|
| <b>11500</b> | <b>LAURIE RIVER</b>                      |                |                       |                    |   |   |                         |                                     |   |                         |
| 1150A        | DAMS, DYKES AND WEIRS                    | 2032           | 125-R4                | (10)               | 355,538   | 8,898                                   | 2.50                    | 3,446                               | 12,344                                    | 3.47                    |
| 1150B        | POWERHOUSE                               | 2032           | 125-R4                | (10)               | 7,664,146   | 289,315                                 | 3.77                    | 36,456                              | 325,771                                   | 4.25                    |
| 1150C        | POWERHOUSE RENOVATIONS                   | 2032           | 25-SQ                 | (10)               |   |   |                         |                                     |   | 5.00 **                 |
| 1150D        | SPILLWAY                                 | 2032           | 75-R2                 | (10)               | 870,000   | 26,605                                  | 3.06                    | 7,180                               | 33,785                                    | 3.88                    |
| 1150E        | WATER CONTROL SYSTEMS                    | 2032           | 50-S4                 | (10)               | 458,033   | 14,062                                  | 3.07                    | 17,605                              | 17,605                                    | 3.84                    |
| 1150F        | ROADS AND SITE IMPROVEMENTS              | 2032           | 50-R3                 | (10)               | 1,441,914   | 45,615                                  | 3.16                    | 12,143                              | 57,758                                    | 4.01                    |
| 1150G        | TURBINES AND GENERATORS                  | 2032           | 65-S3                 | (10)               | 4,603,136   | 191,600                                 | 4.16                    | 15,121                              | 206,721                                   | 4.49                    |
| 1150H        | GOVERNORS AND EXCITATION SYSTEM          | 2032           | 50-R4                 | (10)               | 882,653   | 39,660                                  | 4.49                    | 1,827                               | 41,487                                    | 4.70                    |
| 1150I        | LICENCE RENEWAL                          | 2032           | 50-SQ                 | 0                  |   |   |                         |                                     |   | 4.55 **                 |
| 1150P        | A/C ELECTRICAL POWER SYSTEMS             | 2032           | 50-R3                 | (10)               | 1,441,945   | 48,391                                  | 3.36                    | 10,498                              | 58,889                                    | 4.08                    |
| 1150Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2032           | 23-L2                 | (10)               | 1,220,047   | 60,217                                  | 4.94                    | 27,960                              | 88,177                                    | 7.23                    |
| 1150R        | AUXILIARY STATION PROCESSES              | 2032           | 40-R2.5               | (10)               | 308,504   | 10,635                                  | 3.45                    | 2,623                               | 13,258                                    | 4.30                    |
| 1150X        | SUPPORT BUILDINGS                        | 2032           | 65-R3                 | (10)               | 355,919   | 10,179                                  | 2.86                    | 3,181                               | 13,360                                    | 3.75                    |
| 1150W        | SUPPORT BUILDING RENOVATIONS             | 2032           | 20-SQ                 | (10)               |   |   |                         |                                     |   | 5.50 **                 |
|              | <b>TOTAL LAURIE RIVER</b>                |                |                       |                    | <b>19,601,835</b>                                   | <b>745,177</b>                          | <b>3.80</b>             | <b>123,978</b>                      | <b>869,155</b>                            | <b>4.43</b>             |
| <b>11550</b> | <b>JENPEG</b>                            |                |                       |                    |   |   |                         |                                     |   |                         |
| 1155A        | DAMS, DYKES AND WEIRS                    | 2118           | 125-R4                | (10)               | 15,295,318  | 142,827                                 | 0.93                    | (1,830)                             | 140,997                                   | 0.92                    |
| 1155B        | POWERHOUSE                               | 2118           | 125-R4                | (10)               | 76,905,294  | 696,306                                 | 0.91                    | (12,006)                            | 684,300                                   | 0.89                    |
| 1155C        | POWERHOUSE RENOVATIONS                   | 2118           | 25-SQ                 | (10)               |   |   |                         |                                     |   | 4.40 **                 |
| 1155D        | SPILLWAY                                 | 2118           | 75-R2                 | (10)               | 14,942,733  | 218,620                                 | 1.46                    | (6,081)                             | 212,539                                   | 1.42                    |
| 1155E        | WATER CONTROL SYSTEMS                    | 2118           | 50-S4                 | (10)               | 16,762,099  | 368,766                                 | 2.20                    | (30,152)                            | 338,614                                   | 2.02                    |
| 1155F        | ROADS AND SITE IMPROVEMENTS              | 2118           | 50-R3                 | (10)               | 1,563,205   | 34,391                                  | 2.20                    | (1,238)                             | 33,153                                    | 2.12                    |
| 1155G        | TURBINES AND GENERATORS                  | 2118           | 65-S3                 | (10)               | 79,641,550  | 1,349,128                               | 1.69                    | (50,285)                            | 1,298,843                                 | 1.63                    |
| 1155H        | GOVERNORS AND EXCITATION SYSTEM          | 2118           | 50-R4                 | (10)               |   |   |                         |                                     |   | 2.20 *                  |
| 1155I        | LICENCE RENEWAL                          | 2118           | 50-SQ                 | 0                  |   |   |                         |                                     |   | 2.00 **                 |
| 1155P        | A/C ELECTRICAL POWER SYSTEMS             | 2118           | 50-R3                 | (10)               | 19,308,049  | 424,777                                 | 2.20                    | (28,106)                            | 396,671                                   | 2.05                    |
| 1155Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2118           | 23-L2                 | (10)               | 3,343,800   | 160,001                                 | 4.79                    | (8,517)                             | 151,484                                   | 4.53                    |
| 1155R        | AUXILIARY STATION PROCESSES              | 2118           | 40-R2.5               | (10)               | 9,796,258   | 269,397                                 | 2.75                    | (8,392)                             | 261,005                                   | 2.66                    |
| 1155X        | SUPPORT BUILDINGS                        | 2118           | 65-R3                 | (10)               | 7,885,397   | 133,579                                 | 1.69                    | (2,282)                             | 131,297                                   | 1.67                    |
| 1155W        | SUPPORT BUILDING RENOVATIONS             | 2118           | 20-SQ                 | (10)               |   |   |                         |                                     |   | 5.50 **                 |
|              | <b>TOTAL JENPEG</b>                      |                |                       |                    | <b>245,443,703</b>                                  | <b>3,797,792</b>                        | <b>1.55</b>             | <b>(148,889)</b>                    | <b>3,648,903</b>                          | <b>1.49</b>             |
| <b>11600</b> | <b>LAKE WINNIPEG REGULATION</b>          |                |                       |                    |   |   |                         |                                     |   |                         |
| 1160A        | DAMS, DYKES AND WEIRS                    |                | 125-R4                | (10)               | 96,807,065  | 851,902                                 | 0.88                    | (62,478)                            | 789,424                                   | 0.82                    |
| 1160L        | LICENCE RENEWAL                          |                | 50-SQ                 | 0                  |   |   |                         |                                     |   | 2.00 **                 |
| 1160Z        | COMMUNITY DEVELOPMENT COSTS              |                | 100-SQ                | 0                  | 387,802,871   | 3,878,029                               | 1.00                    | (223,323)                           | 3,654,706                                 | 0.94 **                 |
|              | <b>TOTAL LAKE WINNIPEG REGULATION</b>    |                |                       |                    | <b>484,609,937</b>                                  | <b>4,729,931</b>                        | <b>0.98</b>             | <b>(285,800)</b>                    | <b>4,444,131</b>                          | <b>0.92</b>             |
| <b>11650</b> | <b>CHURCHILL RIVER DIVERSION</b>         |                |                       |                    |   |   |                         |                                     |   |                         |
| 1165A        | DAMS, DYKES AND WEIRS                    |                | 125-R4                | (10)               | 114,718,213   | 1,009,520                               | 0.88                    | 976                                 | 1,010,496                                 | 0.88                    |
| 1165D        | SPILLWAY                                 |                | 75-R2                 | (10)               | 56,442,246  | 825,750                                 | 1.46                    | 1,355                               | 827,105                                   | 1.47                    |
| 1165E        | WATER CONTROL SYSTEMS                    |                | 50-S4                 | (10)               | 17,583,551  | 386,838                                 | 2.20                    | 1,954                               | 388,792                                   | 2.21                    |
| 1165F        | ROADS AND SITE IMPROVEMENTS              |                | 50-R3                 | (10)               | 6,799,023   | 149,578                                 | 2.20                    | 578                                 | 150,156                                   | 2.21                    |
| 1165L        | LICENCE RENEWAL                          |                | 50-SQ                 | 0                  |   |   |                         |                                     |   | 2.00 **                 |
| 1165P        | A/C ELECTRICAL POWER SYSTEMS             |                | 50-R3                 | (10)               | 1,596,593   | 35,125                                  | 2.20                    | 136                                 | 35,261                                    | 2.21                    |
| 1165Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS |                | 23-L2                 | (10)               | 1,417,862   | 67,845                                  | 4.79                    | 479                                 | 68,324                                    | 4.82                    |
| 1165R        | AUXILIARY STATION PROCESSES              |                | 40-R2.5               | (10)               | 1,799,312   | 49,481                                  | 2.75                    | 43                                  | 49,524                                    | 2.75                    |
| 1165X        | SUPPORT BUILDINGS                        |                | 65-R3                 | (10)               | 28,361  | 480                                     | 1.69                    | 0                                   | 480                                       | 1.69                    |
| 1165W        | SUPPORT BUILDING RENOVATIONS             |                | 20-SQ                 | (10)               |   |   |                         |                                     |   | 5.50 **                 |
| 1165Z        | COMMUNITY DEVELOPMENT COSTS              |                | 100-SQ                | 0                  | 305,036,524   | 3,050,365                               | 1.00                    | (228,014)                           | 2,822,351                                 | 0.93 **                 |
|              | <b>TOTAL CHURCHILL RIVER DIVERSION</b>   |                |                       |                    | <b>505,421,684</b>                                  | <b>5,574,982</b>                        | <b>1.10</b>             | <b>(222,493)</b>                    | <b>5,352,489</b>                          | <b>1.06</b>             |



MANITOBA HYDRO

SCHEDULE 1. ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENTS, ORIGINAL COST AND ANNUAL ACCRUALS  
FOR THE TWELVE MONTHS ENDED MARCH 31, 2010  
(USE OF THE ASL PROCEDURE)

| ACCOUNT      | DEPRECIABLE WORK<br>(1)                           | LIFE SPAN DATE | SURVIVOR CURVE<br>(2) | NET SALVAGE<br>(3) | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(4) | CALCULATED ANNUAL ACCRUAL AMOUNT<br>(5) | RATE (%)<br>(6)=(5)/(4) | ANNUAL PROVISION FOR TRUE-UP<br>(7) | TOTAL DEPRECIATION EXPENSE<br>(8)=(5)+(7) | RATE (%)<br>(9)=(8)/(4) |
|--------------|---|----------------|-----------------------|--------------------|---|---|-------------------------|-------------------------------------|---|-------------------------|
| <b>11700</b> | <b>LONG SPRUCE</b>                                |                |                       |                    |   |   |                         |                                     |   |                         |
| 1170A        | DAMS, DYKES AND WEIRS                             | 2118           | 125-R4                | (10)               | 64,744,494  | 592,929                                 | 0.92                    | (6,709)                             | 584,220                                   | 0.90                    |
| 1170B        | POWERHOUSE  | 2118           | 125-R4                | (10)               | 143,780,355   | 1,317,441                               | 0.92                    | (19,381)                            | 1,298,060                                 | 0.90                    |
| 1170C        | POWERHOUSE RENOVATIONS                            | 2118           | 25-SQ                 | (10)               |   |   |                         |                                     |   | 4.40 **                 |
| 1170D        | SPILLWAY  | 2118           | 75-R2                 | (10)               | 42,273,617  | 618,463                                 | 1.46                    | (14,770)                            | 603,693                                   | 1.43                    |
| 1170E        | WATER CONTROL SYSTEMS                             | 2118           | 50-S4                 | (10)               | 57,946,281  | 1,274,818                               | 2.20                    | (92,134)                            | 1,182,684                                 | 2.04                    |
| 1170F        | ROADS AND SITE IMPROVEMENTS                       | 2118           | 50-R3                 | (10)               | 1,172,867   | 25,803                                  | 2.20                    | (1,173)                             | 24,630                                    | 2.10                    |
| 1170G        | TURBINES AND GENERATORS                           | 2118           | 65-S3                 | (10)               | 143,328,643   | 2,427,987                               | 1.69                    | (93,123)                            | 2,334,864                                 | 1.63                    |
| 1170H        | GOVERNORS AND EXCITATION SYSTEM                   | 2118           | 50-R4                 | (10)               | 145,844   | 3,209                                   | 2.20                    | (21)                                | 3,188                                     | 2.19                    |
| 1170L        | LICENCE RENEWAL                                   | 2118           | 50-SQ                 | 0                  |   |   |                         |                                     |   | 2.00 **                 |
| 1170P        | A/C ELECTRICAL POWER SYSTEMS                      | 2118           | 50-R3                 | (10)               | 30,503,528  | 671,078                                 | 2.20                    | (32,833)                            | 638,245                                   | 2.09                    |
| 1170Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS          | 2118           | 23-L2                 | (10)               | 4,409,200   | 210,980                                 | 4.78                    | (18,309)                            | 192,671                                   | 4.37                    |
| 1170R        | AUXILIARY STATION PROCESSES                       | 2118           | 40-R2.5               | (10)               | 12,199,119  | 335,476                                 | 2.75                    | (14,985)                            | 320,491                                   | 2.63                    |
| 1170X        | SUPPORT BUILDINGS                                 | 2118           | 65-R3                 | (10)               | 160,484   | 2,719                                   | 1.69                    | (13)                                | 2,706                                     | 1.69                    |
| 1170W        | SUPPORT BUILDING RENOVATIONS                      | 2118           | 20-SQ                 | (10)               |   |   |                         |                                     |   | 5.50 **                 |
|              | <b>TOTAL LONG SPRUCE</b>                          |                |                       |                    | <b>500,864,431</b>                                  | <b>7,480,903</b>                        | <b>1.49</b>             | <b>(295,451)</b>                    | <b>7,185,452</b>                          | <b>1.44</b>             |
| <b>11750</b> | <b>LIMESTONE</b>                                  |                |                       |                    |   |   |                         |                                     |   |                         |
| 1175A        | DAMS, DYKES AND WEIRS                             | 2131           | 125-R4                | (10)               | 33,258,073  | 302,205                                 | 0.91                    | (1,269)                             | 300,936                                   | 0.90                    |
| 1175B        | POWERHOUSE  | 2131           | 125-R4                | (10)               | 461,430,334   | 4,194,364                               | 0.91                    | (17,501)                            | 4,176,863                                 | 0.91                    |
| 1175C        | POWERHOUSE RENOVATIONS                            | 2131           | 25-SQ                 | (10)               |   |   |                         |                                     |   | 4.40 **                 |
| 1175D        | SPILLWAY  | 2131           | 75-R2                 | (10)               | 201,240,773   | 2,944,153                               | 1.46                    | (18,950)                            | 2,925,203                                 | 1.45                    |
| 1175E        | WATER CONTROL SYSTEMS                             | 2131           | 50-S4                 | (10)               | 116,224,392   | 2,556,937                               | 2.20                    | (35,306)                            | 2,521,631                                 | 2.17                    |
| 1175F        | ROADS AND SITE IMPROVEMENTS                       | 2131           | 50-R3                 | (10)               | 17,164,432  | 377,618                                 | 2.20                    | (4,778)                             | 372,840                                   | 2.17                    |
| 1175G        | TURBINES AND GENERATORS                           | 2131           | 65-S3                 | (10)               | 403,825,745   | 6,840,808                               | 1.69                    | (63,305)                            | 6,777,503                                 | 1.68                    |
| 1175H        | GOVERNORS AND EXCITATION SYSTEM                   | 2131           | 50-R4                 | (10)               | 16,584,271  | 364,854                                 | 2.20                    | (4,880)                             | 359,974                                   | 2.17                    |
| 1175L        | LICENCE RENEWAL                                   | 2131           | 50-SQ                 | 0                  |   |   |                         |                                     |   | 2.00 **                 |
| 1175P        | A/C ELECTRICAL POWER SYSTEMS                      | 2131           | 50-R3                 | (10)               | 144,317,307   | 3,174,981                               | 2.20                    | (40,184)                            | 3,134,797                                 | 2.17                    |
| 1175Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS          | 2131           | 23-L2                 | (10)               | 8,333,373   | 388,752                                 | 4.79                    | (9,553)                             | 389,199                                   | 4.67                    |
| 1175R        | AUXILIARY STATION PROCESSES                       | 2131           | 40-R2.5               | (10)               | 36,054,205  | 991,491                                 | 2.75                    | (14,354)                            | 977,137                                   | 2.71                    |
| 1175X        | SUPPORT BUILDINGS                                 | 2131           | 65-R3                 | (10)               | 5,703,494   | 96,617                                  | 1.69                    | (751)                               | 95,866                                    | 1.68                    |
| 1175W        | SUPPORT BUILDING RENOVATIONS                      | 2131           | 20-SQ                 | (10)               |   |   |                         |                                     |   | 5.50 **                 |
|              | <b>TOTAL LIMESTONE</b>                            |                |                       |                    | <b>1,444,136,399</b>                                | <b>22,242,770</b>                       | <b>1.54</b>             | <b>(210,830)</b>                    | <b>22,031,940</b>                         | <b>1.53</b>             |
| <b>11800</b> | <b>WUSKWATIM</b>                                  |                |                       |                    |   |   |                         |                                     |   |                         |
| 1180A        | DAMS, DYKES AND WEIRS                             | 2152           | 125-R4                | (10)               |   |   |                         |                                     |   | 0.88 *                  |
| 1180B        | POWERHOUSE  | 2152           | 125-R4                | (10)               |   |   |                         |                                     |   | 0.88 *                  |
| 1180C        | POWERHOUSE RENOVATIONS                            | 2152           | 25-SQ                 | (10)               |   |   |                         |                                     |   | 4.40 **                 |
| 1180D        | SPILLWAY  | 2152           | 75-R2                 | (10)               |   |   |                         |                                     |   | 1.47 *                  |
| 1180E        | WATER CONTROL SYSTEMS                             | 2152           | 50-S4                 | (10)               |   |   |                         |                                     |   | 2.20 *                  |
| 1180F        | ROADS AND SITE IMPROVEMENTS                       | 2152           | 50-R3                 | (10)               |   |   |                         |                                     |   | 2.20 *                  |
| 1180G        | TURBINES AND GENERATORS                           | 2152           | 65-S3                 | (10)               |   |   |                         |                                     |   | 1.69 *                  |
| 1180H        | GOVERNORS AND EXCITATION SYSTEM                   | 2152           | 50-R4                 | (10)               |   |   |                         |                                     |   | 2.20 *                  |
| 1180P        | A/C ELECTRICAL POWER SYSTEMS                      | 2152           | 50-R3                 | (10)               |   |   |                         |                                     |   | 2.20 *                  |
| 1180Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS          | 2152           | 23-L2                 | (10)               |   |   |                         |                                     |   | 4.78 *                  |
| 1180R        | AUXILIARY STATION PROCESSES                       | 2152           | 40-R2.5               | (10)               |   |   |                         |                                     |   | 2.75 *                  |
| 1180X        | SUPPORT BUILDINGS                                 | 2152           | 65-R3                 | (10)               |   |   |                         |                                     |   | 1.69 *                  |
| 1180W        | SUPPORT BUILDING RENOVATIONS                      | 2152           | 20-SQ                 | (10)               |   |   |                         |                                     |   | 5.50 **                 |
|              | <b>TOTAL WUSKWATIM</b>                            |                |                       |                    | <b>0</b>  | <b>0</b>                                |                         | <b>0</b>                            | <b>0</b>                                  |                         |
| <b>11990</b> | <b>INFRASTRUCTURE SUPPORTING GENERATION</b>       |                |                       |                    |   |   |                         |                                     |   |                         |
| 1199F        | PROVINCIAL ROADS                                  |                | 50-R3                 | (10)               | 25,380,938  | 558,381                                 | 2.20                    | 24,833                              | 583,214                                   | 2.30                    |
| 1199V        | TOWN SITE BUILDING                                |                | 65-L3                 | (7)                | 63,280,714  | 1,042,740                               | 1.65                    | 41,341                              | 1,084,081                                 | 1.71                    |
| 1199W        | TOWN SITE BUILDINGS RENOVATIONS                   |                | 20-SQ                 | (6)                | 13,502,581  | 715,319                                 | 5.30                    | 87,367                              | 802,686                                   | 5.94 **                 |
| 1199Y        | TOWN SITE OTHER INFRASTRUCTURE                    |                | 45-R3                 | (10)               | 26,527,464  | 646,258                                 | 2.44                    | 14,107                              | 660,365                                   | 2.49                    |
|              | <b>TOTAL INFRASTRUCTURE SUPPORTING GENERATION</b> |                |                       |                    | <b>128,691,696</b>                                  | <b>2,962,698</b>                        | <b>2.30</b>             | <b>167,648</b>                      | <b>3,130,346</b>                          | <b>2.43</b>             |
|              | <b>TOTAL HYDRAULIC GENERATION</b>                 |                |                       |                    | <b>4,716,467,183</b>                                | <b>72,502,886</b>                       | <b>1.54</b>             | <b>(2,920,113)</b>                  | <b>69,582,773</b>                         | <b>1.48</b>             |

MANITOBA HYDRO

SCHEDULE 1. ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENTS, ORIGINAL COST AND ANNUAL ACCRUALS  
FOR THE TWELVE MONTHS ENDED MARCH 31, 2010  
(USE OF THE ASL PROCEDURE)

| ACCOUNT      | DEPRECIABLE WORK<br>(1)                  | LIFE SPAN DATE | SURVIVOR CURVE<br>(2) | NET SALVAGE<br>(3) | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(4) | CALCULATED ANNUAL ACCRUAL AMOUNT<br>(5) | RATE (%)<br>(6)=(5)/(4) | ANNUAL PROVISION FOR TRUE-UP<br>(7) | TOTAL DEPRECIATION EXPENSE<br>(8)=(5)+(7) | RATE (%)<br>(9)=(8)/(4) |
|--------------|--|----------------|-----------------------|--------------------|---|---|-------------------------|-------------------------------------|---|-------------------------|
| <b>12000</b> | <b>THERMAL GENERATION</b>                |                |                       |                    |   |   |                         |                                     |   |                         |
| 12050        | BRANDON UNIT 5 (COAL)                    |                |                       |                    |   |   |                         |                                     |   |                         |
| 1205B        | POWERHOUSE                               | 2020           | 65-R4                 | 0                  | 11,729,518  | 426,044                                 | 3.63                    | 27,604                              | 453,648                                   | 3.87                    |
| 1205C        | POWERHOUSE RENOVATIONS                   | 2020           | 25-SQ                 | 0                  |   |   |                         |                                     |   | 10.00 **                |
| 1205F        | ROADS AND SITE IMPROVEMENTS              | 2020           | 50-R3                 | 0                  | 4,012,331   | 174,507                                 | 4.35                    | 8,310                               | 182,817                                   | 4.56                    |
| 1205G        | THERMAL TURBINES AND GENERATORS          | 2020           | 50-S3                 | 0                  | 19,611,168  | 949,751                                 | 4.84                    | 37,117                              | 986,868                                   | 5.03                    |
| 1205H        | GOVERNORS AND EXCITATION SYSTEM          | 2020           | 50-R4                 | 0                  | 2,343,861   | 114,615                                 | 4.89                    | 4,246                               | 118,861                                   | 5.07                    |
| 1205J        | STEAM GENERATOR AND AUXILIARIES          | 2020           | 65-R2.5               | 0                  | 14,827,183  | 548,058                                 | 3.70                    | 34,152                              | 582,210                                   | 3.93                    |
| 1205L        | LICENCE RENEWAL                          | 2020           | 50-SQ                 | 0                  |   |   |                         | 0                                   |   | 10.00 **                |
| 1205P        | A/C ELECTRICAL POWER SYSTEMS             | 2020           | 50-R3                 | 0                  | 8,009,703   | 305,876                                 | 3.82                    | 18,931                              | 324,807                                   | 4.06                    |
| 1205Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2020           | 23-L2                 | 0                  | 26,389,775  | 1,343,471                               | 5.09                    | 85,022                              | 1,428,493                                 | 5.41                    |
| 1205R        | AUXILIARY STATION PROCESSES              | 2020           | 40-R2.5               | 0                  | 47,306,417  | 2,102,919                               | 4.45                    | 105,137                             | 2,208,056                                 | 4.67                    |
| 1205X        | SUPPORT BUILDINGS                        | 2020           | 65-R3                 | 0                  | 7,253,899   | 292,642                                 | 4.03                    | 15,562                              | 308,204                                   | 4.25                    |
| 1205W        | SUPPORT BUILDING RENOVATIONS             | 2020           | 20-SQ                 | 0                  |   |   |                         |                                     |   | 10.00 **                |
|              | <b>TOTAL BRANDON UNIT 5 (COAL)</b>       |                |                       |                    | <b>141,483,855</b>                                  | <b>6,257,883</b>                        | <b>4.42</b>             | <b>336,081</b>                      | <b>6,593,964</b>                          | <b>4.66</b>             |
| <b>12100</b> | <b>BRANDON UNITS 6 AND 7</b>             |                |                       |                    |   |   |                         |                                     |   |                         |
| 1210B        | POWERHOUSE                               |                | 65-R4                 | (10)               | 14,925,029  | 252,830                                 | 1.69                    | (6,757)                             | 246,073                                   | 1.65                    |
| 1210C        | POWERHOUSE RENOVATIONS                   |                | 25-SQ                 | (10)               |   |   |                         |                                     |   | 4.40 **                 |
| 1210G        | THERMAL TURBINES AND GENERATORS          |                | 50-S3                 | (10)               | 9,823,758   | 216,123                                 | 2.20                    | (7,827)                             | 208,296                                   | 2.12                    |
| 1210H        | GOVERNORS AND EXCITATION SYSTEM          |                | 50-R4                 | (10)               |   |   |                         |                                     |   | 2.20 *                  |
| 1210K        | COMBUSTION TURBINE                       |                | 25-R3                 | (10)               | 143,284,091   | 6,304,500                               | 4.40                    | (494,364)                           | 5,810,136                                 | 4.05                    |
| 1210L        | LICENCE RENEWAL                          |                | 50-SQ                 | 0                  |   |   |                         | 0                                   |   | 2.00 **                 |
| 1210M        | COMBUSTION TURBINE OVERHAULS             |                | 10-SQ                 | (10)               |   |   |                         |                                     |   | 11.00 **                |
| 1210P        | A/C ELECTRICAL POWER SYSTEMS             |                | 50-R3                 | (10)               | 6,252,586   | 137,557                                 | 2.20                    | (4,779)                             | 132,778                                   | 2.12                    |
| 1210Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS |                | 23-L2                 | (10)               | 1,114,338   | 53,321                                  | 4.78                    | (2,322)                             | 50,999                                    | 4.58                    |
| 1210R        | AUXILIARY STATION PROCESSES              |                | 40-R2.5               | (10)               | 10,639,560  | 292,588                                 | 2.75                    | (12,177)                            | 280,411                                   | 2.64                    |
|              | <b>TOTAL BRANDON UNITS 6 AND 7</b>       |                |                       |                    | <b>186,039,362</b>                                  | <b>7,256,919</b>                        | <b>3.90</b>             | <b>(528,226)</b>                    | <b>6,728,693</b>                          | <b>3.62</b>             |
| <b>12150</b> | <b>SELKIRK</b>                           |                |                       |                    |   |   |                         |                                     |   |                         |
| 1215B        | POWERHOUSE                               |                | 65-R4                 | 0                  | 6,808,812   | 104,856                                 | 1.54                    | (41,751)                            | 63,105                                    | 0.93                    |
| 1215C        | POWERHOUSE RENOVATIONS                   |                | 25-SQ                 | 0                  |   |   |                         |                                     |   | 4.00 **                 |
| 1215F        | ROADS AND SITE IMPROVEMENTS              |                | 50-R3                 | 0                  | 1,630,443   | 32,609                                  | 2.00                    | (10,650)                            | 21,959                                    | 1.35                    |
| 1215G        | THERMAL TURBINES AND GENERATORS          |                | 50-S3                 | 0                  | 22,750,003  | 455,000                                 | 2.00                    | (123,633)                           | 331,367                                   | 1.46                    |
| 1215H        | GOVERNORS AND EXCITATION SYSTEM          |                | 50-R4                 | 0                  | 17,307  | 346                                     | 2.00                    | 0                                   | 346                                       | 2.00                    |
| 1215J        | STEAM GENERATOR AND AUXILIARIES          |                | 65-R2.5               | 0                  | 48,630,259  | 748,906                                 | 1.54                    | (97,831)                            | 651,075                                   | 1.34                    |
| 1215L        | LICENCE RENEWAL                          |                | 50-SQ                 | 0                  |   |   |                         | 0                                   |   | 2.00 **                 |
| 1215P        | A/C ELECTRICAL POWER SYSTEMS             |                | 50-R3                 | 0                  | 3,171,700   | 63,434                                  | 2.00                    | (25,153)                            | 38,281                                    | 1.21                    |
| 1215Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS |                | 23-L2                 | 0                  | 5,257,468   | 228,700                                 | 4.35                    | (101,800)                           | 126,900                                   | 2.41                    |
| 1215R        | AUXILIARY STATION PROCESSES              |                | 40-R2.5               | 0                  | 13,791,022  | 344,776                                 | 2.50                    | (118,947)                           | 225,829                                   | 1.64                    |
| 1215X        | SUPPORT BUILDINGS                        |                | 65-R3                 | 0                  | 1,033,229   | 15,912                                  | 1.54                    | (4,951)                             | 10,961                                    | 1.06                    |
| 1215W        | SUPPORT BUILDING RENOVATIONS             |                | 20-SQ                 | 0                  |   |   |                         |                                     |   | 5.00 **                 |
|              | <b>TOTAL SELKIRK</b>                     |                |                       |                    | <b>103,090,244</b>                                  | <b>1,994,539</b>                        | <b>1.93</b>             | <b>(524,716)</b>                    | <b>1,469,823</b>                          | <b>1.43</b>             |
|              | <b>TOTAL THERMAL GENERATION</b>          |                |                       |                    | <b>430,613,460</b>                                  | <b>15,509,341</b>                       | <b>3.60</b>             | <b>(716,861)</b>                    | <b>14,792,480</b>                         | <b>3.44</b>             |
|              | <b>TOTAL GENERATION</b>                  |                |                       |                    | <b>5,147,080,643</b>                                | <b>88,012,227</b>                       | <b>1.71</b>             | <b>(3,636,974)</b>                  | <b>84,375,253</b>                         | <b>1.64</b>             |
| <b>1300B</b> | <b>DIESEL GENERATION</b>                 |                |                       |                    |   |   |                         |                                     |   |                         |
| 1300C        | BUILDING RENOVATIONS                     |                | 30-R3                 | (5)                | 9,191,362   | 321,376                                 | 3.50                    | (85,396)                            | 235,980                                   | 2.57                    |
| 1300M        | ENGINES AND GENERATORS - OVERHAULS       |                | 15-SQ                 | 0                  | 17,685  | 1,180                                   | 6.67                    | (271)                               | 909                                       | 5.14 **                 |
| 1300N        | ENGINES AND GENERATORS                   |                | 25-R2                 | 0                  | 18,152,912  | 726,116                                 | 4.00                    | (385,026)                           | 341,090                                   | 20.00 **                |
| 1300Q        | ACCESSORY STATION EQUIPMENT              |                | 20-R3                 | (5)                | 13,457,225  | 706,504                                 | 5.25                    | (293,123)                           | 413,381                                   | 1.88                    |
| 1300T        | FUEL STORAGE AND HANDLING                |                | 30-R2                 | (5)                | 3,803,695   | 132,996                                 | 3.50                    | (46,327)                            | 86,669                                    | 3.07                    |
|              | <b>TOTAL DIESEL GENERATION</b>           |                |                       |                    | <b>44,622,878</b>                                   | <b>1,888,172</b>                        | <b>4.23</b>             | <b>(810,143)</b>                    | <b>1,078,029</b>                          | <b>2.42</b>             |

MANITOBA HYDRO

SCHEDULE 1. ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENTS, ORIGINAL COST AND ANNUAL ACCRUALS  
FOR THE TWELVE MONTHS ENDED MARCH 31, 2010  
(USE OF THE ASL PROCEDURE)

| ACCOUNT             | DEPRECIABLE WORK<br>(1)                      | LIFE SPAN DATE | SURVIVOR CURVE<br>(2) | NET SALVAGE<br>(3) | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(4) | CALCULATED ANNUAL ACCRUAL AMOUNT<br>(5) | RATE (%)<br>(6)=(5)/(4) | ANNUAL PROVISION FOR TRUE-UP<br>(7) | TOTAL DEPRECIATION EXPENSE<br>(8)=(5)+(7) | RATE (%)<br>(9)=(8)/(4) |
|---------------------|--|----------------|-----------------------|--------------------|---|---|-------------------------|-------------------------------------|---|-------------------------|
| <b>TRANSMISSION</b> |  |                |                       |                    |   |   |                         |                                     |   |                         |
| 2000F               | ROADS, TRAILS AND BRIDGES                    |                | 45-R2.5               | (10)               | 4,045,718   | 98,675                                  | 2.44                    | 2,845                               | 101,520                                   | 2.51                    |
| 2000G               | METAL TOWERS AND CONCRETE POLES              |                | 85-R4                 | (25)               | 340,022,220   | 5,015,328                               | 1.48                    | 102,289                             | 5,117,617                                 | 1.51                    |
| 2000J               | POLES AND FIXTURES                           |                | 55-R3                 | (35)               | 104,983,312   | 2,579,440                               | 2.46                    | 32,383                              | 2,611,823                                 | 2.49                    |
| 2000K               | GROUND LINE TREATMENT                        |                | 10-SQ                 | 0                  | 1,410,002   | 141,000                                 | 10.00                   | 0                                   | 141,000                                   | 10.00 **                |
| 2000L               | OVERHEAD CONDUCTOR AND DEVICES               |                | 65-R4                 | (15)               | 304,577,152   | 5,390,077                               | 1.77                    | (450,334)                           | 4,939,743                                 | 1.62                    |
| 2000M               | UNDERGROUND CABLE AND DEVICES                |                | 45-R3                 | (5)                | 1,167,763   | 27,221                                  | 2.33                    | (1,127)                             | 26,094                                    | 2.23                    |
|                     | <b>TOTAL TRANSMISSION</b>                    |                |                       |                    | <b>756,206,167</b>                                  | <b>13,251,741</b>                       | <b>1.75</b>             | <b>(313,944)</b>                    | <b>12,937,797</b>                         | <b>1.71</b>             |
| <b>SUBSTATIONS</b>  |  |                |                       |                    |   |   |                         |                                     |   |                         |
| 3000B               | BUILDINGS                                    |                | 65-R4                 | (5)                | 109,491,690   | 1,770,481                               | 1.62                    | (134,112)                           | 1,636,369                                 | 1.49                    |
| 3000C               | BUILDING RENOVATIONS                         |                | 20-SQ                 | 0                  | 32,047  | 1,602                                   | 5.00                    | 0                                   | 1,602                                     | 5.00 **                 |
| 3000F               | ROADS, STEEL STRUCTURES AND CIVIL SITE WORK  |                | 50-R4                 | (10)               | 109,211,425   | 2,402,651                               | 2.20                    | (109,645)                           | 2,293,006                                 | 2.10                    |
| 3000G               | POLES AND FIXTURES                           |                | 40-R2                 | (35)               | 7,810,315   | 263,598                                 | 3.37                    | (9,626)                             | 253,972                                   | 3.25                    |
| 3100R               | POWER TRANSFORMERS                           |                | 50-R2                 | (15)               | 287,449,387   | 6,611,336                               | 2.30                    | (249,808)                           | 6,361,528                                 | 2.21                    |
| 3100S               | OTHER TRANSFORMERS                           |                | 35-R2                 | (15)               | 2,373,124   | 3,329                                   | 3.29                    | (146,970)                           | 2,226,154                                 | 3.09                    |
| 3100T               | INTERRUPTING EQUIPMENT                       |                | 45-R2                 | (15)               | 156,214,257   | 3,988,150                               | 2.55                    | (220,981)                           | 3,767,169                                 | 2.41                    |
| 3100U               | OTHER STATION EQUIPMENT                      |                | 43-R2                 | (15)               | 503,404,372   | 13,488,405                              | 2.68                    | (694,114)                           | 12,794,291                                | 2.54                    |
| 3100V               | ELECTRONIC EQUIPMENT AND BATTERIES           |                | 20-R2                 | (10)               | 151,238,104   | 7,871,119                               | 5.20                    | (671,348)                           | 7,199,771                                 | 4.76                    |
| 3200M               | SYNCHRONOUS CONDENSERS AND UNIT TRANSFORMERS |                | 65-R2                 | (15)               | 111,737,981   | 1,978,880                               | 1.77                    | (99,142)                            | 1,879,738                                 | 1.68                    |
| 3200N               | SYNCHRONOUS CONDENSER OVERHAULS              |                | 15-R2                 | (15)               | 11,320,594  | 868,346                                 | 7.67                    | (26,812)                            | 841,534                                   | 7.43                    |
| 3200P               | HVDC CONVERTER EQUIPMENT                     |                | 25-R3                 | (15)               | 214,981,687   | 9,889,158                               | 4.60                    | (999,716)                           | 8,889,442                                 | 4.13                    |
| 3200S               | HVDC SERIALIZED EQUIPMENT                    |                | 25-R2                 | (15)               | 646,219,985   | 29,726,119                              | 4.60                    | (2,696,220)                         | 27,029,899                                | 4.18                    |
| 3200U               | HVDC ACCESSORY STATION EQUIPMENT             |                | 37-R4                 | (15)               | 55,177,090  | 1,713,249                               | 3.11                    | (139,657)                           | 1,573,592                                 | 2.85                    |
| 3200V               | HVDC ELECTRONIC EQUIPMENT AND BATTERIES      |                | 20-R2                 | (10)               | 10,401,883  | 572,104                                 | 5.50                    | (87,428)                            | 484,676                                   | 4.66                    |
|                     | <b>TOTAL SUBSTATIONS</b>                     |                |                       |                    | <b>2,446,844,172</b>                                | <b>83,518,322</b>                       | <b>3.41</b>             | <b>(6,285,579)</b>                  | <b>77,232,743</b>                         | <b>3.16</b>             |
| <b>DISTRIBUTION</b> |  |                |                       |                    |   |   |                         |                                     |   |                         |
| 4000A               | UNDERGROUND DUCT AND CONDUIT - CONCRETE      |                | 75-R4                 | (5)                | 63,964,331  | 1,516,031                               | 2.37                    | (52,744)                            | 1,463,287                                 | 2.29                    |
| 4000C               | UNDERGROUND DUCT - ROOF                      |                | 50-R3                 | (5)                | 2,908,307   | 61,074                                  | 2.10                    | (455)                               | 60,619                                    | 2.08                    |
| 4000G               | METAL TOWERS                                 |                | 50-R4                 | (25)               | 4,571,448   | 114,286                                 | 2.50                    | (23,451)                            | 90,835                                    | 2.09                    |
| 4000J               | POLES AND FIXTURES                           |                | 55-R3                 | (38)               | 566,174,558   | 14,220,040                              | 2.51                    | (2,354,944)                         | 11,865,096                                | 2.10                    |
| 4000K               | GROUND LINE TREATMENT                        |                | 10-SQ                 | 0                  | 33,145,019  | 3,175,797                               | 9.58                    | 0                                   | 3,175,797                                 | 9.58 **                 |
| 4000L               | OVERHEAD CONDUCTOR AND DEVICES               |                | 60-R2                 | (38)               | 613,820,471   | 14,146,107                              | 2.30                    | (1,969,809)                         | 12,176,298                                | 1.98                    |
| 4000M               | UNDERGROUND CABLE AND DEVICES - 66 KV        |                | 70-R3                 | (5)                | 19,523,432  | 293,144                                 | 1.50                    | (5,164)                             | 287,980                                   | 1.48                    |
| 4000N               | UNDERGROUND CABLE AND DEVICES - PRIMARY      |                | 60-R4                 | (5)                | 255,063,759   | 4,472,543                               | 1.75                    | (172,367)                           | 4,300,182                                 | 1.69                    |
| 4000P               | UNDERGROUND CABLE AND DEVICES - SECONDARY    |                | 45-R4                 | (5)                | 193,755,072   | 4,516,431                               | 2.33                    | (225,377)                           | 4,291,054                                 | 2.21                    |
| 4000Q               | SERIALIZED EQUIPMENT - OVERHEAD              |                | 35-R3                 | (15)               | 175,924,348   | 5,782,518                               | 3.29                    | (756,708)                           | 5,025,810                                 | 2.86                    |
| 4000R               | DSC - HIGH VOLTAGE TRANSFORMERS              |                | 50-R2                 | (15)               | 5,415,940   | 124,567                                 | 2.30                    | (6,204)                             | 118,363                                   | 2.19                    |
| 4000S               | SERIALIZED EQUIPMENT - UNDERGROUND           |                | 40-R3                 | (15)               | 174,049,772   | 5,003,931                               | 2.88                    | (439,888)                           | 4,564,043                                 | 2.62                    |
| 4000V               | ELECTRONIC EQUIPMENT                         |                | 10-SQ                 | 0                  |   |   |                         |                                     |   | 10.00 ***               |
| 4000W               | SERVICES                                     |                | 30-R2                 | (40)               | 123,228,795   | 5,744,926                               | 4.66                    | (345,986)                           | 5,398,940                                 | 4.38                    |
| 4000X               | STREET LIGHTING                              |                | 35-R3                 | (15)               | 147,121,573   | 4,838,829                               | 3.29                    | (362,891)                           | 4,475,938                                 | 3.04                    |
|                     | <b>TOTAL DISTRIBUTION</b>                    |                |                       |                    | <b>2,378,666,825</b>                                | <b>64,010,224</b>                       | <b>2.69</b>             | <b>(6,715,984)</b>                  | <b>57,294,240</b>                         | <b>2.41</b>             |
| <b>METERS</b>       |  |                |                       |                    |   |   |                         |                                     |   |                         |
| 4900V               | METERS - ELECTRONIC                          |                | 20-R1.5               | 0                  | 16,111,185  | 805,559                                 | 5.00                    | 176,517                             | 982,076                                   | 6.10                    |
| 4900Y               | METERS - ANALOG                              |                | 25-R3                 | 0                  | 22,469,156  | 858,893                                 | 3.82                    | 2,183,720                           | 3,042,613                                 | 13.54                   |
| 4900Z               | METERING TRANSFORMERS                        |                | 40-R1.5               | 0                  | 8,984,899   | 224,619                                 | 2.50                    | (27,391)                            | 197,228                                   | 2.20                    |
|                     | <b>TOTAL METERS</b>                          |                |                       |                    | <b>47,565,240</b>                                   | <b>1,889,071</b>                        | <b>3.97</b>             | <b>2,332,847</b>                    | <b>4,221,918</b>                          | <b>8.88</b>             |

MANITOBA HYDRO

SCHEDULE 1. ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENTS, ORIGINAL COST AND ANNUAL ACCRUALS  
FOR THE TWELVE MONTHS ENDED MARCH 31, 2010  
(USE OF THE ASL PROCEDURE)

| ACCOUNT                                  | DEPRECIABLE WORK<br>(1)                        | LIFE SPAN DATE | SURVIVOR CURVE<br>(2) | NET SALVAGE<br>(3) | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(4) | CALCULATED ANNUAL ACCRUAL AMOUNT<br>(5) | RATE (%)<br>(6)=(5)/(4) | ANNUAL PROVISION FOR TRUE-UP<br>(7) | TOTAL DEPRECIATION EXPENSE<br>(8)=(5)+(7) | RATE (%)<br>(9)=(8)/(4) |
|--|--|----------------|-----------------------|--------------------|---|---|-------------------------|-------------------------------------|---|-------------------------|
| <b>COMMUNICATION</b>                     |  |                |                       |                    |   |   |                         |                                     |   |                         |
| 5000B                                    | BUILDINGS                                      |                | 65-R4                 | (5)                | 4,154,458   | 67,178                                  | 1.62                    | 2,171                               | 69,349                                    | 1.67                    |
| 5000C                                    | BUILDING RENOVATIONS                           |                | 20-SQ                 | (5)                | 2,741,652   | 142,649                                 | 5.20                    | 12,631                              | 155,480                                   | 5.67 **                 |
| 5000D                                    | BUILDING - SYSTEM CONTROL CENTRE               |                | 65-R4                 | (5)                | 15,857,686  | 256,419                                 | 1.62                    | 9,369                               | 265,788                                   | 1.68                    |
| 5000G                                    | COMMUNICATION TOWERS                           |                | 60-R2.5               | (5)                | 8,733,929   | 153,149                                 | 1.75                    | 5,543                               | 158,692                                   | 1.82                    |
| 5000H                                    | FIBRE OPTIC AND METALLIC CABLE                 |                | 35-R1.5               | (4)                | 117,999,925   | 3,509,790                               | 2.97                    | 105,202                             | 3,614,992                                 | 3.06                    |
| 5000J                                    | CARRIER EQUIPMENT                              |                | 15-S0.5               | (5)                | 119,230,804   | 8,341,929                               | 7.00                    | 819,002                             | 9,160,931                                 | 7.68                    |
| 5000K                                    | OPERATIONAL IT EQUIPMENT                       |                | 5-SQ                  | (5)                | 2,197,495   | 385,045                                 | 17.52                   | 119,637                             | 504,682                                   | 22.97 **                |
| 5000M                                    | MOBILE RADIO, TELEPHONE AND VIDEO CONFERENCING |                | 8-SQ                  | (5)                | 22,085,412  | 1,483,447                               | 6.72                    | 778,002                             | 2,261,449                                 | 10.24 **                |
| 5000N                                    | OPERATIONAL DATA NETWORK                       |                | 8-SQ                  | (5)                | 8,530,264   | 1,119,597                               | 13.12                   | 82,774                              | 1,202,371                                 | 14.10 **                |
| 5000R                                    | POWER SYSTEM CONTROL                           |                | 10-R2                 | (5)                | 7,738,280   | 647,840                                 | 8.37                    | 215,478                             | 863,318                                   | 11.16                   |
|  | <b>TOTAL COMMUNICATION</b>                     |                |                       |                    | <b>308,269,905</b>                                  | <b>16,107,043</b>                       | <b>5.21</b>             | <b>2,150,010</b>                    | <b>18,257,053</b>                         | <b>5.90</b>             |
| <b>MOTOR VEHICLES</b>                    |  |                |                       |                    |   |   |                         |                                     |   |                         |
| 6000E                                    | PASSENGER VEHICLES                             |                | 9-L2                  | 20                 | 1,304,413   | 115,936                                 | 8.89                    | 28,779                              | 144,715                                   | 11.09                   |
| 6000F                                    | LIGHT TRUCKS                                   |                | 10-L3                 | 15                 | 52,289,249  | 4,445,436                               | 8.50                    | (337,383)                           | 4,108,053                                 | 7.85                    |
| 6000G                                    | HEAVY TRUCKS                                   |                | 15-L2                 | 10                 | 61,004,014  | 3,662,071                               | 6.00                    | (104,256)                           | 3,557,815                                 | 5.83                    |
| 6000H                                    | CONSTRUCTION EQUIPMENT                         |                | 15-L2                 | 20                 | 17,016,205  | 907,985                                 | 5.34                    | (10,557)                            | 897,428                                   | 5.27                    |
| 6000I                                    | LARGE SOFT-TRACK EQUIPMENT                     |                | 22-L2.5               | 15                 | 13,146,265  | 508,432                                 | 3.87                    | 54,308                              | 562,740                                   | 4.28                    |
| 6000J                                    | TRAILERS                                       |                | 35-R3                 | 25                 | 15,996,331  | 343,063                                 | 2.14                    | (32,096)                            | 310,967                                   | 1.94                    |
| 6000K                                    | MISCELLANEOUS VEHICLES                         |                | 10-L1.5               | 15                 | 5,724,654   | 486,596                                 | 8.50                    | (147,394)                           | 339,202                                   | 5.93                    |
|  | <b>TOTAL MOTOR VEHICLES</b>                    |                |                       |                    | <b>166,491,131</b>                                  | <b>10,469,519</b>                       | <b>6.29</b>             | <b>(548,599)</b>                    | <b>9,920,920</b>                          | <b>5.96</b>             |
| <b>BUILDINGS</b>                         |  |                |                       |                    |   |   |                         |                                     |   |                         |
| 8000B                                    | BUILDINGS - GENERAL                            |                | 65-R4                 | (5)                | 88,797,107  | 1,434,342                               | 1.62                    | (24,357)                            | 1,409,985                                 | 1.59                    |
| 8000C                                    | BUILDING RENOVATIONS                           |                | 20-SQ                 | (5)                | 46,779,508  | 2,385,884                               | 5.10                    | 955,245                             | 3,341,129                                 | 7.14 **                 |
| 8000D                                    | BUILDING - 360 PORTAGE - CIVIL                 |                | 100-R4                | 0                  | 207,292,785   | 2,072,928                               | 1.00                    | (3,463)                             | 2,069,465                                 | 1.00                    |
| 8000E                                    | BUILDING - 360 PORTAGE - ELECTROMECHANICAL     |                | 45-R2                 | 0                  | 65,886,581  | 1,462,726                               | 2.22                    | (4,971)                             | 1,457,755                                 | 2.21                    |
|  | <b>TOTAL BUILDINGS</b>                         |                |                       |                    | <b>408,757,981</b>                                  | <b>7,355,880</b>                        | <b>1.80</b>             | <b>922,453</b>                      | <b>8,276,333</b>                          | <b>2.03</b>             |
| <b>GENERAL EQUIPMENT</b>                 |  |                |                       |                    |   |   |                         |                                     |   |                         |
| 9000H                                    | TOOLS, SHOP AND GARAGE EQUIPMENT               |                | 15-SQ                 | 0                  | 78,461,837  | 5,233,405                               | 6.67                    | 842,696                             | 6,076,101                                 | 7.74 **                 |
| 9000K                                    | COMPUTER EQUIPMENT                             |                | 5-SQ                  | 0                  | 48,379,758  | 9,401,982                               | 19.43                   | 4,375,187                           | 13,777,169                                | 28.48 **                |
| 9000L                                    | OFFICE FURNITURE AND EQUIPMENT                 |                | 20-SQ                 | 0                  | 21,726,896  | 1,086,345                               | 5.00                    | (41,021)                            | 1,045,324                                 | 4.81 **                 |
| 9000M                                    | HOT WATER TANKS                                |                | 6-SQ                  | 0                  | 4,511,783   | 197,108                                 | 4.37                    | 759,615                             | 956,723                                   | 21.20 **                |
|  | <b>TOTAL GENERAL EQUIPMENT</b>                 |                |                       |                    | <b>153,080,275</b>                                  | <b>15,918,840</b>                       | <b>10.40</b>            | <b>5,936,477</b>                    | <b>21,855,317</b>                         | <b>14.28</b>            |
| <b>EASEMENTS</b>                         |  |                |                       |                    |   |   |                         |                                     |   |                         |
| A100A                                    | EASEMENTS                                      |                | 75-R3                 | 0                  | 50,612,345  | 673,144                                 | 1.33                    | (26,807)                            | 646,337                                   | 1.28                    |
|  | <b>TOTAL EASEMENTS</b>                         |                |                       |                    | <b>50,612,345</b>                                   | <b>673,144</b>                          | <b>1.33</b>             | <b>(26,807)</b>                     | <b>646,337</b>                            | <b>1.28</b>             |
| <b>COMPUTER SOFTWARE AND DEVELOPMENT</b> |  |                |                       |                    |   |   |                         |                                     |   |                         |
| A200G                                    | COMPUTER DEVELOPMENT - MAJOR SYSTEMS           |                | 10-R3                 | 0                  | 100,980,015   | 10,098,002                              | 10.00                   | (537,161)                           | 9,560,841                                 | 9.47                    |
| A200H                                    | COMPUTER DEVELOPMENT - SMALL SYSTEMS           |                | 10-SQ                 | 0                  | 42,827,602  | 4,282,760                               | 10.00                   | 4,282,760                           | 4,282,760                                 | 10.00 **                |
| A200J                                    | COMPUTER SOFTWARE - GENERAL                    |                | 5-SQ                  | 0                  | 5,076,404   | 1,002,927                               | 19.76                   | 1,002,927                           | 1,002,927                                 | 19.76 **                |
| A200K                                    | COMPUTER SOFTWARE - COMMUNICATION/OPERATIONAL  |                | 5-SQ                  | 0                  | 3,639,540   | 360,800                                 | 9.91                    | 146,167                             | 506,967                                   | 13.93 **                |
| A200L                                    | OPERATIONAL SYSTEM MAJOR SOFTWARE - EMIS/CADA  |                | 6-R3                  | 0                  | 6,016,617   | 987,000                                 | 16.40                   | 417,942                             | 1,404,942                                 | 23.35                   |
|  | <b>TOTAL COMPUTER SOFTWARE AND DEVELOPMENT</b> |                |                       |                    | <b>158,540,378</b>                                  | <b>16,731,489</b>                       | <b>10.55</b>            | <b>26,948</b>                       | <b>16,758,437</b>                         | <b>10.57</b>            |
|  | <b>TOTAL DEPRECIABLE ASSETS</b>                |                |                       |                    | <b>12,067,737,939</b>                               | <b>319,825,672</b>                      | <b>2.65</b>             | <b>(6,969,295)</b>                  | <b>312,856,377</b>                        | <b>2.59</b>             |

\* The account has no balance as of March 31, 2010 and rate will be used on a go-forward basis for future additions.  
\*\* On amortized accounts any true-up of less than 10% is not considered significant.  
\*\*\* True-up was deemed as not significant.

MANITOBA HYDRO

SCHEDULE 2. CALCULATED ACCRUED DEPRECIATION, BOOK ACCUMULATED DEPRECIATION AND DETERMINATION OF ANNUAL PROVISION FOR TRUE-UP FOR THE TWELVE MONTHS ENDED MARCH 31, 2010  
(USE OF THE ASL PROCEDURE)

| ACCOUNT      | DESCRIPTION<br>(1)                       | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(2) | CALCULATED ACCRUED DEPRECIATION<br>(3) | BOOK ACCUMULATED DEPRECIATION<br>(4) | ACCUMULATED DEPRECIATION VARIANCE AMOUNT<br>(5) = (3)-(4) | PERCENT<br>(6) = (5)/(3) | PROBABLE REMAINING LIFE<br>(7) | ANNUAL PROVISION FOR TRUE-UP<br>(8)=(5)/(7) |
|--------------|--|---|--|--------------------------------------|---|--------------------------|--------------------------------|---|
| <b>10000</b> | <b>GENERATION</b>                        |   |  |                                      |   |                          |                                |   |
| <b>11000</b> | <b>HYDRAULIC GENERATION</b>              |   |  |                                      |   |                          |                                |   |
| <b>11050</b> | <b>GREAT FALLS</b>                       |   |  |                                      |   |                          |                                |   |
| 1105A        | DAMS, DYKES AND WEIRS                    | 17,302,772  | 6,746,416                              | 7,613,124                            | (866,708)   | (12.85)                  | 51.5                           | (16,829)                                    |
| 1105B        | POWERHOUSE                               | 7,990,993   | 3,277,346                              | 3,698,385                            | (421,039)   | (12.85)                  | 50.7                           | (8,305)                                     |
| 1105C        | POWERHOUSE RENOVATIONS                   |   |  |                                      |   |                          |                                | ***   |
| 1105D        | SPILLWAY                                 | 9,676,327   | 3,544,449                              | 3,999,802                            | (453,353)   | (12.85)                  | 43.4                           | (10,482)                                    |
| 1105E        | WATER CONTROL SYSTEMS                    | 24,245,253  | 8,836,375                              | 9,971,579                            | (1,135,204)   | (12.85)                  | 34.4                           | (33,000)                                    |
| 1105F        | ROADS AND SITE IMPROVEMENTS              | 213,964   | 10,071                                 | 11,365                               | (1,294)   | (12.85)                  | 44.8                           | (29)  |
| 1105G        | TURBINES AND GENERATORS                  | 25,128,789  | 7,465,771                              | 8,424,895                            | (959,124)   | (12.85)                  | 46.5                           | (20,626)                                    |
| 1105H        | GOVERNORS AND EXCITATION SYSTEM          | 492,218   | 171,420                                | 193,442                              | (22,022)  | (12.85)                  | 40.2                           | (548)                                       |
| 1105L        | LICENCE RENEWAL                          |   |  |                                      |   |                          |                                | ***   |
| 1105P        | A/C ELECTRICAL POWER SYSTEMS             | 9,493,088   | 3,291,887                              | 3,714,794                            | (422,907)   | (12.85)                  | 35.0                           | (12,083)                                    |
| 1105Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 19,271,956  | 6,006,763                              | 6,778,449                            | (771,686)   | (12.85)                  | 17.0                           | (45,393)                                    |
| 1105R        | AUXILIARY STATION PROCESSES              | 8,345,798   | 2,875,553                              | 3,244,974                            | (369,421)   | (12.85)                  | 28.1                           | (13,147)                                    |
| 1105X        | SUPPORT BUILDINGS                        | 1,495,253   | 665,413                                | 750,898                              | (85,485)  | (12.85)                  | 45.6                           | (1,875)                                     |
| 1105W        | SUPPORT BUILDING RENOVATIONS             |   |  |                                      |   |                          |                                | ***   |
|              | <b>TOTAL GREAT FALLS</b>                 | <b>123,656,412</b>                                  | <b>42,891,464</b>                      | <b>48,401,707</b>                    | <b>(5,510,243)</b>  | <b>(12.85)</b>           |                                | <b>(162,327)</b>                            |
| <b>11100</b> | <b>POINTE DU BOIS</b>                    |   |  |                                      |   |                          |                                |   |
| 1110A        | DAMS, DYKES AND WEIRS                    | 11,263,332  | 2,075,429                              | 3,807,139                            | (1,731,710)   | (83.44)                  | 21.0                           | (82,462)                                    |
| 1110B        | POWERHOUSE                               | 6,242,749   | 607,310                                | 1,114,041                            | (506,731)   | (83.44)                  | 21.0                           | (24,130)                                    |
| 1110C        | POWERHOUSE RENOVATIONS                   |   |  |                                      |   |                          |                                | ***   |
| 1110D        | SPILLWAY - ORIGINAL                      | 3,104,842   | 709,202                                | 1,300,951                            | (591,749)   | (83.44)                  | 7.0                            | (85,021)                                    |
| 1110E        | WATER CONTROL SYSTEMS                    | 4,027,603   | 896,510                                | 1,644,546                            | (748,036)   | (83.44)                  | 21.0                           | (35,621)                                    |
| 1110F        | ROADS AND SITE IMPROVEMENTS              | 28,533  | 6,567                                  | 12,046                               | (5,479)   | (83.44)                  | 20.6                           | (266)                                       |
| 1110G        | TURBINES AND GENERATORS                  | 24,610,324  | 3,475,181                              | 6,374,825                            | (2,899,644)   | (83.44)                  | 21.0                           | (138,078)                                   |
| 1110H        | GOVERNORS AND EXCITATION SYSTEM          |   |  |                                      |   |                          |                                | ***   |
| 1110L        | LICENCE RENEWAL                          |   |  |                                      |   |                          |                                | ***   |
| 1110P        | A/C ELECTRICAL POWER SYSTEMS             | 6,057,709   | 516,493                                | 947,448                              | (430,955)   | (83.44)                  | 20.7                           | (20,819)                                    |
| 1110Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 355,559   | 48,227                                 | 88,467                               | (40,240)  | (83.44)                  | 16.9                           | (2,381)                                     |
| 1110R        | AUXILIARY STATION PROCESSES              | 1,377,014   | 244,688                                | 448,852                              | (204,164)   | (83.44)                  | 20.2                           | (10,107)                                    |
| 1110X        | SUPPORT BUILDINGS                        | 2,616,290   | 722,012                                | 1,324,449                            | (602,437)   | (83.44)                  | 20.7                           | (29,103)                                    |
| 1110W        | SUPPORT BUILDING RENOVATIONS             |   |  |                                      |   |                          |                                | ***   |
| 1111D        | SPILLWAY - NEW                           |   |  |                                      |   |                          |                                | *   |
|              | <b>TOTAL POINTE DU BOIS</b>              | <b>59,683,956</b>                                   | <b>9,301,619</b>                       | <b>17,062,765</b>                    | <b>(7,761,146)</b>  | <b>(83.44)</b>           |                                | <b>(427,989)</b>                            |
| <b>11150</b> | <b>SEVEN SISTERS</b>                     |   |  |                                      |   |                          |                                |   |
| 1115A        | DAMS, DYKES AND WEIRS                    | 31,497,995  | 11,783,110                             | 15,406,970                           | (3,623,860)   | (30.75)                  | 59.6                           | (60,803)                                    |
| 1115B        | POWERHOUSE                               | 13,653,945  | 6,342,115                              | 8,292,614                            | (1,950,499)   | (30.75)                  | 57.0                           | (34,219)                                    |
| 1115C        | POWERHOUSE RENOVATIONS                   |   |  |                                      |   |                          |                                | ***   |
| 1115D        | SPILLWAY                                 | 2,841,355   | 1,229,368                              | 1,607,456                            | (378,088)   | (30.75)                  | 48.4                           | (7,812)                                     |
| 1115E        | WATER CONTROL SYSTEMS                    | 4,296,891   | 2,171,871                              | 2,839,823                            | (667,952)   | (30.75)                  | 39.0                           | (17,127)                                    |
| 1115F        | ROADS AND SITE IMPROVEMENTS              | 201,701   | 109,091                                | 142,642                              | (33,551)  | (30.75)                  | 45.1                           | (744)                                       |
| 1115G        | TURBINES AND GENERATORS                  | 41,208,963  | 10,315,718                             | 13,488,286                           | (3,172,568)   | (30.75)                  | 51.1                           | (62,085)                                    |
| 1115H        | GOVERNORS AND EXCITATION SYSTEM          | 6,860   | 6,166                                  | 8,062                                | (1,896)   | (30.75)                  | 5.0                            | (379)                                       |
| 1115L        | LICENCE RENEWAL                          |   |  |                                      |   |                          |                                | ***   |
| 1115P        | A/C ELECTRICAL POWER SYSTEMS             | 10,648,619  | 3,798,361                              | 4,966,536                            | (1,168,175)   | (30.75)                  | 37.5                           | (31,151)                                    |
| 1115Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 3,621,416   | 1,825,372                              | 2,386,760                            | (561,388)   | (30.75)                  | 13.9                           | (40,388)                                    |
| 1115R        | AUXILIARY STATION PROCESSES              | 5,224,958   | 2,148,748                              | 2,809,589                            | (660,841)   | (30.75)                  | 28.1                           | (23,517)                                    |
| 1115X        | SUPPORT BUILDINGS                        | 608,294   | 105,032                                | 137,334                              | (32,302)  | (30.75)                  | 51.4                           | (628)                                       |
| 1115W        | SUPPORT BUILDING RENOVATIONS             |   |  |                                      |   |                          |                                | ***   |
|              | <b>TOTAL SEVEN SISTERS</b>               | <b>114,010,998</b>                                  | <b>39,834,952</b>                      | <b>52,086,073</b>                    | <b>(12,251,121)</b>                                       | <b>(30.75)</b>           |                                | <b>(278,855)</b>                            |

MANITOBA HYDRO

SCHEDULE 2. CALCULATED ACCRUED DEPRECIATION, BOOK ACCUMULATED DEPRECIATION AND DETERMINATION OF ANNUAL PROVISION FOR TRUE-UP FOR THE TWELVE MONTHS ENDED MARCH 31, 2010  
(USE OF THE ASL PROCEDURE)

| ACCOUNT      | DESCRIPTION<br>(1)                       | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(2) | CALCULATED ACCRUED DEPRECIATION<br>(3) | BOOK ACCUMULATED DEPRECIATION<br>(4) | ACCUMULATED DEPRECIATION AMOUNT<br>(5) = (3)-(4) | ACCUMULATED DEPRECIATION VARIANCE<br>(6) = (5)/(3) | PROBABLE REMAINING LIFE<br>(7) | ANNUAL PROVISION FOR TRUE-UP<br>(8)=(5)/(7) |
|--------------|--|---|--|--------------------------------------|--|--|--------------------------------|---|
| <b>11200</b> | <b>SLAVE FALLS</b>                       |   |  |                                      |  |  |                                |   |
| 1120A        | DAMS, DYKES AND WEIRS                    | 954,684   | 48,988                                 | 54,185                               | (5,197)  | (0.61)   | 61.7                           | (84)  |
| 1120B        | POWERHOUSE                               | 45,692,194  | 5,381,783                              | 5,952,681                            | (570,898)  | (0.61)   | 61.6                           | (9,268)                                     |
| 1120C        | POWERHOUSE RENOVATIONS                   |   |  |                                      |  |  |                                | **  |
| 1120D        | SPILLWAY                                 | 760,201   | 53,031                                 | 58,657                               | (5,626)  | (0.61)   | 54.7                           | (103)                                       |
| 1120E        | WATER CONTROL SYSTEMS                    | 319,933   | 25,628                                 | 28,347                               | (2,719)  | (0.61)   | 46.2                           | (69)  |
| 1120F        | ROADS AND SITE IMPROVEMENTS              | 769,506   | 75,181                                 | 83,156                               | (7,975)  | (0.61)   | 45.1                           | (177)                                       |
| 1120G        | TURBINES AND GENERATORS                  | 11,630,909  | 1,573,109                              | 1,739,984                            | (166,875)  | (0.61)   | 53.1                           | (3,143)                                     |
| 1120H        | GOVERNORS AND EXCITATION SYSTEM          |   |  |                                      |  |  |                                | *   |
| 1120I        | LICENCE RENEWAL                          |   |  |                                      |  |  |                                | **  |
| 1120P        | A/C ELECTRICAL POWER SYSTEMS             | 21,815,741  | 1,863,245                              | 2,060,897                            | (197,652)  | (0.61)   | 45.6                           | (4,334)                                     |
| 1120Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 786,382   | 94,823                                 | 104,882                              | (10,059)   | (0.61)   | 20.5                           | (491)                                       |
| 1120R        | AUXILIARY STATION PROCESSES              | 2,201,466   | 155,023                                | 171,468                              | (16,445)   | (0.61)   | 37.4                           | (440)                                       |
| 1120X        | SUPPORT BUILDINGS                        | 3,724,095   | 499,474                                | 552,458                              | (52,984)   | (0.61)   | 52.7                           | (1,005)                                     |
| 1120W        | SUPPORT BUILDING RENOVATIONS             |   |  |                                      |  |  |                                | **  |
|              | <b>TOTAL SLAVE FALLS</b>                 | <b>88,654,109</b>                                   | <b>9,770,285</b>                       | <b>10,806,713</b>                    | <b>(1,036,428)</b>                               | <b>(0.61)</b>                                      |                                | <b>(19,103)</b>                             |
| <b>11250</b> | <b>PINE FALLS</b>                        |   |  |                                      |  |  |                                |   |
| 1125A        | DAMS, DYKES AND WEIRS                    | 14,110,589  | 2,224,733                              | 2,573,116                            | (348,383)  | (15.66)  | 78.4                           | (4,444)                                     |
| 1125B        | POWERHOUSE                               | 10,060,843  | 4,792,490                              | 5,542,973                            | (750,483)  | (15.66)  | 66.4                           | (11,302)                                    |
| 1125C        | POWERHOUSE RENOVATIONS                   |   |  |                                      |  |  |                                | **  |
| 1125D        | SPILLWAY                                 | 93,376  | 2,723                                  | 3,149                                | (426)  | (15.66)  | 66.3                           | (6)   |
| 1125E        | WATER CONTROL SYSTEMS                    | 3,564,106   | 2,064,829                              | 2,388,172                            | (323,343)  | (15.66)  | 35.9                           | (9,007)                                     |
| 1125F        | ROADS AND SITE IMPROVEMENTS              | 1,178,575   | 977,782                                | 1,130,898                            | (153,116)  | (15.66)  | 33.6                           | (4,557)                                     |
| 1125G        | TURBINES AND GENERATORS                  | 9,464,220   | 5,091,915                              | 5,889,287                            | (797,372)  | (15.66)  | 37.2                           | (21,436)                                    |
| 1125H        | GOVERNORS AND EXCITATION SYSTEM          |   |  |                                      |  |  |                                | **  |
| 1125I        | LICENCE RENEWAL                          |   |  |                                      |  |  |                                | **  |
| 1125P        | A/C ELECTRICAL POWER SYSTEMS             | 5,071,108   | 1,875,859                              | 2,169,610                            | (293,751)  | (15.66)  | 42.6                           | (6,896)                                     |
| 1125Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2,156,586   | 990,107                                | 1,145,153                            | (155,046)  | (15.66)  | 13.5                           | (11,485)                                    |
| 1125R        | AUXILIARY STATION PROCESSES              | 3,790,230   | 1,474,022                              | 1,704,847                            | (230,825)  | (15.66)  | 28.9                           | (7,987)                                     |
| 1125X        | SUPPORT BUILDINGS                        | 336,412   | 85,620                                 | 99,028                               | (13,408)   | (15.66)  | 49.9                           | (269)                                       |
| 1125W        | SUPPORT BUILDING RENOVATIONS             |   |  |                                      |  |  |                                | **  |
| 1125Z        | COMMUNITY DEVELOPMENT COSTS              | 4,425,543   | 533,832                                | 710,240                              | (176,408)  | (15.66)  | 71.4                           | (2,471)                                     |
|              | <b>TOTAL PINE FALLS</b>                  | <b>54,251,587</b>                                   | <b>20,113,912</b>                      | <b>23,356,474</b>                    | <b>(3,242,562)</b>                               | <b>(16.12)</b>                                     |                                | <b>(79,858)</b>                             |
| <b>11300</b> | <b>MCARTHUR FALLS</b>                    |   |  |                                      |  |  |                                |   |
| 1130A        | DAMS, DYKES AND WEIRS                    | 3,578,068   | 1,394,196                              | 1,583,088                            | (188,892)  | (13.55)  | 72.4                           | (2,609)                                     |
| 1130B        | POWERHOUSE                               | 9,523,798   | 4,419,899                              | 5,018,727                            | (598,828)  | (13.55)  | 68.5                           | (8,742)                                     |
| 1130C        | POWERHOUSE RENOVATIONS                   |   |  |                                      |  |  |                                | **  |
| 1130D        | SPILLWAY                                 | 2,351,438   | 1,499,881                              | 1,703,092                            | (203,211)  | (13.55)  | 31.5                           | (6,451)                                     |
| 1130E        | WATER CONTROL SYSTEMS                    | 11,703,203  | 4,410,292                              | 5,007,819                            | (597,527)  | (13.55)  | 35.4                           | (16,879)                                    |
| 1130F        | ROADS AND SITE IMPROVEMENTS              | 234,820   | 112,527                                | 127,773                              | (15,246)   | (13.55)  | 31.2                           | (489)                                       |
| 1130G        | TURBINES AND GENERATORS                  | 5,096,367   | 4,113,408                              | 4,670,712                            | (557,304)  | (13.55)  | 17.3                           | (32,214)                                    |
| 1130H        | GOVERNORS AND EXCITATION SYSTEM          | 119,315   | 33,484                                 | 38,021                               | (4,537)  | (13.55)  | 37.6                           | (121)                                       |
| 1130I        | LICENCE RENEWAL                          |   |  |                                      |  |  |                                | **  |
| 1130P        | A/C ELECTRICAL POWER SYSTEMS             | 2,480,539   | 1,601,822                              | 1,818,844                            | (217,022)  | (13.55)  | 28.8                           | (7,535)                                     |
| 1130Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 1,245,885   | 658,647                                | 747,884                              | (89,237)   | (13.55)  | 14.4                           | (6,197)                                     |
| 1130R        | AUXILIARY STATION PROCESSES              | 3,440,197   | 1,306,468                              | 1,483,474                            | (177,006)  | (13.55)  | 29.8                           | (5,940)                                     |
| 1130X        | SUPPORT BUILDINGS                        | 227,212   | 57,532                                 | 65,327                               | (7,795)  | (13.55)  | 50.0                           | (156)                                       |
| 1130W        | SUPPORT BUILDING RENOVATIONS             |   |  |                                      |  |  |                                | **  |
|              | <b>TOTAL MCARTHUR FALLS</b>              | <b>40,000,842</b>                                   | <b>19,608,156</b>                      | <b>22,264,760</b>                    | <b>(2,656,604)</b>                               | <b>(13.55)</b>                                     |                                | <b>(87,333)</b>                             |

MANITOBA HYDRO

SCHEDULE 2. CALCULATED ACCRUED DEPRECIATION, BOOK ACCUMULATED DEPRECIATION AND DETERMINATION OF ANNUAL PROVISION FOR TRUE-UP FOR THE TWELVE MONTHS ENDED MARCH 31, 2010  
(USE OF THE ASL PROCEDURE)

| ACCOUNT | DESCRIPTION<br>(1)                              | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(2) | CALCULATED ACCRUED DEPRECIATION<br>(3) | BOOK ACCUMULATED DEPRECIATION<br>(4) | ACCUMULATED DEPRECIATION VARIANCE |                          | PROBABLE REMAINING LIFE<br>(7) | ANNUAL PROVISION FOR TRUE-UP<br>(8)=(5)/(7) |
|---------|---|---|--|--------------------------------------|-----------------------------------|--------------------------|--------------------------------|---|
|         |   |   |  |                                      | AMOUNT<br>(5) = (3)-(4)           | PERCENT<br>(6) = (5)/(3) |                                |   |
| 11350   | KELSEY  |   |  |                                      |                                   |                          |                                |   |
| 1135A   | DAMS, DYKES AND WEIRS                           | 11,066,409  | 2,216,272                              | 2,388,154                            | (171,882)                         | (7.76)                   | 84.0                           | (2,046)                                     |
| 1135B   | POWERHOUSE                                      | 27,569,817  | 10,948,363                             | 11,797,459                           | (849,096)                         | (7.76)                   | 75.7                           | (11,217)                                    |
| 1135C   | POWERHOUSE RENOVATIONS                          |   |  |                                      |                                   |                          |                                |   |
| 1135D   | SPILLWAY  | 5,331,929   | 3,097,547                              | 3,337,776                            | (240,229)                         | (7.76)                   | 35.4                           | (6,786)                                     |
| 1135E   | WATER CONTROL SYSTEMS                           | 11,792,566  | 5,436,933                              | 5,858,592                            | (421,659)                         | (7.76)                   | 32.8                           | (12,855)                                    |
| 1135F   | ROADS AND SITE IMPROVEMENTS                     | 6,442,928   | 3,410,997                              | 3,675,535                            | (264,538)                         | (7.76)                   | 28.3                           | (9,348)                                     |
| 1135G   | TURBINES AND GENERATORS                         | 130,323,693   | 10,105,840                             | 10,889,594                           | (783,754)                         | (7.76)                   | 60.6                           | (12,933)                                    |
| 1135H   | GOVERNORS AND EXCITATION SYSTEM LICENCE RENEWAL | 89,651  | 26,173                                 | 28,203                               | (2,030)                           | (7.76)                   | 36.6                           | (55)  |
| 1135P   | A/C ELECTRICAL POWER SYSTEMS                    | 5,751,610   | 3,194,348                              | 3,442,084                            | (247,736)                         | (7.76)                   | 25.9                           | (9,565)                                     |
| 1135Q   | INSTRUMENTATION, CONTROL AND D/C SYSTEMS        | 3,595,490   | 1,424,963                              | 1,535,475                            | (110,512)                         | (7.76)                   | 15.2                           | (7,271)                                     |
| 1135R   | AUXILIARY STATION PROCESSES                     | 7,788,815   | 3,119,891                              | 3,361,853                            | (241,962)                         | (7.76)                   | 26.2                           | (9,235)                                     |
| 1135X   | SUPPORT BUILDINGS                               | 9,953,977   | 1,884,056                              | 2,030,173                            | (146,117)                         | (7.76)                   | 53.9                           | (2,711)                                     |
| 1135W   | SUPPORT BUILDING RENOVATIONS                    |   |  |                                      |                                   |                          |                                |   |
|         | <b>TOTAL KELSEY</b>                             | <b>219,705,886</b>                                  | <b>44,865,383</b>                      | <b>48,344,899</b>                    | <b>(3,479,516)</b>                | <b>(7.76)</b>            |                                | <b>(84,022)</b>                             |
| 11400   | GRAND RAPIDS                                    |   |  |                                      |                                   |                          |                                |   |
| 1140A   | DAMS, DYKES AND WEIRS                           | 53,468,974  | 17,994,155                             | 20,241,182                           | (2,247,027)                       | (12.49)                  | 73.7                           | (30,489)                                    |
| 1140B   | POWERHOUSE                                      | 24,506,522  | 9,663,502                              | 10,870,236                           | (1,206,734)                       | (12.49)                  | 72.1                           | (16,737)                                    |
| 1140C   | POWERHOUSE RENOVATIONS                          |   |  |                                      |                                   |                          |                                |   |
| 1140D   | SPILLWAY  | 5,308,334   | 2,780,395                              | 3,127,598                            | (347,203)                         | (12.49)                  | 39.3                           | (8,835)                                     |
| 1140E   | WATER CONTROL SYSTEMS                           | 15,982,492  | 11,499,312                             | 12,935,293                           | (1,435,981)                       | (12.49)                  | 21.9                           | (65,570)                                    |
| 1140F   | ROADS AND SITE IMPROVEMENTS                     | 2,581,475   | 1,912,279                              | 2,151,076                            | (238,797)                         | (12.49)                  | 17.7                           | (13,491)                                    |
| 1140G   | TURBINES AND GENERATORS                         | 113,066,160   | 25,636,002                             | 28,837,308                           | (3,201,306)                       | (12.49)                  | 51.9                           | (61,682)                                    |
| 1140H   | GOVERNORS AND EXCITATION SYSTEM LICENCE RENEWAL | 42,718  | 10,152                                 | 11,420                               | (1,268)                           | (12.49)                  | 39.9                           | (32)  |
| 1140P   | A/C ELECTRICAL POWER SYSTEMS                    | 8,240,545   | 3,016,749                              | 3,393,467                            | (376,718)                         | (12.49)                  | 35.2                           | (10,702)                                    |
| 1140Q   | INSTRUMENTATION, CONTROL AND D/C SYSTEMS        | 4,674,247   | 2,972,935                              | 3,344,181                            | (371,246)                         | (12.49)                  | 11.3                           | (32,854)                                    |
| 1140R   | AUXILIARY STATION PROCESSES                     | 5,600,506   | 1,660,234                              | 1,867,556                            | (207,322)                         | (12.49)                  | 29.6                           | (7,004)                                     |
| 1140X   | SUPPORT BUILDINGS                               | 6,190,376   | 1,126,015                              | 1,266,627                            | (140,612)                         | (12.49)                  | 54.1                           | (2,599)                                     |
| 1140W   | SUPPORT BUILDING RENOVATIONS                    |   |  |                                      |                                   |                          |                                |   |
| 1140Z   | COMMUNITY DEVELOPMENT COSTS                     | 101,442,997   | 11,399,379                             | 17,852,104                           | (6,452,725)                       | (56.61)                  | 71.2                           | (90,628)                                    |
|         | <b>TOTAL GRAND RAPIDS</b>                       | <b>341,105,346</b>                                  | <b>89,671,109</b>                      | <b>105,898,046</b>                   | <b>(16,226,937)</b>               | <b>(18.10)</b>           |                                | <b>(340,623)</b>                            |
| 11450   | KETTLE  |   |  |                                      |                                   |                          |                                |   |
| 1145A   | DAMS, DYKES AND WEIRS                           | 45,280,663  | 15,204,290                             | 17,156,728                           | (1,952,438)                       | (12.84)                  | 83.8                           | (23,299)                                    |
| 1145B   | POWERHOUSE                                      | 146,207,420   | 48,592,348                             | 54,832,267                           | (6,239,919)                       | (12.84)                  | 83.9                           | (74,373)                                    |
| 1145C   | POWERHOUSE RENOVATIONS                          |   |  |                                      |                                   |                          |                                |   |
| 1145D   | SPILLWAY  | 25,406,960  | 11,611,412                             | 13,102,475                           | (1,491,063)                       | (12.84)                  | 43.8                           | (34,043)                                    |
| 1145E   | WATER CONTROL SYSTEMS                           | 17,934,945  | 13,798,854                             | 15,570,815                           | (1,771,961)                       | (12.84)                  | 15.3                           | (115,814)                                   |
| 1145F   | ROADS AND SITE IMPROVEMENTS                     | 10,591  | 2,148                                  | 2,424                                | (276)                             | (12.84)                  | 40.8                           | (7)   |
| 1145G   | TURBINES AND GENERATORS                         | 70,740,028  | 39,287,581                             | 44,332,641                           | (5,045,060)                       | (12.84)                  | 32.7                           | (154,283)                                   |
| 1145H   | GOVERNORS AND EXCITATION SYSTEM LICENCE RENEWAL | 3,304,326   | 2,409,013                              | 2,718,363                            | (309,350)                         | (12.84)                  | 17.2                           | (17,985)                                    |
| 1145L   | A/C ELECTRICAL POWER SYSTEMS                    | 6,771,761   | 2,714,622                              | 3,063,216                            | (348,594)                         | (12.84)                  | 33.0                           | (10,563)                                    |
| 1145P   | INSTRUMENTATION, CONTROL AND D/C SYSTEMS        | 12,001,279  | 7,232,801                              | 8,161,591                            | (928,790)                         | (12.84)                  | 11.4                           | (81,473)                                    |
| 1145R   | AUXILIARY STATION PROCESSES                     | 15,361,985  | 8,290,638                              | 9,355,269                            | (1,064,631)                       | (12.84)                  | 22.6                           | (47,108)                                    |
| 1145X   | SUPPORT BUILDINGS                               | 3,908,404   | 2,239,499                              | 2,527,081                            | (287,582)                         | (12.84)                  | 31.2                           | (9,217)                                     |
| 1145W   | SUPPORT BUILDING RENOVATIONS                    |   |  |                                      |                                   |                          |                                |   |
|         | <b>TOTAL KETTLE</b>                             | <b>346,828,362</b>                                  | <b>151,383,206</b>                     | <b>170,822,869</b>                   | <b>(19,439,663)</b>               | <b>(12.84)</b>           |                                | <b>(568,166)</b>                            |

MANITOBA HYDRO

SCHEDULE 2. CALCULATED ACCRUED DEPRECIATION, BOOK ACCUMULATED DEPRECIATION AND DETERMINATION OF ANNUAL PROVISION FOR TRUE-UP FOR THE TWELVE MONTHS ENDED MARCH 31, 2010  
(USE OF THE ASL PROCEDURE)

| ACCOUNT      | DESCRIPTION<br>(1)                              | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(2) | CALCULATED ACCRUED DEPRECIATION<br>(3) | BOOK ACCUMULATED DEPRECIATION<br>(4) | ACCUMULATED DEPRECIATION VARIANCE AMOUNT<br>(5) = (3)-(4) | PERCENT<br>(6) = (5)/(3) | PROBABLE REMAINING LIFE<br>(7) | ANNUAL PROVISION FOR TRUE-UP<br>(8)=(5)/(7) |
|--------------|---|---|--|--------------------------------------|---|--------------------------|--------------------------------|---|
| <b>11500</b> | <b>LAURIE RIVER</b>                             |   |  |                                      |   |                          |                                |   |
| 1150A        | DAMS, DYKES AND WEIRS                           | 355,538   | 195,406                                | 119,594                              | 75,812  | 38.80                    | 22.0                           | 3,446                                       |
| 1150B        | POWERHOUSE                                      | 7,664,146   | 2,067,225                              | 1,265,197                            | 802,028   | 38.80                    | 22.0                           | 36,456                                      |
| 1150C        | POWERHOUSE RENOVATIONS                          |   |  |                                      |   |                          |                                | **  |
| 1150D        | SPILLWAY  | 870,000   | 392,332                                | 240,118                              | 152,214   | 38.80                    | 21.2                           | 7,180                                       |
| 1150E        | WATER CONTROL SYSTEMS                           | 458,033   | 198,157                                | 121,277                              | 76,880  | 38.80                    | 21.7                           | 3,543                                       |
| 1150F        | ROADS AND SITE IMPROVEMENTS                     | 1,441,914   | 644,741                                | 394,599                              | 250,142   | 38.80                    | 20.6                           | 12,143                                      |
| 1150G        | TURBINES AND GENERATORS                         | 4,603,136   | 853,547                                | 522,394                              | 331,153   | 38.80                    | 21.9                           | 15,121                                      |
| 1150H        | GOVERNORS AND EXCITATION SYSTEM LICENCE RENEWAL | 882,653   | 103,151                                | 63,131                               | 40,020  | 38.80                    | 21.9                           | 1,827                                       |
| 1150P        | A/C ELECTRICAL POWER SYSTEMS                    | 1,441,945   | 568,207                                | 347,758                              | 220,449   | 38.80                    | 21.0                           | 10,498                                      |
| 1150Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS        | 1,220,047   | 713,465                                | 436,660                              | 276,805   | 38.80                    | 9.9                            | 27,960                                      |
| 1150R        | AUXILIARY STATION PROCESSES                     | 308,504   | 131,850                                | 80,696                               | 51,154  | 38.80                    | 19.5                           | 2,623                                       |
| 1150X        | SUPPORT BUILDINGS                               | 355,919   | 174,626                                | 106,876                              | 67,750  | 38.80                    | 21.3                           | 3,181                                       |
| 1150W        | SUPPORT BUILDING RENOVATIONS                    |   |  |                                      |   |                          |                                | **  |
|              | <b>TOTAL LAURIE RIVER</b>                       | <b>19,601,835</b>                                   | <b>6,042,707</b>                       | <b>3,698,298</b>                     | <b>2,344,409</b>  | <b>38.80</b>             |                                | <b>123,978</b>                              |
| <b>11550</b> | <b>JENPEG</b>                                   |   |  |                                      |   |                          |                                |   |
| 1155A        | DAMS, DYKES AND WEIRS                           | 15,295,318  | 3,491,006                              | 3,661,242                            | (170,236)   | (4.88)                   | 93.0                           | (1,830)                                     |
| 1155B        | POWERHOUSE                                      | 76,905,294  | 22,035,810                             | 23,110,365                           | (1,074,555)   | (4.88)                   | 89.5                           | (12,006)                                    |
| 1155C        | POWERHOUSE RENOVATIONS                          |   |  |                                      |   |                          |                                | **  |
| 1155D        | SPILLWAY  | 14,942,733  | 5,960,942                              | 6,251,622                            | (290,680)   | (4.88)                   | 47.8                           | (6,081)                                     |
| 1155E        | WATER CONTROL SYSTEMS                           | 16,762,099  | 11,562,526                             | 12,126,362                           | (563,836)   | (4.88)                   | 18.7                           | (30,152)                                    |
| 1155F        | ROADS AND SITE IMPROVEMENTS                     | 1,563,205   | 733,476                                | 769,243                              | (35,767)  | (4.88)                   | 28.9                           | (1,238)                                     |
| 1155G        | TURBINES AND GENERATORS                         | 79,641,550  | 38,051,031                             | 39,906,553                           | (1,855,522)   | (4.88)                   | 36.9                           | (60,285)                                    |
| 1155H        | GOVERNORS AND EXCITATION SYSTEM LICENCE RENEWAL |   |  |                                      |   |                          |                                | *   |
| 1155P        | A/C ELECTRICAL POWER SYSTEMS                    | 19,308,049  | 12,218,926                             | 12,814,770                           | (595,844)   | (4.88)                   | 21.2                           | (28,106)                                    |
| 1155Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS        | 3,343,800   | 1,921,209                              | 2,014,896                            | (93,686)  | (4.88)                   | 11.0                           | (8,517)                                     |
| 1155R        | AUXILIARY STATION PROCESSES                     | 9,796,258   | 4,250,680                              | 4,457,960                            | (207,280)   | (4.88)                   | 24.7                           | (8,392)                                     |
| 1155X        | SUPPORT BUILDINGS                               | 7,885,397   | 2,255,195                              | 2,365,167                            | (109,972)   | (4.88)                   | 48.2                           | (2,282)                                     |
| 1155W        | SUPPORT BUILDING RENOVATIONS                    |   |  |                                      |   |                          |                                | **  |
|              | <b>TOTAL JENPEG</b>                             | <b>245,443,703</b>                                  | <b>102,480,801</b>                     | <b>107,478,180</b>                   | <b>(4,997,379)</b>  | <b>(4.88)</b>            |                                | <b>(148,889)</b>                            |
| <b>11600</b> | <b>LAKE WINNIPEG REGULATION</b>                 |   |  |                                      |   |                          |                                |   |
| 1160A        | DAMS, DYKES AND WEIRS                           | 96,807,065  | 27,433,119                             | 33,231,067                           | (5,797,948)   | (21.13)                  | 92.8                           | (62,478)                                    |
| 1160L        | LICENCE RENEWAL                                 |   |  |                                      |   |                          |                                | **  |
| 1160Z        | COMMUNITY DEVELOPMENT COSTS                     | 387,802,871   | 54,108,862                             | 73,448,592                           | (19,339,730)  | (35.74)                  | 86.6                           | (223,323)                                   |
|              | <b>TOTAL LAKE WINNIPEG REGULATION</b>           | <b>484,609,937</b>                                  | <b>81,541,981</b>                      | <b>106,679,659</b>                   | <b>(25,137,678)</b>                                       | <b>(30.83)</b>           |                                | <b>(285,800)</b>                            |
| <b>11650</b> | <b>CHURCHILL RIVER DIVERSION</b>                |   |  |                                      |   |                          |                                |   |
| 1165A        | DAMS, DYKES AND WEIRS                           | 114,718,213   | 32,012,829                             | 31,921,746                           | 91,083  | 0.28                     | 93.3                           | 976   |
| 1165D        | SPILLWAY  | 56,442,246  | 22,673,979                             | 22,609,467                           | 64,512  | 0.28                     | 47.6                           | 1,355                                       |
| 1165E        | WATER CONTROL SYSTEMS                           | 17,583,551  | 12,359,364                             | 12,324,199                           | 35,165  | 0.28                     | 18.0                           | 1,954                                       |
| 1165F        | ROADS AND SITE IMPROVEMENTS                     | 6,799,023   | 4,304,181                              | 4,291,935                            | 12,246  | 0.28                     | 21.2                           | 578   |
| 1165L        | LICENCE RENEWAL                                 |   |  |                                      |   |                          |                                | **  |
| 1165P        | A/C ELECTRICAL POWER SYSTEMS                    | 1,596,593   | 1,012,593                              | 1,009,712                            | 2,881   | 0.28                     | 21.2                           | 136   |
| 1165Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS        | 1,417,862   | 1,110,955                              | 1,107,794                            | 3,161   | 0.28                     | 6.6                            | 479   |
| 1165R        | AUXILIARY STATION PROCESSES                     | 1,799,312   | 463,401                                | 462,083                              | 1,318   | 0.28                     | 30.6                           | 43  |
| 1165X        | SUPPORT BUILDINGS                               | 28,361  | 3,979                                  | 3,968                                | 11  | 0.28                     | 56.7                           | 0   |
| 1165W        | SUPPORT BUILDING RENOVATIONS                    |   |  |                                      |   |                          |                                | **  |
| 1165Z        | COMMUNITY DEVELOPMENT COSTS                     | 305,035,524   | 55,319,169                             | 74,130,320                           | (18,811,151)  | (34.00)                  | 82.5                           | (228,014)                                   |
|              | <b>TOTAL CHURCHILL RIVER DIVERSION</b>          | <b>505,421,684</b>                                  | <b>129,260,450</b>                     | <b>147,861,224</b>                   | <b>(18,600,774)</b>                                       | <b>(14.39)</b>           |                                | <b>(222,493)</b>                            |



MANITOBA HYDRO

SCHEDULE 2. CALCULATED ACCRUED DEPRECIATION, BOOK ACCUMULATED DEPRECIATION AND DETERMINATION OF ANNUAL PROVISION FOR TRUE-UP FOR THE TWELVE MONTHS ENDED MARCH 31, 2010  
(USE OF THE ASL PROCEDURE)

| ACCOUNT      | DESCRIPTION<br>(1)                                | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(2) | CALCULATED ACCRUED DEPRECIATION<br>(3) | BOOK ACCUMULATED DEPRECIATION<br>(4) | ACCUMULATED DEPRECIATION AMOUNT<br>(5) = (3)-(4) | ACCUMULATED DEPRECIATION VARIANCE<br>(6) = (5)/(3) | PROBABLE REMAINING LIFE<br>(7) | ANNUAL PROVISION FOR TRUE-UP<br>(8)=(5)/(7) |
|--------------|---|---|--|--------------------------------------|--|--|--------------------------------|---|
| <b>11700</b> | <b>LONG SPRUCE</b>                                |   |  |                                      |  |  |                                |   |
| 1170A        | DAMS, DYKES AND WEIRS                             | 64,744,494  | 18,011,999                             | 18,797,519                           | (785,520)  | (4.36)   | 90.2                           | (8,709)                                     |
| 1170B        | POWERHOUSE  | 143,780,355   | 40,040,841                             | 41,787,059                           | (1,746,218)                                      | (4.36)   | 90.1                           | (19,381)                                    |
| 1170C        | POWERHOUSE RENOVATIONS                            |   |  |                                      |  |  |                                |   |
| 1170D        | SPILLWAY  | 42,273,617  | 16,425,915                             | 17,142,264                           | (716,349)  | (4.36)   | 48.5                           | (14,770)                                    |
| 1170E        | WATER CONTROL SYSTEMS                             | 57,946,281  | 39,717,639                             | 41,449,762                           | (1,732,123)                                      | (4.36)   | 18.8                           | (92,134)                                    |
| 1170F        | ROADS AND SITE IMPROVEMENTS                       | 1,172,867   | 658,875                                | 687,609                              | (28,734)   | (4.36)   | 24.5                           | (1,173)                                     |
| 1170G        | TURBINES AND GENERATORS                           | 143,328,643   | 73,881,737                             | 77,103,787                           | (3,222,050)                                      | (4.36)   | 34.6                           | (93,123)                                    |
| 1170H        | GOVERNORS AND EXCITATION SYSTEM LICENCE RENEWAL   | 145,844   | 20,824                                 | 21,732                               | (908)  | (4.36)   | 43.5                           | (21)  |
| 1170P        | A/C ELECTRICAL POWER SYSTEMS                      | 30,503,528  | 17,767,682                             | 18,542,547                           | (774,865)  | (4.36)   | 23.6                           | (32,833)                                    |
| 1170Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS          | 4,409,200   | 3,232,633                              | 3,373,611                            | (140,978)  | (4.36)   | 7.7                            | (18,309)                                    |
| 1170R        | AUXILIARY STATION PROCESSES                       | 12,199,119  | 6,837,678                              | 7,135,875                            | (298,197)  | (4.36)   | 19.9                           | (14,985)                                    |
| 1170X        | SUPPORT BUILDINGS                                 | 160,484   | 17,840                                 | 18,618                               | (778)  | (4.36)   | 58.4                           | (13)  |
| 1170W        | SUPPORT BUILDING RENOVATIONS                      |   |  |                                      |  |  |                                |   |
|              | <b>TOTAL LONG SPRUCE</b>                          | <b>500,664,431</b>                                  | <b>216,613,663</b>                     | <b>226,060,384</b>                   | <b>(9,446,721)</b>                               | <b>(4.36)</b>                                      |                                | <b>(295,451)</b>                            |
| <b>11750</b> | <b>LIMESTONE</b>                                  |   |  |                                      |  |  |                                |   |
| 1175A        | DAMS, DYKES AND WEIRS                             | 33,258,073  | 5,626,205                              | 5,756,238                            | (130,033)  | (2.31)   | 102.5                          | (1,269)                                     |
| 1175B        | POWERHOUSE  | 461,430,334   | 77,689,788                             | 79,485,351                           | (1,795,563)                                      | (2.31)   | 102.6                          | (17,501)                                    |
| 1175C        | POWERHOUSE RENOVATIONS                            |   |  |                                      |  |  |                                |   |
| 1175D        | SPILLWAY  | 201,240,773   | 48,129,237                             | 49,241,598                           | (1,112,361)                                      | (2.31)   | 58.7                           | (18,950)                                    |
| 1175E        | WATER CONTROL SYSTEMS                             | 116,224,392   | 47,814,715                             | 48,919,806                           | (1,105,091)                                      | (2.31)   | 31.3                           | (35,306)                                    |
| 1175F        | ROADS AND SITE IMPROVEMENTS                       | 17,164,432  | 6,677,962                              | 6,832,303                            | (154,341)  | (2.31)   | 32.3                           | (4,778)                                     |
| 1175G        | TURBINES AND GENERATORS                           | 403,825,745   | 127,092,132                            | 130,029,479                          | (2,937,347)                                      | (2.31)   | 46.4                           | (63,305)                                    |
| 1175H        | GOVERNORS AND EXCITATION SYSTEM LICENCE RENEWAL   | 16,584,271  | 6,692,823                              | 6,847,507                            | (154,684)  | (2.31)   | 31.7                           | (4,880)                                     |
| 1175P        | A/C ELECTRICAL POWER SYSTEMS                      | 144,317,307   | 56,159,059                             | 57,457,004                           | (1,297,945)                                      | (2.31)   | 32.3                           | (40,184)                                    |
| 1175Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS          | 8,333,373   | 4,778,453                              | 4,778,396                            | (107,943)  | (2.31)   | 11.3                           | (9,553)                                     |
| 1175R        | AUXILIARY STATION PROCESSES                       | 36,054,205  | 15,278,000                             | 15,631,104                           | (353,104)  | (2.31)   | 24.6                           | (14,354)                                    |
| 1175X        | SUPPORT BUILDINGS                                 | 5,703,494   | 1,579,622                              | 1,616,130                            | (36,508)   | (2.31)   | 48.6                           | (751)                                       |
| 1175W        | SUPPORT BUILDING RENOVATIONS                      |   |  |                                      |  |  |                                |   |
|              | <b>TOTAL LIMESTONE</b>                            | <b>1,444,136,399</b>                                | <b>397,409,996</b>                     | <b>406,594,917</b>                   | <b>(9,184,921)</b>                               | <b>(2.31)</b>                                      |                                | <b>(210,830)</b>                            |
| <b>11800</b> | <b>WUSKWATIM</b>                                  |   |  |                                      |  |  |                                |   |
| 1180A        | DAMS, DYKES AND WEIRS                             |   |  |                                      |  |  |                                |   |
| 1180B        | POWERHOUSE  |   |  |                                      |  |  |                                |   |
| 1180C        | POWERHOUSE RENOVATIONS                            |   |  |                                      |  |  |                                |   |
| 1180D        | SPILLWAY  |   |  |                                      |  |  |                                |   |
| 1180E        | WATER CONTROL SYSTEMS                             |   |  |                                      |  |  |                                |   |
| 1180F        | ROADS AND SITE IMPROVEMENTS                       |   |  |                                      |  |  |                                |   |
| 1180G        | TURBINES AND GENERATORS                           |   |  |                                      |  |  |                                |   |
| 1180H        | GOVERNORS AND EXCITATION SYSTEM                   |   |  |                                      |  |  |                                |   |
| 1180P        | A/C ELECTRICAL POWER SYSTEMS                      |   |  |                                      |  |  |                                |   |
| 1180Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS          |   |  |                                      |  |  |                                |   |
| 1180R        | AUXILIARY STATION PROCESSES                       |   |  |                                      |  |  |                                |   |
| 1180X        | SUPPORT BUILDINGS                                 |   |  |                                      |  |  |                                |   |
| 1180W        | SUPPORT BUILDING RENOVATIONS                      |   |  |                                      |  |  |                                |   |
|              | <b>TOTAL WUSKWATIM</b>                            | <b>0</b>  | <b>0</b>                               | <b>0</b>                             | <b>0</b>   |  |                                | <b>0</b>                                    |
| <b>11990</b> | <b>INFRASTRUCTURE SUPPORTING GENERATION</b>       |   |  |                                      |  |  |                                |   |
| 1199F        | PROVINCIAL ROADS                                  | 25,380,938  | 14,295,429                             | 13,691,986                           | 603,443  | 4.22   | 24.3                           | 24,833                                      |
| 1199V        | TOWN SITE BUILDINGS                               | 63,280,714  | 20,698,637                             | 18,850,678                           | 1,847,959  | 8.93   | 44.7                           | 41,341                                      |
| 1199W        | TOWN SITE BUILDINGS RENOVATIONS                   | 13,502,581  | 2,207,310                              | 809,439                              | 1,397,871  | 63.33  | 16.0                           | 87,367                                      |
| 1199Y        | TOWN SITE OTHER INFRASTRUCTURE                    | 26,527,464  | 6,674,666                              | 6,187,988                            | 486,678  | 7.29   | 34.5                           | 14,107                                      |
|              | <b>TOTAL INFRASTRUCTURE SUPPORTING GENERATION</b> | <b>128,691,696</b>                                  | <b>43,876,042</b>                      | <b>39,540,091</b>                    | <b>4,335,951</b>                                 | <b>9.88</b>  |                                | <b>157,648</b>                              |
|              | <b>TOTAL HYDRAULIC GENERATION</b>                 | <b>4,716,467,183</b>                                | <b>1,404,665,726</b>                   | <b>1,536,957,059</b>                 | <b>(132,291,333)</b>                             | <b>(9.42)</b>                                      |                                | <b>(2,920,113)</b>                          |

MANITOBA HYDRO

SCHEDULE 2. CALCULATED ACCRUED DEPRECIATION, BOOK ACCUMULATED DEPRECIATION AND DETERMINATION OF ANNUAL PROVISION FOR TRUE-UP FOR THE TWELVE MONTHS ENDED MARCH 31, 2010  
(USE OF THE ASL PROCEDURE)

| ACCOUNT                         | DESCRIPTION<br>(1)                       | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(2) | CALCULATED ACCRUED DEPRECIATION<br>(3) | BOOK ACCUMULATED DEPRECIATION<br>(4) | ACCUMULATED DEPRECIATION AMOUNT<br>(5) = (3)-(4) | ACCUMULATED DEPRECIATION VARIANCE<br>(6) = (5)/(3) | PROBABLE REMAINING LIFE<br>(7) | ANNUAL PROVISION FOR TRUE-UP<br>(8)=(5)/(7) |
|---------------------------------|--|---|--|--------------------------------------|--|--|--------------------------------|---|
| <b>12000</b>                    | <b>THERMAL GENERATION</b>                |   |  |                                      |  |  |                                |   |
| <b>12050</b>                    | <b>BRANDON UNIT 5 (COAL)</b>             |   |  |                                      |  |  |                                |   |
| 1205B                           | POWERHOUSE                               | 11,729,518  | 7,577,492                              | 7,309,729                            | 267,763  | 3.53   | 9.7                            | 27,604                                      |
| 1205C                           | POWERHOUSE RENOVATIONS                   |   |  |                                      |  |  |                                |   |
| 1205F                           | ROADS AND SITE IMPROVEMENTS              | 4,012,331   | 2,304,499                              | 2,223,066                            | 81,433   | 3.53   | 9.8                            | 8,310                                       |
| 1205G                           | THERMAL TURBINES AND GENERATORS          | 19,611,168  | 10,293,685                             | 9,929,941                            | 363,744  | 3.53   | 9.8                            | 37,117                                      |
| 1205H                           | GOVERNORS AND EXCITATION SYSTEM          | 2,343,861   | 1,201,721                              | 1,159,256                            | 42,465   | 3.53   | 10.0                           | 4,246                                       |
| 1205J                           | STEAM GENERATOR AND AUXILIARIES          | 14,827,183  | 9,471,488                              | 9,136,797                            | 334,691  | 3.53   | 9.8                            | 34,152                                      |
| 1205L                           | LICENCE RENEWAL                          |   |  |                                      |  |  |                                |   |
| 1205P                           | AC ELECTRICAL POWER SYSTEMS              | 8,009,703   | 5,089,540                              | 4,909,693                            | 179,847  | 3.53   | 9.5                            | 18,931                                      |
| 1205Q                           | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 26,389,775  | 16,842,406                             | 16,247,252                           | 595,154  | 3.53   | 7.0                            | 85,022                                      |
| 1205R                           | AUXILIARY STATION PROCESSES              | 47,306,417  | 27,670,224                             | 26,692,451                           | 977,773  | 3.53   | 9.3                            | 105,137                                     |
| 1205X                           | SUPPORT BUILDINGS                        | 7,253,899   | 4,369,765                              | 4,205,706                            | 154,059  | 3.53   | 9.9                            | 15,562                                      |
| 1205W                           | SUPPORT BUILDING RENOVATIONS             |   |  |                                      |  |  |                                |   |
|                                 | <b>TOTAL BRANDON UNIT 5 (COAL)</b>       | <b>141,483,855</b>                                  | <b>84,810,820</b>                      | <b>81,813,891</b>                    | <b>2,996,929</b>                                 | <b>3.53</b>  |                                | <b>336,081</b>                              |
| <b>12100</b>                    | <b>BRANDON UNITS 6 AND 7</b>             |   |  |                                      |  |  |                                |   |
| 1210B                           | POWERHOUSE                               | 14,925,029  | 1,891,596                              | 2,280,114                            | (388,518)  | (20.54)  | 57.5                           | (6,757)                                     |
| 1210C                           | POWERHOUSE RENOVATIONS                   |   |  |                                      |  |  |                                |   |
| 1210G                           | THERMAL TURBINES AND GENERATORS          | 9,823,758   | 1,619,526                              | 1,952,163                            | (332,637)  | (20.54)  | 42.5                           | (7,827)                                     |
| 1210H                           | GOVERNORS AND EXCITATION SYSTEM          |   |  |                                      |  |  |                                |   |
| 1210K                           | COMBUSTION TURBINE                       | 143,284,091   | 43,565,518                             | 52,513,510                           | (8,947,992)                                      | (20.54)  | 18.1                           | (494,364)                                   |
| 1210L                           | LICENCE RENEWAL                          |   |  |                                      |  |  |                                |   |
| 1210M                           | COMBUSTION TURBINE OVERHAULS             |   |  |                                      |  |  |                                |   |
| 1210P                           | AC ELECTRICAL POWER SYSTEMS              | 6,252,586   | 995,919                                | 1,200,472                            | (204,553)  | (20.54)  | 42.8                           | (4,779)                                     |
| 1210Q                           | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 1,114,338   | 214,767                                | 258,878                              | (44,111)   | (20.54)  | 19.0                           | (2,322)                                     |
| 1210R                           | AUXILIARY STATION PROCESSES              | 10,639,560  | 1,974,257                              | 2,379,753                            | (405,496)  | (20.54)  | 33.3                           | (12,177)                                    |
|                                 | <b>TOTAL BRANDON UNITS 6 AND 7</b>       | <b>186,039,362</b>                                  | <b>50,261,583</b>                      | <b>60,584,890</b>                    | <b>(10,323,307)</b>                              | <b>(20.54)</b>                                     |                                | <b>(528,226)</b>                            |
| <b>12150</b>                    | <b>SELKIRK</b>                           |   |  |                                      |  |  |                                |   |
| 1215B                           | POWERHOUSE                               | 6,808,812   | 3,943,133                              | 6,606,846                            | (2,663,713)                                      | (67.55)  | 63.8                           | (41,751)                                    |
| 1215C                           | POWERHOUSE RENOVATIONS                   |   |  |                                      |  |  |                                |   |
| 1215F                           | ROADS AND SITE IMPROVEMENTS              | 1,630,443   | 654,274                                | 1,096,257                            | (441,983)  | (67.55)  | 41.5                           | (10,650)                                    |
| 1215G                           | THERMAL TURBINES AND GENERATORS          | 22,750,003  | 7,979,475                              | 13,368,866                           | (5,390,391)                                      | (67.55)  | 43.6                           | (123,633)                                   |
| 1215H                           | GOVERNORS AND EXCITATION SYSTEM          | 17,307  | 5,998                                  | 10,050                               | (4,052)  | (67.55)  | 32.7                           | (59,831)                                    |
| 1215J                           | STEAM GENERATOR AND AUXILIARIES          | 48,630,259  | 8,500,976                              | 14,243,658                           | (5,742,682)                                      | (67.55)  | 58.7                           | (87,831)                                    |
| 1215L                           | LICENCE RENEWAL                          |   |  |                                      |  |  |                                |   |
| 1215P                           | AC ELECTRICAL POWER SYSTEMS              | 3,171,700   | 1,798,397                              | 3,013,272                            | (1,214,875)                                      | (67.55)  | 48.3                           | (25,153)                                    |
| 1215Q                           | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 5,257,468   | 2,290,582                              | 3,837,944                            | (1,547,362)                                      | (67.55)  | 15.2                           | (101,800)                                   |
| 1215R                           | AUXILIARY STATION PROCESSES              | 13,791,022  | 5,704,979                              | 9,558,875                            | (3,853,896)                                      | (67.55)  | 32.4                           | (118,947)                                   |
| 1215X                           | SUPPORT BUILDINGS                        | 1,033,229   | 412,619                                | 691,356                              | (278,737)  | (67.55)  | 56.3                           | (4,951)                                     |
| 1215W                           | SUPPORT BUILDING RENOVATIONS             |   |  |                                      |  |  |                                |   |
|                                 | <b>TOTAL SELKIRK</b>                     | <b>103,090,244</b>                                  | <b>31,290,433</b>                      | <b>52,428,124</b>                    | <b>(21,137,691)</b>                              | <b>(67.55)</b>                                     |                                | <b>(524,716)</b>                            |
| <b>TOTAL THERMAL GENERATION</b> |  | <b>430,613,460</b>                                  | <b>166,362,836</b>                     | <b>194,826,905</b>                   | <b>(28,464,069)</b>                              | <b>(17.11)</b>                                     |                                | <b>(716,861)</b>                            |
| <b>TOTAL GENERATION</b>         |  | <b>5,147,080,643</b>                                | <b>1,571,028,562</b>                   | <b>1,731,783,964</b>                 | <b>(160,755,402)</b>                             | <b>(10.23)</b>                                     |                                | <b>(3,636,974)</b>                          |
| <b>DIESEL GENERATION</b>        |  |   |  |                                      |  |  |                                |   |
| 1300B                           | BUILDINGS                                | 9,191,362   | 3,053,839                              | 4,906,932                            | (1,853,093)                                      | (60.68)  | 21.7                           | (85,396)                                    |
| 1300C                           | BUILDING RENOVATIONS                     | 17,685  | 4,497                                  | 7,587                                | (3,090)  | (68.71)  | 11.4                           | (271)                                       |
| 1300M                           | ENGINES AND GENERATORS - OVERHAULS       |   |  |                                      |  |  |                                |   |
| 1300N                           | ENGINES AND GENERATORS                   | 18,152,912  | 5,550,644                              | 13,597,682                           | (8,047,038)                                      | (144.97)   | 20.9                           | (385,026)                                   |
| 1300Q                           | ACCESSORY STATION EQUIPMENT              | 13,457,225  | 5,952,037                              | 10,143,698                           | (4,191,661)                                      | (70.42)  | 14.3                           | (293,123)                                   |
| 1300T                           | FUEL STORAGE AND HANDLING                | 3,803,695   | 1,414,328                              | 2,410,356                            | (996,028)  | (70.42)  | 21.5                           | (46,327)                                    |
|                                 | <b>TOTAL DIESEL GENERATION</b>           | <b>44,622,878</b>                                   | <b>15,975,345</b>                      | <b>31,066,255</b>                    | <b>(15,090,910)</b>                              | <b>(94.46)</b>                                     |                                | <b>(810,143)</b>                            |

MANITOBA HYDRO

SCHEDULE 2. CALCULATED ACCRUED DEPRECIATION, BOOK ACCUMULATED DEPRECIATION AND DETERMINATION OF ANNUAL PROVISION FOR TRUE-UP FOR THE TWELVE MONTHS ENDED MARCH 31, 2010  
(USE OF THE ASL PROCEDURE)

| ACCOUNT | DESCRIPTION<br>(1)                           | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(2) | CALCULATED ACCRUED DEPRECIATION<br>(3) | BOOK ACCUMULATED DEPRECIATION<br>(4) | ACCUMULATED DEPRECIATION VARIANCE AMOUNT<br>(5) = (3)-(4) | PERCENT<br>(6) = (5)/(3) | PROBABLE REMAINING LIFE<br>(7) | ANNUAL PROVISION FOR TRUE-UP<br>(8) = (5)/(7) |
|---------|--|---|--|--------------------------------------|---|--------------------------|--------------------------------|---|
| 2000F   | TRANSMISSION                                 |   |  |                                      |   |                          |                                |   |
| 2000G   | ROADS, TRAILS AND BRIDGES                    | 4,045,718   | 1,034,185                              | 937,453                              | 96,732  | 9.35                     | 34.0                           | 2,845   |
| 2000J   | METAL TOWERS AND CONCRETE POLES              | 340,022,220   | 106,287,345                            | 99,791,962                           | 6,495,383   | 6.11                     | 63.5                           | 102,289                                       |
| 2000K   | POLES AND FIXTURES                           | 104,983,312   | 38,371,533                             | 37,079,466                           | 1,292,067   | 3.37                     | 39.9                           | 32,383  |
| 2000L   | GROUND LINE TREATMENT                        | 1,410,002   | 406,685                                | 384,224                              | 22,461  | 5.52                     | 7.1                            | **  |
| 2000M   | OVERHEAD CONDUCTOR AND DEVICES               | 304,577,152   | 110,285,411                            | 131,135,862                          | (20,850,451)  | (18.91)                  | 46.3                           | (450,334)                                     |
| 2000N   | UNDERGROUND CABLE AND DEVICES                | 1,167,763   | 645,181                                | 669,421                              | (24,240)  | (3.76)                   | 21.5                           | (1,127)                                       |
|         | <b>TOTAL TRANSMISSION</b>                    | <b>756,206,167</b>                                  | <b>257,030,340</b>                     | <b>269,998,388</b>                   | <b>(12,968,048)</b>                                       | <b>(5.05)</b>            |                                | <b>(313,944)</b>                              |
| 3000B   | SUBSTATIONS                                  |   |  |                                      |   |                          |                                |   |
| 3000C   | BUILDINGS                                    | 109,491,690   | 43,037,466                             | 48,643,362                           | (5,605,896)   | (13.03)                  | 41.8                           | (134,112)                                     |
| 3000F   | BUILDING RENOVATIONS                         | 32,047  | 13,582                                 | 15,351                               | (1,769)   | (13.03)                  | 11.5                           | **  |
| 3000J   | ROADS, STEEL STRUCTURES AND CIVIL SITE WORK  | 109,211,425   | 32,071,270                             | 36,248,751                           | (4,177,481)   | (13.03)                  | 38.1                           | (109,645)                                     |
| 3000K   | POLES AND FIXTURES                           | 7,810,315   | 2,327,786                              | 2,630,995                            | (303,209)   | (13.03)                  | 31.5                           | (9,626)                                       |
| 3100R   | POWER TRANSFORMERS                           | 287,449,387   | 74,986,861                             | 84,754,363                           | (9,767,502)   | (13.03)                  | 39.1                           | (249,808)                                     |
| 3100S   | OTHER TRANSFORMERS                           | 72,153,356  | 27,643,749                             | 31,244,518                           | (3,600,769)   | (13.03)                  | 24.5                           | (146,970)                                     |
| 3100T   | INTERRUPTING EQUIPMENT                       | 156,214,257   | 55,306,271                             | 62,510,255                           | (7,203,984)   | (13.03)                  | 32.6                           | (220,981)                                     |
| 3100U   | OTHER STATION EQUIPMENT                      | 503,404,372   | 168,924,066                            | 190,927,470                          | (22,003,404)  | (13.03)                  | 31.7                           | (694,114)                                     |
| 3100V   | ELECTRONIC EQUIPMENT AND BATTERIES           | 151,238,104   | 70,095,117                             | 79,225,512                           | (9,130,331)   | (13.03)                  | 13.6                           | (671,348)                                     |
| 3200M   | SYNCHRONOUS CONDENSERS AND UNIT TRANSFORMERS | 111,737,981   | 35,772,980                             | 40,432,632                           | (4,659,652)   | (13.03)                  | 47.0                           | (99,142)                                      |
| 3200N   | SYNCHRONOUS CONDENSER OVERHAULS              | 11,320,594  | 2,531,830                              | 2,861,617                            | (329,787)   | (13.03)                  | 12.3                           | (26,812)                                      |
| 3200P   | HVDC CONVERTER EQUIPMENT                     | 214,981,687   | 122,799,975                            | 138,795,431                          | (15,995,456)  | (13.03)                  | 16.0                           | (999,716)                                     |
| 3200S   | HVDC SERIALIZED EQUIPMENT                    | 646,219,985   | 324,979,968                            | 367,310,618                          | (42,330,650)  | (13.03)                  | 15.7                           | (2,696,220)                                   |
| 3200U   | HVDC ACCESSORY STATION EQUIPMENT             | 55,177,090  | 25,732,198                             | 29,083,976                           | (3,351,778)   | (13.03)                  | 24.0                           | (139,657)                                     |
| 3200V   | HVDC ELECTRONIC EQUIPMENT AND BATTERIES      | 10,401,883  | 6,376,422                              | 7,206,990                            | (830,568)   | (13.03)                  | 9.5                            | (87,428)                                      |
|         | <b>TOTAL SUBSTATIONS</b>                     | <b>2,446,844,172</b>                                | <b>992,599,605</b>                     | <b>1,121,891,841</b>                 | <b>(129,292,236)</b>                                      | <b>(13.03)</b>           |                                | <b>(6,285,579)</b>                            |
| 4000A   | DISTRIBUTION                                 |   |  |                                      |   |                          |                                |   |
| 4000C   | UNDERGROUND DUCT AND CONDUIT - CONCRETE      | 63,964,331  | 11,108,525                             | 12,951,513                           | (1,842,988)   | (16.59)                  | 34.9                           | (62,744)                                      |
| 4000G   | UNDERGROUND DUCT - ROOF                      | 2,908,307   | 131,410                                | 153,212                              | (21,802)  | (16.59)                  | 47.9                           | (465)   |
| 4000J   | METAL TOWERS                                 | 4,571,448   | 1,389,660                              | 2,355,833                            | (966,173)   | (69.53)                  | 41.2                           | (23,451)                                      |
| 4000K   | POLES AND FIXTURES                           | 566,174,558   | 155,808,866                            | 264,136,310                          | (108,327,444)   | (69.53)                  | 46.0                           | (2,354,944)                                   |
| 4000L   | GROUND LINE TREATMENT                        | 33,145,019  | 15,894,039                             | 16,746,756                           | (852,717)   | (5.37)                   | 5.7                            | **  |
| 4000M   | OVERHEAD CONDUCTOR AND DEVICES               | 613,820,471   | 144,776,724                            | 245,433,977                          | (100,657,253)   | (69.53)                  | 51.1                           | (1,969,809)                                   |
| 4000N   | UNDERGROUND CABLE AND DEVICES - 66 KV        | 19,523,432  | 1,970,277                              | 2,297,161                            | (326,884)   | (16.59)                  | 63.3                           | (5,164)                                       |
| 4000O   | UNDERGROUND CABLE AND DEVICES - PRIMARY      | 255,063,759   | 51,010,030                             | 59,472,977                           | (8,462,947)   | (16.59)                  | 49.1                           | (172,361)                                     |
| 4000P   | UNDERGROUND CABLE AND DEVICES - SECONDARY    | 193,755,072   | 47,853,330                             | 55,909,148                           | (7,955,818)   | (16.59)                  | 35.3                           | (225,377)                                     |
| 4000Q   | SERIALIZED EQUIPMENT - OVERHEAD              | 175,924,348   | 62,626,477                             | 82,981,927                           | (20,355,450)  | (32.50)                  | 26.9                           | (756,708)                                     |
| 4000R   | DSC - HIGH VOLTAGE TRANSFORMERS              | 5,415,940   | 416,743                                | 706,487                              | (289,744)   | (69.53)                  | 46.7                           | (6,204)                                       |
| 4000S   | SERIALIZED EQUIPMENT - UNDERGROUND           | 174,049,772   | 44,526,158                             | 58,998,471                           | (14,472,313)  | (32.50)                  | 32.9                           | (439,888)                                     |
| 4000V   | ELECTRONIC EQUIPMENT                         | 123,228,795   | 51,987,320                             | 59,460,620                           | (7,473,300)   | (14.38)                  | 21.6                           | (345,986)                                     |
| 4000W   | SERVICES                                     | 147,121,573   | 64,471,347                             | 72,708,967                           | (8,237,620)   | (12.78)                  | 22.7                           | (362,891)                                     |
| 4000X   | STREET LIGHTING                              |   |  |                                      |   |                          |                                |   |
|         | <b>TOTAL DISTRIBUTION</b>                    | <b>2,378,666,825</b>                                | <b>654,070,906</b>                     | <b>934,313,357</b>                   | <b>(280,242,451)</b>                                      | <b>(42.85)</b>           |                                | <b>(6,715,984)</b>                            |
| 4900V   | METERS                                       |   |  |                                      |   |                          |                                |   |
| 4900Y   | METERS - ELECTRONIC                          | 16,111,185  | 4,014,610                              | 1,490,413                            | 2,524,197   | 62.88                    | 14.3                           | 176,517                                       |
| 4900Z   | METERS - ANALOG                              | 22,469,156  | 15,976,256                             | 5,931,142                            | 10,045,114  | 62.88                    | 4.6                            | 2,183,720                                     |
|         | METERING TRANSFORMERS                        | 8,984,899   | 2,581,158                              | 3,413,836                            | (832,678)   | (32.26)                  | 30.4                           | (27,391)                                      |
|         | <b>TOTAL METERS</b>                          | <b>47,565,240</b>                                   | <b>22,572,024</b>                      | <b>10,835,391</b>                    | <b>11,736,633</b>   | <b>52.00</b>             |                                | <b>2,332,847</b>                              |

MANITOBA HYDRO

SCHEDULE 2. CALCULATED ACCRUED DEPRECIATION, BOOK ACCUMULATED DEPRECIATION AND DETERMINATION OF ANNUAL PROVISION FOR TRUE-UP FOR THE TWELVE MONTHS ENDED MARCH 31, 2010  
(USE OF THE ASL PROCEDURE)

| ACCOUNT | DESCRIPTION<br>(1)                             | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(2) | CALCULATED ACCRUED DEPRECIATION<br>(3) | BOOK ACCUMULATED DEPRECIATION<br>(4) | ACCUMULATED DEPRECIATION VARIANCE AMOUNT<br>(5) = (3)-(4) | PERCENT<br>(6) = (5)/(3) | PROBABLE REMAINING LIFE<br>(7) | ANNUAL PROVISION FOR TRUE-UP<br>(8)=(5)/(7) |
|---------|--|---|--|--------------------------------------|---|--------------------------|--------------------------------|---|
|         | <b>COMMUNICATION</b>                           |   |  |                                      |   |                          |                                |   |
| 5000B   | BUILDINGS                                      | 4,154,458   | 693,122                                | 574,811                              | 118,311   | 17.07                    | 54.5                           | 2,171                                       |
| 5000C   | BUILDING RENOVATIONS                           | 2,741,652   | 932,137                                | 773,028                              | 159,109   | 17.07                    | 12.4                           | 12,831 **                                   |
| 5000D   | BUILDING - SYSTEM CONTROL CENTRE               | 15,657,686  | 2,936,593                              | 2,435,337                            | 501,256   | 17.07                    | 53.5                           | 9,369                                       |
| 5000G   | COMMUNICATION TOWERS                           | 8,733,929   | 1,597,676                              | 1,324,964                            | 272,712   | 17.07                    | 49.2                           | 5,543                                       |
| 5000H   | FIBRE OPTIC AND METALLIC CABLE                 | 117,999,925   | 18,304,853                             | 15,180,344                           | 3,124,509   | 17.07                    | 29.7                           | 105,202                                     |
| 5000J   | CARRIER EQUIPMENT                              | 119,230,804   | 44,622,354                             | 37,005,633                           | 7,616,721   | 17.07                    | 9.3                            | 819,002                                     |
| 5000K   | OPERATIONAL IT EQUIPMENT                       | 2,197,495   | 1,471,870                              | 1,220,632                            | 251,238   | 17.07                    | 2.1                            | 119,637 **                                  |
| 5000M   | MOBILE RADIO, TELEPHONE AND VIDEO CONFERENCING | 22,085,412  | 16,408,456                             | 13,607,649                           | 2,800,808   | 17.07                    | 3.6                            | 778,002 **                                  |
| 5000N   | OPERATIONAL DATA NETWORK                       | 8,530,264   | 2,570,133                              | 2,131,429                            | 438,704   | 17.07                    | 5.3                            | 82,774 **                                   |
| 5000R   | POWER SYSTEM CONTROL                           | 7,738,280   | 5,049,481                              | 4,187,570                            | 861,911   | 17.07                    | 4.0                            | 215,478                                     |
|         | <b>TOTAL COMMUNICATION</b>                     | <b>309,269,905</b>                                  | <b>94,586,675</b>                      | <b>78,441,398</b>                    | <b>16,145,277</b>   | <b>17.07</b>             |                                | <b>2,150,010</b>                            |
|         | <b>MOTOR VEHICLES</b>                          |   |  |                                      |   |                          |                                |   |
| 6000E   | PASSENGER VEHICLES                             | 1,304,413   | 425,759                                | 278,987                              | 146,772   | 34.47                    | 5.1                            | 28,779                                      |
| 6000F   | LIGHT TRUCKS                                   | 52,299,249  | 20,800,441                             | 22,656,047                           | (1,855,606)   | (8.92)                   | 5.5                            | (337,383)                                   |
| 6000G   | HEAVY TRUCKS                                   | 61,004,014  | 20,632,526                             | 21,612,533                           | (980,007)   | (4.75)                   | 9.4                            | (104,256)                                   |
| 6000H   | CONSTRUCTION EQUIPMENT                         | 17,016,205  | 4,936,647                              | 5,037,993                            | (101,346)   | (2.05)                   | 9.6                            | (10,557)                                    |
| 6000I   | LARGE SOFT-TRACK EQUIPMENT                     | 13,146,265  | 3,581,928                              | 2,827,041                            | 754,887   | 21.07                    | 13.9                           | 54,308                                      |
| 6000J   | TRAILERS                                       | 15,996,331  | 3,158,359                              | 4,034,578                            | (876,219)   | (27.74)                  | 27.3                           | (32,096)                                    |
| 6000K   | MISCELLANEOUS VEHICLES                         | 5,724,654   | 1,943,087                              | 2,945,366                            | (1,002,279)   | (51.58)                  | 6.8                            | (147,394)                                   |
|         | <b>TOTAL MOTOR VEHICLES</b>                    | <b>166,491,131</b>                                  | <b>55,478,747</b>                      | <b>59,392,546</b>                    | <b>(3,913,799)</b>  | <b>(7.05)</b>            |                                | <b>(548,599)</b>                            |
|         | <b>BUILDINGS</b>                               |   |  |                                      |   |                          |                                |   |
| 8000B   | BUILDINGS - GENERAL                            | 88,797,107  | 25,203,276                             | 26,367,552                           | (1,164,276)   | (4.62)                   | 47.8                           | (24,357)                                    |
| 8000C   | BUILDING RENOVATIONS                           | 46,779,508  | 18,421,060                             | 8,199,943                            | 10,221,117  | 55.49                    | 10.7                           | 955,245 **                                  |
| 8000D   | BUILDING - 360 PORTAGE - CIVIL                 | 207,292,785   | 2,955,624                              | 3,297,099                            | (341,475)   | (11.55)                  | 98.6                           | (3,463)                                     |
| 8000E   | BUILDING - 360 PORTAGE - ELECTRO/MECHANICAL    | 65,888,581  | 1,880,391                              | 2,097,639                            | (217,248)   | (11.55)                  | 43.7                           | (4,971)                                     |
|         | <b>TOTAL BUILDINGS</b>                         | <b>408,757,981</b>                                  | <b>48,460,351</b>                      | <b>39,962,233</b>                    | <b>8,498,118</b>  | <b>17.54</b>             |                                | <b>922,453</b>                              |
|         | <b>GENERAL EQUIPMENT</b>                       |   |  |                                      |   |                          |                                |   |
| 9000H   | TOOLS, SHOP AND GARAGE EQUIPMENT               | 78,461,837  | 32,266,768                             | 25,609,471                           | 6,657,297   | 20.63                    | 7.9                            | 842,695.76 **                               |
| 9000K   | COMPUTER EQUIPMENT                             | 48,379,758  | 21,246,665                             | 10,308,698                           | 10,937,967  | 51.48                    | 2.5                            | 4,375,186.63 **                             |
| 9000L   | OFFICE FURNITURE AND EQUIPMENT                 | 21,726,896  | 4,008,883                              | 4,689,826                            | (680,943)   | (16.99)                  | 16.6                           | (41,020.68) **                              |
| 9000M   | HOT WATER TANKS                                | 4,511,783   | 3,821,910                              | 2,226,719                            | 1,595,191   | 41.74                    | 2.1                            | 759,614.86 **                               |
|         | <b>TOTAL GENERAL EQUIPMENT</b>                 | <b>153,080,275</b>                                  | <b>61,344,226</b>                      | <b>42,834,715</b>                    | <b>18,509,511</b>   | <b>30.17</b>             |                                | <b>5,936,476.57</b>                         |
|         | <b>EASEMENTS</b>                               |   |  |                                      |   |                          |                                |   |
| A100A   | EASEMENTS                                      | 50,612,345  | 8,283,325                              | 9,974,853                            | (1,691,528)   | (20.42)                  | 63.1                           | (26,807)                                    |
|         | <b>TOTAL EASEMENTS</b>                         | <b>50,612,345</b>                                   | <b>8,283,325</b>                       | <b>9,974,853</b>                     | <b>(1,691,528)</b>  | <b>(20.42)</b>           |                                | <b>(26,807)</b>                             |
|         | <b>COMPUTER SOFTWARE AND DEVELOPMENT</b>       |   |  |                                      |   |                          |                                |   |
| A200G   | COMPUTER DEVELOPMENT - MAJOR SYSTEMS           | 100,980,015   | 47,026,359                             | 49,927,029                           | (2,900,670)   | (6.17)                   | 5.4                            | (537,161) **                                |
| A200H   | COMPUTER DEVELOPMENT - SMALL SYSTEMS           | 42,827,602  | 20,884,256                             | 22,172,434                           | (1,288,178)   | (6.17)                   | 5.8                            | (146,167) **                                |
| A200J   | COMPUTER SOFTWARE - GENERAL                    | 5,076,404   | 1,864,607                              | 1,979,619                            | (115,012)   | (6.17)                   | 3.5                            | (146,167) **                                |
| A200K   | COMPUTER SOFTWARE - COMMUNICATION/OPERATIONAL  | 3,639,540   | 2,483,317                              | 2,059,432                            | 423,885   | 17.07                    | 2.9                            | 146,167 **                                  |
| A200L   | OPERATIONAL SYSTEM MAJOR SOFTWARE - EMS/SCADA  | 6,016,817   | 4,407,303                              | 3,655,008                            | 752,295   | 17.07                    | 1.8                            | 417,942                                     |
|         | <b>TOTAL COMPUTER SOFTWARE AND DEVELOPMENT</b> | <b>158,540,378</b>                                  | <b>76,665,842</b>                      | <b>79,793,522</b>                    | <b>(3,127,680)</b>  | <b>(4.08)</b>            |                                | <b>26,948</b>                               |
|         | <b>TOTAL DEPRECIABLE ASSETS</b>                | <b>12,067,737,939</b>                               | <b>3,858,095,948</b>                   | <b>4,410,288,463</b>                 | <b>(552,192,515)</b>                                      | <b>(14.31)</b>           |                                | <b>(6,969,295)</b>                          |

\* The account has no balance as of March 31, 2010 and rate will be used on a go-forward basis for future additions.

\*\* On amortized account any true-up of less than 10% is not considered significant.

\*\*\* True-up was deemed as not significant or has been limited to the annual depreciation expenses.

MANITOBA HYDRO  
WINNIPEG, MANITOBA

DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION  
ACCRUAL RATES APPLICABLE TO  
DEPRECIABLE ASSETS IN SERVICE  
AS OF MARCH 31, 2010



*Harrisburg, Pennsylvania*

*Calgary, Alberta*

*Valley Forge, Pennsylvania*



*Excellence Delivered **As Promised***

November 2, 2011

Manitoba Hydro  
360 Portage Avenue  
Winnipeg, Manitoba R3C 0G8

Attention: Mr. Vince Warden, Vice President  
Finance & Administration  
And Chief Financial Officer

Gentlemen:

Pursuant to your request, we have conducted a depreciation study related to the electric generation, transmission, substation, distribution and general plant systems of Manitoba Hydro as of March 31, 2010. Our report presents a description of the methods used in the estimation of depreciation, the statistical analyses of service life and the summary and detailed tabulations of annual and accrued depreciation.

The calculated annual depreciation accrual rates presented in the report are applicable to plant in service as of March 31, 2010. The depreciation rates are based on the straight-line method, equal life group procedure applied on a whole life basis, using the equal life group procedure, with any accumulated depreciation variances amortized over the estimated remaining life of the assets.

Respectfully submitted,  
GANNETT FLEMING, INC.

A handwritten signature in black ink, appearing to read "L. Kennedy", written over a light grey circular stamp.

LARRY E. KENNEDY  
Director, Canadian Services  
Valuation and Rate Division

LEK/hac  
Project: 052988.100

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## PART I. INTRODUCTION

MANITOBA HYDRO  
DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION ACCRUAL RATES  
APPLICABLE TO DEPRECIABLE ASSETS IN SERVICE  
AS OF MARCH 31, 2010

PART I. INTRODUCTION

SCOPE

This report sets forth the results of the depreciation study conducted for the depreciable assets of Manitoba Hydro ("Company") to determine the annual depreciation accrual rates and amounts for financial reporting purposes applicable to the original cost of plant as of March 31, 2010.

The depreciation accrual rates presented herein are based on generally-accepted methods and procedures for calculating depreciation. The estimated survivor curves used in this report are based on studies incorporating data through 2010.

Part I, Introduction, contains statements with respect to the scope of the report and the basis of the study. Part II, Methods Used in the Estimation of Depreciation, presents the methods used in the estimation of average service lives and survivor curves used in the calculation of depreciation. Part III, Results of Study, presents a summary of annual depreciation. A separate document presenting statistical analysis of service life estimates and the detailed tabulations of annual depreciation is also provided.

BASIS OF THE STUDY

Depreciation. The depreciation accrual rates and accrued depreciation were calculated using the straight line method, the equal life group (ELG) procedure, applied

on a whole life basis. The calculation was based on the attained ages and estimated service life for each depreciable group of assets, as of March 31, 2010.

Service Life Estimates. The method of estimating service life consisted of compiling the service life history of the plant accounts and subaccounts, reducing this history to trends through the use of analytical techniques that have been generally accepted in various regulatory jurisdictions, and forecasting the trend of survivors for each depreciable group on the basis of interpretations of past trends and consideration of Company plans for the future. The combination of the historical trend and the estimated future trend yielded a complete pattern of life characteristics from which the average service life was derived. The service life estimates used in the depreciation calculation incorporated historical data compiled through March 31, 2010. Such data included plant additions, retirements, transfers and other plant activity.

A general understanding of the function of the plant and information with respect to the reasons for past retirements and the expected future causes of retirement was obtained through interviews with Company representatives. The information gained through these discussions with company representatives was also used in the development of the average service life estimates.

International Financial Reporting Standards The Canadian Accounting Standards Board has announced that Canadian Generally Accepted Accounting Principles (GAAP) will be converged to comply, for reporting purposes, with the International Financial Reporting Standards (IFRS) by 2011<sup>1</sup>. Gannett Fleming views

---

<sup>1</sup> In September 2010, the Canadian Accounting Standards Board announced an optional one-year deferral for the implementation of IFRS is available for Rate Regulated Entities.

the depreciation methods and procedures as recommended in this report will comply with IFRS.

In preparation for this change, Gannett Fleming has developed depreciation rates and parameters that are in compliance with the new standard. As such, this study has included the following changes from previous Manitoba Hydro depreciation studies:

- Inclusion of a significant number of new accounts in order to comply with the componentization requirements of the International Accounting Standard (“IAS”) 16;
- Elimination of the pre-collection of costs of removal; and
- Incorporation of the Equal Life Group Procedure (ELG).

Gannett Fleming has reviewed the depreciable groupings established by Manitoba Hydro and believes that the groups, as provided to Gannett Fleming, are in conformance with the componentization requirements of IFRS and continue to provide a reasonable grouping of homogeneous assets for regulatory purposes.

IFRS does not allow for any recognition of costs of removal within the depreciation expense. Removal of these costs for financial disclosure purposes is required in order to comply with IFRS and as such, all cost of removal provisions have been removed from this study.

In the view of Gannett Fleming, group accounting methods using the ELG procedure are compliant with the new standard. The ELG procedure provides a precise matching of service life estimates to depreciation expense.

## RECOMMENDATIONS

The calculated annual depreciation accrual rates set forth herein apply specifically to plant in service as of March 31, 2010. Continued surveillance and periodic revisions are normally required to maintain continued use of appropriate depreciation rates, and to comply with the standards as set out in International Accounting Standard (“IAS”) 16 of IFRS.

The depreciation rates should be reviewed periodically to reflect the changes that result from plant and reserve account activity. A depreciation reserve deficiency or surplus will develop if future capital expenditures vary significantly from those anticipated in this study.

PART II. METHODS USED IN THE  
ESTIMATION OF DEPRECIATION

## PART II. METHODS USED IN THE ESTIMATION OF DEPRECIATION

### DEPRECIATION

Depreciation, in public utility regulation, is the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among causes to be given consideration are wear and tear, deterioration, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and the requirements of public authorities.

Depreciation, as used in accounting, is a method of distributing fixed capital costs, less net salvage, over a period of time by allocating annual amounts to expense. Each annual amount of such depreciation expense is part of that year's total cost of providing electric utility service. Normally, the period of time over which the fixed capital cost is allocated to the cost of service is equal to the period of time over which an item renders service, that is, the item's service life. The most prevalent method of allocation is to distribute an equal amount of cost to each year of service life. This method is known as the straight-line method of depreciation.

The calculation of annual and accrued depreciation based on the straight line method requires the estimation of survivor curves and the selection of group depreciation procedures. These subjects are discussed in the sections that follow.

## ESTIMATION OF SURVIVOR CURVES

Survivor Curves. The use of an average service life for a property group implies that the various units in the group have different lives. Thus, the average life may be obtained by determining the separate lives of each of the units, or by constructing a survivor curve by plotting the number of units which survive at successive ages. A discussion of the general concept of survivor curves is presented. Also, the Iowa type survivor curves are reviewed.

The survivor curve graphically depicts the amount of property existing at each age throughout the life of an original group. From the survivor curve, the average life of the group, the remaining life expectancy, the probable life, and the frequency curve can be calculated. In Figure 1, a typical smooth survivor curve and the derived curves are illustrated. The average life is obtained by calculating the area under the survivor curve, from age zero to the maximum age, and dividing this area by the ordinate at age zero. The remaining life expectancy at any age can be calculated by obtaining the area under the curve, from the observation age to the maximum age, and dividing this area by the percent surviving at the observation age. For example, in Figure 1, the remaining life at age 30 is equal to the crosshatched area under the survivor curve divided by 29.5 percent surviving at age 30. The probable life at any age is developed by adding the age and remaining life. If the probable life of the property is calculated for each year of age, the probable life curve shown in the chart can be developed. The frequency curve presents the number of units retired in each age interval. It is derived by obtaining the differences between the amount of property surviving at the beginning and at the end of each interval.



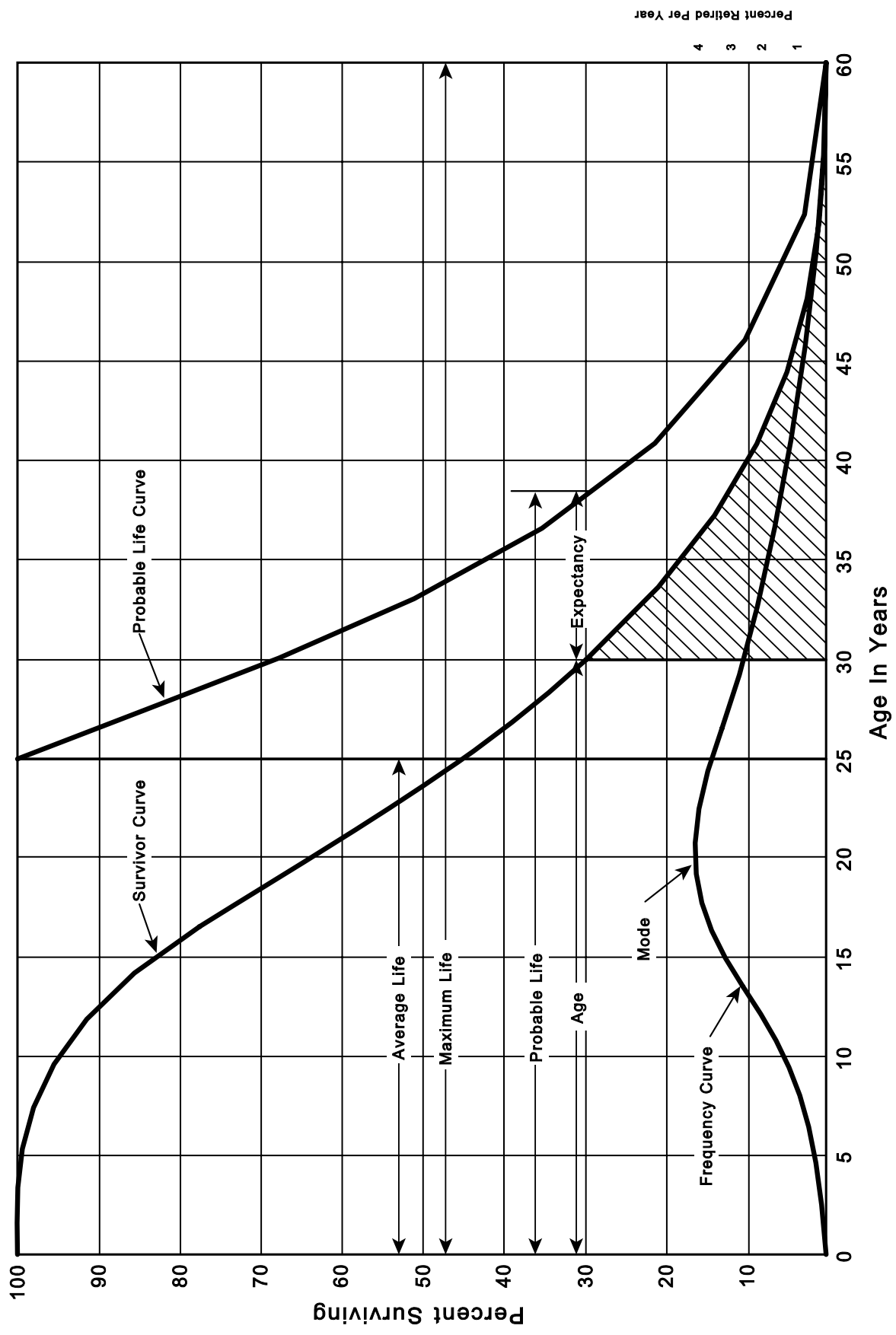


Figure 1. A Typical Survivor Curve and Derived Curves

Iowa Type Curves. The range of survivor characteristics usually experienced by utility and industrial properties is encompassed by a system of generalized survivor curves known as the Iowa type curves. There are four families in the Iowa system, labeled in accordance with the location of the modes of the retirements in relationship to the average life and the relative height of the modes. The left moded curves, presented in Figure 2, are those in which the greatest frequency of retirement occurs to the left of, or prior to, average service life. The symmetrical moded curves, presented in Figure 3, are those in which the greatest frequency of retirement occurs at average service life. The right moded curves, presented in Figure 4, are those in which the greatest frequency occurs to the right of, or after, average service life. The origin moded curves, presented in Figure 5, are those in which the greatest frequency of retirement occurs at the origin, or immediately after age zero. The letter designation of each family of curves (L, S, R or O) represents the location of the mode of the associated frequency curve with respect to the average service life. The numbers represent the relative heights of the modes of the frequency curves within each family.

The Iowa curves were developed at the Iowa State College Engineering Experiment Station through an extensive process of observation and classification of the ages at which industrial property had been retired. A report of the study which resulted in the classification of property survivor characteristics into 18 type curves, which constitute three of the four families, was published in 1935 in the form of the

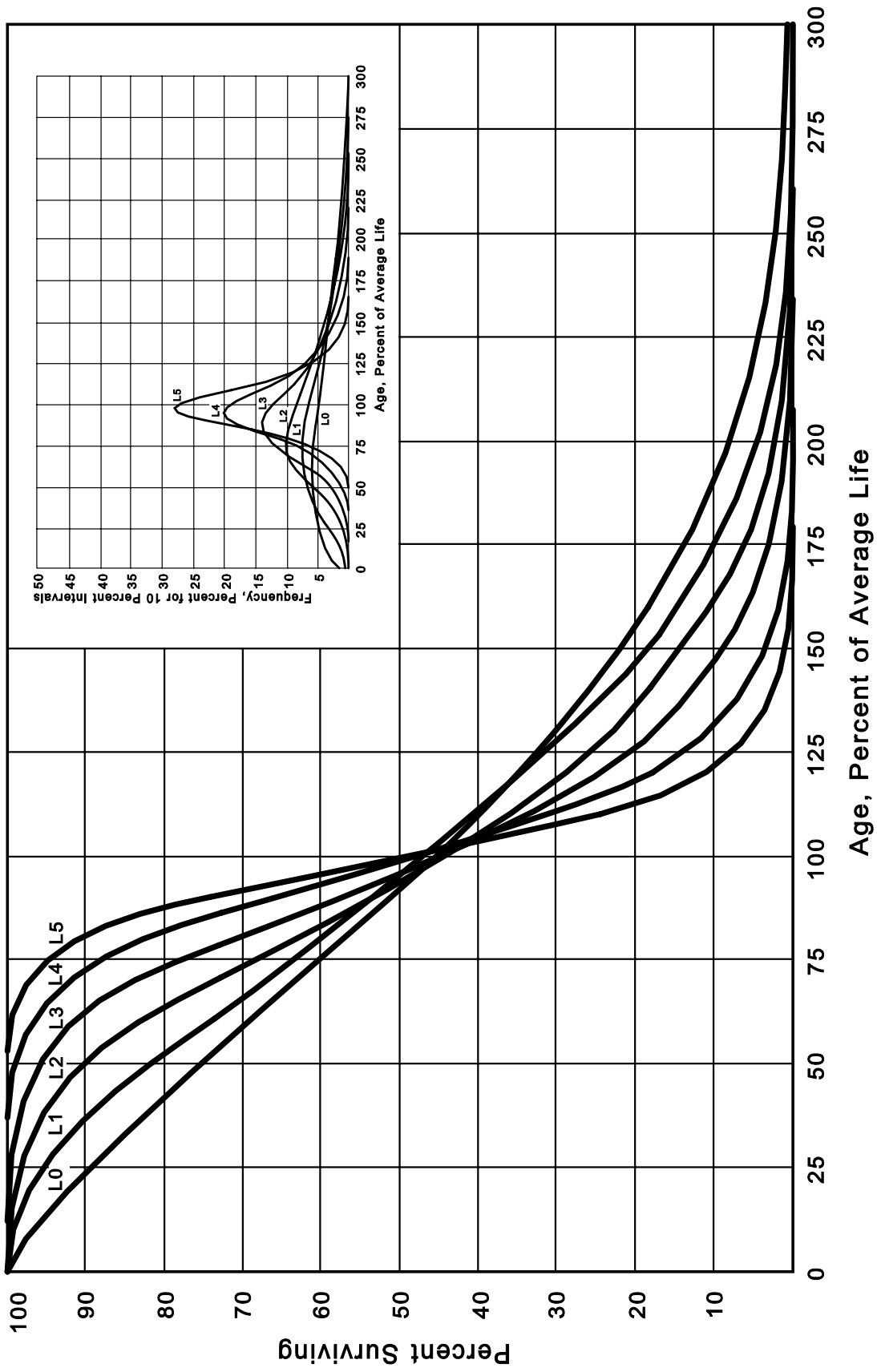


Figure 2. Left Modal or "L" Iowa Type Survivor Curves

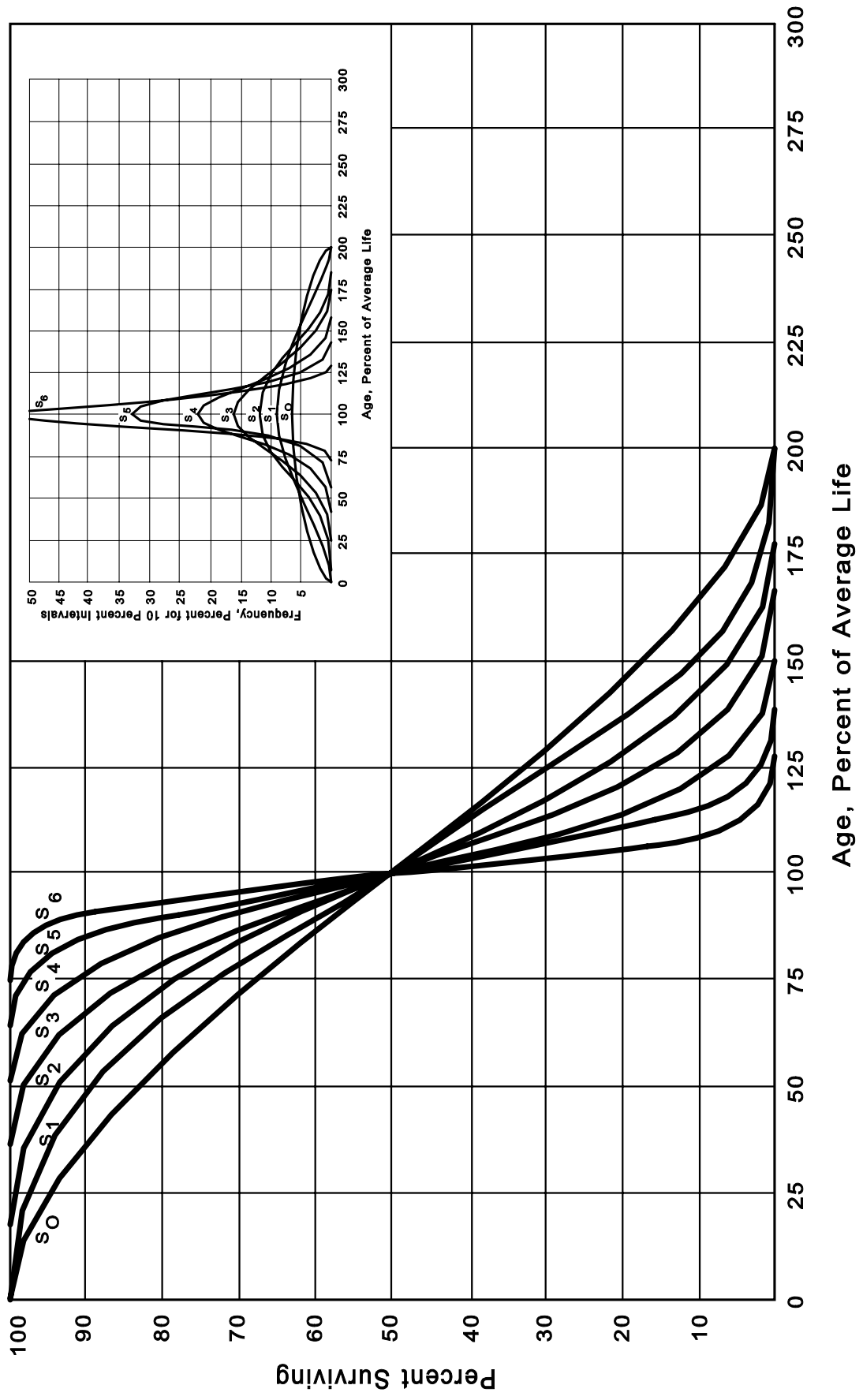


Figure 3. Symmetrical or "S" Iowa Type Survivor Curves

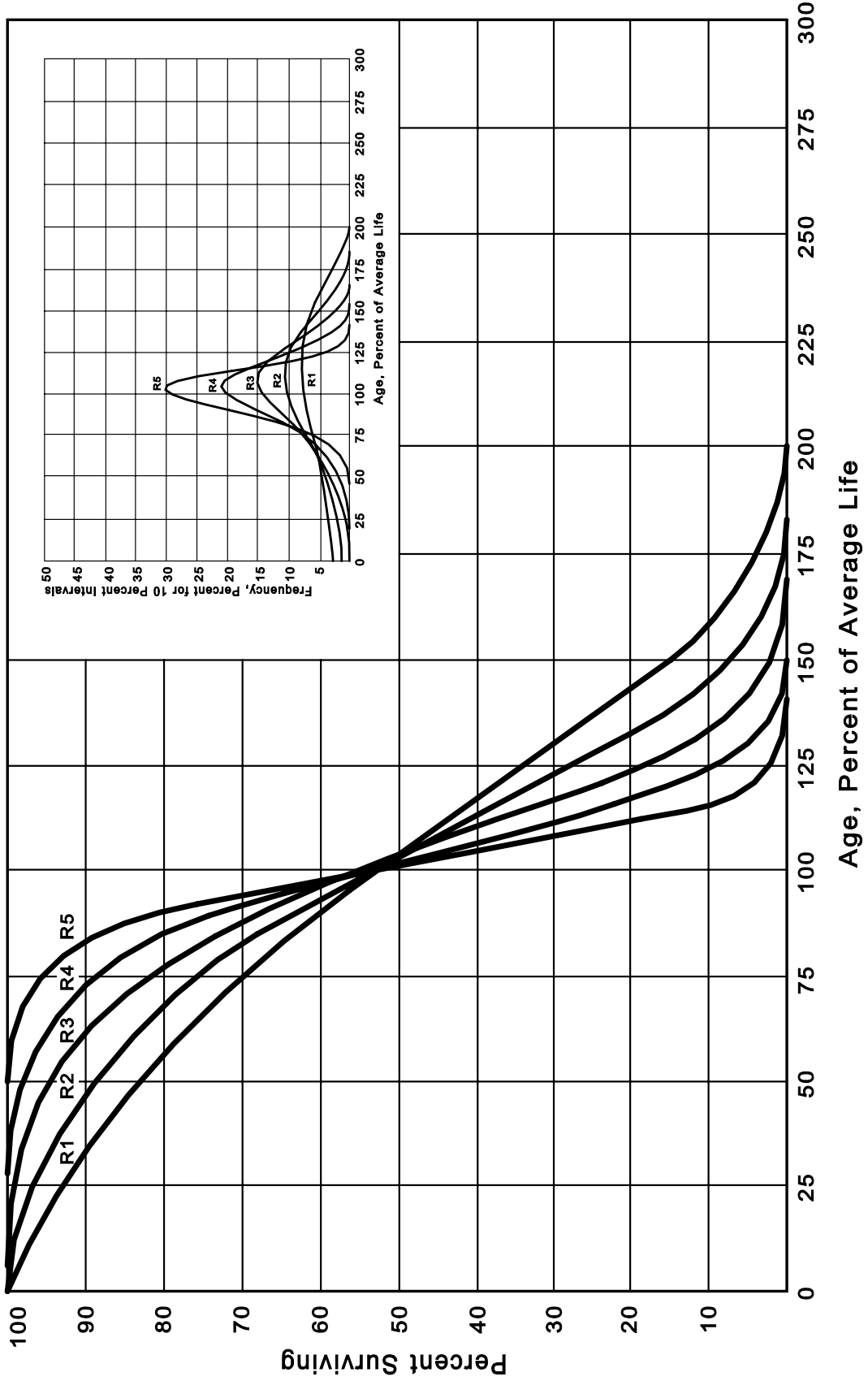


Figure 4. Right Modal or "R" Iowa Type Survivor Curves

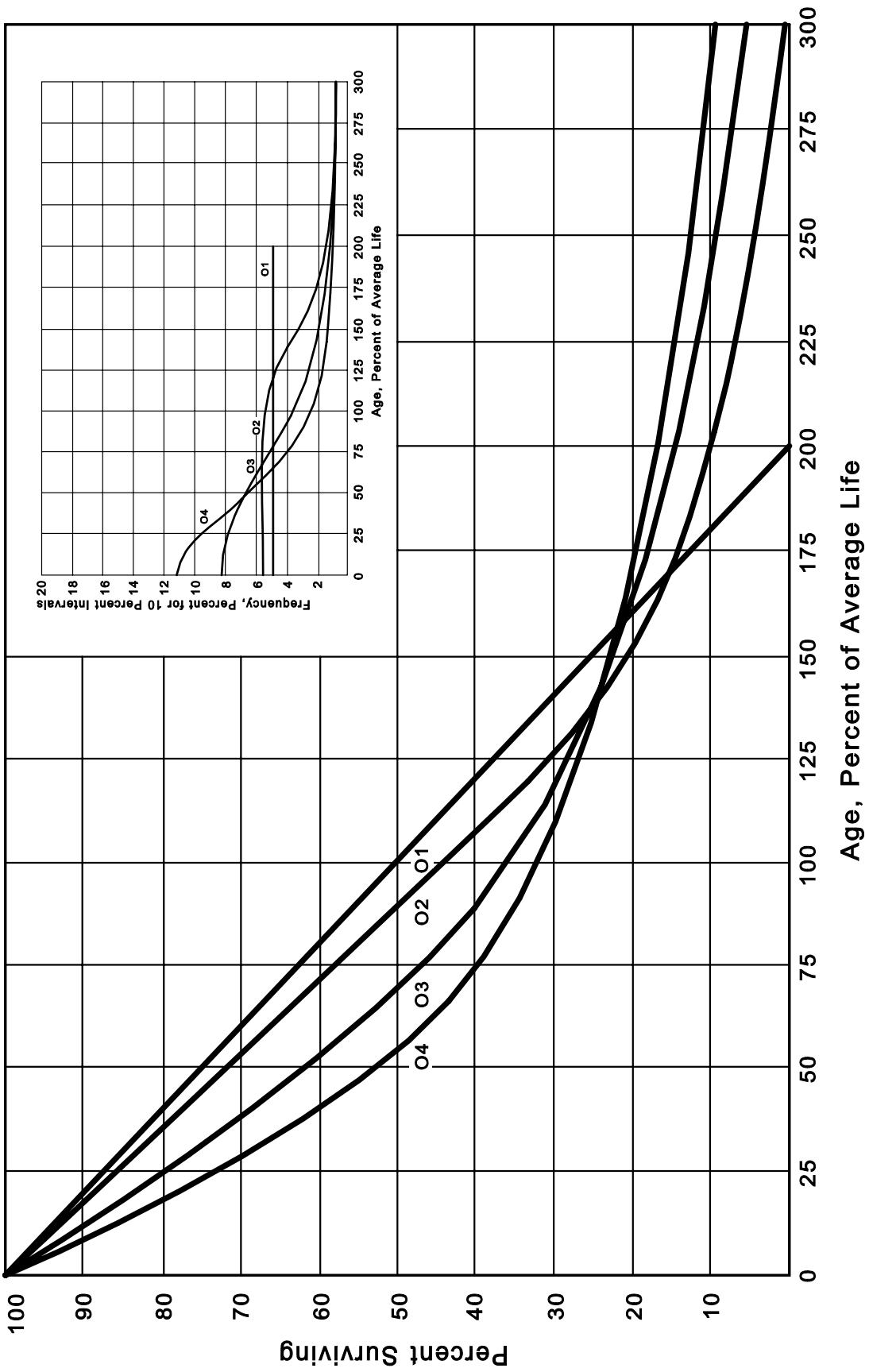


Figure 5. Origin Modal or "O" Iowa Type Survivor Curves

Experiment Station's Bulletin 125.<sup>2</sup> These curve types have also been presented in subsequent Experiment Station bulletins and in the text, "Engineering Valuation and Depreciation."<sup>3</sup> In 1957, Frank V. B. Couch, Jr., an Iowa State College graduate student, submitted a thesis<sup>4</sup> presenting his development of the fourth family consisting of the four O type survivor curves.

Retirement Rate Method of Analysis. The retirement rate method is an actuarial method of deriving survivor curves using the average rates at which property of each age group is retired. The method relates to property groups for which aged accounting experience is available and is the method used to develop the original stub survivor curves in this study. The method (also known as the annual rate method) is illustrated through the use of an example in the following text, and is also explained in several publications, including "Statistical Analyses of Industrial Property Retirements,"<sup>5</sup> "Engineering Valuation and Depreciation,"<sup>6</sup> and "Depreciation Systems."<sup>7</sup>

The average rate of retirement used in the calculation of the percent surviving for the survivor curve (life table) requires two sets of data: first, the property retired during a period of observation, identified by the property's age at retirement; and second, the property exposed to retirement at the beginning of the age intervals during the same period. The period of observation is referred to as the experience band, and the band of years which represent the installation dates of the property exposed to retirement

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<sup>2</sup> Winfrey, Robley. Statistical Analyses of Industrial Property Retirements. Iowa State College, Engineering Experiment Station, Bulletin 125. 1935.

<sup>3</sup>Marston, Anson, Robley Winfrey and Jean C. Hempstead. Engineering Valuation and Depreciation, 2nd Edition. New York, McGraw-Hill Book Company. 1953.

<sup>4</sup>Couch, Frank V. B., Jr. "Classification of Type O Retirement Characteristics of Industrial Property." Unpublished M.S. thesis (Engineering Valuation). Library, Iowa State College, Ames, Iowa. 1957.

<sup>5</sup>Winfrey, Robley, Supra Note 1.

<sup>6</sup>Marston, Anson, Robley Winfrey, and Jean C. Hempstead, Supra Note 2.

<sup>7</sup>Wolf, Frank K. and W. Chester Fitch. Depreciation Systems. Iowa State University Press. 1994

during the experience band is referred to as the placement band. An example of the calculations used in the development of a life table follows. The example includes schedules of annual aged property transactions, a schedule of plant exposed to retirement, a life table and illustrations of smoothing the stub survivor curve.

Schedules of Annual Transactions in Plant Records. The property group used to illustrate the retirement rate method is observed for the experience band 2001-2010 during which there were placements during the years 1996-2010. In order to illustrate the summation of the aged data by age interval, the data were compiled in the manner presented in Tables 1 and 2 on pages II-12 and II-14. In Table 1, the year of installation (year placed) and the year of retirement are shown. The age interval during which a retirement occurred is determined from this information. In the example which follows, \$10,000 of the dollars invested in 1996 were retired in 2001. The \$10,000 retirement occurred during the age interval between 4½ and 5½ years on the basis that approximately one-half of the amount of property was installed prior to and subsequent to July 1 of each year. That is, on the average, property installed during a year is placed in service at the midpoint of the year for the purpose of the analysis. All retirements also are stated as occurring at the midpoint of a one-year age interval of time, except the first age interval which encompasses only one-half year.

The total retirements occurring in each age interval in a band are determined by summing the amounts for each transaction year-installation year combination for that age interval. For example, the total of \$143,000 retired for age interval 4½-5½ is the



TABLE 1. RETIREMENTS FOR EACH YEAR 2001-2010  
SUMMARIZED BY AGE INTERVAL

| Experience Band 2001-2010 | Retirements, Thousands of Dollars |      |      |      |      |      |      |      |      |      | Placement Band 1996-2010 |          |
|---------------------------|-----------------------------------|------|------|------|------|------|------|------|------|------|--------------------------|----------|
|                           | During Year                       |      |      |      |      |      |      |      |      |      | Total During             | Age      |
| Year Placed               | 2001                              | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | Age Interval             | Interval |
| (1)                       | (2)                               | (3)  | (4)  | (5)  | (6)  | (7)  | (8)  | (9)  | (10) | (11) | (12)                     | (13)     |
| 1996                      | 10                                | 11   | 12   | 13   | 14   | 16   | 23   | 24   | 25   | 26   | 26                       | 13½-14½  |
| 1997                      | 11                                | 12   | 13   | 15   | 16   | 18   | 20   | 21   | 22   | 19   | 44                       | 12½-13½  |
| 1998                      | 11                                | 12   | 13   | 14   | 16   | 17   | 19   | 21   | 22   | 18   | 64                       | 11½-12½  |
| 1999                      | 8                                 | 9    | 10   | 11   | 11   | 13   | 14   | 15   | 16   | 17   | 83                       | 10½-11½  |
| 2000                      | 9                                 | 10   | 11   | 12   | 13   | 14   | 16   | 17   | 19   | 20   | 93                       | 9½-10½   |
| 2001                      | 4                                 | 9    | 10   | 11   | 12   | 13   | 14   | 15   | 16   | 20   | 105                      | 8½-9½    |
| 2002                      |                                   | 5    | 11   | 12   | 13   | 14   | 15   | 16   | 18   | 20   | 113                      | 7½-8½    |
| 2003                      |                                   |      | 6    | 12   | 13   | 15   | 16   | 17   | 19   | 19   | 124                      | 6½-7½    |
| 2004                      |                                   |      |      | 6    | 13   | 15   | 16   | 17   | 19   | 19   | 131                      | 5½-6½    |
| 2005                      |                                   |      |      |      | 7    | 14   | 16   | 17   | 19   | 20   | 143                      | 4½-5½    |
| 2006                      |                                   |      |      |      |      | 8    | 18   | 20   | 22   | 23   | 146                      | 3½-4½    |
| 2007                      |                                   |      |      |      |      |      | 9    | 20   | 22   | 25   | 150                      | 2½-3½    |
| 2008                      |                                   |      |      |      |      |      |      | 11   | 23   | 25   | 151                      | 1½-2½    |
| 2009                      |                                   |      |      |      |      |      |      |      | 11   | 24   | 153                      | ½-1½     |
| 2010                      |                                   |      |      |      |      |      |      |      |      | 13   | 80                       | 0-½      |
| Total                     | 53                                | 68   | 86   | 106  | 128  | 157  | 196  | 231  | 273  | 308  | 1,606                    |          |

sum of the retirements entered on Table 1 immediately above the stair step line drawn on the table beginning with the 2001 retirements of 1996 installations and ending with the 2010 retirements of the 2005 installations. Thus, the total amount of 143 for age interval 4½-5½ equals the sum of:

$$10 + 12 + 13 + 11 + 13 + 13 + 15 + 17 + 19 + 20.$$

In Table 2, other transactions which affect the group are recorded in a similar manner. The entries illustrated include transfers and sales. The entries which are credits to the plant account are shown in parentheses. The items recorded on this schedule are not totaled with the retirements, but are used in developing the exposures at the beginning of each age interval.

Schedule of Plant Exposed to Retirement. The development of the amount of plant exposed to retirement at the beginning of each age interval is illustrated in Table 3 on page II-15. The surviving plant at the beginning of each year from 2001 through 2010 is recorded by year in the portion of the table headed "Annual Survivors at the Beginning of the Year." The last amount entered in each column is the amount of new plant added to the group during the year. The amounts entered in Table 3 for each successive year following the beginning balance or addition are obtained by adding or subtracting the net entries shown on Tables 1 and 2. For the purpose of determining the plant exposed to retirement, transfers-in are considered as being exposed to retirement in this group at the beginning of the year in which they occurred, and the sales and transfers-out are considered to be removed from the plant exposed to retirement at the beginning of the following year. Thus, the amounts of plant shown

TABLE 2. OTHER TRANSACTIONS FOR EACH YEAR 2001-2010  
SUMMARIZED BY AGE INTERVAL

| Placed<br>(1) | Experience Band 2001-2010 |             |             |             |             |             |                   |                 |                    |              | Placement Band 1996-2010             |                         |
|---------------|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------------|-----------------|--------------------|--------------|--------------------------------------|-------------------------|
|               | 2001<br>(2)               | 2002<br>(3) | 2003<br>(4) | 2004<br>(5) | 2005<br>(6) | 2006<br>(7) | 2007<br>(8)       | 2008<br>(9)     | 2009<br>(10)       | 2010<br>(11) | Total During<br>Age Interval<br>(12) | Age<br>Interval<br>(13) |
| 1996          | -                         | -           | -           | -           | -           | -           | 60 <sup>a</sup>   | -               | -                  | -            | -                                    | 13½-14½                 |
| 1997          | -                         | -           | -           | -           | -           | -           | -                 | -               | -                  | -            | -                                    | 12½-13½                 |
| 1998          | -                         | -           | -           | -           | -           | -           | -                 | -               | -                  | -            | -                                    | 11½-12½                 |
| 1999          | -                         | -           | -           | -           | -           | -           | (5) <sup>b</sup>  | -               | -                  | 60           | -                                    | 10½-11½                 |
| 2000          | -                         | -           | -           | -           | -           | -           | 6 <sup>a</sup>    | -               | -                  | -            | -                                    | 9½-10½                  |
| 2001          | -                         | -           | -           | -           | -           | -           | -                 | -               | -                  | (5)          | -                                    | 8½-9½                   |
| 2002          | -                         | -           | -           | -           | -           | -           | -                 | -               | -                  | -            | -                                    | 7½-8½                   |
| 2003          | -                         | -           | -           | -           | -           | -           | -                 | -               | -                  | -            | -                                    | 6½-7½                   |
| 2004          | -                         | -           | -           | -           | -           | -           | (12) <sup>b</sup> | -               | -                  | -            | -                                    | 5½-6½                   |
| 2005          | -                         | -           | -           | -           | -           | -           | -                 | 22 <sup>a</sup> | -                  | -            | -                                    | 4½-5½                   |
| 2006          | -                         | -           | -           | -           | -           | -           | (19) <sup>b</sup> | -               | -                  | 10           | -                                    | 3½-4½                   |
| 2007          | -                         | -           | -           | -           | -           | -           | -                 | -               | -                  | -            | -                                    | 2½-3½                   |
| 2008          | -                         | -           | -           | -           | -           | -           | -                 | -               | (102) <sup>c</sup> | (121)        | -                                    | 1½-2½                   |
| 2009          | -                         | -           | -           | -           | -           | -           | -                 | -               | -                  | -            | -                                    | ½-1½                    |
| 2010          | -                         | -           | -           | -           | -           | -           | -                 | -               | -                  | -            | -                                    | 0-½                     |
| Total         |                           |             |             |             |             |             | 60                | (30)            | 22                 | (102)        | (50)                                 |                         |

<sup>a</sup> Transfer Affecting Exposures at Beginning of Year

<sup>b</sup> Transfer Affecting Exposures at End of Year

<sup>c</sup> Sale with Continued Use

Parentheses denote Credit amount.

TABLE 3. PLANT EXPOSED TO RETIREMENT JANUARY 1  
OF EACH YEAR 2001-2010  
SUMMARIZED BY AGE INTERVAL

| Experience Band 2001-2010 |   | Exposures, Thousands of Dollars |                  |                  |                  |                  |                  |                  |                    |              |               | Placement Band 1996-2010                            |                         |
|---------------------------|---|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|--------------|---------------|---|-------------------------|
| Year<br>Placed<br>(1)     | Annual Survivors at the Beginning of the Year | 2001                            | 2002             | 2003             | 2004             | 2005             | 2006             | 2007             | 2008               | 2009         | 2010          | Total at<br>Beginning<br>of Age<br>Interval<br>(12) | Age<br>Interval<br>(13) |
|                           |   | (2)                             | (3)              | (4)              | (5)              | (6)              | (7)              | (8)              | (9)                | (10)         | (11)          |   |                         |
| 1996                      | 255   | 245                             | 234              | 222              | 209              | 195              | 239              | 216              | 192                | 167          | 167           | 167   | 13½-14½                 |
| 1997                      | 279   | 268                             | 256              | 243              | 228              | 212              | 194              | 174              | 153                | 131          | 131           | 323   | 12½-13½                 |
| 1998                      | 307   | 296                             | 284              | 271              | 257              | 241              | 224              | 205              | 184                | 162          | 162           | 531   | 11½-12½                 |
| 1999                      | 338   | 330                             | 321              | 311              | 300              | 289              | 276              | 262              | 242                | 226          | 226           | 823   | 10½-11½                 |
| 2000                      | 376   | 367                             | 357              | 346              | 334              | 321              | 307              | 297              | 280                | 261          | 261           | 1,097   | 9½-10½                  |
| 2001                      | 420 <sup>a</sup>                              | 416                             | 407              | 397              | 386              | 374              | 361              | 347              | 332                | 316          | 316           | 1,503   | 8½-9½                   |
| 2002                      |   | 460 <sup>a</sup>                | 455              | 444              | 432              | 419              | 405              | 390              | 374                | 356          | 356           | 1,952   | 7½-8½                   |
| 2003                      |   |                                 | 510 <sup>a</sup> | 504              | 492              | 479              | 464              | 448              | 431                | 412          | 412           | 2,463   | 6½-7½                   |
| 2004                      |   |                                 |                  | 580 <sup>a</sup> | 574              | 561              | 546              | 530              | 501                | 482          | 482           | 3,057   | 5½-6½                   |
| 2005                      |   |                                 |                  |                  | 660 <sup>a</sup> | 653              | 639              | 623              | 628                | 609          | 609           | 3,789   | 4½-5½                   |
| 2006                      |   |                                 |                  |                  |                  | 750 <sup>a</sup> | 742              | 724              | 685                | 663          | 663           | 4,332   | 3½-4½                   |
| 2007                      |   |                                 |                  |                  |                  |                  | 850 <sup>a</sup> | 841              | 821                | 799          | 799           | 4,955   | 2½-3½                   |
| 2008                      |   |                                 |                  |                  |                  |                  |                  | 960 <sup>a</sup> | 949                | 926          | 926           | 5,719   | 1½-2½                   |
| 2009                      |   |                                 |                  |                  |                  |                  |                  |                  | 1,080 <sup>a</sup> | 1,069        | 1,069         | 6,579   | ½-1½                    |
| 2010                      |   |                                 |                  |                  |                  |                  |                  |                  |                    |              |               | 7,490   | 0-½                     |
| <b>Total</b>              | <b>1,975</b>                                  | <b>2,382</b>                    | <b>2,824</b>     | <b>3,318</b>     | <b>3,872</b>     | <b>4,494</b>     | <b>5,247</b>     | <b>6,017</b>     | <b>6,852</b>       | <b>7,799</b> | <b>44,780</b> |   |                         |

<sup>a</sup> Additions during the year.

at the beginning of each year are the amounts of plant from each placement year considered to be exposed to retirement at the beginning of each successive transaction year. For example, the exposures for the installation year 2006 are calculated in the following manner:

|                     |                                   |             |
|---------------------|-----------------------------------|-------------|
| Exposures at age 0  | = amount of addition              | = \$750,000 |
| Exposures at age ½  | = \$750,000 - \$ 8,000            | = \$742,000 |
| Exposures at age 1½ | = \$742,000 - \$18,000            | = \$724,000 |
| Exposures at age 2½ | = \$724,000 - \$20,000 - \$19,000 | = \$685,000 |
| Exposures at age 3½ | = \$685,000 - \$22,000            | = \$663,000 |

For the entire experience band 2001-2010, the total exposures at the beginning of an age interval are obtained by summing diagonally in a manner similar to the summing of the retirements during an age interval (Table 1). For example, the figure of 3,789, shown as the total exposures at the beginning of age interval 4½-5½, is obtained by summing:

$$255 + 268 + 284 + 311 + 334 + 374 + 405 + 448 + 501 + 609.$$

Original Life Table. The original life table, illustrated in Table 4 on page II-17, is developed from the totals shown on the schedules of retirements and exposures, Tables 1 and 3, respectively. The exposures at the beginning of the age interval are obtained from the corresponding age interval of the exposure schedule, and the retirements during the age interval are obtained from the corresponding age interval of the retirement schedule. The retirement ratio is the result of dividing the retirements during the age interval by the exposures at the beginning of the age interval. The percent surviving at the beginning of each age interval is derived from survivor ratios,

TABLE 4. ORIGINAL LIFE TABLE  
CALCULATED BY THE RETIREMENT RATE METHOD

Experience Band 2001-2010

Placement Band 1996-2010

(Exposure and Retirement Amounts are in Thousands of Dollars)

| <u>Age at<br/>Beginning of<br/>Interval</u><br>(1) | <u>Exposures at<br/>Beginning of<br/>Age Interval</u><br>(2) | <u>Retirements<br/>During Age<br/>Interval</u><br>(3) | <u>Retirement<br/>Ratio</u><br>(4) | <u>Survivor<br/>Ratio</u><br>(5) | <u>Percent<br/>Surviving at<br/>Beginning of<br/>Age Interval</u><br>(6) |
|--|--|---|------------------------------------|----------------------------------|--|
| 0.0  | 7,490  | 80  | 0.0107                             | 0.9893                           | 100.00   |
| 0.5  | 6,579  | 153   | 0.0233                             | 0.9767                           | 98.93  |
| 1.5  | 5,719  | 151   | 0.0264                             | 0.9736                           | 96.62  |
| 2.5  | 4,955  | 150   | 0.0303                             | 0.9697                           | 94.07  |
| 3.5  | 4,332  | 146   | 0.0337                             | 0.9663                           | 91.22  |
| 4.5  | 3,789  | 143   | 0.0377                             | 0.9623                           | 88.15  |
| 5.5  | 3,057  | 131   | 0.0429                             | 0.9571                           | 84.83  |
| 6.5  | 2,463  | 124   | 0.0503                             | 0.9497                           | 81.19  |
| 7.5  | 1,952  | 113   | 0.0579                             | 0.9421                           | 77.11  |
| 8.5  | 1,503  | 105   | 0.0699                             | 0.9301                           | 72.65  |
| 9.5  | 1,097  | 93  | 0.0848                             | 0.9152                           | 67.57  |
| 10.5   | 823  | 83  | 0.1009                             | 0.8991                           | 61.84  |
| 11.5   | 531  | 64  | 0.1205                             | 0.8795                           | 55.60  |
| 12.5   | 323  | 44  | 0.1362                             | 0.8638                           | 48.90  |
| 13.5   | <u>167</u>   | <u>26</u>   | 0.1557                             | 0.8443                           | 42.24  |
|  |  |   |                                    |                                  | 35.66  |
| Total  | <u>44,780</u>  | <u>1,606</u>  |                                    |                                  |  |

Column 2 from Table 3, Column 12, Plant Exposed to Retirement.

Column 3 from Table 1, Column 12, Retirements for Each Year.

Column 4 = Column 3 divided by Column 2.

Column 5 = 1.0000 minus Column 4.

Column 6 = Column 5 multiplied by Column 6 as of the Preceding Age Interval.

each of which equals one minus the retirement ratio. The percent surviving is developed by starting with 100% at age zero and successively multiplying the percent surviving at the beginning of each interval by the survivor ratio, i.e., one minus the retirement ratio for that age interval. The calculations necessary to determine the percent surviving at age 5½ are as follows:

|                               |   |                           |          |
|-------------------------------|---|---------------------------|----------|
| Percent surviving at age 4½   | = | 88.15                     |          |
| Exposures at age 4½           | = | 3,789,000                 |          |
| Retirements from age 4½ to 5½ | = | 143,000                   |          |
| Retirement Ratio              | = | $143,000 \div 3,789,000$  | = 0.0377 |
| Survivor Ratio                | = | $1.000 - 0.0377$          | = 0.9623 |
| Percent surviving at age 5½   | = | $(88.15) \times (0.9623)$ | = 84.83  |

The totals of the exposures and retirements (columns 2 and 3) are shown for the purpose of checking with the respective totals in Tables 1 and 3. The ratio of the total retirements to the total exposures, other than for each age interval, is meaningless.

The original survivor curve is plotted from the original life table (column 6, Table 4). When the curve terminates at a percent surviving greater than zero, it is called a stub survivor curve. Survivor curves developed from retirement rate studies generally are stub curves.

Smoothing the Original Survivor Curve. The smoothing of the original survivor curve eliminates any irregularities and serves as the basis for the preliminary extrapolation to zero percent surviving of the original stub curve. Even if the original survivor curve is complete from 100% to zero percent, it is desirable to eliminate any irregularities, as there is still an extrapolation for the vintages which have not yet lived to the age at which the curve reaches zero percent. In this study, the smoothing of the original curve with established type curves was used to eliminate irregularities in the original curve.

The lowa type curves are used in this study to smooth those original stub curves which are expressed as percents surviving at ages in years. Each original survivor curve was compared to the lowa curves using visual and mathematical matching in order to determine the better fitting smooth curves. In Figures 6, 7, and 8, the original curve developed in Table 4 is compared with the L, S, and R lowa type curves which most nearly fit the original survivor curve. In Figure 6, the L1 curve with an average life between 12 and 13 years appears to be the best fit. In Figure 7, the S0 type curve with a 12-year average life appears to be the best fit and appears to be better than the L1 fitting. In Figure 8, the R1 type curve with a 12-year average life appears to be the best fit and appears to be better than either the L1 or the S0.

In Figure 9, the three fittings, 12-L1, 12-S0 and 12-R1 are drawn for comparison purposes. It is probable that the 12-R1 lowa curve would be selected as the most representative of the plotted survivor characteristics of the group.

#### Compliance of the Retirement Rate Method of Analysis to IFRS

The Canadian Accounting Standards Board has announced that Canadian Generally Accepted Accounting Principles (GAAP) will cease to exist as of a target date in 2011 (or 2012 for regulated entities that elect to defer implementation for 1 year). As of that date many organizations will be required to report under the International Financial Accounting Standards (IFRS). The International Accounting Standard (IAS) 16 deals with the recognition and reporting of property, plant and equipment.

This standard requires that the depreciation expense associated with an asset be aligned with the expected service life of the asset. Gannett Fleming notes that the



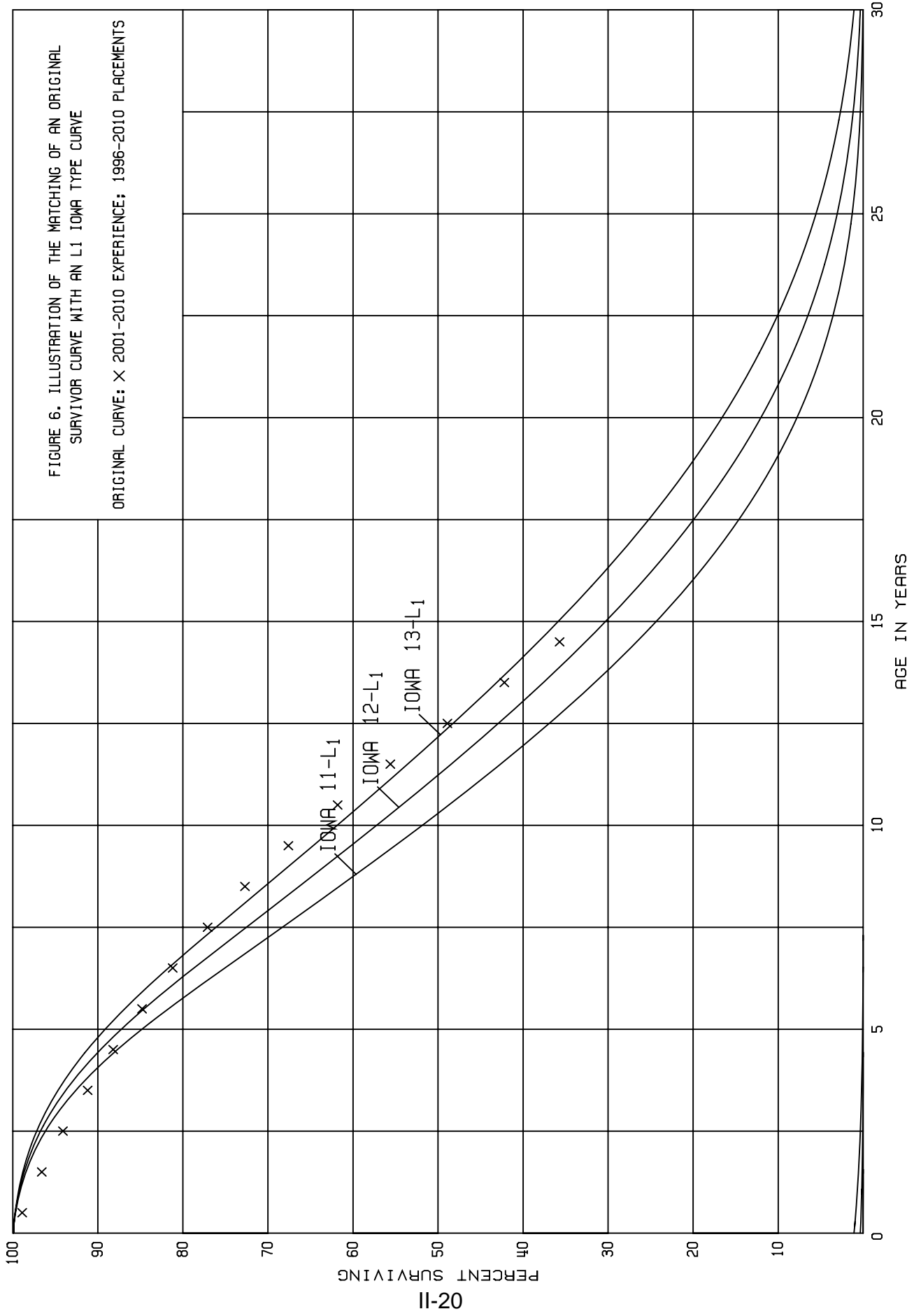


FIGURE 6. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN L1 IOWA TYPE CURVE  
 ORIGINAL CURVE: X 2001-2010 EXPERIENCE; 1996-2010 PLACEMENTS

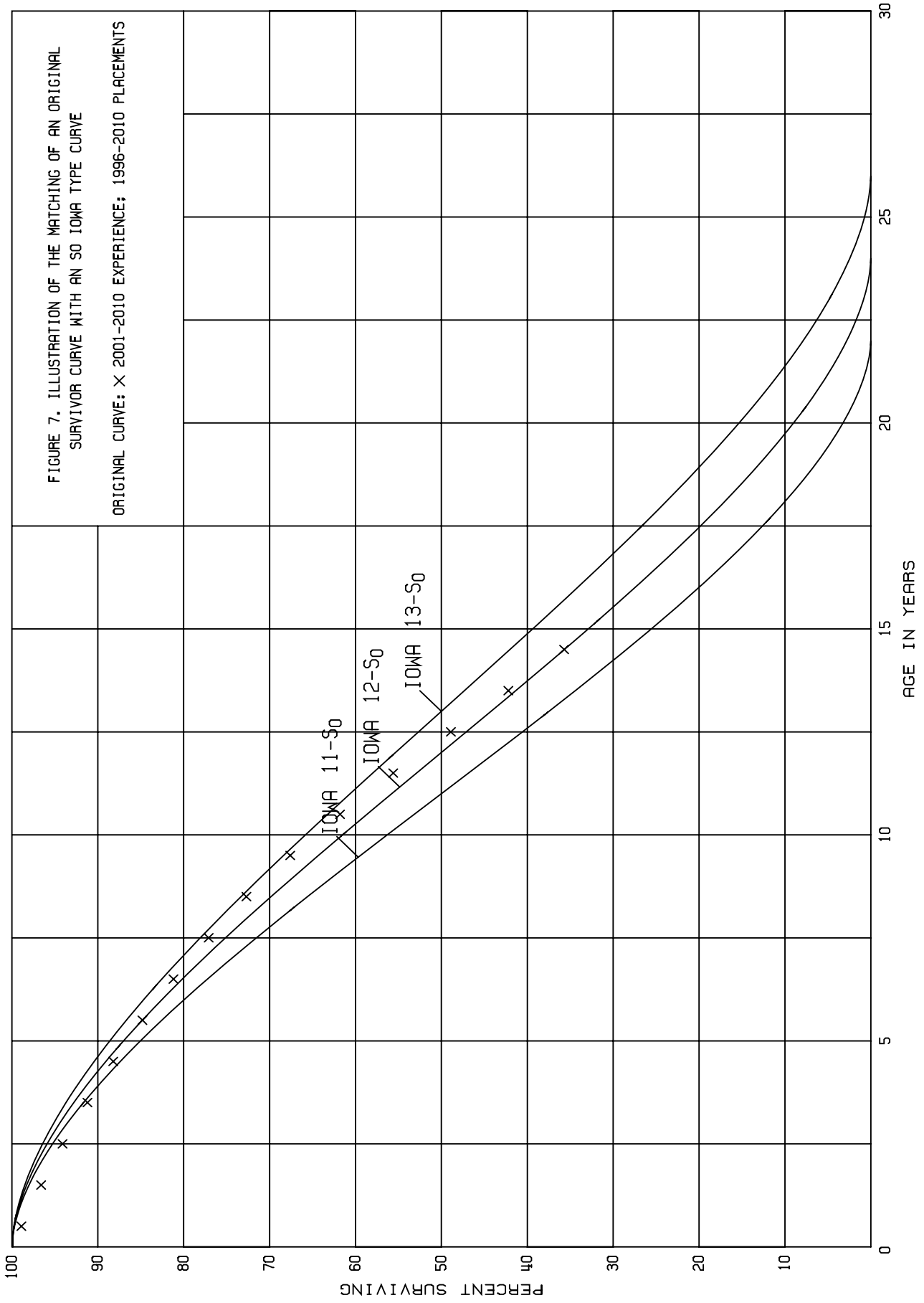


FIGURE 7. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN SO IOWA TYPE CURVE  
 ORIGINAL CURVE: X 2001-2010 EXPERIENCE; 1996-2010 PLACEMENTS

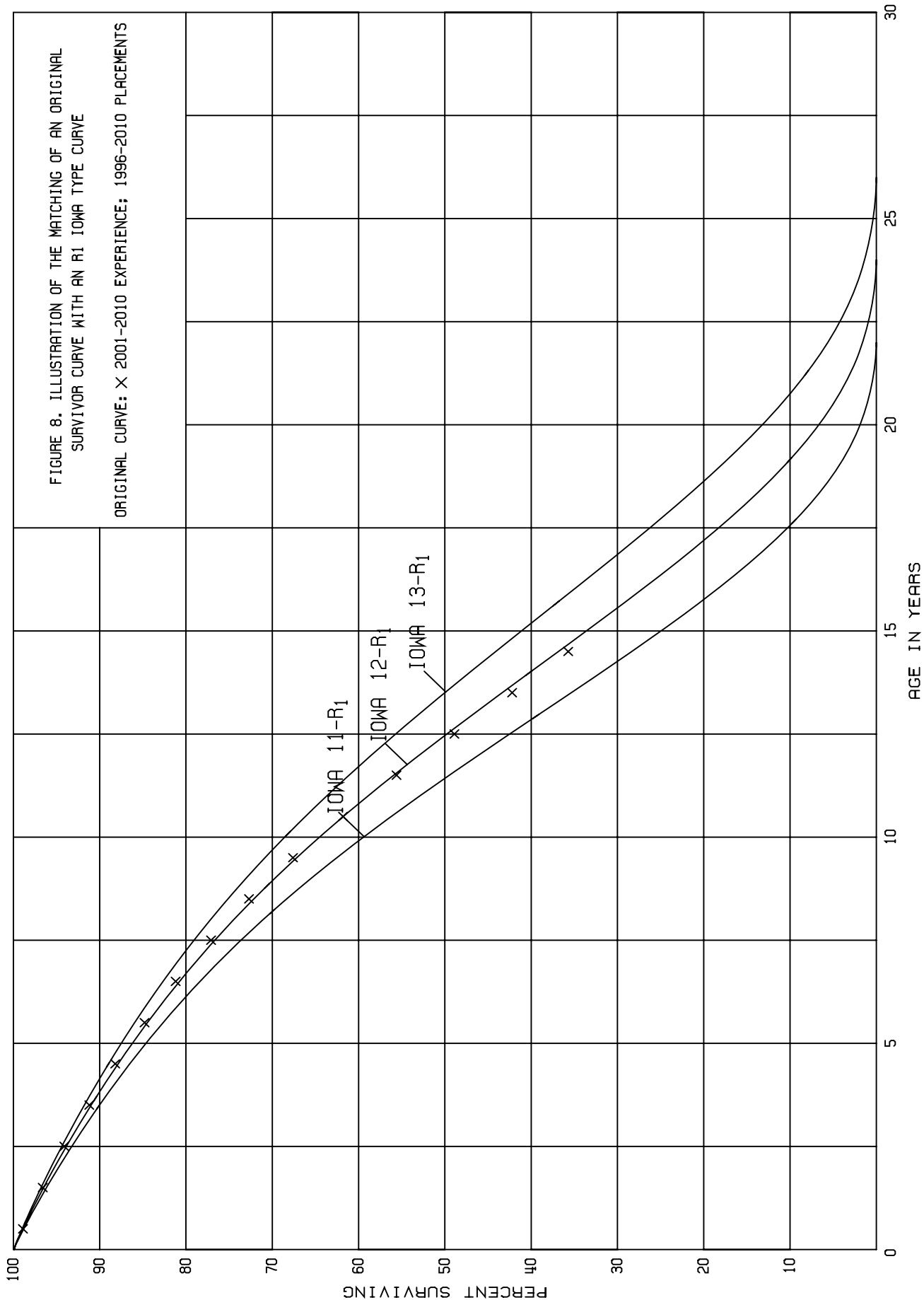


FIGURE 8. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN R1 IOWA TYPE CURVE  
 ORIGINAL CURVE: X 2001-2010 EXPERIENCE; 1996-2010 PLACEMENTS

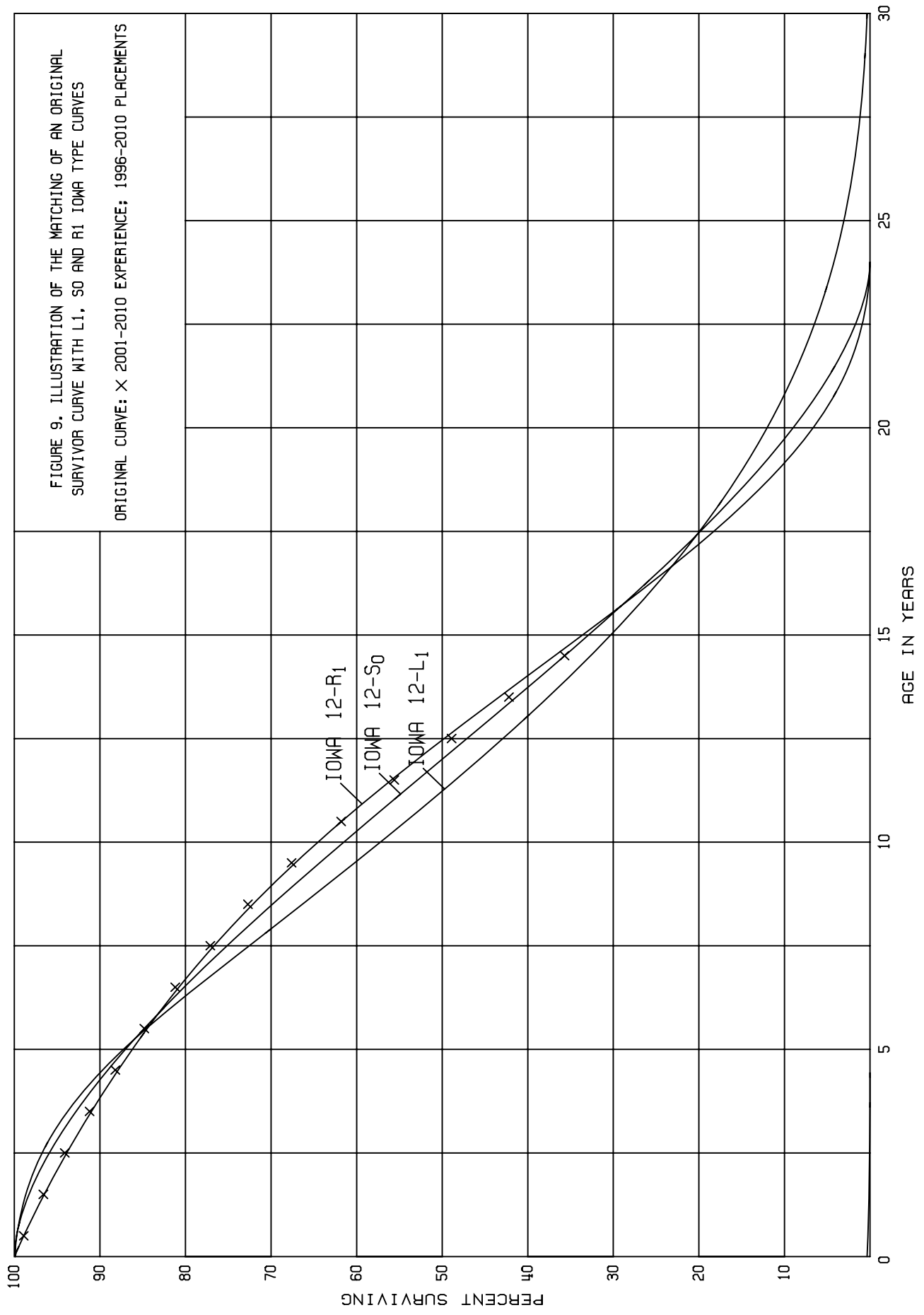


FIGURE 9. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH L1, S0 AND R1 IOWA TYPE CURVES  
 ORIGINAL CURVE: X 2001-2010 EXPERIENCE; 1996-2010 PLACEMENTS

requirements and implementation of IFRS are generally aligned with the appropriate and reasonable depreciation practices and procedures commonly used for regulatory purposes.

In the view of Gannett Fleming, the use of an Iowa curve in the estimation of average service life and retirement expectations of a group of homogenous assets meets the requirements of IAS 16. However, the account structure of the utility must be analyzed to ensure that the assets included in each group are like in nature and service of the asset to the utility is similar. In this manner, it can be expected that any one of the assets in the group are equally likely to be subjected to any of the forces of retirement to which the group of assets are subjected.

In order to better meet the componentization requirements as discussed above, and to continue to use group accounting and depreciation practices, the company reviewed the type of physical assets included in all plant accounts. As a result of this review, Manitoba Hydro has developed a significant number of new accounts, particularly with regard to electric generation plant. Also as part of this development of new accounts, the company has recreated a database of aged plant accounting retirements and balances. Gannett Fleming used this database to perform a detailed retirement rate analysis as described previously in the report. In a limited number of accounts, Manitoba Hydro was not able to develop aged retirement balances. In these circumstances, Gannett Fleming statistically aged the unaged transactions in order that the retirement rate analysis could be completed for all accounts.

Survivor Curve Judgments. The survivor curve estimates were based on judgment which considered a number of factors. The primary factors were the statistical

analysis of data; current policies and outlook as determined during conversations with management personnel and on the knowledge Gannett Fleming developed through the completion of numerous electric utility studies.

The following discussion, dealing with a number of accounts which comprise the majority of the investment analyzed, presents an overview of the factors considered by Gannett Fleming in the determination of the average service life estimates. The survivor curve estimates for the remainder of the accounts not discussed in the following sections were based on similar considerations.

### GENERATION ACCOUNTS

Gannett Fleming developed unique depreciation rate calculations for each of the hydraulic generation plants in order to specially recognize the life span of each of the plants. However, the retirement rate analysis was prepared on the basis of a grouping at an account level of the plant accounting data related to the combined databases from all hydraulic generation sites. Therefore, the analyses presented in Section IV of the Supporting Documents and as discussed below, are based on the combined data from all locations for each account.

Account Grouping A – Dams, Dykes and Weirs, represents 10% of the generation and 4.3% of depreciable assets studied. The investment in this account related mainly to the geo-technical components, including the earthen structures. Company management and operational staff have indicated that these structures were engineered to a high standard in order to provide an increased level of safety and longevity. Additionally, the operational staff views that the environmental conditions to which the investment in this account is exposed will result in a slower erosion of the

physical structures. As such, it is expected that the investment in this account would have a longer average life expectation than many of the peer group of Canadian electric generation utilities. Additionally, on a yearly basis the company invests between \$4 and \$5 million on dam safety programs throughout its system.

The retirement rate analysis as presented on pages IV-3 through IV-5 has reviewed the retirement history from 1952 through 2010. The currently approved lowa curve related to these assets is the lowa 100-R3. Based on the retirement rate analysis, and on the expectations of operational staff, Gannett Fleming recommends the extension of the average service life estimate and an increase to the mode of the retirement dispersion curve to the lowa 125-R4.

Account Grouping B – Powerhouse, represents 20% of the generation assets and 8.4% of the depreciable assets studied. The investment in this account relates to the powerhouses and civil buildings, including the structural and concrete components.

The hydraulic generation powerhouses are normally part of the physical concrete dam structure. However, in the circumstance of the Grand Rapids generation site, the powerhouse is physically located behind the dam in a separate structure. Based on the retirement rate analysis as presented on pages IV-7 through IV-9 and on the expectations of operational staff, Gannett Fleming recommends the extension of the average service life estimate for this account to the lowa 125-R4 from the lowa 100-R3 curve for the civil assets related to the hydraulic assets. In this recommendation, the average service life characteristics of the powerhouses will be matched to the estimated retirement dispersion related to the Dams, Dykes and Weirs account.

With regard to the powerhouses related to thermal generation plants, the powerhouse is more typical of industrial concrete or steel buildings. As such it is estimated that the average service life associated with powerhouse buildings related to thermal plant locations would have a shorter average service life than the estimates for the hydraulic generation sites. Therefore, based on the expectations of operational staff, Gannett Fleming recommends continuation of the currently approved Iowa 65-R4 curve for thermal assets.

Account Grouping D – Spillway, represents 7% of the generation assets and 3.1% of the depreciable assets studied. The typical average service lives for spillways within the Canadian electric generation industry range from 60 to 100 years. The investment in this account was, in previous depreciation studies, included in the large group of civil assets and depreciated with an Iowa 100-R3 curve. Given the ability to separately analyze this investment, based on the retirement rate analysis as presented on pages IV-11 through IV-13 of the supporting documents and on the expectations of operational staff, Gannett Fleming recommends the reduction of the average service life estimate for this account to the Iowa 75-R2 curve.

Account Grouping E – Water Control Systems, represents 6% of the generation assets and 2.5% of the depreciated assets studied. The investment in this account includes the investment related to gates, guides and hoists. These types of assets are subjected to wear and tear and will require replacement over the life of the generation plant. The average service life estimates among Canadian peer utilities range from 45 to 75 years.



Interviews with company operational staff have indicated an expectation of a 50 year life. The investment in this account was, in previous depreciation studies, included in the large group of civil assets and depreciated with an Iowa 100-R3 curve. Based on the retirement rate analysis as presented on pages IV-15 through IV-17 of the supporting documents, and on the expectations of operational staff, Gannett Fleming recommends the use of a 50-year average service life estimate and an increase in the mode of the Iowa curve from R3 to S4, resulting in a recommended Iowa 50-S4 curve.

Account Grouping P – A/C Electrical Power Systems, represents 22% of the generation assets and 9.2% of the depreciable assets studied. The investment in this account relates to the station electric transformer and station service. The assets in this account were previously depreciated with the Accessory Station Equipment using the Iowa 50-R3 curve. With the separation of this account, a retirement rate analysis was undertaken. Based on the retirement rate analysis as presented on pages IV-34 through IV-36 and on the expectations of operational staff, Gannett Fleming recommends the continued use of the Iowa 50-R3, as shown on page IV-33 of the Supporting Documents.

Life Span Estimates. Life expectancy of electric generation plant assets are impacted by not only physical wear and tear of the assets but also on economic factors including the feasibility of the economic replacement of major operating components or the economic viability of the plant as a whole. In circumstances where the replacement of major operating components is not economically feasible, the life of the major component can be the determining factor of the generation plant and all of the assets within the plant. As such, the depreciable remaining life of electric generation plant

assets is the lesser of the physical life expectation of the asset or the period at the end of the life span of the generation plant.

The use of life span dates for determining depreciable lives for regulated electric generation plant is common through many North American Regulatory jurisdictions. The basis for the determination of the life span date is usually based on one or all of the following:

- The physical life estimation of the major and vital components of the generating plant;
- The duration of operating licenses;
- Precedent and policy of the regulatory jurisdiction;
- Expiration of the supply source for which the generation plant is dependent; and
- Expiration of market demand upon which the generation plant is dependent.

In prior depreciation reviews, Manitoba Hydro has determined a life span date for most of the regulated hydraulic plants based on an overall life estimate of 100 years. The management and operational staff of Manitoba Hydro have reviewed this policy and determined that the economic life of the generation plants should be extended to 140 years beyond the date of initial construction. The application of this policy was reviewed for its reasonableness at each of the generation plants and was modified in three circumstances as follows:

- Pointe du Bois – March 31, 2031 (125 years)
- Grand Rapids – March 31, 2091 (125 years)
- Laurie River – March 31, 2032 (80 years)

## DIESEL ACCOUNTS

Account 1300B – Buildings, represents 21% of the diesel assets and less than 1% of the depreciable assets studied. The statistical analysis indicates a 30-year average service life expectation. In addition, the Diesel Buildings are subjected to increased amounts of wear and tear than other generation buildings within the Manitoba Hydro system, and therefore will have a shorter life expectation. Based on the retirement rate analysis as presented on page IV-56, and on the expectations of operational staff, Gannett Fleming recommends the extension of the average service life estimate for this account to the 30-R3 from the 18-R2 Iowa curve which was previously used.

Account 1300N – Engines and Generators, represents 41% of the diesel assets and less than 1% of the depreciable assets studied. The statistical analysis indicates a life of approximately 25 years. The operational staff at Manitoba Hydro also confirms the life expectation of 25 years. In addition, the industry peer average service life estimates range from 20 to 30 years. Based on the retirement rate analysis as presented on page IV-58, and on the expectations of operational staff, Gannett Fleming recommends the extension of the average service life estimate for this account to the Iowa 25-R2.

Account 1300Q – Accessory Station Equipment, represents 30% of the diesel assets and less than 1% of the depreciable assets studied. The investment in this account includes the investment related to step-up transformers, and control panels which were all replaced approximately 15 to 20 years ago. Based on the retirement rate analysis presented on page IV-60, and on the expectations of operational staff, Gannett

Fleming recommends the extension of the average service life estimate for this account to the lowa 20-R3.

### TRANSMISSION ACCOUNTS

Account 2000G – Metal Towers and Concrete Poles, represents 45% of the transmission assets and 2.8% of the depreciable assets studied. The company had a previously approved life estimate of 85 years for this account. The original survivor curve as shown on page IV-67 indicated a modest level of retirement activity through age 42, with an indication of increased retirement activity thereafter. The transmission towers have historically withstood environmental influences such as ice storms, severe winter conditions, and corrosion. There are some replacements that will be required with the need to replace the 105-year old towers from Point du Bois, but there are no other significant replacement plans over the next 25 to 30 years. The industry average service life ranges from 50 to 65 years.

Interviews with company operational staff have indicated an expectation of a longer life than the industry peers. Based on the retirement rate analysis as presented on pages IV-68 through IV-70 of the supporting documents, and on the expectations of operational staff, Gannett Fleming recommends the continued use of an 85-year average service life estimate and an increase in the mode of the lowa curve from R3 to R4, resulting in a recommended lowa 85-R4 curve.

Account 2000L – Overhead Conductor and Devices, represents 40% of the transmission assets and 3% of the depreciable assets studied. The retirement pattern shows only modest retirements up until age 22 and retirements increasing at a low rate thereafter. Based on the retirement rate analysis as presented on pages IV-75 through

V-77, and on the expectations of operational staff, Gannett Fleming recommends the extension of the average service life estimate for this account from a 60-L4 Iowa curve to the Iowa 65-R4.

### SUBSTATION ACCOUNTS

Account 3100R – Power Transformers, represents 12% of the substations assets and 2% of the depreciable assets studied. The retirement pattern shows modest retirements starting about year five and increasing thereafter. The operational staff has not identified any problems with Manitoba Hydro's transformers. Manitoba Hydro also has a standard practice to repair through operating budgets for as long of a period as possible in order to extend the lives as long as possible for transformers. Additionally, newer transformers are expected to have shorter lives than the older units, as the new units are being manufactured to tighter capacity tolerances. The typical industry lives range from 40 to 60 years. Based on the retirement rate analysis, and on the expectations of operational staff, Gannett Fleming recommends an Iowa 50-R2 curve.

Account 3100T – Interrupting Equipment, represents 6% of the substations assets and 1% of the depreciable assets studied. The retirement pattern shows modest retirements starting about year five and increasing thereafter. Based on the retirement rate analysis, and on the expectations of operational staff, Gannett Fleming recommends an Iowa 45-R2 curve.

Account 3100U – Other Station Equipment, represents 21% of the substations assets and 4% of the depreciable assets studied. Comparable utilities with the electric industry have lives ranging from 45 to 53 years. The retirement pattern shown at page IV-99 shows modest retirements starting about year five and increasing thereafter.

Based on the retirement rate analysis, and on the expectations of operational staff, Gannett Fleming recommends an Iowa 43-R2 curve.

Account 3100V – Electronic Equipment and Batteries, represents 6% of the substations assets and 1% of the depreciable assets studied. Comparable utilities within the electric industry have lives ranging from 15 and 25 years. The retirement pattern as shown at page IV-103 shows modest retirements starting about year five and increasing thereafter. Based on the retirement rate analysis, and on the expectations of operational staff, Gannett Fleming recommends an Iowa curve of 20-R2.

Account 3200P – HVDC Converter Equipment, represents 9% of the substations assets and 2% of the depreciable assets studied. The retirement pattern as shown on page IV-108 shows modest retirements starting about year nine and slowly increasing until about age 25 and increasing at a faster rate thereafter. Based on the retirement rate analysis, and on the expectations of operational staff, Gannett Fleming recommends an Iowa 25-R3 curve.

Account 3200S – HVDC Serialized Equipment, represents 26% of the substations assets and 5% of the depreciable assets studied. The retirement pattern as shown on page IV-110 shows retirements starting at year two and then increasing thereafter. Based on the retirement rate analysis, and on the expectations of operational staff, Gannett Fleming recommends an Iowa 25-R2 curve.

#### DISTRIBUTION ACCOUNTS

Account 4000J – Poles and Fixtures, represents 24% of the distribution assets and 5% of the depreciable assets studied. The poles are a mix of pine and cedar with wood poles making up about 99.5% of the poles in service. Typical industry lives for

wood poles range from 38 to 55 years. The retirement rate analysis as shown on pages IV-122 and IV-123 has indicated a preliminary average service life estimate of the Iowa 34-R3, which was at the short end of the range of peer industry comparable companies.

Manitoba Hydro operational staff confirmed the Gannett Fleming view that the statistically developed 34-year average service life estimate was too short for this account, and should have an average service life of at least 55 to 60 years. Based on all factors, Gannett Fleming recommends an Iowa 55-R3 curve, which maintains the retirement dispersion shape from the retirement rate analysis, conforms to the view of the Manitoba Hydro operational staff, and is within the range of industry peers.

Account 4000L – Overhead Conductor and Devices, represents 26% of the distribution assets and 5.1% of the depreciable assets studied. The retirement rate analysis as shown on pages IV-125 and IV-126 has indicated a preliminary average service life estimate of the Iowa 32-R2, which was at the short end of the range of peer industry comparable companies. Typical industry averages show lives ranging from 45 to 60 years, which is longer than the statistically developed life estimate of 32 years.

Operational staff indicated they are seeing no major issues with conductors and they would expect lives to be longer than the 55-year life estimate recommended for the poles account as the conductor is not always replaced when poles are retired. Based on all factors, Gannett Fleming recommends an Iowa 60-R2 curve, which maintains the retirement dispersion shape from the retirement rate analysis, conforms to the view of the Manitoba Hydro operational staff, and is within the range of industry peers.

Account 4000N – Underground Cable and Devices – Primary, represents 11% of the distribution assets and 2% of the depreciable assets studied. Operational staff

indicated there are no major issues with newer underground cable installed within the last 25 years. However, the older cable previously installed was of inferior quality and is starting to be retired at about 45 years. Typical industry averages show lives ranging from 40 to 80 years. Based on the retirement rate analysis as shown on pages IV-130 and 131 and on the expectations of operational staff and industry comparables, Gannett Fleming recommends an Iowa 60-R4 curve.

Account 4000P – Underground Cable and Devices – Secondary, represents 8% of the distribution assets and 2% of the depreciable assets studied. The newer underground cable is about 25 years old and is showing no major issues according to Manitoba Hydro's operational staff. In addition, the older underground cable is starting to retire at about 45 years. Typical industry averages are indicating lives between 40 and 80 years. Based on the retirement rate analysis as shown on pages IV-133 and IV-134 the expectations of operational staff along with industry comparables, Gannett Fleming recommends an Iowa 45-R4 curve.

Account 4000Q – Serialized Equipment – Overhead, represents 8% of the distribution assets and 2% of the depreciable assets studied. The investment in this account primarily relates to pole top transformers. Interviews with operational staff indicated the company intends to continue to refurbish and reuse transformers. Comparable Industry averages range from 27 to 45 years. Based on the expectations of operational staff along with industry comparables, Gannett Fleming recommends an Iowa 35-R3 curve.

Account 4000S – Serialized Equipment – Underground, represents 7% of the distribution assets and 1% of the depreciable assets studied. The investment in this



account primarily relates to pad mounted transformers for underground service. Interviews with operational staff indicated the company intends to continue to refurbish and reuse these transformers. Comparable industry averages range from 27 to 45 years. Based on the expectations of operational staff along with industry comparables, Gannett Fleming recommends an Iowa 40-R3 curve.

The survivor curve estimates for the remaining accounts were based on similar considerations of historical analyses, management outlook and estimates for this company and other electric utilities.

## NET SALVAGE ESTIMATES

This report is developed to be in compliance with the requirements of IFRS for financial reporting purposes. The pre-collection of future costs of removal within depreciation expense is not compliant with the standards. Manitoba Hydro has requested that all net negative salvage provisions be removed from the depreciation rate calculations. To the extent that it is necessary to remove existing assets in order to replace them, the costs of removal will be recorded as a capital cost of the replacement assets at the time of the retirement of the assets currently in service.

IAS 16 does provide for the recognition of residual value of assets at the time of retirement to be recognized in depreciation expense. Therefore, a residual salvage calculation has been incorporated into the depreciation rates for a number of general plant accounts.

## CALCULATION OF ANNUAL AND ACCRUED DEPRECIATION

Group Depreciation Procedures. When more than a single item of property is under consideration, a group procedure for depreciation is appropriate because normally all of the items within a group do not have identical service lives, but have lives that are dispersed over a range of time. There are two primary group procedures, namely, Average Service Life (ASL) and Equal Life Group (ELG).

The difference in calculation of depreciation expense derived from ELG and ASL can best be explained with the use of a simple example.

ASL Versus ELG Example. Assume one plant account with a total cost of \$2,000 is comprised of two subgroups of assets, each with an original cost of \$1,000. The first group has a life of 5 years, while the second group has a life of 15 years.

Under both procedures the average life of this plant account would equal 10 years  $(15 + 5)/2$ . With the ASL procedure this average life would be used to determine the depreciation accruals for the first 5 years as follows:

$$(\$2,000 / 10 \text{ years}) = \$200 \text{ per year}$$

The accrual for years 6 through 15 would be as follows:

$$(\$1,000 / 10 \text{ years}) = \$100 \text{ per year}$$

Under the ELG procedure, the expense for each sub group is determined and then added together. Therefore for the first 5 years, the accrual would be as follows:

$$(\$1,000 / 5 \text{ years}) + (\$1,000 / 15 \text{ years}) = \$267 \text{ per year.}$$

The accrual for years 6 through 15 would be as follows:

$$(\$1,000 / 15 \text{ years}) = \$67 \text{ per year.}$$

The following table sets out the differences in the two methods:

| Average Service Life Procedure |               |                  |                         | Equal Life Group Procedure |               |                  |                         |
|--------------------------------|---------------|------------------|-------------------------|----------------------------|---------------|------------------|-------------------------|
| Year                           | Accruals (\$) | Retirements (\$) | Acc. Deprn Balance (\$) | Year                       | Accruals (\$) | Retirements (\$) | Acc. Deprn Balance (\$) |
| 1                              | 200           |                  | 200                     | 1                          | 267           |                  | 267                     |
| 2                              | 200           |                  | 400                     | 2                          | 267           |                  | 534                     |
| 3                              | 200           |                  | 600                     | 3                          | 267           |                  | 801                     |
| 4                              | 200           |                  | 800                     | 4                          | 267           |                  | 1,068                   |
| 5                              | 200           | 1,000            | 0                       | 5                          | 267           | 1,000            | 335                     |
| 6                              | 100           |                  | 100                     | 6                          | 67            |                  | 402                     |
| 7                              | 100           |                  | 200                     | 7                          | 67            |                  | 469                     |
| 8                              | 100           |                  | 300                     | 8                          | 67            |                  | 536                     |
| 9                              | 100           |                  | 400                     | 9                          | 67            |                  | 603                     |
| 10                             | 100           |                  | 500                     | 10                         | 67            |                  | 670                     |
| 11                             | 100           |                  | 600                     | 11                         | 66            |                  | 736                     |
| 12                             | 100           |                  | 700                     | 12                         | 66            |                  | 802                     |
| 13                             | 100           |                  | 800                     | 13                         | 66            |                  | 868                     |
| 14                             | 100           |                  | 900                     | 14                         | 66            |                  | 934                     |
| 15                             | 100           | 1,000            | 0                       | 15                         | 66            | 1,000            | 0                       |

It should be noted from the table that overall, both methods will recover the same original cost, however, there are two key differences. First, using the ASL procedure, after the first 5 years, no depreciation has been collected for the asset remaining in service. Essentially, the concept of depreciation expense matching the assets providing service is not met. With the ELG procedure, this problem is remedied and after the retirement at year 5 of the shorter life asset, an appropriate provision for the first 5 years of service on the longer living asset is accumulated ( $\$67 \times 5 \text{ years} = \$335$ ). Under ELG all current users are sharing the cost of all assets in service.

Secondly, under ASL the customers using the last remaining assets are required to pick up an adjustment for the under accrual of depreciation expense during the early years of the account. This inter-generational inequity would result in a situation at

Manitoba Hydro where users in the later years of the system bear the cost of under accruals which benefited earlier users of the system.

Effectively, later users of the system would be subsidizing previous users. With potential changes in the utility industry, future users of the facilities may be different from the current system users. This lack of stability will magnify the inter-generational inequity of the ASL procedure.

Conformance of ELG to IFRS. IAS 16 requires depreciation expense to reflect the life expectation of assets in service. As indicated in the above example, the rate of annual depreciation is based on the average life or average service life of the group, and this rate is applied to the surviving balances of the group's cost. As further noted in the above example, a characteristic of the ASL procedure is that the cost of plant retired prior to average life is not fully recouped at the time of retirement, whereas the cost of plant retired subsequent to average life is more than fully recouped. Over the entire life cycle, the portion of cost not recouped prior to average life is balanced by the cost recouped subsequent to average life. In this procedure, the accrued depreciation is based on the average service life of the group and the average remaining life of each vintage within the group derived from the area under the survivor curve between the attained age of the vintage and the maximum age.

In the ELG procedure, the property group is subdivided according to service life. That is, each equal life group includes that portion of the property which experiences the life of that specific group. The relative size of each equal life group is determined from the property's life dispersion curve. The calculated depreciation for the property group

is the summation of the calculated depreciation based on the service life of each equal life group.

The table on the following page presents an illustration of the calculation of equal life group depreciation in a mass property account using the Iowa 15-R3 survivor curve, 0 percent net salvage and a December 31, 2010 calculation date. In the table, each equal life group is defined by the age interval shown in columns 1 and 2. These are the ages at which the first and last retirement of each group occurs, and the group's equal life, shown in column 3, is the midpoint of the interval. For purposes of the calculation, each vintage is divided into equal life groups arranged so that the midpoint of each one-year age interval coincides with the calculation date, e.g., December 31 in this case. This enables the calculation of annual accruals for a twelve-month period centered on the date of calculation.

The retirement during the age interval, shown in column 4, is the size of each equal life group and is derived from the Iowa 15-R3 survivor curve and 0 percent net salvage. It is the difference between the percents surviving at the beginning and end of the age interval. Each equal life group's annual accrual, shown in column 5, equals the group's size (column 4) divided by its life (column 3).

Columns 7 through 10 show the derivation of the annual and accrued factors for each vintage based on the information developed in the first five columns. The year installed is shown in column 6. For all vintages other than 2010, the summation of annual accruals for each year installed, shown in column 7, is calculated by adding one-half of the group annual accrual (column 5) for that vintage's current age interval plus the group annual accruals for all succeeding age intervals. For example, the figure

7.53413204309 for 2009 equals one-half of 0.14669333333 plus all of the succeeding figures in column 5. Only one-half of the annual accrual for the vintage's current age interval group is included in the summation because the equal life group for that interval has reached the year during which it is expected to be retired.

DETAILED COMPUTATION OF ANNUAL AND ACCRUED FACTORS USING THE EQUAL LIFE GROUP PROCEDURE

INPUT PARAMETERS:

CALCULATION DATE.. 12-31-2010  
 SURVIVOR CURVE.... 15-R3

| AGE INTERVAL |        | RETIREMENTS DURING |          | GROUP ANNUAL  | YEAR | SUMMATION     | AVERAGE   | ANNUAL | ACCRUED |
|--------------|--------|--------------------|----------|---------------|------|---------------|-----------|--------|---------|
| BEG          | END    | LIFE               | INTERVAL | ACCUAL        | INST | OF ANNUAL     | PERCENT   | FACTOR | FACTOR  |
| (1)          | (2)    | (3)                | (4)      | (5)=(4)/(3)   | (6)  | (7)           | (8)       | (9)    | (10)    |
| 0.000        | 1.000  | 0.500              | 0.13204  | 0.13204000000 | 2010 | 7.73951870976 | 99.939619 | 0.0774 | 0.0387  |
| 1.000        | 2.000  | 1.500              | 0.22004  | 0.14669333333 | 2009 | 7.53413204309 | 99.757940 | 0.0755 | 0.1133  |
| 2.000        | 3.000  | 2.500              | 0.34901  | 0.13960400000 | 2008 | 7.39098337643 | 99.473416 | 0.0743 | 0.1858  |
| 3.000        | 4.000  | 3.500              | 0.53168  | 0.15190857143 | 2007 | 7.24522709071 | 99.033069 | 0.0732 | 0.2562  |
| 4.000        | 5.000  | 4.500              | 0.77648  | 0.17255111111 | 2006 | 7.08299724944 | 98.378988 | 0.0720 | 0.3240  |
| 5.000        | 6.000  | 5.500              | 1.09520  | 0.19912727273 | 2005 | 6.89715805752 | 97.443149 | 0.0708 | 0.3894  |
| 6.000        | 7.000  | 6.500              | 1.50085  | 0.23090000000 | 2004 | 6.68214442116 | 96.145127 | 0.0695 | 0.4518  |
| 7.000        | 8.000  | 7.500              | 1.99686  | 0.26624800000 | 2003 | 6.43357042116 | 94.396275 | 0.0682 | 0.5115  |
| 8.000        | 9.000  | 8.500              | 2.59836  | 0.30568941176 | 2002 | 6.14760171528 | 92.098663 | 0.0668 | 0.5678  |
| 9.000        | 10.000 | 9.500              | 3.32846  | 0.35036421053 | 2001 | 5.81957490413 | 89.135249 | 0.0653 | 0.6204  |
| 10.000       | 11.000 | 10.500             | 4.20015  | 0.40001428571 | 2000 | 5.44438565601 | 85.370944 | 0.0638 | 0.6699  |
| 11.000       | 12.000 | 11.500             | 5.24273  | 0.45588956522 | 1999 | 5.01643373055 | 80.649505 | 0.0622 | 0.7153  |
| 12.000       | 13.000 | 12.500             | 6.46397  | 0.51711760000 | 1998 | 4.52993014794 | 74.796157 | 0.0606 | 0.7575  |
| 13.000       | 14.000 | 13.500             | 7.78086  | 0.57636000000 | 1997 | 3.98319134794 | 67.673742 | 0.0589 | 0.7952  |
| 14.000       | 15.000 | 14.500             | 9.04123  | 0.62353310345 | 1996 | 3.38324479621 | 59.262695 | 0.0571 | 0.8280  |
| 15.000       | 16.000 | 15.500             | 9.97724  | 0.64369290323 | 1995 | 2.74963179287 | 49.753461 | 0.0553 | 0.8572  |
| 16.000       | 17.000 | 16.500             | 10.26569 | 0.62216303030 | 1994 | 2.11670382611 | 39.631994 | 0.0534 | 0.8811  |
| 17.000       | 18.000 | 17.500             | 9.71888  | 0.55536457143 | 1993 | 1.52794002524 | 29.639708 | 0.0516 | 0.9030  |
| 18.000       | 19.000 | 18.500             | 8.35418  | 0.45157729730 | 1992 | 1.02446909088 | 20.603179 | 0.0497 | 0.9195  |
| 19.000       | 20.000 | 19.500             | 6.50335  | 0.33350512821 | 1991 | 0.63192787812 | 13.174414 | 0.0480 | 0.9360  |
| 20.000       | 21.000 | 20.500             | 4.58978  | 0.22389170732 | 1990 | 0.35322946036 | 7.627850  | 0.0463 | 0.9492  |
| 21.000       | 22.000 | 21.500             | 2.91547  | 0.13560325581 | 1989 | 0.17348197879 | 3.875224  | 0.0448 | 0.9632  |
| 22.000       | 23.000 | 22.500             | 1.61144  | 0.07161955556 | 1988 | 0.06987057311 | 1.611769  | 0.0434 | 0.9765  |
| 23.000       | 24.000 | 23.500             | 0.66967  | 0.02849659574 | 1987 | 0.01981249746 | 0.471215  | 0.0420 | 0.9870  |
| 24.000       | 25.000 | 24.500             | 0.13425  | 0.00547959184 | 1986 | 0.00282440367 | 0.069256  | 0.0408 | 0.9996  |
| 25.000       | 25.350 | 25.175             | 0.00213  | 0.00008460775 | 1985 | 0.00001480636 | 0.000373  | 0.0397 | 1.0000  |
| TOTAL        |        | 100.00000          |          |               |      |               |           |        |         |

The summation of annual accruals (column 7) for installations during 2010 is calculated on the basis of an in-service date at the midpoint of the year, i.e., June 30. Inasmuch as the overall calculation is centered on December 31, 2010, the first figure in column 7, for vintage 2010, equals all of the group annual accrual for the first equal life group plus the accruals for all of the subsequent equal life groups.

The average percent surviving derived from the Iowa 15-R3 survivor curve and 0 percent net salvage, is shown in column 8 for each age interval. The annual factor, shown in column 9, is the result of dividing the summation of annual accruals (column 7) by the average percent surviving (column 8). The accrued factor, shown in column 10, equals the annual factor multiplied by the age of the group at December 31, 2010.

#### CALCULATION OF ANNUAL AND ACCRUED AMORTIZATION

Amortization is the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized. Normally, the distribution of the amount is in equal amounts to each year of the amortization period.

The calculation of annual and accrued amortization requires the selection of an amortization period. The amortization periods used in this report were based on judgment which incorporated a consideration of the period during which the assets will render most of their service, the amortization period and service lives used by other utilities, and the service life estimates previously used for the asset under depreciation accounting.

Amortization accounting is proposed for a number of accounts that represent numerous units of property, but a very small portion of depreciable electrical plant in service. The accounts and their amortization periods are as follows:

| <u>ACCOUNT</u> | <u>TITLE</u>  | <u>AMORTIZATION<br/>PERIOD,<br/>YEARS</u> |
|----------------|---|---|
| 000C           | POWERHOUSE RENOVATIONS                                  | 25  |
| 000L           | LICENCE RENEWAL   | 50  |
| 000W           | SUPPORT BUILDING RENOVATIONS                            | 20  |
| 000M           | COMBUSTION TURBINE OVERHAULS                            | 10  |
| 1125Z          | COMMUNITY DEVELOPMENT COSTS [Pine Falls]                | 81  |
| 1140Z          | COMMUNITY DEVELOPMENT COSTS [Grand Rapids]              | 80  |
| 1160Z          | COMMUNITY DEVELOPMENT COSTS [Lake Winnipeg Regulation]  | 100                                       |
| 1165Z          | COMMUNITY DEVELOPMENT COSTS [Churchill River Diversion] | 100                                       |
| 1300C          | BUILDING RENOVATIONS                                    | 15  |
| 1300M          | ENGINES AND GENERATORS - OVERHAULS                      | 5   |
| 3000C          | BUILDING RENOVATIONS                                    | 20  |
| 4000K          | GROUND LINE TREATMENT                                   | 10  |
| 4000V          | ELECTRONIC EQUIPMENT                                    | 10  |
| 5000C          | BUILDING RENOVATIONS                                    | 20  |
| 5000K          | OPERATIONAL IT EQUIPMENT                                | 5   |
| 5000M          | MOBILE RADIO, TELEPHONE AND VIDEO CONFERENCING          | 8   |
| 5000N          | OPERATIONAL DATA NETWORK                                | 8   |
| 8000C          | BUILDING RENOVATIONS                                    | 20  |
| 9000H          | TOOLS, SHOP AND GARAGE EQUIPMENT                        | 15  |
| 9000K          | COMPUTER EQUIPMENT                                      | 5   |
| 9000L          | OFFICE FURNITURE AND EQUIPMENT                          | 20  |
| 9000M          | HOT WATER TANKS   | 6   |
| A200H          | COMPUTER DEVELOPMENT - SMALL SYSTEMS                    | 10  |
| A200J          | COMPUTER SOFTWARE - GENERAL                             | 5   |
| A200K          | COMPUTER SOFTWARE - COMMUNICATION/OPERATIONAL           | 5   |

For the purpose of calculating annual amortization amounts as of March 31, 2010, the book depreciation reserve for each plant account or subaccount is assigned or allocated to vintages. The book reserve assigned to vintages with an age greater than the amortization period is equal to the vintage's original cost. The remaining book reserve is allocated among vintages with an age less than the amortization period in proportion to the calculated accrued amortization. The calculated accrued amortization is equal to the original cost multiplied by the ratio of the vintage's age to its amortization



period. The annual amortization amount is determined by dividing the future amortizations (original cost less allocated book reserve) by the remaining period of amortization for the vintage.

## MONITORING OF BOOK ACCUMULATED DEPRECIATION

The calculated accrued depreciation or amortization represents that portion of the depreciable cost which will not be allocated to expense through future depreciation accruals, if current forecasts of service life characteristics and net salvage materialize and are used as a basis for depreciation accounting. Thus, the calculated accrued depreciation provides a measure of the book accumulated depreciation. The use of this measure is recommended in the amortization of book accumulated depreciation variances to insure complete recovery of capital over the life of the property.

The recommended amortization of the variance between the book accumulated depreciation and the calculated accrued depreciation is based on an amortization period equal to the composite remaining life for each property group where the variance exceeds five percent of the calculated accrued depreciation.

The composite remaining life for use in the calculation of accumulated depreciation variances is derived by developing the composite sum of the individual equal life group remaining lives in accordance with the following equation:

$$\text{Composite Remaining Life} = \frac{\sum \left( \frac{\text{Book Cost}}{\text{Life}} \times \text{Remaining Life} \right)}{\sum \frac{\text{Book Cost}}{\text{Life}}}$$

The book costs and lives of the several equal life groups, which are summed in the foregoing equation, are defined by the estimated future survivor curve.

Inasmuch as book cost divided by life equals the whole life annual accrual, the foregoing equation reduces to the following form:

$$\text{Composite Remaining Life} = \frac{\sum \text{Whole Life Future Accruals}}{\sum \text{Whole Life Annual Accruals}}$$

or

$$\text{Composite Remaining Life} = \frac{\sum \text{Book Cost} - \text{Calc. Reserve}}{\sum \text{Whole Life Annual Accrual}}$$

### PART III. RESULTS OF STUDY

## PART III. RESULTS OF STUDY

### QUALIFICATION OF RESULTS

The calculated annual and accrued depreciation are the principal results of the study. Continued surveillance and periodic revisions are normally required to maintain continued use of appropriate annual depreciation accrual rates. An assumption that accrual rates can remain unchanged over a long period of time implies a disregard for the inherent variability in service lives and salvage and for the change of the composition of property in service. The annual accrual rates and the accrued depreciation were calculated in accordance with the straight line method, using the equal life group procedure based on estimates which reflect considerations of current historical evidence and expected future conditions.

### DESCRIPTION OF DETAILED TABULATIONS

The service life estimates were based on judgment that incorporated statistical analysis of retirement data, discussions with management and consideration of estimates made for other electric utilities. The results of the statistical analysis of service life are presented in the section beginning on pages IV-2, within the supporting documents of this report.

For each depreciable group analyzed by the retirement rate method, a chart depicting the original and estimated survivor curves followed by a tabular presentation of the original life table(s) plotted on the chart. The survivor curves estimated for the depreciable groups are shown as dark smooth curves on the charts. Each smooth survivor curve is denoted by a numeral followed by the curve type designation. The numeral used is the average life derived from the entire curve from 100 percent to zero

percent surviving. The titles of the chart indicate the group, the symbol used to plot the points of the original life table, and the experience and placement bands of the life tables which were plotted. The experience band indicates the range of years for which retirements were used to develop the stub survivor curve. The placements indicate, for the related experience band, the range of years of installations which appear in the experience.

The tables of the calculated annual depreciation applicable to depreciable assets as of March 31, 2010 are presented in account sequence starting on page V-2 of the supporting documents. The tables indicate the estimated average survivor curves used in the calculations. The tables set forth, for each installation year, the original cost, calculated accrued depreciation, and the calculated annual accrual.

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SCHEDULE 1. ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENTS, ORIGINAL COST AND ANNUAL ACCRUALS  
FOR THE TWELVE MONTHS ENDED MARCH 31, 2010

| ACCOUNT      | DEPRECIABLE WORK<br>(1)                  | LIFE<br>SPAN<br>DATE | SURVIVOR<br>CURVE<br>(2) | NET<br>SALVAGE<br>(3) | SURVIVING<br>ORIGINAL COST<br>AS OF MARCH 31, 2010<br>(4) | CALCULATED ANNUAL ACCRUAL<br>AMOUNT<br>(5) | RATE (%)<br>(6)=(5)/(4) | ANNUAL<br>PROVISION<br>FOR TRUE-UP<br>(7) | TOTAL DEPRECIATION<br>RELATED TO LIFE |                         |
|--------------|--|----------------------|--------------------------|-----------------------|---|--|-------------------------|---|---------------------------------------|-------------------------|
|              |  |                      |                          |                       |   |  |                         |   | EXPENSE<br>(8)=(5)+(7)                | RATE (%)<br>(9)=(8)/(4) |
| <b>10000</b> | <b>GENERATION</b>                        |                      |                          |                       |   |  |                         |   |                                       |                         |
| <b>11000</b> | <b>HYDRAULIC GENERATION</b>              |                      |                          |                       |   |  |                         |   |                                       |                         |
| 11050        | GREAT FALLS                              |                      |                          |                       |   |  |                         |   |                                       |                         |
| 1105A        | DAMS, DYKES AND WEIRS                    | 2063                 | 125-R4                   | 0                     | 17,302,772  | 218,229                                    | 1.26                    | (27,263)                                  | 190,966                               | 1.10                    |
| 1105B        | POWERHOUSE                               | 2063                 | 125-R4                   | 0                     | 7,990,983   | 99,815                                     | 1.25                    | (13,045)                                  | 86,770                                | 1.09                    |
| 1105C        | POWERHOUSE RENOVATIONS                   | 2063                 | 25-SQ                    | 0                     |   |  |                         |   |                                       | 4.00 **                 |
| 1105D        | SPILLWAY                                 | 2063                 | 75-R2                    | 0                     | 9,676,327   | 151,875                                    | 1.57                    | (6,958)                                   | 144,917                               | 1.50                    |
| 1105E        | WATER CONTROL SYSTEMS                    | 2063                 | 50-S4                    | 0                     | 24,245,253  | 497,229                                    | 2.05                    | (50,814)                                  | 446,415                               | 1.84                    |
| 1105F        | ROADS AND SITE IMPROVEMENTS              | 2063                 | 50-R3                    | 0                     | 213,964   | 5,129                                      | 2.40                    | (24)                                      | 5,105                                 | 2.39                    |
| 1105G        | TURBINES AND GENERATORS                  | 2063                 | 65-S3                    | 0                     | 25,128,789  | 433,087                                    | 1.72                    | (30,373)                                  | 402,714                               | 1.60                    |
| 1105H        | GOVERNORS AND EXCITATION SYSTEM          | 2063                 | 50-R4                    | 0                     | 492,218   | 10,048                                     | 2.04                    | (811)                                     | 9,237                                 | 1.88                    |
| 1105L        | LICENCE RENEWAL                          | 2063                 | 50-SQ                    | 0                     |   |  |                         |   |                                       | 2.00 **                 |
| 1105P        | A/C ELECTRICAL POWER SYSTEMS             | 2063                 | 50-R3                    | 0                     | 9,493,088   | 201,933                                    | 2.13                    | (12,866)                                  | 189,067                               | 1.99                    |
| 1105Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2063                 | 23-L2                    | 0                     | 19,271,956  | 955,210                                    | 4.96                    | (7,499)                                   | 947,711                               | 4.92                    |
| 1105R        | AUXILIARY STATION PROCESSES              | 2063                 | 40-R2.5                  | 0                     | 8,345,798   | 224,470                                    | 2.69                    | (9,108)                                   | 215,362                               | 2.58                    |
| 1105X        | SUPPORT BUILDINGS                        | 2063                 | 65-R3                    | 0                     | 1,495,253   | 24,424                                     | 1.63                    | (2,820)                                   | 21,604                                | 1.44                    |
| 1105W        | SUPPORT BUILDING RENOVATIONS             | 2063                 | 20-SQ                    | 0                     |   |  |                         |   |                                       | 5.00 **                 |
|              | <b>TOTAL GREAT FALLS</b>                 |                      |                          |                       | <b>123,656,412</b>  | <b>2,821,449</b>                           | <b>2.28</b>             | <b>(161,581)</b>                          | <b>2,659,868</b>                      | <b>2.15</b>             |
| <b>11100</b> | <b>POINTE DU BOIS</b>                    |                      |                          |                       |   |  |                         |   |                                       |                         |
| 1110A        | DAMS, DYKES AND WEIRS                    | 2031                 | 125-R4                   | 0                     | 11,263,332  | 446,825                                    | 3.97                    | (91,296)                                  | 355,529                               | 3.16                    |
| 1110B        | POWERHOUSE                               | 2031                 | 125-R4                   | 0                     | 6,242,749   | 271,010                                    | 4.34                    | (26,759)                                  | 244,251                               | 3.91                    |
| 1110C        | POWERHOUSE RENOVATIONS                   | 2031                 | 25-SQ                    | 0                     |   |  |                         |   |                                       | 4.84 **                 |
| 1110D        | SPILLWAY - ORIGINAL                      | 2017                 | 75-R2                    | 0                     | 3,104,842   | 345,659                                    | 11.13                   | (84,531)                                  | 261,128                               | 8.41                    |
| 1110E        | WATER CONTROL SYSTEMS                    | 2031                 | 50-S4                    | 0                     | 4,027,603   | 152,884                                    | 3.80                    | (39,522)                                  | 113,362                               | 2.81                    |
| 1110F        | ROADS AND SITE IMPROVEMENTS              | 2031                 | 50-R3                    | 0                     | 28,533  | 1,113                                      | 3.90                    | (295)                                     | 818                                   | 2.87                    |
| 1110G        | TURBINES AND GENERATORS                  | 2031                 | 65-S3                    | 0                     | 24,610,324  | 1,022,300                                  | 4.15                    | (153,096)                                 | 869,204                               | 3.53                    |
| 1110H        | GOVERNORS AND EXCITATION SYSTEM          | 2031                 | 50-R4                    | 0                     |   |  |                         |   |                                       | 5.04 *                  |
| 1110L        | LICENCE RENEWAL                          | 2031                 | 50-SQ                    | 0                     |   |  |                         |   |                                       | 4.76 **                 |
| 1110P        | A/C ELECTRICAL POWER SYSTEMS             | 2031                 | 50-R3                    | 0                     | 6,057,709   | 274,987                                    | 4.54                    | (22,954)                                  | 252,033                               | 4.16                    |
| 1110Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2031                 | 23-L2                    | 0                     | 355,559   | 20,840                                     | 5.86                    | (2,581)                                   | 18,259                                | 5.14                    |
| 1110R        | AUXILIARY STATION PROCESSES              | 2031                 | 40-R2.5                  | 0                     | 1,377,014   | 62,068                                     | 4.51                    | (11,335)                                  | 50,733                                | 3.68                    |
| 1110X        | SUPPORT BUILDINGS                        | 2031                 | 65-R3                    | 0                     | 2,616,290   | 95,041                                     | 3.63                    | (32,110)                                  | 62,931                                | 2.41                    |
| 1110W        | SUPPORT BUILDING RENOVATIONS             | 2031                 | 20-SQ                    | 0                     |   |  |                         |   |                                       | 5.00 **                 |
| 1111D        | SPILLWAY - NEW                           | 2031                 | 75-R2                    | 0                     |   |  |                         |   |                                       | 1.33 *                  |
|              | <b>TOTAL POINTE DU BOIS</b>              |                      |                          |                       | <b>59,683,956</b>   | <b>2,692,727</b>                           | <b>4.51</b>             | <b>(464,480)</b>                          | <b>2,228,247</b>                      | <b>3.73</b>             |
| <b>11150</b> | <b>SEVEN SISTERS</b>                     |                      |                          |                       |   |  |                         |   |                                       |                         |
| 1115A        | DAMS, DYKES AND WEIRS                    | 2072                 | 125-R4                   | 0                     | 31,497,995  | 353,966                                    | 1.12                    | (76,205)                                  | 277,761                               | 0.88                    |
| 1115B        | POWERHOUSE                               | 2072                 | 125-R4                   | 0                     | 13,653,945  | 143,721                                    | 1.05                    | (40,679)                                  | 103,042                               | 0.75                    |
| 1115C        | POWERHOUSE RENOVATIONS                   | 2072                 | 25-SQ                    | 0                     |   |  |                         |   |                                       | 4.00 **                 |
| 1115D        | SPILLWAY                                 | 2072                 | 75-R2                    | 0                     | 2,841,355   | 39,847                                     | 1.40                    | (5,275)                                   | 34,572                                | 1.22                    |
| 1115E        | WATER CONTROL SYSTEMS                    | 2072                 | 50-S4                    | 0                     | 4,296,891   | 81,034                                     | 1.89                    | (23,695)                                  | 57,339                                | 1.33                    |
| 1115F        | ROADS AND SITE IMPROVEMENTS              | 2072                 | 50-R3                    | 0                     | 201,701   | 3,718                                      | 1.84                    | (1,185)                                   | 2,533                                 | 1.26                    |
| 1115G        | TURBINES AND GENERATORS                  | 2072                 | 65-S3                    | 0                     | 41,208,963  | 689,938                                    | 1.67                    | (75,531)                                  | 614,407                               | 1.49                    |
| 1115H        | GOVERNORS AND EXCITATION SYSTEM          | 2072                 | 50-R4                    | 0                     | 6,860   | 125  | 1.82                    | (451)                                     | (326)                                 | 2.00                    |
| 1115L        | LICENCE RENEWAL                          | 2072                 | 50-SQ                    | 0                     |   |  |                         |   |                                       | 2.00 **                 |
| 1115P        | A/C ELECTRICAL POWER SYSTEMS             | 2072                 | 50-R3                    | 0                     | 10,648,619  | 223,532                                    | 2.10                    | (36,104)                                  | 187,428                               | 1.76                    |
| 1115Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2072                 | 23-L2                    | 0                     | 3,821,416   | 163,482                                    | 4.28                    | (29,620)                                  | 133,862                               | 3.50                    |
| 1115R        | AUXILIARY STATION PROCESSES              | 2072                 | 40-R2.5                  | 0                     | 5,224,958   | 131,285                                    | 2.51                    | (25,391)                                  | 105,894                               | 2.03                    |
| 1115X        | SUPPORT BUILDINGS                        | 2072                 | 65-R3                    | 0                     | 608,294   | 11,021                                     | 1.81                    | (676)                                     | 10,345                                | 1.70                    |
| 1115W        | SUPPORT BUILDING RENOVATIONS             | 2072                 | 20-SQ                    | 0                     |   |  |                         |   |                                       | 5.00 **                 |
|              | <b>TOTAL SEVEN SISTERS</b>               |                      |                          |                       | <b>114,010,998</b>  | <b>1,841,669</b>                           | <b>1.62</b>             | <b>(314,814)</b>                          | <b>1,526,855</b>                      | <b>1.34</b>             |

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SCHEDULE 1. ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENTS, ORIGINAL COST AND ANNUAL ACCRUALS FOR THE TWELVE MONTHS ENDED MARCH 31, 2010

| ACCOUNT      | DEPRECIABLE WORK<br>(1)                  | LIFE SPAN DATE | SURVIVOR CURVE<br>(2) | NET SALVAGE<br>(3) | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(4) | CALCULATED ANNUAL ACCRUAL AMOUNT<br>(5) | RATE (%)<br>(6)=(5)/(4) | ANNUAL PROVISION FOR TRUE-UP<br>(7) | TOTAL DEPRECIATION RELATED TO LIFE |                         |
|--------------|--|----------------|-----------------------|--------------------|---|---|-------------------------|-------------------------------------|------------------------------------|-------------------------|
|              |  |                |                       |                    |   |   |                         |                                     | EXPENSE<br>(8)=(5)+(7)             | RATE (%)<br>(9)=(8)/(4) |
| <b>11200</b> | <b>SLAVE FALLS</b>                       |                |                       |                    |   |   |                         |                                     |                                    |                         |
| 1120A        | DAMS, DYKES AND WEIRS                    | 2072           | 125-R4                | 0                  | 954,684   | 14,817                                  | 1.55                    | (153)                               | 14,664                             | 1.54                    |
| 1120B        | POWERHOUSE                               | 2072           | 125-R4                | 0                  | 45,692,194  | 663,677                                 | 1.45                    | (17,065)                            | 646,612                            | 1.42                    |
| 1120C        | POWERHOUSE RENOVATIONS                   | 2072           | 25-SQ                 | 0                  |   |   |                         |                                     |                                    | 4.00 **                 |
| 1120D        | SPILLWAY                                 | 2072           | 75-R2                 | 0                  | 760,201   | 15,394                                  | 2.03                    | 58                                  | 15,452                             | 2.03                    |
| 1120E        | WATER CONTROL SYSTEMS                    | 2072           | 50-S4                 | 0                  | 318,933   | 6,602                                   | 2.07                    | (96)                                | 6,506                              | 2.04                    |
| 1120F        | ROADS AND SITE IMPROVEMENTS              | 2072           | 50-R3                 | 0                  | 769,506   | 17,545                                  | 2.28                    | (107)                               | 17,438                             | 2.27                    |
| 1120G        | TURBINES AND GENERATORS                  | 2072           | 65-S3                 | 0                  | 11,630,909  | 200,112                                 | 1.72                    | (4,924)                             | 195,188                            | 1.68                    |
| 1120H        | GOVERNORS AND EXCITATION SYSTEM          | 2072           | 50-R4                 | 0                  |   |   |                         |                                     |                                    | 2.00 *                  |
| 1120L        | LICENCE RENEWAL                          | 2072           | 50-SQ                 | 0                  |   |   |                         |                                     |                                    | 2.00 **                 |
| 1120P        | A/C ELECTRICAL POWER SYSTEMS             | 2072           | 50-R3                 | 0                  | 21,815,741  | 505,179                                 | 2.32                    | (2,972)                             | 502,207                            | 2.30                    |
| 1120Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2072           | 23-L2                 | 0                  | 786,382   | 42,365                                  | 5.39                    | 217                                 | 42,582                             | 5.41                    |
| 1120R        | AUXILIARY STATION PROCESSES              | 2072           | 40-R2.5               | 0                  | 2,201,466   | 68,661                                  | 3.12                    | 262                                 | 68,923                             | 3.13                    |
| 1120X        | SUPPORT BUILDINGS                        | 2072           | 65-R3                 | 0                  | 3,724,095   | 67,791                                  | 1.82                    | (955)                               | 66,836                             | 1.79                    |
| 1120W        | SUPPORT BUILDING RENOVATIONS             | 2072           | 20-SQ                 | 0                  |   |   |                         |                                     |                                    | 5.00 **                 |
|              | <b>TOTAL SLAVE FALLS</b>                 |                |                       |                    | <b>88,654,109</b>                                   | <b>1,602,143</b>                        | <b>1.81</b>             | <b>(25,735)</b>                     | <b>1,576,408</b>                   | <b>1.78</b>             |
| <b>11250</b> | <b>PINE FALLS</b>                        |                |                       |                    |   |   |                         |                                     |                                    |                         |
| 1125A        | DAMS, DYKES AND WEIRS                    | 2092           | 125-R4                | 0                  | 14,110,589  | 156,702                                 | 1.11                    | (6,323)                             | 150,379                            | 1.07                    |
| 1125B        | POWERHOUSE                               | 2092           | 125-R4                | 0                  | 10,060,843  | 87,828                                  | 0.87                    | (15,968)                            | 71,860                             | 0.71                    |
| 1125C        | POWERHOUSE RENOVATIONS                   | 2092           | 25-SQ                 | 0                  |   |   |                         |                                     |                                    | 4.00 **                 |
| 1125D        | SPILLWAY                                 | 2092           | 75-R2                 | 0                  | 93,376  | 1,804                                   | 1.93                    | 8                                   | 1,812                              | 1.94                    |
| 1125E        | WATER CONTROL SYSTEMS                    | 2092           | 50-S4                 | 0                  | 3,564,106   | 67,205                                  | 1.89                    | (15,006)                            | 52,199                             | 1.46                    |
| 1125F        | ROADS AND SITE IMPROVEMENTS              | 2092           | 50-R3                 | 0                  | 1,178,575   | 19,598                                  | 1.66                    | (18,921)                            | 677                                | 0.06                    |
| 1125G        | TURBINES AND GENERATORS                  | 2092           | 65-S3                 | 0                  | 9,464,220   | 145,587                                 | 1.54                    | (25,177)                            | 120,410                            | 1.27                    |
| 1125H        | GOVERNORS AND EXCITATION SYSTEM          | 2092           | 50-R4                 | 0                  |   |   |                         |                                     |                                    | 2.00 *                  |
| 1125L        | LICENCE RENEWAL                          | 2092           | 50-SQ                 | 0                  |   |   |                         |                                     |                                    | 2.00 **                 |
| 1125P        | A/C ELECTRICAL POWER SYSTEMS             | 2092           | 50-R3                 | 0                  | 5,071,108   | 104,504                                 | 2.06                    | (9,469)                             | 95,035                             | 1.87                    |
| 1125Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2092           | 23-L2                 | 0                  | 2,156,586   | 99,187                                  | 4.60                    | (3,305)                             | 95,882                             | 4.45                    |
| 1125R        | AUXILIARY STATION PROCESSES              | 2092           | 40-R2.5               | 0                  | 3,790,230   | 99,575                                  | 2.63                    | (7,530)                             | 92,045                             | 2.43                    |
| 1125X        | SUPPORT BUILDINGS                        | 2092           | 65-R3                 | 0                  | 336,412   | 5,683                                   | 1.69                    | (241)                               | 5,442                              | 1.62                    |
| 1125W        | SUPPORT BUILDING RENOVATIONS             | 2092           | 20-SQ                 | 0                  |   |   |                         |                                     |                                    | 5.00 **                 |
| 1125Z        | COMMUNITY DEVELOPMENT COSTS              | 2092           | 81-SQ                 | 0                  | 4,425,543   | 54,434                                  | 1.23                    | (2,471)                             | 51,963                             | 1.17 **                 |
|              | <b>TOTAL PINE FALLS</b>                  |                |                       |                    | <b>54,251,587</b>                                   | <b>842,107</b>                          | <b>1.55</b>             | <b>(104,404)</b>                    | <b>737,703</b>                     | <b>1.36</b>             |
| <b>11300</b> | <b>MCARTHUR FALLS</b>                    |                |                       |                    |   |   |                         |                                     |                                    |                         |
| 1130A        | DAMS, DYKES AND WEIRS                    | 2095           | 125-R4                | 0                  | 3,578,068   | 32,928                                  | 0.92                    | (3,695)                             | 29,233                             | 0.82                    |
| 1130B        | POWERHOUSE                               | 2095           | 125-R4                | 0                  | 9,523,798   | 83,002                                  | 0.87                    | (12,467)                            | 70,535                             | 0.74                    |
| 1130C        | POWERHOUSE RENOVATIONS                   | 2095           | 25-SQ                 | 0                  |   |   |                         |                                     |                                    | 4.00 **                 |
| 1130D        | SPILLWAY                                 | 2095           | 75-R2                 | 0                  | 2,351,438   | 28,217                                  | 1.20                    | (4,929)                             | 23,288                             | 0.99                    |
| 1130E        | WATER CONTROL SYSTEMS                    | 2095           | 50-S4                 | 0                  | 11,703,203  | 238,168                                 | 2.04                    | (26,096)                            | 212,072                            | 1.81                    |
| 1130F        | ROADS AND SITE IMPROVEMENTS              | 2095           | 50-R3                 | 0                  | 234,820   | 4,758                                   | 2.03                    | (551)                               | 4,207                              | 1.79                    |
| 1130G        | TURBINES AND GENERATORS                  | 2095           | 65-S3                 | 0                  | 5,096,367   | 72,094                                  | 1.41                    | (44,855)                            | 27,239                             | 0.53                    |
| 1130H        | GOVERNORS AND EXCITATION SYSTEM          | 2095           | 50-R4                 | 0                  | 119,315   | 2,513                                   | 2.11                    | (166)                               | 2,347                              | 1.97                    |
| 1130L        | LICENCE RENEWAL                          | 2095           | 50-SQ                 | 0                  |   |   |                         |                                     |                                    | 2.00 **                 |
| 1130P        | A/C ELECTRICAL POWER SYSTEMS             | 2095           | 50-R3                 | 0                  | 2,480,539   | 45,912                                  | 1.85                    | (9,219)                             | 36,693                             | 1.48                    |
| 1130Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2095           | 23-L2                 | 0                  | 1,245,885   | 49,056                                  | 3.94                    | (4,082)                             | 44,974                             | 3.61                    |
| 1130R        | AUXILIARY STATION PROCESSES              | 2095           | 40-R2.5               | 0                  | 3,440,197   | 90,405                                  | 2.63                    | (5,443)                             | 84,962                             | 2.47                    |
| 1130X        | SUPPORT BUILDINGS                        | 2095           | 65-R3                 | 0                  | 227,212   | 3,840                                   | 1.69                    | (133)                               | 3,707                              | 1.63                    |
| 1130W        | SUPPORT BUILDING RENOVATIONS             | 2095           | 20-SQ                 | 0                  |   |   |                         |                                     |                                    | 5.00 **                 |
|              | <b>TOTAL MCARTHUR FALLS</b>              |                |                       |                    | <b>40,000,842</b>                                   | <b>650,893</b>                          | <b>1.63</b>             | <b>(111,636)</b>                    | <b>539,257</b>                     | <b>1.35</b>             |

MANITOBA HYDRO

SCHEDULE 1. ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENTS, ORIGINAL COST AND ANNUAL ACCRUALS FOR THE TWELVE MONTHS ENDED MARCH 31, 2010

| ACCOUNT      | DEPRECIABLE WORK<br>(1)                  | LIFE SPAN DATE | SURVIVOR CURVE<br>(2) | NET SALVAGE<br>(3) | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(4) | CALCULATED ANNUAL ACCRUAL AMOUNT<br>(5) | RATE (%)<br>(6)=(5)/(4) | ANNUAL PROVISION FOR TRUE-UP<br>(7) | TOTAL DEPRECIATION RELATED TO LIFE |                         |
|--------------|--|----------------|-----------------------|--------------------|---|---|-------------------------|-------------------------------------|------------------------------------|-------------------------|
|              |  |                |                       |                    |   |   |                         |                                     | EXPENSE<br>(8)=(5)*(7)             | RATE (%)<br>(9)=(8)/(4) |
| <b>11350</b> | <b>KELSEY</b>                            |                |                       |                    |   |   |                         |                                     |                                    |                         |
| 1135A        | DAMS, DYKES AND WEIRS                    | 2101           | 125-R4                | 0                  | 11,066,409  | 110,124                                 | 1.00                    | (3,623)                             | 106,501                            | 0.96                    |
| 1135B        | POWERHOUSE                               | 2101           | 125-R4                | 0                  | 27,569,817  | 239,892                                 | 0.87                    | (19,889)                            | 220,003                            | 0.80                    |
| 1135C        | POWERHOUSE RENOVATIONS                   | 2101           | 25-SQ                 | 0                  |   |   |                         |                                     |                                    | 4.00 **                 |
| 1135D        | SPILLWAY                                 | 2101           | 75-R2                 | 0                  | 5,331,929   | 66,116                                  | 1.24                    | (2,091)                             | 64,025                             | 1.20                    |
| 1135E        | WATER CONTROL SYSTEMS                    | 2101           | 50-S4                 | 0                  | 11,792,566  | 233,252                                 | 1.98                    | (20,286)                            | 212,966                            | 1.81                    |
| 1135F        | ROADS AND SITE IMPROVEMENTS              | 2101           | 60-R3                 | 0                  | 6,442,928   | 126,660                                 | 1.97                    | (12,225)                            | 114,435                            | 1.78                    |
| 1135G        | TURBINES AND GENERATORS                  | 2101           | 65-S3                 | 0                  | 130,323,693   | 2,139,901                               | 1.64                    | (18,996)                            | 2,120,905                          | 1.63                    |
| 1135H        | GOVERNORS AND EXCITATION SYSTEM          | 2101           | 50-R4                 | 0                  | 88,651  | 1,871                                   | 2.11                    | (87)                                | 1,784                              | 2.01                    |
| 1135L        | LICENCE RENEWAL                          | 2101           | 50-SQ                 | 0                  |   |   |                         |                                     |                                    | 2.00 **                 |
| 1135P        | A/C ELECTRICAL POWER SYSTEMS             | 2101           | 50-R3                 | 0                  | 5,751,610   | 113,771                                 | 1.98                    | (12,141)                            | 101,630                            | 1.77                    |
| 1135Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2101           | 23-L2                 | 0                  | 3,595,490   | 162,610                                 | 4.52                    | 3,100                               | 165,710                            | 4.61                    |
| 1135R        | AUXILIARY STATION PROCESSES              | 2101           | 40-R2.5               | 0                  | 7,788,815   | 203,179                                 | 2.61                    | (4,650)                             | 198,529                            | 2.55                    |
| 1135X        | SUPPORT BUILDINGS                        | 2101           | 65-R3                 | 0                  | 9,953,977   | 170,743                                 | 1.72                    | (2,021)                             | 168,722                            | 1.70                    |
| 1135W        | SUPPORT BUILDING RENOVATIONS             | 2101           | 20-SQ                 | 0                  |   |   |                         |                                     |                                    | 5.00 **                 |
|              | <b>TOTAL KELSEY</b>                      |                |                       |                    | <b>219,705,886</b>                                  | <b>3,568,119</b>                        | <b>1.62</b>             | <b>(92,910)</b>                     | <b>3,475,209</b>                   | <b>1.58</b>             |
| <b>11400</b> | <b>GRAND RAPIDS</b>                      |                |                       |                    |   |   |                         |                                     |                                    |                         |
| 1140A        | DAMS, DYKES AND WEIRS                    | 2091           | 125-R4                | 0                  | 53,468,974  | 514,944                                 | 0.96                    | (46,792)                            | 488,152                            | 0.88                    |
| 1140B        | POWERHOUSE                               | 2091           | 125-R4                | 0                  | 24,506,522  | 223,336                                 | 0.91                    | (25,953)                            | 197,383                            | 0.81                    |
| 1140C        | POWERHOUSE RENOVATIONS                   | 2091           | 25-SQ                 | 0                  |   |   |                         |                                     |                                    | 4.00 **                 |
| 1140D        | SPILLWAY                                 | 2091           | 75-R2                 | 0                  | 5,308,334   | 68,207                                  | 1.28                    | (4,198)                             | 64,009                             | 1.21                    |
| 1140E        | WATER CONTROL SYSTEMS                    | 2091           | 50-S4                 | 0                  | 15,982,492  | 309,243                                 | 1.93                    | (61,544)                            | 247,699                            | 1.55                    |
| 1140F        | ROADS AND SITE IMPROVEMENTS              | 2091           | 50-R3                 | 0                  | 2,581,475   | 47,126                                  | 1.83                    | (15,904)                            | 31,222                             | 1.21                    |
| 1140G        | TURBINES AND GENERATORS                  | 2091           | 65-S3                 | 0                  | 113,066,160   | 1,856,605                               | 1.64                    | (81,564)                            | 1,775,041                          | 1.57                    |
| 1140H        | GOVERNORS AND EXCITATION SYSTEM          | 2091           | 50-R4                 | 0                  | 42,718  | 897                                     | 2.10                    | (44)                                | 853                                | 2.00                    |
| 1140L        | LICENCE RENEWAL                          | 2091           | 50-SQ                 | 0                  |   |   |                         |                                     |                                    | 2.00 **                 |
| 1140P        | A/C ELECTRICAL POWER SYSTEMS             | 2091           | 50-R3                 | 0                  | 8,240,545   | 173,871                                 | 2.11                    | (12,341)                            | 161,530                            | 1.96                    |
| 1140Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2091           | 23-L2                 | 0                  | 4,674,247   | 165,394                                 | 3.54                    | (17,828)                            | 147,566                            | 3.16                    |
| 1140R        | AUXILIARY STATION PROCESSES              | 2091           | 40-R2.5               | 0                  | 5,600,506   | 153,945                                 | 2.75                    | (3,785)                             | 150,160                            | 2.68                    |
| 1140X        | SUPPORT BUILDINGS                        | 2091           | 65-R3                 | 0                  | 6,190,376   | 106,722                                 | 1.72                    | (2,100)                             | 104,622                            | 1.69                    |
| 1140W        | SUPPORT BUILDING RENOVATIONS             | 2091           | 20-SQ                 | 0                  |   |   |                         |                                     |                                    | 5.00 **                 |
| 1140Z        | COMMUNITY DEVELOPMENT COSTS              | 2091           | 80-SQ                 | 0                  | 101,442,997   | 1,268,037                               | 1.25                    | (90,628)                            | 1,177,409                          | 1.16                    |
|              | <b>TOTAL GRAND RAPIDS</b>                |                |                       |                    | <b>341,105,346</b>                                  | <b>4,888,327</b>                        | <b>1.43</b>             | <b>(362,682)</b>                    | <b>4,525,645</b>                   | <b>1.33</b>             |
| <b>11450</b> | <b>KETTLE</b>                            |                |                       |                    |   |   |                         |                                     |                                    |                         |
| 1145A        | DAMS, DYKES AND WEIRS                    | 2111           | 125-R4                | 0                  | 45,280,663  | 390,107                                 | 0.86                    | (34,169)                            | 355,938                            | 0.79                    |
| 1145B        | POWERHOUSE                               | 2111           | 125-R4                | 0                  | 146,207,420   | 1,262,257                               | 0.86                    | (108,788)                           | 1,153,469                          | 0.79                    |
| 1145C        | POWERHOUSE RENOVATIONS                   | 2111           | 25-SQ                 | 0                  |   |   |                         |                                     |                                    | 4.00 **                 |
| 1145D        | SPILLWAY                                 | 2111           | 75-R2                 | 0                  | 25,406,960  | 337,913                                 | 1.33                    | (11,392)                            | 326,521                            | 1.29                    |
| 1145E        | WATER CONTROL SYSTEMS                    | 2111           | 50-S4                 | 0                  | 17,834,945  | 355,361                                 | 1.99                    | (173,994)                           | 181,367                            | 1.02                    |
| 1145F        | ROADS AND SITE IMPROVEMENTS              | 2111           | 50-R3                 | 0                  | 10,591  | 235                                     | 2.22                    | (5)                                 | 230                                | 2.17                    |
| 1145G        | TURBINES AND GENERATORS                  | 2111           | 65-S3                 | 0                  | 70,740,028  | 1,123,607                               | 1.59                    | (208,486)                           | 915,121                            | 1.29                    |
| 1145H        | GOVERNORS AND EXCITATION SYSTEM          | 2111           | 50-R4                 | 0                  | 3,304,326   | 64,753                                  | 1.96                    | (26,160)                            | 38,593                             | 1.17                    |
| 1145L        | LICENCE RENEWAL                          | 2111           | 50-SQ                 | 0                  |   |   |                         |                                     |                                    | 2.00 **                 |
| 1145P        | A/C ELECTRICAL POWER SYSTEMS             | 2111           | 50-R3                 | 0                  | 6,771,761   | 141,808                                 | 2.09                    | (11,636)                            | 130,172                            | 1.92                    |
| 1145Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2111           | 23-L2                 | 0                  | 12,001,279  | 430,663                                 | 3.59                    | (34,185)                            | 396,478                            | 3.30                    |
| 1145R        | AUXILIARY STATION PROCESSES              | 2111           | 40-R2.5               | 0                  | 15,361,985  | 379,871                                 | 2.47                    | (50,094)                            | 329,777                            | 2.15                    |
| 1145X        | SUPPORT BUILDINGS                        | 2111           | 65-R3                 | 0                  | 3,908,404   | 60,260                                  | 1.54                    | (10,284)                            | 49,976                             | 1.28                    |
| 1145W        | SUPPORT BUILDING RENOVATIONS             | 2111           | 20-SQ                 | 0                  |   |   |                         |                                     |                                    | 5.00 **                 |
|              | <b>TOTAL KETTLE</b>                      |                |                       |                    | <b>346,828,362</b>                                  | <b>4,546,835</b>                        | <b>1.31</b>             | <b>(669,194)</b>                    | <b>3,877,641</b>                   | <b>1.12</b>             |



MANITOBA HYDRO

SCHEDULE 1. ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENTS, ORIGINAL COST AND ANNUAL ACCRUALS FOR THE TWELVE MONTHS ENDED MARCH 31, 2010

| ACCOUNT      | DEPRECIABLE WORK<br>(1)                  | LIFE SPAN DATE | SURVIVOR CURVE<br>(2) | NET SALVAGE<br>(3) | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(4) | CALCULATED ANNUAL ACCRUAL AMOUNT<br>(5) | RATE (%)<br>(6)=(5)/(4) | ANNUAL PROVISION FOR TRUE-UP<br>(7) | TOTAL DEPRECIATION RELATED TO LIFE |                         |
|--------------|--|----------------|-----------------------|--------------------|---|---|-------------------------|-------------------------------------|------------------------------------|-------------------------|
|              |  |                |                       |                    |   |   |                         |                                     | EXPENSE<br>(8)=(5)+(7)             | RATE (%)<br>(9)=(8)/(4) |
| <b>11500</b> | <b>LAURIE RIVER</b>                      |                |                       |                    |   |   |                         |                                     |                                    |                         |
| 1150A        | DAMS, DYKES AND WEIRS                    | 2032           | 125-R4                | 0                  | 355,538   | 8,089                                   | 2.28                    | 2,634                               | 10,723                             | 3.02                    |
| 1150B        | POWERHOUSE                               | 2032           | 125-R4                | 0                  | 7,664,146   | 263,014                                 | 3.43                    | 27,948                              | 290,962                            | 3.80                    |
| 1150C        | POWERHOUSE RENOVATIONS                   | 2032           | 25-SQ                 | 0                  |   |   |                         |                                     |                                    | 4.55 **                 |
| 1150D        | SPILLWAY                                 | 2032           | 75-R2                 | 0                  | 870,000   | 24,012                                  | 2.76                    | 6,380                               | 30,392                             | 3.49                    |
| 1150E        | WATER CONTROL SYSTEMS                    | 2032           | 50-S4                 | 0                  | 458,033   | 12,783                                  | 2.79                    | 2,722                               | 15,505                             | 3.39                    |
| 1150F        | ROADS AND SITE IMPROVEMENTS              | 2032           | 60-R3                 | 0                  | 1,441,914   | 41,644                                  | 2.89                    | 10,679                              | 52,323                             | 3.63                    |
| 1150G        | TURBINES AND GENERATORS                  | 2032           | 65-S3                 | 0                  | 4,603,136   | 174,447                                 | 3.79                    | 11,639                              | 186,086                            | 4.04                    |
| 1150H        | GOVERNORS AND EXCITATION SYSTEM          | 2032           | 50-R4                 | 0                  | 882,653   | 36,143                                  | 4.09                    | 1,427                               | 37,570                             | 4.26                    |
| 1150L        | LICENCE RENEWAL                          | 2032           | 50-SQ                 | 0                  |   |   |                         |                                     |                                    | 4.55 **                 |
| 1150P        | A/C ELECTRICAL POWER SYSTEMS             | 2032           | 50-R3                 | 0                  | 1,441,945   | 44,385                                  | 3.08                    | 9,003                               | 53,388                             | 3.70                    |
| 1150Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2032           | 23-L2                 | 0                  | 1,220,047   | 49,483                                  | 4.06                    | 39,641                              | 89,124                             | 7.30                    |
| 1150R        | AUXILIARY STATION PROCESSES              | 2032           | 40-R2.5               | 0                  | 308,504   | 9,748                                   | 3.16                    | 2,697                               | 12,445                             | 4.03                    |
| 1150X        | SUPPORT BUILDINGS                        | 2032           | 65-R3                 | 0                  | 355,919   | 9,254                                   | 2.60                    | 2,622                               | 11,876                             | 3.34                    |
| 1150W        | SUPPORT BUILDING RENOVATIONS             | 2032           | 20-SQ                 | 0                  |   |   |                         |                                     |                                    | 5.00 **                 |
|              | <b>TOTAL LAURIE RIVER</b>                |                |                       |                    | <b>19,601,835</b>                                   | <b>673,002</b>                          | <b>3.43</b>             | <b>117,391</b>                      | <b>790,393</b>                     | <b>4.03</b>             |
| <b>11550</b> | <b>JENPEG</b>                            |                |                       |                    |   |   |                         |                                     |                                    |                         |
| 1155A        | DAMS, DYKES AND WEIRS                    | 2118           | 125-R4                | 0                  | 15,295,318  | 135,504                                 | 0.89                    | (3,801)                             | 131,703                            | 0.86                    |
| 1155B        | POWERHOUSE                               | 2118           | 125-R4                | 0                  | 76,905,294  | 663,443                                 | 0.86                    | (24,816)                            | 638,627                            | 0.83                    |
| 1155C        | POWERHOUSE RENOVATIONS                   | 2118           | 25-SQ                 | 0                  |   |   |                         |                                     |                                    | 4.00 **                 |
| 1155D        | SPILLWAY                                 | 2118           | 75-R2                 | 0                  | 14,942,733  | 206,583                                 | 1.38                    | 10,126                              | 216,709                            | 1.45                    |
| 1155E        | WATER CONTROL SYSTEMS                    | 2118           | 50-S4                 | 0                  | 16,762,099  | 342,073                                 | 2.04                    | (72,470)                            | 269,603                            | 1.61                    |
| 1155F        | ROADS AND SITE IMPROVEMENTS              | 2118           | 50-R3                 | 0                  | 1,563,205   | 32,252                                  | 2.06                    | (1,292)                             | 30,960                             | 1.98                    |
| 1155G        | TURBINES AND GENERATORS                  | 2118           | 65-S3                 | 0                  | 79,641,550  | 1,287,144                               | 1.62                    | (86,046)                            | 1,199,098                          | 1.51                    |
| 1155H        | GOVERNORS AND EXCITATION SYSTEM          | 2118           | 50-R4                 | 0                  |   |   |                         |                                     |                                    | 2.00 *                  |
| 1155L        | LICENCE RENEWAL                          | 2118           | 50-SQ                 | 0                  |   |   |                         |                                     |                                    | 2.00 **                 |
| 1155P        | A/C ELECTRICAL POWER SYSTEMS             | 2118           | 50-R3                 | 0                  | 19,308,049  | 377,217                                 | 1.95                    | (35,925)                            | 341,292                            | 1.77                    |
| 1155Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2118           | 23-L2                 | 0                  | 3,343,800   | 130,993                                 | 3.92                    | 15,464                              | 146,457                            | 4.38                    |
| 1155R        | AUXILIARY STATION PROCESSES              | 2118           | 40-R2.5               | 0                  | 9,796,258   | 253,561                                 | 2.59                    | (4,392)                             | 249,169                            | 2.54                    |
| 1155X        | SUPPORT BUILDINGS                        | 2118           | 65-R3                 | 0                  | 7,885,397   | 131,668                                 | 1.67                    | (1,490)                             | 130,178                            | 1.65                    |
| 1155W        | SUPPORT BUILDING RENOVATIONS             | 2118           | 20-SQ                 | 0                  |   |   |                         |                                     |                                    | 5.00 **                 |
|              | <b>TOTAL JENPEG</b>                      |                |                       |                    | <b>245,443,703</b>                                  | <b>3,560,438</b>                        | <b>1.45</b>             | <b>(206,644)</b>                    | <b>3,353,794</b>                   | <b>1.37</b>             |
| <b>11600</b> | <b>LAKE WINNIPEG REGULATION</b>          |                |                       |                    |   |   |                         |                                     |                                    |                         |
| 1160A        | DAMS, DYKES AND WEIRS                    |                | 125-R4                | 0                  | 96,807,065  | 813,275                                 | 0.84                    | (79,651)                            | 733,624                            | 0.76                    |
| 1160L        | LICENCE RENEWAL                          |                | 50-SQ                 | 0                  |   |   |                         |                                     |                                    | 2.00 **                 |
| 1160Z        | COMMUNITY DEVELOPMENT COSTS              |                | 100-SQ                | 0                  | 387,802,871   | 3,878,029                               | 1.00                    | (223,323)                           | 3,654,706                          | 0.94 **                 |
|              | <b>TOTAL LAKE WINNIPEG REGULATION</b>    |                |                       |                    | <b>484,609,937</b>                                  | <b>4,691,304</b>                        | <b>0.97</b>             | <b>(302,973)</b>                    | <b>4,388,331</b>                   | <b>0.91</b>             |
| <b>11650</b> | <b>CHURCHILL RIVER DIVERSION</b>         |                |                       |                    |   |   |                         |                                     |                                    |                         |
| 1165A        | DAMS, DYKES AND WEIRS                    |                | 125-R4                | 0                  | 114,718,213   | 964,090                                 | 0.84                    | (13,751)                            | 950,339                            | 0.83                    |
| 1165D        | SPILLWAY                                 |                | 75-R2                 | 0                  | 56,442,246  | 778,903                                 | 1.38                    | 67,622                              | 846,525                            | 1.50                    |
| 1165E        | WATER CONTROL SYSTEMS                    |                | 50-S4                 | 0                  | 17,583,551  | 358,391                                 | 2.04                    | (42,991)                            | 315,800                            | 1.80                    |
| 1165F        | ROADS AND SITE IMPROVEMENTS              |                | 50-R3                 | 0                  | 6,799,023   | 132,832                                 | 1.95                    | (1,007)                             | 131,825                            | 1.94                    |
| 1165L        | LICENCE RENEWAL                          |                | 50-SQ                 | 0                  |   |   |                         |                                     |                                    | 2.00 **                 |
| 1165P        | A/C ELECTRICAL POWER SYSTEMS             |                | 50-R3                 | 0                  | 1,596,593   | 31,177                                  | 1.95                    | (247)                               | 30,930                             | 1.94                    |
| 1165Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS |                | 23-L2                 | 0                  | 1,417,862   | 36,897                                  | 2.60                    | 14,977                              | 51,874                             | 3.66                    |
| 1165R        | AUXILIARY STATION PROCESSES              |                | 40-R2.5               | 0                  | 1,799,312   | 50,377                                  | 2.80                    | 1,435                               | 51,812                             | 2.88                    |
| 1165X        | SUPPORT BUILDINGS                        |                | 65-R3                 | 0                  | 28,361  | 491                                     | 1.73                    | 4                                   | 495                                | 1.75                    |
| 1165W        | SUPPORT BUILDING RENOVATIONS             |                | 20-SQ                 | 0                  |   |   |                         |                                     |                                    | 5.00 **                 |
| 1165Z        | COMMUNITY DEVELOPMENT COSTS              |                | 100-SQ                | 0                  | 305,036,524   | 3,050,365                               | 1.00                    | (228,014)                           | 2,822,351                          | 0.93 **                 |
|              | <b>TOTAL CHURCHILL RIVER DIVERSION</b>   |                |                       |                    | <b>505,421,684</b>                                  | <b>5,403,523</b>                        | <b>1.07</b>             | <b>(201,571)</b>                    | <b>5,201,952</b>                   | <b>1.03</b>             |

MANITOBA HYDRO

SCHEDULE 1. ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENTS, ORIGINAL COST AND ANNUAL ACCRUALS FOR THE TWELVE MONTHS ENDED MARCH 31, 2010

| ACCOUNT      | DEPRECIABLE WORK<br>(1)                           | LIFE<br>SPAN<br>DATE | SURVIVOR<br>CURVE<br>(2) | NET<br>SALVAGE<br>(3) | SURVIVING<br>ORIGINAL COST<br>AS OF MARCH 31, 2010<br>(4) | CALCULATED ANNUAL ACCRUAL<br>AMOUNT<br>(5) | RATE (%)<br>(6)=(5)/(4) | ANNUAL<br>PROVISION<br>FOR TRUE-UP<br>(7) | TOTAL DEPRECIATION<br>RELATED TO LIFE |                         |
|--------------|---|----------------------|--------------------------|-----------------------|---|--|-------------------------|---|---------------------------------------|-------------------------|
|              |   |                      |                          |                       |   |  |                         |   | EXPENSE<br>(8)=(5)+(7)                | RATE (%)<br>(9)=(8)/(4) |
| <b>11700</b> | <b>LONG SPRUCE</b>                                |                      |                          |                       |   |  |                         |   |                                       |                         |
| 1170A        | DAMS, DYKES AND WEIRS                             | 2118                 | 125-R4                   | 0                     | 64,744,494  | 558,569                                    | 0.86                    | (19,500)                                  | 539,069                               | 0.83                    |
| 1170B        | POWERHOUSE  | 2118                 | 125-R4                   | 0                     | 143,780,355   | 1,240,493                                  | 0.86                    | (43,364)                                  | 1,197,129                             | 0.83                    |
| 1170C        | POWERHOUSE RENOVATIONS                            | 2118                 | 25-SQ                    | 0                     |   |  |                         |   |                                       | 4.00 **                 |
| 1170D        | SPILLWAY  | 2118                 | 75-R2                    | 0                     | 42,273,617  | 584,041                                    | 1.38                    | 28,146                                    | 612,187                               | 1.45                    |
| 1170E        | WATER CONTROL SYSTEMS                             | 2118                 | 50-S4                    | 0                     | 57,946,281  | 1,182,124                                  | 2.04                    | (242,437)                                 | 939,687                               | 1.62                    |
| 1170F        | ROADS AND SITE IMPROVEMENTS                       | 2118                 | 50-R3                    | 0                     | 1,172,867   | 23,483                                     | 2.00                    | (1,383)                                   | 22,100                                | 1.88                    |
| 1170G        | TURBINES AND GENERATORS                           | 2118                 | 65-S3                    | 0                     | 143,328,643   | 2,323,085                                  | 1.62                    | (165,333)                                 | 2,157,752                             | 1.51                    |
| 1170H        | GOVERNORS AND EXCITATION SYSTEM                   | 2118                 | 50-R4                    | 0                     | 145,844   | 3,092                                      | 2.12                    | (40)                                      | 3,052                                 | 2.09                    |
| 1170L        | LICENCE RENEWAL                                   | 2118                 | 50-SQ                    | 0                     |   |  |                         |   |                                       | 2.00 **                 |
| 1170P        | A/C ELECTRICAL POWER SYSTEMS                      | 2118                 | 50-R3                    | 0                     | 30,503,528  | 605,258                                    | 1.98                    | (41,664)                                  | 563,594                               | 1.85                    |
| 1170Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS          | 2118                 | 23-L2                    | 0                     | 4,409,200   | 127,168                                    | 2.88                    | 20,949                                    | 148,117                               | 3.36                    |
| 1170R        | AUXILIARY STATION PROCESSES                       | 2118                 | 40-R2.5                  | 0                     | 12,199,119  | 300,072                                    | 2.46                    | (12,642)                                  | 287,430                               | 2.36                    |
| 1170X        | SUPPORT BUILDINGS                                 | 2118                 | 65-R3                    | 0                     | 160,484   | 2,815                                      | 1.75                    | 1   | 2,816                                 | 1.75                    |
| 1170W        | SUPPORT BUILDING RENOVATIONS                      | 2118                 | 20-SQ                    | 0                     |   |  |                         |   |                                       | 5.00 **                 |
|              | <b>TOTAL LONG SPRUCE</b>                          |                      |                          |                       | <b>500,664,431</b>  | <b>6,950,200</b>                           | <b>1.39</b>             | <b>(477,268)</b>                          | <b>6,472,932</b>                      | <b>1.29</b>             |
| <b>11750</b> | <b>LIMESTONE</b>                                  |                      |                          |                       |   |  |                         |   |                                       |                         |
| 1175A        | DAMS, DYKES AND WEIRS                             | 2131                 | 125-R4                   | 0                     | 33,258,073  | 288,035                                    | 0.87                    | (3,907)                                   | 284,128                               | 0.85                    |
| 1175B        | POWERHOUSE  | 2131                 | 125-R4                   | 0                     | 461,430,334   | 3,997,313                                  | 0.87                    | (53,896)                                  | 3,943,417                             | 0.85                    |
| 1175C        | POWERHOUSE RENOVATIONS                            | 2131                 | 25-SQ                    | 0                     |   |  |                         |   |                                       | 4.00 **                 |
| 1175D        | SPILLWAY  | 2131                 | 75-R2                    | 0                     | 201,240,773   | 3,035,196                                  | 1.51                    | 156,773                                   | 3,191,969                             | 1.59                    |
| 1175E        | WATER CONTROL SYSTEMS                             | 2131                 | 50-S4                    | 0                     | 116,224,392   | 2,405,845                                  | 2.07                    | (132,827)                                 | 2,273,018                             | 1.96                    |
| 1175F        | ROADS AND SITE IMPROVEMENTS                       | 2131                 | 50-R3                    | 0                     | 17,164,432  | 363,550                                    | 2.12                    | (1,281)                                   | 362,269                               | 2.11                    |
| 1175G        | TURBINES AND GENERATORS                           | 2131                 | 65-S3                    | 0                     | 403,825,745   | 6,663,125                                  | 1.65                    | (141,734)                                 | 6,521,391                             | 1.61                    |
| 1175H        | GOVERNORS AND EXCITATION SYSTEM                   | 2131                 | 50-R4                    | 0                     | 16,584,271  | 346,998                                    | 2.09                    | (13,989)                                  | 333,009                               | 2.01                    |
| 1175L        | LICENCE RENEWAL                                   | 2131                 | 50-SQ                    | 0                     |   |  |                         |   |                                       | 2.00 **                 |
| 1175P        | A/C ELECTRICAL POWER SYSTEMS                      | 2131                 | 50-R3                    | 0                     | 144,317,307   | 3,056,641                                  | 2.12                    | (10,784)                                  | 3,045,857                             | 2.11                    |
| 1175Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS          | 2131                 | 23-L2                    | 0                     | 8,333,373   | 339,021                                    | 4.07                    | 50,445                                    | 389,466                               | 4.67                    |
| 1175R        | AUXILIARY STATION PROCESSES                       | 2131                 | 40-R2.5                  | 0                     | 36,054,205  | 940,241                                    | 2.61                    | 22,659                                    | 962,900                               | 2.67                    |
| 1175X        | SUPPORT BUILDINGS                                 | 2131                 | 65-R3                    | 0                     | 5,703,494   | 95,625                                     | 1.68                    | 222                                       | 95,847                                | 1.68                    |
| 1175W        | SUPPORT BUILDING RENOVATIONS                      | 2131                 | 20-SQ                    | 0                     |   |  |                         |   |                                       | 5.00 **                 |
|              | <b>TOTAL LIMESTONE</b>                            |                      |                          |                       | <b>1,444,136,399</b>                                      | <b>21,531,590</b>                          | <b>1.49</b>             | <b>(128,319)</b>                          | <b>21,403,271</b>                     | <b>1.48</b>             |
| <b>11800</b> | <b>WUSKWATIM</b>                                  |                      |                          |                       |   |  |                         |   |                                       |                         |
| 1180A        | DAMS, DYKES AND WEIRS                             | 2152                 | 125-R4                   | 0                     |   |  |                         |   |                                       | 0.80 *                  |
| 1180B        | POWERHOUSE  | 2152                 | 125-R4                   | 0                     |   |  |                         |   |                                       | 0.80 *                  |
| 1180C        | POWERHOUSE RENOVATIONS                            | 2152                 | 25-SQ                    | 0                     |   |  |                         |   |                                       | 4.00 **                 |
| 1180D        | SPILLWAY  | 2152                 | 75-R2                    | 0                     |   |  |                         |   |                                       | 1.33 *                  |
| 1180E        | WATER CONTROL SYSTEMS                             | 2152                 | 50-S4                    | 0                     |   |  |                         |   |                                       | 2.00 *                  |
| 1180F        | ROADS AND SITE IMPROVEMENTS                       | 2152                 | 50-R3                    | 0                     |   |  |                         |   |                                       | 2.00 *                  |
| 1180G        | TURBINES AND GENERATORS                           | 2152                 | 65-S3                    | 0                     |   |  |                         |   |                                       | 1.54 *                  |
| 1180H        | GOVERNORS AND EXCITATION SYSTEM                   | 2152                 | 50-R4                    | 0                     |   |  |                         |   |                                       | 2.00 *                  |
| 1180P        | A/C ELECTRICAL POWER SYSTEMS                      | 2152                 | 50-R3                    | 0                     |   |  |                         |   |                                       | 2.00 *                  |
| 1180Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS          | 2152                 | 23-L2                    | 0                     |   |  |                         |   |                                       | 4.35 *                  |
| 1180R        | AUXILIARY STATION PROCESSES                       | 2152                 | 40-R2.5                  | 0                     |   |  |                         |   |                                       | 2.50 *                  |
| 1180X        | SUPPORT BUILDINGS                                 | 2152                 | 65-R3                    | 0                     |   |  |                         |   |                                       | 1.54 *                  |
| 1180W        | SUPPORT BUILDING RENOVATIONS                      | 2152                 | 20-SQ                    | 0                     |   |  |                         |   |                                       | 5.00 **                 |
|              | <b>TOTAL WUSKWATIM</b>                            |                      |                          |                       | <b>0</b>  | <b>0</b>                                   |                         | <b>0</b>                                  | <b>0</b>                              |                         |
| <b>11990</b> | <b>INFRASTRUCTURE SUPPORTING GENERATION</b>       |                      |                          |                       |   |  |                         |   |                                       |                         |
| 1199F        | PROVINCIAL ROADS                                  |                      | 50-R3                    | 0                     | 25,380,938  | 507,851                                    | 2.00                    | 25,909                                    | 533,760                               | 2.10                    |
| 1199V        | TOWN SITE BUILDING                                |                      | 65-L3                    | 0                     | 63,280,714  | 1,067,664                                  | 1.69                    | 77,766                                    | 1,145,430                             | 1.81                    |
| 1199W        | TOWN SITE BUILDINGS RENOVATIONS                   |                      | 20-SQ                    | 0                     | 13,502,581  | 674,829                                    | 5.00                    | 79,558                                    | 754,387                               | 5.59 **                 |
| 1199Y        | TOWN SITE OTHER INFRASTRUCTURE                    |                      | 45-R3                    | 0                     | 26,527,464  | 643,245                                    | 2.42                    | 19,722                                    | 662,967                               | 2.50                    |
|              | <b>TOTAL INFRASTRUCTURE SUPPORTING GENERATION</b> |                      |                          |                       | <b>128,691,696</b>  | <b>2,893,589</b>                           | <b>2.25</b>             | <b>202,955</b>                            | <b>3,096,544</b>                      | <b>2.41</b>             |
|              | <b>TOTAL HYDRAULIC GENERATION</b>                 |                      |                          |                       | <b>4,716,467,183</b>                                      | <b>69,157,915</b>                          | <b>1.47</b>             | <b>(3,303,866)</b>                        | <b>65,854,049</b>                     | <b>1.40</b>             |

MANITOBA HYDRO

SCHEDULE 1. ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENTS, ORIGINAL COST AND ANNUAL ACCRUALS FOR THE TWELVE MONTHS ENDED MARCH 31, 2010

| ACCOUNT      | DEPRECIABLE WORK<br>(1)                  | LIFE SPAN DATE | SURVIVOR CURVE<br>(2) | NET SALVAGE<br>(3) | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(4) | CALCULATED ANNUAL ACCRUAL AMOUNT<br>(5) | RATE (%)<br>(6)=(5)/(4) | ANNUAL PROVISION FOR TRUE-UP<br>(7) | TOTAL DEPRECIATION RELATED TO LIFE EXPENSE<br>(8)=(5)+(7) | RATE (%)<br>(9)=(8)/(4) |
|--------------|--|----------------|-----------------------|--------------------|---|---|-------------------------|-------------------------------------|---|-------------------------|
| <b>12000</b> | <b>THERMAL GENERATION</b>                |                |                       |                    |   |   |                         |                                     |   |                         |
| 12050        | BRANDON UNIT 5 (COAL)                    |                |                       |                    |   |   |                         |                                     |   |                         |
| 1205B        | POWERHOUSE                               | 2020           | 65-R4                 | 0                  | 11,729,518  | 421,297                                 | 3.59                    | 33,269                              | 454,566   | 3.88                    |
| 1205C        | POWERHOUSE RENOVATIONS                   | 2020           | 25-SQ                 | 0                  |   |   |                         |                                     |   | 10.00 ***               |
| 1205F        | ROADS AND SITE IMPROVEMENTS              | 2020           | 50-R3                 | 0                  | 4,012,331   | 172,888                                 | 4.31                    | 10,876                              | 183,764   | 4.58                    |
| 1205G        | THERMAL TURBINES AND GENERATORS          | 2020           | 50-S3                 | 0                  | 19,611,168  | 943,669                                 | 4.81                    | 43,658                              | 987,327   | 5.03                    |
| 1205H        | GOVERNORS AND EXCITATION SYSTEM          | 2020           | 50-R4                 | 0                  | 2,343,861   | 114,615                                 | 4.89                    | 4,453                               | 119,068   | 5.08                    |
| 1205J        | STEAM GENERATOR AND AUXILIARIES          | 2020           | 65-R2.5               | 0                  | 14,827,183  | 537,727                                 | 3.63                    | 48,-406                             | 586,133   | 3.95                    |
| 1205L        | LICENCE RENEWAL                          | 2020           | 50-SQ                 | 0                  |   |   |                         | 0                                   |   | 10.00 ***               |
| 1205P        | A/C ELECTRICAL POWER SYSTEMS             | 2020           | 50-R3                 | 0                  | 8,009,703   | 298,720                                 | 3.73                    | 26,752                              | 325,472   | 4.06                    |
| 1205Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2020           | 23-L2                 | 0                  | 26,389,775  | 1,187,090                               | 4.50                    | 325,754                             | 1,512,844   | 5.73                    |
| 1205R        | AUXILIARY STATION PROCESSES              | 2020           | 40-R2.5               | 0                  | 47,306,417  | 2,029,000                               | 4.29                    | 194,813                             | 2,223,813   | 4.70                    |
| 1205X        | SUPPORT BUILDINGS                        | 2020           | 65-R3                 | 0                  | 7,253,899   | 290,663                                 | 4.01                    | 18,192                              | 308,855   | 4.26                    |
| 1205W        | SUPPORT BUILDING RENOVATIONS             | 2020           | 20-SQ                 | 0                  |   |   |                         |                                     |   | 10.00 ***               |
|              | <b>TOTAL BRANDON UNIT 5 (COAL)</b>       |                |                       |                    | <b>141,483,855</b>                                  | <b>5,995,669</b>                        | <b>4.24</b>             | <b>706,173</b>                      | <b>6,701,842</b>  | <b>4.74</b>             |
| <b>12100</b> | <b>BRANDON UNITS 6 AND 7</b>             |                |                       |                    |   |   |                         |                                     |   |                         |
| 1210B        | POWERHOUSE                               |                | 65-R4                 | 0                  | 14,925,029  | 243,278                                 | 1.63                    | (8,468)                             | 234,809   | 1.57                    |
| 1210C        | POWERHOUSE RENOVATIONS                   |                | 25-SQ                 | 0                  |   |   |                         |                                     |   | 4.00 ***                |
| 1210G        | THERMAL TURBINES AND GENERATORS          |                | 50-S3                 | 0                  | 9,823,758   | 210,228                                 | 2.14                    | (9,612)                             | 200,616   | 2.04 *                  |
| 1210H        | GOVERNORS AND EXCITATION SYSTEM          |                | 50-R4                 | 0                  |   |   |                         |                                     |   | 2.00 *                  |
| 1210K        | COMBUSTION TURBINE                       |                | 25-R3                 | 0                  | 143,284,091   | 6,209,411                               | 4.33                    | (491,857)                           | 5,717,564   | 3.99                    |
| 1210L        | LICENCE RENEWAL                          |                | 50-SQ                 | 0                  |   |   |                         | 0                                   |   | 2.00 ***                |
| 1210M        | COMBUSTION TURBINE OVERHAULS             |                | 10-SQ                 | 0                  |   |   |                         |                                     |   | 10.00 ***               |
| 1210P        | A/C ELECTRICAL POWER SYSTEMS             |                | 50-R3                 | 0                  | 6,252,586   | 140,103                                 | 2.24                    | (4,300)                             | 135,803   | 2.17                    |
| 1210Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS |                | 23-L2                 | 0                  | 1,114,338   | 58,917                                  | 5.29                    | (954)                               | 57,963  | 5.20                    |
| 1210R        | AUXILIARY STATION PROCESSES              |                | 40-R2.5               | 0                  | 10,639,560  | 303,938                                 | 2.86                    | (6,088)                             | 297,849   | 2.80                    |
|              | <b>TOTAL BRANDON UNITS 6 AND 7</b>       |                |                       |                    | <b>186,039,362</b>                                  | <b>7,165,875</b>                        | <b>3.85</b>             | <b>(521,281)</b>                    | <b>6,644,594</b>  | <b>3.57</b>             |
| <b>12150</b> | <b>SELKIRK</b>                           |                |                       |                    |   |   |                         |                                     |   |                         |
| 1215B        | POWERHOUSE                               |                | 65-R4                 | 0                  | 6,808,812   | 103,363                                 | 1.52                    | (103,363)                           | 0   | 0.00                    |
| 1215C        | POWERHOUSE RENOVATIONS                   |                | 25-SQ                 | 0                  |   |   |                         |                                     |   | 4.00 ***                |
| 1215F        | ROADS AND SITE IMPROVEMENTS              |                | 50-R3                 | 0                  | 1,630,443   | 33,192                                  | 2.04                    | (11,996)                            | 21,196  | 1.30                    |
| 1215G        | THERMAL TURBINES AND GENERATORS          |                | 50-S3                 | 0                  | 22,750,003  | 463,219                                 | 2.04                    | (131,847)                           | 331,372   | 1.46                    |
| 1215H        | GOVERNORS AND EXCITATION SYSTEM          |                | 50-R4                 | 0                  | 17,307  | 363                                     | 2.10                    | 0                                   | 363   | 2.10                    |
| 1215J        | STEAM GENERATOR AND AUXILIARIES          |                | 65-R2.5               | 0                  | 48,630,259  | 875,389                                 | 1.80                    | (90,184)                            | 785,205   | 1.61                    |
| 1215L        | LICENCE RENEWAL                          |                | 50-SQ                 | 0                  |   |   |                         | 0                                   |   | 2.00 ***                |
| 1215P        | A/C ELECTRICAL POWER SYSTEMS             |                | 50-R3                 | 0                  | 3,171,700   | 60,074                                  | 1.89                    | (60,074)                            | 0   | 0.00                    |
| 1215Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS |                | 23-L2                 | 0                  | 5,257,468   | 230,742                                 | 4.39                    | (86,725)                            | 144,017   | 2.74                    |
| 1215R        | AUXILIARY STATION PROCESSES              |                | 40-R2.5               | 0                  | 13,791,022  | 347,456                                 | 2.52                    | (131,794)                           | 215,662   | 1.56                    |
| 1215X        | SUPPORT BUILDINGS                        |                | 65-R3                 | 0                  | 1,033,229   | 16,411                                  | 1.59                    | (5,711)                             | 10,700  | 1.04                    |
| 1215W        | SUPPORT BUILDING RENOVATIONS             |                | 20-SQ                 | 0                  |   |   |                         |                                     |   | 5.00 ***                |
|              | <b>TOTAL SELKIRK</b>                     |                |                       |                    | <b>103,090,244</b>                                  | <b>2,130,209</b>                        | <b>2.07</b>             | <b>(621,693)</b>                    | <b>1,508,516</b>  | <b>1.46</b>             |
|              | <b>TOTAL THERMAL GENERATION</b>          |                |                       |                    | <b>430,613,460</b>                                  | <b>15,291,753</b>                       | <b>3.55</b>             | <b>(436,801)</b>                    | <b>14,854,952</b>   | <b>3.45</b>             |
|              | <b>TOTAL GENERATION</b>                  |                |                       |                    | <b>5,147,080,643</b>                                | <b>84,449,668</b>                       | <b>1.64</b>             | <b>(3,740,667)</b>                  | <b>80,709,001</b>   | <b>1.57</b>             |
| <b>1300B</b> | <b>DIESEL GENERATION</b>                 |                |                       |                    |   |   |                         |                                     |   |                         |
| 1300C        | BUILDINGS                                |                | 30-R3                 | 0                  | 9,191,362   | 326,843                                 | 3.56                    | (86,671)                            | 240,172   | 2.61 **                 |
| 1300M        | BUILDING RENOVATIONS                     |                | 15-SQ                 | 0                  | 17,685  | 1,180                                   | 6.67                    | 0                                   | 1,180   | 6.67 **                 |
| 1300N        | ENGINES AND GENERATORS - OVERHAULS       |                | 5-SQ                  | 0                  |   |   |                         |                                     |   | 20.00 ***               |
| 1300O        | ENGINES AND GENERATORS                   |                | 25-R2                 | 0                  | 18,152,912  | 786,200                                 | 4.33                    | (417,080)                           | 369,120   | 2.03                    |
| 1300Q        | ACCESSORY STATION EQUIPMENT              |                | 20-R3                 | 0                  | 13,457,225  | 691,488                                 | 5.14                    | (324,773)                           | 366,715   | 2.73                    |
| 1300T        | FUEL STORAGE AND HANDLING                |                | 30-R2                 | 0                  | 3,803,695   | 132,221                                 | 3.48                    | (44,685)                            | 87,536  | 2.30                    |
|              | <b>TOTAL DIESEL GENERATION</b>           |                |                       |                    | <b>44,622,878</b>                                   | <b>1,937,932</b>                        | <b>4.34</b>             | <b>(873,205)</b>                    | <b>1,064,723</b>  | <b>2.39</b>             |

MANITOBA HYDRO

SCHEDULE 1. ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENTS, ORIGINAL COST AND ANNUAL ACCRUALS FOR THE TWELVE MONTHS ENDED MARCH 31, 2010

| ACCOUNT             | DEPRECIABLE WORK<br>(1)                      | LIFE SPAN DATE | SURVIVOR CURVE<br>(2) | NET SALVAGE<br>(3) | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(4) | CALCULATED ANNUAL ACCRUAL AMOUNT<br>(5) | RATE (%)<br>(6)=(5)/(4) | ANNUAL PROVISION FOR TRUE-UP<br>(7) | TOTAL DEPRECIATION RELATED TO LIFE |                         |
|---------------------|--|----------------|-----------------------|--------------------|---|---|-------------------------|-------------------------------------|------------------------------------|-------------------------|
|                     |  |                |                       |                    |   |   |                         |                                     | EXPENSE<br>(8)=(5)*(7)             | RATE (%)<br>(9)=(8)/(4) |
| <b>TRANSMISSION</b> |  |                |                       |                    |   |   |                         |                                     |                                    |                         |
| 2000F               | ROADS, TRAILS AND BRIDGES                    |                | 45-R2.5               | 0                  | 4,045,718   | 99,873                                  | 2.47                    | 6,361                               | 106,234                            | 2.63                    |
| 2000G               | METAL TOWERS AND CONCRETE POLES              |                | 85-R4                 | 0                  | 340,022,220   | 4,214,624                               | 1.24                    | (161,184)                           | 4,053,440                          | 1.19                    |
| 2000J               | POLES AND FIXTURES                           |                | 55-R3                 | 0                  | 104,983,312   | 2,062,273                               | 1.96                    | (148,017)                           | 1,914,256                          | 1.82                    |
| 2000K               | GROUND LINE TREATMENT                        |                | 10-SQ                 | 0                  | 1,410,002   | 141,000                                 | 10.00                   | 0                                   | 141,000                            | 10.00 **                |
| 2000L               | OVERHEAD CONDUCTOR AND DEVICES               |                | 65-R4                 | 0                  | 304,577,152   | 4,878,544                               | 1.60                    | (678,291)                           | 4,200,253                          | 1.38                    |
| 2000M               | UNDERGROUND CABLE AND DEVICES                |                | 45-R3                 | 0                  | 1,167,763   | 25,632                                  | 2.20                    | (55)                                | 25,577                             | 2.19                    |
|                     | <b>TOTAL TRANSMISSION</b>                    |                |                       |                    | <b>756,206,167</b>                                  | <b>11,421,946</b>                       | <b>1.51</b>             | <b>(981,186)</b>                    | <b>10,440,760</b>                  | <b>1.38</b>             |
| <b>SUBSTATIONS</b>  |  |                |                       |                    |   |   |                         |                                     |                                    |                         |
| 3000B               | BUILDINGS                                    |                | 65-R4                 | 0                  | 109,491,690   | 1,744,398                               | 1.59                    | (139,988)                           | 1,604,410                          | 1.47                    |
| 3000C               | BUILDING RENOVATIONS                         |                | 20-SQ                 | 0                  | 32,047  | 1,602                                   | 5.00                    | (154)                               | 1,448                              | 4.52 **                 |
| 3000F               | ROADS, STEEL STRUCTURES AND CIVIL SITE WORK  |                | 50-R4                 | 0                  | 109,211,425   | 2,277,088                               | 2.09                    | (154,010)                           | 2,123,078                          | 1.94                    |
| 3000J               | POLES AND FIXTURES                           |                | 40-R2                 | 0                  | 7,810,315   | 226,063                                 | 2.89                    | (18,563)                            | 207,500                            | 2.66                    |
| 3100R               | POWER TRANSFORMERS                           |                | 50-R2                 | 0                  | 287,449,387   | 6,655,180                               | 2.32                    | (111,017)                           | 6,544,163                          | 2.28                    |
| 3100S               | OTHER TRANSFORMERS                           |                | 35-R2                 | 0                  | 72,153,356  | 2,236,110                               | 3.10                    | (136,576)                           | 2,099,534                          | 2.91                    |
| 3100T               | INTERRUPTING EQUIPMENT                       |                | 45-R2                 | 0                  | 156,214,257   | 3,796,877                               | 2.43                    | (188,410)                           | 3,608,467                          | 2.31                    |
| 3100U               | OTHER STATION EQUIPMENT                      |                | 43-R2                 | 0                  | 503,404,372   | 12,895,343                              | 2.56                    | (535,320)                           | 12,360,023                         | 2.46                    |
| 3100V               | ELECTRONIC EQUIPMENT AND BATTERIES           |                | 20-R2                 | 0                  | 151,238,104   | 7,387,316                               | 4.88                    | (587,409)                           | 6,799,907                          | 4.50                    |
| 3200M               | SYNCHRONOUS CONDENSERS AND UNIT TRANSFORMERS |                | 65-R2                 | 0                  | 111,737,981   | 1,868,055                               | 1.67                    | (33,295)                            | 1,834,760                          | 1.64                    |
| 3200N               | HVDC CONVERTER EQUIPMENT                     |                | 15-R2                 | 0                  | 11,320,594  | 872,949                                 | 7.71                    | (4,157)                             | 868,792                            | 7.67                    |
| 3200P               | HVDC SERIALIZED EQUIPMENT                    |                | 25-R3                 | 0                  | 214,981,687   | 8,345,612                               | 3.88                    | (1,677,703)                         | 6,667,909                          | 3.10                    |
| 3200S               | HVDC ACCESSORY STATION EQUIPMENT             |                | 35-R4                 | 0                  | 646,219,985   | 25,602,847                              | 3.96                    | (2,939,742)                         | 22,663,105                         | 3.51                    |
| 3200U               | HVDC ELECTRONIC EQUIPMENT AND BATTERIES      |                | 20-R2                 | 0                  | 55,177,090  | 1,517,320                               | 2.75                    | (224,782)                           | 1,292,538                          | 2.34                    |
| 3200V               |  |                | 20-R2                 | 0                  | 10,401,883  | 475,612                                 | 4.57                    | (71,832)                            | 403,780                            | 3.88                    |
|                     | <b>TOTAL SUBSTATIONS</b>                     |                |                       |                    | <b>2,446,844,172</b>                                | <b>75,902,372</b>                       | <b>3.10</b>             | <b>(6,822,958)</b>                  | <b>69,079,414</b>                  | <b>2.82</b>             |
| <b>DISTRIBUTION</b> |  |                |                       |                    |   |   |                         |                                     |                                    |                         |
| 4000A               | UNDERGROUND DUCT AND CONDUIT - CONCRETE      |                | 75-R4                 | 0                  | 63,964,331  | 1,527,948                               | 2.39                    | (25,537)                            | 1,502,410                          | 2.35                    |
| 4000C               | UNDERGROUND DUCT - ROOF                      |                | 50-R3                 | 0                  | 2,908,307   | 67,443                                  | 2.32                    | (180)                               | 67,263                             | 2.31                    |
| 4000G               | METAL TOWERS                                 |                | 50-R4                 | 0                  | 4,571,448   | 95,692                                  | 2.09                    | (31,968)                            | 63,724                             | 1.39                    |
| 4000J               | POLES AND FIXTURES                           |                | 55-R3                 | 0                  | 566,174,558   | 11,372,345                              | 2.01                    | (3,393,713)                         | 7,978,632                          | 1.41                    |
| 4000K               | GROUND LINE TREATMENT                        |                | 10-SQ                 | 0                  | 33,145,019  | 3,175,797                               | 9.58                    | 0                                   | 3,175,797                          | 9.58 **                 |
| 4000L               | OVERHEAD CONDUCTOR AND DEVICES               |                | 60-R2                 | 0                  | 613,820,471   | 12,240,277                              | 1.99                    | (2,758,926)                         | 9,481,351                          | 1.54                    |
| 4000M               | UNDERGROUND CABLE AND DEVICES - 66 KV        |                | 70-R3                 | 0                  | 19,523,432  | 315,800                                 | 1.62                    | (2,459)                             | 313,341                            | 1.60                    |
| 4000N               | UNDERGROUND CABLE AND DEVICES - PRIMARY      |                | 60-R4                 | 0                  | 255,063,759   | 4,481,143                               | 1.76                    | (175,275)                           | 4,305,868                          | 1.69                    |
| 4000P               | UNDERGROUND CABLE AND DEVICES - SECONDARY    |                | 45-R4                 | 0                  | 193,755,072   | 4,515,645                               | 2.33                    | (231,986)                           | 4,283,659                          | 2.21                    |
| 4000Q               | SERIALIZED EQUIPMENT - OVERHEAD              |                | 35-R3                 | 0                  | 175,924,348   | 5,338,957                               | 3.03                    | (961,308)                           | 4,377,649                          | 2.49                    |
| 4000R               | DSC - HIGH VOLTAGE TRANSFORMERS              |                | 50-R2                 | 0                  | 5,415,940   | 141,158                                 | 2.61                    | (5,659)                             | 135,499                            | 2.50                    |
| 4000S               | SERIALIZED EQUIPMENT - UNDERGROUND           |                | 40-R3                 | 0                  | 174,049,772   | 4,765,046                               | 2.74                    | (543,161)                           | 4,221,885                          | 2.43                    |
| 4000V               | ELECTRONIC EQUIPMENT                         |                | 10-SQ                 | 0                  | 123,228,795   | 4,491,301                               | 3.64                    | (783,649)                           | 3,707,652                          | 3.01                    |
| 4000W               | SERVICES                                     |                | 30-R2                 | 0                  | 147,121,573   | 4,368,898                               | 2.97                    | (529,097)                           | 3,839,801                          | 2.61                    |
| 4000X               | STREET LIGHTING                              |                | 35-R3                 | 0                  |   |   |                         |                                     |                                    |                         |
|                     | <b>TOTAL DISTRIBUTION</b>                    |                |                       |                    | <b>2,378,666,825</b>                                | <b>56,897,450</b>                       | <b>2.39</b>             | <b>(9,442,919)</b>                  | <b>47,454,531</b>                  | <b>2.00</b>             |
| <b>METERS</b>       |  |                |                       |                    |   |   |                         |                                     |                                    |                         |
| 4900V               | METERS - ELECTRONIC                          |                | 25-R1.5               | 0                  | 16,111,185  | 926,414                                 | 5.75                    | 345,036                             | 1,271,450                          | 7.89                    |
| 4900Y               | METERS - ANALOG                              |                | 25-R3                 | 0                  | 22,469,156  | 747,164                                 | 3.33                    | 2,484,180                           | 3,231,344                          | 14.38                   |
| 4900Z               | METERING TRANSFORMERS                        |                | 40-R1.5               | 0                  | 8,984,899   | 252,210                                 | 2.81                    | (4,448)                             | 247,762                            | 2.76                    |
|                     | <b>TOTAL METERS</b>                          |                |                       |                    | <b>47,565,240</b>                                   | <b>1,925,788</b>                        | <b>4.05</b>             | <b>2,824,768</b>                    | <b>4,750,556</b>                   | <b>9.99</b>             |

MANITOBA HYDRO

SCHEDULE 1. ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENTS, ORIGINAL COST AND ANNUAL ACCRUALS FOR THE TWELVE MONTHS ENDED MARCH 31, 2010

| ACCOUNT                                  | DEPRECIABLE WORK<br>(1)                        | LIFE SPAN DATE | SURVIVOR CURVE<br>(2) | NET SALVAGE<br>(3) | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(4) | CALCULATED ANNUAL ACCRUAL AMOUNT<br>(5) | RATE (%)<br>(6)=(5)/(4) | ANNUAL PROVISION FOR TRUE-UP<br>(7) | TOTAL DEPRECIATION RELATED TO LIFE EXPENSE<br>(8)=(5)+(7) | RATE (%)<br>(9)=(8)/(4) |
|--|--|----------------|-----------------------|--------------------|---|---|-------------------------|-------------------------------------|---|-------------------------|
| <b>COMMUNICATION</b>                     |  |                |                       |                    |   |   |                         |                                     |   |                         |
| 5000B                                    | BUILDINGS                                      |                | 65-R4                 | 0                  | 4,154,458   | 67,568                                  | 1.63                    | 2,456                               | 70,024  | 1.69                    |
| 5000C                                    | BUILDING RENOVATIONS                           |                | 20-SQ                 | 0                  | 2,741,652   | 135,856                                 | 4.96                    | 9,033                               | 144,889   | 5.28 **                 |
| 5000D                                    | BUILDING - SYSTEM CONTROL CENTRE               |                | 65-R4                 | 0                  | 15,857,686  | 258,480                                 | 1.63                    | 10,718                              | 269,198   | 1.70                    |
| 5000G                                    | COMMUNICATION TOWERS                           |                | 60-R2.5               | 0                  | 8,733,929   | 169,211                                 | 1.94                    | 12,444                              | 181,655   | 2.08                    |
| 5000H                                    | FIBRE OPTIC AND METALLIC CABLE                 |                | 35-R1.5               | 0                  | 117,999,925   | 4,182,599                               | 3.54                    | 477,843                             | 4,660,442   | 3.95                    |
| 5000J                                    | CARRIER EQUIPMENT                              |                | 15-S0.5               | 0                  | 119,230,804   | 8,327,782                               | 6.98                    | 2,228,785                           | 10,556,567  | 8.85                    |
| 5000K                                    | OPERATIONAL IT EQUIPMENT                       |                | 5-SQ                  | 0                  | 2,197,495   | 366,710                                 | 16.69                   | 72,460                              | 439,170   | 19.99 **                |
| 5000M                                    | MOBILE RADIO, TELEPHONE AND VIDEO CONFERENCING |                | 8-SQ                  | 0                  | 22,085,412  | 1,412,806                               | 6.40                    | 395,972                             | 1,808,778   | 8.19 **                 |
| 5000N                                    | OPERATIONAL DATA NETWORK                       |                | 8-SQ                  | 0                  | 8,530,264   | 1,066,283                               | 12.50                   | 58,577                              | 1,124,860   | 13.19 **                |
| 5000R                                    | POWER SYSTEM CONTROL                           |                | 10-R2                 | 0                  | 7,738,280   | 572,474                                 | 7.40                    | 253,796                             | 826,270   | 10.68                   |
|  | <b>TOTAL COMMUNICATION</b>                     |                |                       |                    | <b>308,269,905</b>                                  | <b>16,559,769</b>                       | <b>5.35</b>             | <b>3,522,083</b>                    | <b>20,081,852</b>   | <b>6.49</b>             |
| <b>MOTOR VEHICLES</b>                    |  |                |                       |                    |   |   |                         |                                     |   |                         |
| 6000E                                    | PASSENGER VEHICLES                             |                | 9-L2                  | 20                 | 1,304,413   | 116,873                                 | 8.96                    | 61,394                              | 178,267   | 13.67                   |
| 6000F                                    | LIGHT TRUCKS                                   |                | 10-L3                 | 15                 | 52,299,249  | 4,431,892                               | 8.47                    | 166,143                             | 4,598,085   | 8.79                    |
| 6000G                                    | HEAVY TRUCKS                                   |                | 15-L2                 | 10                 | 61,004,014  | 3,855,518                               | 6.32                    | 517,820                             | 4,373,338   | 7.17                    |
| 6000H                                    | CONSTRUCTION EQUIPMENT                         |                | 15-L2                 | 20                 | 17,016,205  | 941,112                                 | 5.53                    | 131,746                             | 1,072,858   | 6.30                    |
| 6000I                                    | LARGE SOFT-TRACK EQUIPMENT                     |                | 22-L2.5               | 15                 | 13,146,265  | 536,840                                 | 4.08                    | 116,795                             | 653,635   | 4.97                    |
| 6000J                                    | TRAILERS                                       |                | 35-R3                 | 25                 | 15,996,331  | 370,448                                 | 2.32                    | (22,001)                            | 348,447   | 2.18                    |
| 6000K                                    | MISCELLANEOUS VEHICLES                         |                | 10-L1.5               | 15                 | 5,724,654   | 481,594                                 | 8.41                    | (81,188)                            | 400,406   | 6.99                    |
|  | <b>TOTAL MOTOR VEHICLES</b>                    |                |                       |                    | <b>166,491,131</b>                                  | <b>10,734,277</b>                       | <b>6.45</b>             | <b>890,708</b>                      | <b>11,624,985</b>   | <b>6.98</b>             |
| <b>BUILDINGS</b>                         |  |                |                       |                    |   |   |                         |                                     |   |                         |
| 8000B                                    | BUILDINGS - GENERAL                            |                | 65-R4                 | 0                  | 88,797,107  | 1,428,579                               | 1.61                    | (23,061)                            | 1,405,518   | 1.58                    |
| 8000C                                    | BUILDING RENOVATIONS                           |                | 20-SQ                 | 0                  | 46,779,508  | 2,272,271                               | 4.86                    | 841,795                             | 3,114,066   | 6.66 **                 |
| 8000D                                    | BUILDING - 360 PORTAGE - CIVIL                 |                | 100-R4                | 0                  | 207,292,785   | 2,198,841                               | 1.06                    | (1,752)                             | 2,197,089   | 1.06                    |
| 8000E                                    | BUILDING - 360 PORTAGE - ELECTROMECHANICAL     |                | 45-R2                 | 0                  | 65,888,581  | 2,016,603                               | 3.06                    | 24,589                              | 2,041,192   | 3.10                    |
|  | <b>TOTAL BUILDINGS</b>                         |                |                       |                    | <b>408,757,981</b>                                  | <b>7,916,294</b>                        | <b>1.94</b>             | <b>841,572</b>                      | <b>8,577,866</b>  | <b>2.14</b>             |
| <b>GENERAL EQUIPMENT</b>                 |  |                |                       |                    |   |   |                         |                                     |   |                         |
| 9000H                                    | TOOLS, SHOP AND GARAGE EQUIPMENT               |                | 15-SQ                 | 0                  | 78,461,837  | 5,233,405                               | 6.67                    | 842,696                             | 6,076,101   | 7.74 **                 |
| 9000K                                    | COMPUTER EQUIPMENT                             |                | 5-SQ                  | 0                  | 48,379,758  | 9,401,982                               | 19.43                   | 4,375,187                           | 13,777,169  | 28.48 **                |
| 9000L                                    | OFFICE FURNITURE AND EQUIPMENT                 |                | 20-SQ                 | 0                  | 21,726,896  | 1,086,345                               | 5.00                    | (41,021)                            | 1,045,324   | 4.81 **                 |
| 9000M                                    | HOT WATER TANKS                                |                | 6-SQ                  | 0                  | 4,511,783   | 197,108                                 | 4.37                    | 759,615                             | 956,723   | 21.20 **                |
|  | <b>TOTAL GENERAL EQUIPMENT</b>                 |                |                       |                    | <b>153,080,275</b>                                  | <b>15,918,840</b>                       | <b>10.40</b>            | <b>5,936,477</b>                    | <b>21,855,317</b>   | <b>14.28</b>            |
| <b>EASEMENTS</b>                         |  |                |                       |                    |   |   |                         |                                     |   |                         |
| A100A                                    | EASEMENTS                                      |                | 75-R3                 | 0                  | 50,612,345  | 749,695                                 | 1.48                    | 5,463                               | 755,158   | 1.49                    |
|  | <b>TOTAL EASEMENTS</b>                         |                |                       |                    | <b>50,612,345</b>                                   | <b>749,695</b>                          | <b>1.48</b>             | <b>5,463</b>                        | <b>755,158</b>  | <b>1.49</b>             |
| <b>COMPUTER SOFTWARE AND DEVELOPMENT</b> |  |                |                       |                    |   |   |                         |                                     |   |                         |
| A200G                                    | COMPUTER DEVELOPMENT - MAJOR SYSTEMS           |                | 10-R3                 | 0                  | 100,980,015   | 10,205,232                              | 10.11                   | 324,889                             | 10,530,121  | 10.43                   |
| A200H                                    | COMPUTER DEVELOPMENT - SMALL SYSTEMS           |                | 10-SQ                 | 0                  | 42,827,602  | 4,282,760                               | 10.00                   | 0                                   | 4,282,760   | 10.00 **                |
| A200J                                    | COMPUTER SOFTWARE - GENERAL                    |                | 5-SQ                  | 0                  | 5,076,404   | 1,002,927                               | 19.76                   | 0                                   | 1,002,927   | 19.76 **                |
| A200K                                    | COMPUTER SOFTWARE - COMMUNICATION/OPERATIONAL  |                | 5-SQ                  | 0                  | 3,639,540   | 360,800                                 | 9.91                    | 146,167                             | 506,967   | 13.93 **                |
| A200L                                    | OPERATIONAL SYSTEM MAJOR SOFTWARE - EMS/SCADA  |                | 6-R3                  | 0                  | 6,016,817   | 811,282                                 | 13.48                   | 577,570                             | 1,388,852   | 23.08                   |
|  | <b>TOTAL COMPUTER SOFTWARE AND DEVELOPMENT</b> |                |                       |                    | <b>158,540,378</b>                                  | <b>16,663,001</b>                       | <b>10.51</b>            | <b>1,048,625</b>                    | <b>17,711,626</b>   | <b>11.17</b>            |
|  | <b>TOTAL DEPRECIABLE ASSETS</b>                |                |                       |                    | <b>12,067,737,939</b>                               | <b>301,077,032</b>                      | <b>2.49</b>             | <b>(6,791,243)</b>                  | <b>294,285,788</b>  | <b>2.44</b>             |

\* The account has no balance as of March 31, 2010 and rate will be used on a go-forward basis for future additions.  
 \*\* On amortized accounts any true-up of less than 10% is not considered significant.

MANITOBA HYDRO

SCHEDULE 2. CALCULATED ACCRUED DEPRECIATION, BOOK ACCUMULATED DEPRECIATION AND DETERMINATION OF ANNUAL PROVISION FOR TRUE-UP FOR THE TWELVE MONTHS ENDED MARCH 31, 2010

| ACCOUNT      | DESCRIPTION<br>(1)                       | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(2) | CALCULATED ACCRUED DEPRECIATION<br>(3) | BOOK ACCUMULATED DEPRECIATION<br>(4) | ACCUMULATED DEPRECIATION AMOUNT<br>(5) = (3)-(4) | ACCUMULATED DEPRECIATION VARIANCE<br>(6) = (5)/(3) | PROBABLE REMAINING LIFE<br>(7) | ANNUAL PROVISION FOR TRUE-UP<br>(8) = (5)/(7) |
|--------------|--|---|--|--------------------------------------|--|--|--------------------------------|---|
| <b>10000</b> | <b>GENERATION</b>                        |   |  |                                      |  |  |                                |   |
| <b>11000</b> | <b>HYDRAULIC GENERATION</b>              |   |  |                                      |  |  |                                |   |
| 1105A        | GREAT FALLS                              | 17,302,772  | 6,214,538                              | 7,613,124                            | (1,398,586)                                      | (0.23)   | 51.3                           | (27,263)                                      |
| 1105B        | DAMS, DYKES AND WEIRS                    | 7,990,993   | 3,038,329                              | 3,698,385                            | (660,056)  | (0.22)   | 50.6                           | (13,045)                                      |
| 1105C        | POWERHOUSE RENOVATIONS                   |   |  |                                      |  |  |                                | **  |
| 1105D        | SPILLWAY                                 | 9,676,327   | 3,727,033                              | 3,989,802                            | (272,769)  | (0.07)   | 39.2                           | (6,958)                                       |
| 1105E        | WATER CONTROL SYSTEMS                    | 24,245,253  | 8,269,309                              | 9,971,579                            | (1,702,270)                                      | (0.21)   | 33.5                           | (60,814)                                      |
| 1105F        | ROADS AND SITE IMPROVEMENTS              | 213,964   | 10,408                                 | 11,365                               | (957)  | (0.09)   | 39.7                           | (24)  |
| 1105G        | TURBINES AND GENERATORS                  | 25,128,789  | 7,085,426                              | 8,424,895                            | (1,339,469)                                      | (0.19)   | 44.1                           | (30,373)                                      |
| 1105H        | GOVERNORS AND EXCITATION SYSTEM          | 492,218   | 161,825                                | 193,442                              | (31,617)   | (0.20)   | 39.0                           | (811)   |
| 1105L        | LICENCE RENEWAL                          |   |  |                                      |  |  |                                | **  |
| 1105P        | A/C ELECTRICAL POWER SYSTEMS             | 9,493,088   | 3,314,653                              | 3,714,794                            | (400,141)  | (0.12)   | 31.1                           | (12,866)                                      |
| 1105Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 19,271,956  | 6,679,465                              | 6,778,449                            | (98,984)   | (0.01)   | 13.2                           | (7,499)                                       |
| 1105R        | AUXILIARY STATION PROCESSES              | 8,345,798   | 3,026,374                              | 3,244,974                            | (218,600)  | (0.07)   | 24.0                           | (9,108)                                       |
| 1105X        | SUPPORT BUILDINGS                        | 1,495,253   | 638,944                                | 750,898                              | (111,954)  | (0.18)   | 39.7                           | (2,820)                                       |
| 1105W        | SUPPORT BUILDING RENOVATIONS             |   |  |                                      |  |  |                                | **  |
|              | <b>TOTAL GREAT FALLS</b>                 | <b>123,656,412</b>                                  | <b>42,166,304</b>                      | <b>48,401,707</b>                    | <b>(6,235,403)</b>                               | <b>(0.15)</b>                                      |                                | <b>(161,581)</b>                              |
| <b>11100</b> | <b>POINTE DU BOIS</b>                    |   |  |                                      |  |  |                                |   |
| 1110A        | DAMS, DYKES AND WEIRS                    | 11,263,332  | 1,889,913                              | 3,807,139                            | (1,917,226)                                      | (1.01)   | 21.0                           | (91,296)                                      |
| 1110B        | POWERHOUSE                               | 6,242,749   | 552,108                                | 1,114,041                            | (561,933)  | (1.02)   | 21.0                           | (26,759)                                      |
| 1110C        | POWERHOUSE RENOVATIONS                   |   |  |                                      |  |  |                                | **  |
| 1110D        | SPILLWAY - ORIGINAL                      | 3,104,842   | 717,684                                | 1,300,951                            | (583,267)  | (0.81)   | 6.9                            | (84,531)                                      |
| 1110E        | WATER CONTROL SYSTEMS                    | 4,027,603   | 814,575                                | 1,644,546                            | (829,971)  | (1.02)   | 21.0                           | (39,522)                                      |
| 1110F        | ROADS AND SITE IMPROVEMENTS              | 28,533  | 6,120                                  | 12,046                               | (5,926)  | (0.97)   | 20.1                           | (295)   |
| 1110G        | TURBINES AND GENERATORS                  | 24,610,324  | 3,159,817                              | 6,374,825                            | (3,215,008)                                      | (1.02)   | 21.0                           | (153,096)                                     |
| 1110H        | GOVERNORS AND EXCITATION SYSTEM          |   |  |                                      |  |  |                                | **  |
| 1110L        | LICENCE RENEWAL                          |   |  |                                      |  |  |                                | **  |
| 1110P        | A/C ELECTRICAL POWER SYSTEMS             | 6,057,709   | 481,479                                | 947,448                              | (465,969)  | (0.97)   | 20.3                           | (22,954)                                      |
| 1110Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 355,559   | 50,269                                 | 88,467                               | (38,198)   | (0.76)   | 14.8                           | (2,581)                                       |
| 1110R        | AUXILIARY STATION PROCESSES              | 1,377,014   | 239,152                                | 448,852                              | (209,700)  | (0.88)   | 18.5                           | (11,335)                                      |
| 1110X        | SUPPORT BUILDINGS                        | 2,616,290   | 666,189                                | 1,324,449                            | (658,260)  | (0.99)   | 20.5                           | (32,110)                                      |
| 1110W        | SUPPORT BUILDING RENOVATIONS             |   |  |                                      |  |  |                                | *   |
| 1111D        | SPILLWAY - NEW                           |   |  |                                      |  |  |                                | *   |
|              | <b>TOTAL POINTE DU BOIS</b>              | <b>59,683,956</b>                                   | <b>8,577,306</b>                       | <b>17,062,765</b>                    | <b>(8,485,459)</b>                               | <b>(0.99)</b>                                      |                                | <b>(464,480)</b>                              |
| <b>11150</b> | <b>SEVEN SISTERS</b>                     |   |  |                                      |  |  |                                |   |
| 1115A        | DAMS, DYKES AND WEIRS                    | 31,497,995  | 10,903,236                             | 15,406,970                           | (4,503,734)                                      | (0.41)   | 59.1                           | (76,205)                                      |
| 1115B        | POWERHOUSE                               | 13,653,945  | 5,953,556                              | 8,292,614                            | (2,339,058)                                      | (0.39)   | 57.5                           | (40,679)                                      |
| 1115C        | POWERHOUSE RENOVATIONS                   |   |  |                                      |  |  |                                | **  |
| 1115D        | SPILLWAY                                 | 2,841,355   | 1,392,766                              | 1,607,456                            | (214,690)  | (0.15)   | 40.7                           | (5,275)                                       |
| 1115E        | WATER CONTROL SYSTEMS                    | 4,296,891   | 2,019,990                              | 2,839,823                            | (819,833)  | (0.41)   | 34.6                           | (23,695)                                      |
| 1115F        | ROADS AND SITE IMPROVEMENTS              | 201,701   | 102,573                                | 142,642                              | (40,069)   | (0.39)   | 33.8                           | (1,185)                                       |
| 1115G        | TURBINES AND GENERATORS                  | 41,208,963  | 9,885,456                              | 13,488,286                           | (3,602,830)                                      | (0.36)   | 47.7                           | (75,531)                                      |
| 1115H        | GOVERNORS AND EXCITATION SYSTEM          | 6,860   | 5,805                                  | 8,062                                | (2,257)  | (0.39)   | 5.0                            | (461)   |
| 1115L        | LICENCE RENEWAL                          |   |  |                                      |  |  |                                | **  |
| 1115P        | A/C ELECTRICAL POWER SYSTEMS             | 10,648,619  | 3,796,763                              | 4,966,536                            | (1,169,773)                                      | (0.31)   | 32.4                           | (36,104)                                      |
| 1115Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 3,821,416   | 2,049,090                              | 2,866,760                            | (837,670)  | (0.16)   | 11.4                           | (29,620)                                      |
| 1115R        | AUXILIARY STATION PROCESSES              | 5,224,958   | 2,217,975                              | 2,809,589                            | (591,614)  | (0.27)   | 23.3                           | (25,391)                                      |
| 1115X        | SUPPORT BUILDINGS                        | 608,294   | 105,899                                | 137,334                              | (31,435)   | (0.30)   | 46.5                           | (676)   |
| 1115W        | SUPPORT BUILDING RENOVATIONS             |   |  |                                      |  |  |                                | **  |
|              | <b>TOTAL SEVEN SISTERS</b>               | <b>114,010,998</b>                                  | <b>38,433,109</b>                      | <b>52,086,073</b>                    | <b>(13,652,964)</b>                              | <b>(0.36)</b>                                      |                                | <b>(314,814)</b>                              |

MANITOBA HYDRO

SCHEDULE 2. CALCULATED ACCRUED DEPRECIATION, BOOK ACCUMULATED DEPRECIATION AND DETERMINATION OF ANNUAL PROVISION FOR TRUE-UP FOR THE TWELVE MONTHS ENDED MARCH 31, 2010

| ACCOUNT      | DESCRIPTION<br>(1)                       | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(2) | CALCULATED ACCRUED DEPRECIATION<br>(3) | BOOK ACCUMULATED DEPRECIATION<br>(4) | ACCUMULATED DEPRECIATION VARIANCE |                          | PROBABLE REMAINING LIFE<br>(7) | ANNUAL PROVISION FOR TRUE-UP<br>(8)=(5)/(7) |
|--------------|--|---|--|--------------------------------------|-----------------------------------|--------------------------|--------------------------------|---|
|              |  |   |  |                                      | AMOUNT<br>(5) = (3)-(4)           | PERCENT<br>(6) = (5)/(3) |                                |   |
| <b>11200</b> | <b>SLAVE FALLS</b>                       |   |  |                                      |                                   |                          |                                |   |
| 1120A        | DAMS, DYKES AND WEIRS                    | 954,684   | 44,764                                 | 54,185                               | (9,421)                           | (0.21)                   | 61.4                           | (153)                                       |
| 1120B        | POWERHOUSE                               | 45,692,194  | 4,903,168                              | 5,952,681                            | (1,049,513)                       | (0.21)                   | 61.5                           | (17,065)                                    |
| 1120C        | POWERHOUSE RENOVATIONS                   |   |  |                                      |                                   |                          |                                | **  |
| 1120D        | SPILLWAY                                 | 760,201   | 61,294                                 | 58,657                               | 2,637                             | 0.04                     | 45.4                           | 58  |
| 1120E        | WATER CONTROL SYSTEMS                    | 318,933   | 24,068                                 | 28,347                               | (4,279)                           | (0.18)                   | 44.7                           | (96)  |
| 1120F        | ROADS AND SITE IMPROVEMENTS              | 769,506   | 78,949                                 | 83,156                               | (4,207)                           | (0.05)                   | 39.4                           | (107)                                       |
| 1120G        | TURBINES AND GENERATORS                  | 11,630,909  | 1,490,317                              | 1,739,984                            | (249,667)                         | (0.17)                   | 50.7                           | (4,924)                                     |
| 1120H        | GOVERNORS AND EXCITATION SYSTEM          |   |  |                                      |                                   |                          |                                | *   |
| 1120L        | LICENCE RENEWAL                          |   |  |                                      |                                   |                          |                                | **  |
| 1120P        | A/C ELECTRICAL POWER SYSTEMS             | 21,815,741  | 1,944,102                              | 2,060,897                            | (116,795)                         | (0.06)                   | 39.3                           | (2,972)                                     |
| 1120Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 786,382   | 108,358                                | 104,882                              | 3,476                             | 0.03                     | 16.0                           | 217   |
| 1120R        | AUXILIARY STATION PROCESSES              | 2,201,466   | 179,198                                | 171,468                              | 7,730                             | 0.04                     | 29.5                           | 262   |
| 1120X        | SUPPORT BUILDINGS                        | 3,724,095   | 507,079                                | 552,458                              | (45,379)                          | (0.09)                   | 47.5                           | (955)                                       |
| 1120W        | SUPPORT BUILDING RENOVATIONS             |   |  |                                      |                                   |                          |                                | **  |
|              | <b>TOTAL SLAVE FALLS</b>                 | <b>88,654,109</b>                                   | <b>9,341,297</b>                       | <b>10,806,713</b>                    | <b>(1,465,416)</b>                | <b>(0.16)</b>            |                                | <b>(25,735)</b>                             |
| <b>11250</b> | <b>PINE FALLS</b>                        |   |  |                                      |                                   |                          |                                |   |
| 1125A        | DAMS, DYKES AND WEIRS                    | 14,110,589  | 2,084,324                              | 2,573,116                            | (488,792)                         | (0.23)                   | 77.3                           | (6,323)                                     |
| 1125B        | POWERHOUSE                               | 10,060,843  | 4,528,984                              | 5,542,973                            | (1,013,989)                       | (0.22)                   | 63.5                           | (15,968)                                    |
| 1125C        | POWERHOUSE RENOVATIONS                   |   |  |                                      |                                   |                          |                                | **  |
| 1125D        | SPILLWAY                                 | 93,376  | 3,551                                  | 3,149                                | 402                               | 0.11                     | 49.8                           | 8   |
| 1125E        | WATER CONTROL SYSTEMS                    | 3,564,106   | 1,925,975                              | 2,388,172                            | (462,197)                         | (0.24)                   | 30.8                           | (15,006)                                    |
| 1125F        | ROADS AND SITE IMPROVEMENTS              | 1,178,575   | 932,226                                | 1,130,898                            | (46,679)                          | (0.21)                   | 10.5                           | (18,921)                                    |
| 1125G        | TURBINES AND GENERATORS                  | 9,464,220   | 4,832,555                              | 5,889,287                            | (956,732)                         | (0.19)                   | 38.0                           | (25,177)                                    |
| 1125H        | GOVERNORS AND EXCITATION SYSTEM          |   |  |                                      |                                   |                          |                                | **  |
| 1125L        | LICENCE RENEWAL                          |   |  |                                      |                                   |                          |                                | **  |
| 1125P        | A/C ELECTRICAL POWER SYSTEMS             | 5,071,108   | 1,827,772                              | 2,169,610                            | (341,838)                         | (0.19)                   | 36.1                           | (9,469)                                     |
| 1125Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 2,156,586   | 1,110,121                              | 1,145,153                            | (35,032)                          | (0.03)                   | 10.6                           | (3,305)                                     |
| 1125R        | AUXILIARY STATION PROCESSES              | 3,790,230   | 1,523,378                              | 1,704,847                            | (181,469)                         | (0.12)                   | 24.1                           | (7,530)                                     |
| 1125X        | SUPPORT BUILDINGS                        | 336,412   | 88,521                                 | 99,028                               | (10,507)                          | (0.12)                   | 43.6                           | (241)                                       |
| 1125W        | SUPPORT BUILDING RENOVATIONS             | 4,425,543   | 533,832                                | 710,240                              | (176,408)                         | (0.33)                   | 71.4                           | (2,471)                                     |
| 1125Z        | COMMUNITY DEVELOPMENT COSTS              |   |  |                                      |                                   |                          |                                | **  |
|              | <b>TOTAL PINE FALLS</b>                  | <b>54,251,587</b>                                   | <b>19,491,239</b>                      | <b>23,356,474</b>                    | <b>(3,865,235)</b>                | <b>(0.20)</b>            |                                | <b>(104,404)</b>                            |
| <b>11300</b> | <b>MCARTHUR FALLS</b>                    |   |  |                                      |                                   |                          |                                |   |
| 1130A        | DAMS, DYKES AND WEIRS                    | 3,578,068   | 1,327,762                              | 1,583,088                            | (255,326)                         | (0.19)                   | 69.1                           | (3,695)                                     |
| 1130B        | POWERHOUSE                               | 9,523,798   | 4,217,087                              | 5,018,727                            | (801,640)                         | (0.19)                   | 64.3                           | (12,467)                                    |
| 1130C        | POWERHOUSE RENOVATIONS                   |   |  |                                      |                                   |                          |                                | **  |
| 1130D        | SPILLWAY                                 | 2,351,438   | 1,566,058                              | 1,703,092                            | (137,034)                         | (0.09)                   | 27.8                           | (4,929)                                     |
| 1130E        | WATER CONTROL SYSTEMS                    | 11,703,203  | 4,138,832                              | 5,007,819                            | (868,987)                         | (0.21)                   | 33.3                           | (26,096)                                    |
| 1130F        | ROADS AND SITE IMPROVEMENTS              | 234,820   | 111,788                                | 127,773                              | (15,985)                          | (0.14)                   | 29.0                           | (551)                                       |
| 1130G        | TURBINES AND GENERATORS                  | 5,096,367   | 3,966,488                              | 4,670,712                            | (704,224)                         | (0.18)                   | 15.7                           | (44,855)                                    |
| 1130H        | GOVERNORS AND EXCITATION SYSTEM          | 119,315   | 32,237                                 | 38,021                               | (5,784)                           | (0.18)                   | 34.9                           | (166)                                       |
| 1130L        | LICENCE RENEWAL                          |   |  |                                      |                                   |                          |                                | **  |
| 1130P        | A/C ELECTRICAL POWER SYSTEMS             | 2,480,539   | 1,548,716                              | 1,818,844                            | (270,128)                         | (0.17)                   | 29.3                           | (9,219)                                     |
| 1130Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 1,245,885   | 697,673                                | 747,884                              | (50,211)                          | (0.07)                   | 12.3                           | (4,082)                                     |
| 1130R        | AUXILIARY STATION PROCESSES              | 3,440,197   | 1,347,401                              | 1,483,474                            | (136,073)                         | (0.10)                   | 25.0                           | (5,443)                                     |
| 1130X        | SUPPORT BUILDINGS                        | 227,212   | 59,529                                 | 65,327                               | (5,798)                           | (0.10)                   | 43.7                           | (133)                                       |
| 1130W        | SUPPORT BUILDING RENOVATIONS             |   |  |                                      |                                   |                          |                                | **  |
|              | <b>TOTAL MCARTHUR FALLS</b>              | <b>40,000,842</b>                                   | <b>19,013,571</b>                      | <b>22,264,760</b>                    | <b>(3,251,189)</b>                | <b>(0.17)</b>            |                                | <b>(111,636)</b>                            |

MANITOBA HYDRO

SCHEDULE 2. CALCULATED ACCRUED DEPRECIATION, BOOK ACCUMULATED DEPRECIATION AND DETERMINATION OF ANNUAL PROVISION FOR TRUE-UP FOR THE TWELVE MONTHS ENDED MARCH 31, 2010

| ACCOUNT      | DESCRIPTION<br>(1)                       | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(2) | CALCULATED ACCRUED DEPRECIATION<br>(3) | BOOK ACCUMULATED DEPRECIATION<br>(4) | ACCUMULATED DEPRECIATION VARIANCE |                          | PROBABLE REMAINING LIFE<br>(7) | ANNUAL PROVISION FOR TRUE-UP<br>(8)=(5)/(7) |
|--------------|--|---|--|--------------------------------------|-----------------------------------|--------------------------|--------------------------------|---|
|              |  |   |  |                                      | AMOUNT<br>(5) = (3)-(4)           | PERCENT<br>(6) = (5)/(3) |                                |   |
| <b>11350</b> | <b>KELSEY</b>                            |   |  |                                      |                                   |                          |                                |   |
| 1135A        | DAMS, DYKES AND WEIRS                    | 11,066,409  | 2,091,406                              | 2,388,154                            | (296,748)                         | (0.14)                   | 81.9                           | (3,623)                                     |
| 1135B        | POWERHOUSE                               | 27,569,817  | 10,369,448                             | 11,797,459                           | (1,428,011)                       | (0.14)                   | 71.8                           | (19,889)                                    |
| 1135C        | POWERHOUSE RENOVATIONS                   |   |  |                                      |                                   |                          |                                | **  |
| 1135D        | SPILLWAY                                 | 5,331,929   | 3,272,738                              | 3,337,776                            | (65,038)                          | (0.02)                   | 31.1                           | (2,091)                                     |
| 1135E        | WATER CONTROL SYSTEMS                    | 11,792,566  | 5,095,822                              | 5,858,592                            | (762,770)                         | (0.15)                   | 37.6                           | (20,286)                                    |
| 1135F        | ROADS AND SITE IMPROVEMENTS              | 6,442,928   | 3,327,136                              | 3,675,535                            | (348,399)                         | (0.10)                   | 28.5                           | (12,225)                                    |
| 1135G        | TURBINES AND GENERATORS                  | 130,323,693   | 9,810,603                              | 10,889,594                           | (1,078,991)                       | (0.11)                   | 56.8                           | (18,996)                                    |
| 1135H        | GOVERNORS AND EXCITATION SYSTEM          | 88,651  | 25,248                                 | 28,203                               | (2,955)                           | (0.12)                   | 33.9                           | (87)  |
| 1135L        | LICENCE RENEWAL                          |   |  |                                      |                                   |                          |                                | **  |
| 1135P        | A/C ELECTRICAL POWER SYSTEMS             | 5,751,610   | 3,144,625                              | 3,442,084                            | (297,459)                         | (0.09)                   | 24.5                           | (12,141)                                    |
| 1135Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 3,595,490   | 1,573,603                              | 1,535,475                            | 38,128                            | 0.02                     | 12.3                           | 3,100                                       |
| 1135R        | AUXILIARY STATION PROCESSES              | 7,788,815   | 3,256,761                              | 3,361,853                            | (105,092)                         | (0.03)                   | 22.6                           | (4,650)                                     |
| 1135X        | SUPPORT BUILDINGS                        | 9,953,977   | 1,934,994                              | 2,030,173                            | (95,179)                          | (0.05)                   | 47.1                           | (2,021)                                     |
| 1135W        | SUPPORT BUILDING RENOVATIONS             |   |  |                                      |                                   |                          |                                | **  |
|              | <b>TOTAL KELSEY</b>                      | <b>219,705,886</b>                                  | <b>43,902,384</b>                      | <b>48,344,899</b>                    | <b>(4,442,515)</b>                | <b>(0.10)</b>            |                                | <b>(92,910)</b>                             |
| <b>11400</b> | <b>GRAND RAPIDS</b>                      |   |  |                                      |                                   |                          |                                |   |
| 1140A        | DAMS, DYKES AND WEIRS                    | 53,468,974  | 16,904,945                             | 20,241,182                           | (3,336,237)                       | (0.20)                   | 71.3                           | (46,792)                                    |
| 1140B        | POWERHOUSE                               | 24,506,522  | 9,074,278                              | 10,870,236                           | (1,795,958)                       | (0.20)                   | 69.2                           | (25,953)                                    |
| 1140C        | POWERHOUSE RENOVATIONS                   |   |  |                                      |                                   |                          |                                | **  |
| 1140D        | SPILLWAY                                 | 5,308,334   | 2,984,459                              | 3,127,598                            | (143,139)                         | (0.05)                   | 34.1                           | (4,198)                                     |
| 1140E        | WATER CONTROL SYSTEMS                    | 15,982,492  | 10,781,268                             | 12,935,293                           | (2,154,025)                       | (0.20)                   | 35.0                           | (61,544)                                    |
| 1140F        | ROADS AND SITE IMPROVEMENTS              | 2,581,475   | 1,853,663                              | 2,151,076                            | (297,413)                         | (0.16)                   | 18.7                           | (15,904)                                    |
| 1140G        | TURBINES AND GENERATORS                  | 113,066,160   | 24,914,070                             | 28,837,308                           | (3,923,238)                       | (0.16)                   | 48.1                           | (81,564)                                    |
| 1140H        | GOVERNORS AND EXCITATION SYSTEM          | 42,718  | 9,742                                  | 11,420                               | (1,678)                           | (0.17)                   | 37.8                           | (44)  |
| 1140L        | LICENCE RENEWAL                          |   |  |                                      |                                   |                          |                                | **  |
| 1140P        | A/C ELECTRICAL POWER SYSTEMS             | 8,240,545   | 2,996,076                              | 3,393,467                            | (397,391)                         | (0.13)                   | 32.2                           | (12,341)                                    |
| 1140Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 4,674,247   | 3,162,334                              | 3,344,181                            | (181,847)                         | (0.06)                   | 10.2                           | (17,828)                                    |
| 1140R        | AUXILIARY STATION PROCESSES              | 5,600,506   | 1,772,923                              | 1,867,556                            | (94,633)                          | (0.05)                   | 25.0                           | (3,785)                                     |
| 1140X        | SUPPORT BUILDINGS                        | 6,190,376   | 1,167,718                              | 1,266,627                            | (98,909)                          | (0.08)                   | 47.1                           | (2,100)                                     |
| 1140W        | SUPPORT BUILDING RENOVATIONS             | 101,442,997   | 11,399,379                             | 17,852,104                           | (6,452,725)                       | (0.57)                   | 71.2                           | (90,628)                                    |
| 1140Z        | COMMUNITY DEVELOPMENT COSTS              |   |  |                                      |                                   |                          |                                | **  |
|              | <b>TOTAL GRAND RAPIDS</b>                | <b>341,105,346</b>                                  | <b>87,020,855</b>                      | <b>105,898,046</b>                   | <b>(18,877,191)</b>               | <b>(0.22)</b>            |                                | <b>(362,682)</b>                            |
| <b>11450</b> | <b>KETTLE</b>                            |   |  |                                      |                                   |                          |                                |   |
| 1145A        | DAMS, DYKES AND WEIRS                    | 45,280,663  | 14,457,365                             | 17,156,728                           | (2,699,363)                       | (0.19)                   | 79.0                           | (34,169)                                    |
| 1145B        | POWERHOUSE                               | 146,207,420   | 46,205,345                             | 54,832,267                           | (8,626,922)                       | (0.19)                   | 79.3                           | (108,788)                                   |
| 1145C        | POWERHOUSE RENOVATIONS                   |   |  |                                      |                                   |                          |                                | **  |
| 1145D        | SPILLWAY                                 | 25,406,960  | 12,672,991                             | 13,102,475                           | (429,484)                         | (0.03)                   | 37.7                           | (11,392)                                    |
| 1145E        | WATER CONTROL SYSTEMS                    | 17,834,945  | 12,943,500                             | 15,570,815                           | (2,627,315)                       | (0.20)                   | 15.1                           | (173,994)                                   |
| 1145F        | ROADS AND SITE IMPROVEMENTS              | 10,591  | 2,234                                  | 2,424                                | (190)                             | (0.08)                   | 35.5                           | (5)   |
| 1145G        | TURBINES AND GENERATORS                  | 70,740,028  | 38,119,760                             | 44,332,641                           | (6,212,881)                       | (0.16)                   | 29.8                           | (208,486)                                   |
| 1145H        | GOVERNORS AND EXCITATION SYSTEM          | 3,304,326   | 2,291,949                              | 2,718,363                            | (426,414)                         | (0.19)                   | 16.3                           | (26,160)                                    |
| 1145L        | LICENCE RENEWAL                          |   |  |                                      |                                   |                          |                                | **  |
| 1145P        | A/C ELECTRICAL POWER SYSTEMS             | 6,771,761   | 2,715,301                              | 3,063,216                            | (347,915)                         | (0.13)                   | 29.9                           | (11,636)                                    |
| 1145Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 12,001,279  | 7,812,908                              | 8,161,591                            | (348,683)                         | (0.04)                   | 10.2                           | (34,185)                                    |
| 1145R        | AUXILIARY STATION PROCESSES              | 15,361,985  | 8,293,267                              | 9,355,269                            | (1,062,002)                       | (0.13)                   | 21.2                           | (50,094)                                    |
| 1145X        | SUPPORT BUILDINGS                        | 3,908,404   | 2,242,225                              | 2,527,081                            | (284,856)                         | (0.13)                   | 27.7                           | (10,284)                                    |
| 1145W        | SUPPORT BUILDING RENOVATIONS             |   |  |                                      |                                   |                          |                                | **  |
|              | <b>TOTAL KETTLE</b>                      | <b>346,828,362</b>                                  | <b>147,756,845</b>                     | <b>170,822,869</b>                   | <b>(23,066,024)</b>               | <b>(0.16)</b>            |                                | <b>(669,194)</b>                            |



MANITOBA HYDRO

SCHEDULE 2. CALCULATED ACCRUED DEPRECIATION, BOOK ACCUMULATED DEPRECIATION AND DETERMINATION OF ANNUAL PROVISION FOR TRUE-UP FOR THE TWELVE MONTHS ENDED MARCH 31, 2010

| ACCOUNT      | DESCRIPTION<br>(1)                       | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(2) | CALCULATED ACCRUED DEPRECIATION<br>(3) | BOOK ACCUMULATED DEPRECIATION<br>(4) | ACCUMULATED DEPRECIATION VARIANCE |                          | PROBABLE REMAINING LIFE<br>(7) | ANNUAL PROVISION FOR TRUE-UP<br>(8)=(5)/(7) |
|--------------|--|---|--|--------------------------------------|-----------------------------------|--------------------------|--------------------------------|---|
|              |  |   |  |                                      | AMOUNT<br>(5) = (3)-(4)           | PERCENT<br>(6) = (5)/(3) |                                |   |
| <b>11500</b> | <b>LAURIE RIVER</b>                      |   |  |                                      |                                   |                          |                                |   |
| 1150A        | DAMS, DYKES AND WEIRS                    | 355,538   | 177,539                                | 119,594                              | 57,945                            | 0.33                     | 22.0                           | 2,634                                       |
| 1150B        | POWERHOUSE                               | 7,664,146   | 1,880,047                              | 1,265,197                            | 614,850                           | 0.33                     | 22.0                           | 27,948                                      |
| 1150C        | POWERHOUSE RENOVATIONS                   |   |  |                                      |                                   |                          |                                | **  |
| 1150D        | SPILLWAY                                 | 870,000   | 372,186                                | 240,118                              | 132,068                           | 0.35                     | 20.7                           | 6,380                                       |
| 1150E        | WATER CONTROL SYSTEMS                    | 458,033   | 180,347                                | 121,277                              | 59,070                            | 0.33                     | 21.7                           | 2,722                                       |
| 1150F        | ROADS AND SITE IMPROVEMENTS              | 1,441,914   | 607,104                                | 394,599                              | 212,505                           | 0.35                     | 19.9                           | 10,679                                      |
| 1150G        | TURBINES AND GENERATORS                  | 4,603,136   | 777,293                                | 522,394                              | 254,899                           | 0.33                     | 21.9                           | 11,639                                      |
| 1150H        | GOVERNORS AND EXCITATION SYSTEM          | 882,653   | 94,232                                 | 63,131                               | 31,101                            | 0.33                     | 21.8                           | 1,427                                       |
| 1150L        | LICENCE RENEWAL                          |   |  |                                      |                                   |                          |                                | **  |
| 1150P        | A/C ELECTRICAL POWER SYSTEMS             | 1,441,945   | 532,317                                | 347,758                              | 184,559                           | 0.35                     | 20.5                           | 9,003                                       |
| 1150Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 1,220,047   | 769,647                                | 436,660                              | 332,987                           | 0.43                     | 8.4                            | 39,641                                      |
| 1150R        | AUXILIARY STATION PROCESSES              | 308,504   | 130,042                                | 80,696                               | 49,346                            | 0.38                     | 18.3                           | 2,697                                       |
| 1150X        | SUPPORT BUILDINGS                        | 355,919   | 161,943                                | 106,876                              | 55,067                            | 0.34                     | 21.0                           | 2,622                                       |
| 1150W        | SUPPORT BUILDING RENOVATIONS             |   |  |                                      |                                   |                          |                                | **  |
|              | <b>TOTAL LAURIE RIVER</b>                | <b>19,601,835</b>                                   | <b>5,682,697</b>                       | <b>3,698,298</b>                     | <b>1,984,399</b>                  | <b>0.35</b>              |                                | <b>117,391</b>                              |
| <b>11550</b> | <b>JENPEG</b>                            |   |  |                                      |                                   |                          |                                |   |
| 1155A        | DAMS, DYKES AND WEIRS                    | 15,295,318  | 3,325,195                              | 3,661,242                            | (336,047)                         | (0.10)                   | 88.4                           | (3,801)                                     |
| 1155B        | POWERHOUSE                               | 76,905,294  | 21,018,339                             | 23,110,365                           | (2,092,026)                       | (0.10)                   | 84.3                           | (24,816)                                    |
| 1155C        | POWERHOUSE RENOVATIONS                   |   |  |                                      |                                   |                          |                                | **  |
| 1155D        | SPILLWAY                                 | 14,942,733  | 6,657,678                              | 6,251,622                            | 406,056                           | 0.06                     | 40.1                           | 10,126                                      |
| 1155E        | WATER CONTROL SYSTEMS                    | 16,762,099  | 10,865,384                             | 12,126,362                           | (1,260,978)                       | (0.12)                   | 17.4                           | (72,470)                                    |
| 1155F        | ROADS AND SITE IMPROVEMENTS              | 1,563,205   | 735,898                                | 769,243                              | (33,345)                          | (0.05)                   | 25.8                           | (1,292)                                     |
| 1155G        | TURBINES AND GENERATORS                  | 79,641,550  | 36,965,814                             | 39,906,553                           | (2,940,739)                       | (0.08)                   | 33.4                           | (88,046)                                    |
| 1155H        | GOVERNORS AND EXCITATION SYSTEM          |   |  |                                      |                                   |                          |                                | *   |
| 1155L        | LICENCE RENEWAL                          |   |  |                                      |                                   |                          |                                | **  |
| 1155P        | A/C ELECTRICAL POWER SYSTEMS             | 19,308,049  | 12,128,595                             | 12,814,770                           | (686,175)                         | (0.06)                   | 19.1                           | (35,925)                                    |
| 1155Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 3,343,800   | 2,154,070                              | 2,014,895                            | 139,175                           | 0.06                     | 9.0                            | 15,464                                      |
| 1155R        | AUXILIARY STATION PROCESSES              | 9,796,258   | 4,363,099                              | 4,457,960                            | (94,861)                          | (0.02)                   | 21.6                           | (4,392)                                     |
| 1155X        | SUPPORT BUILDINGS                        | 7,885,397   | 2,301,830                              | 2,365,167                            | (63,337)                          | (0.03)                   | 42.5                           | (1,490)                                     |
| 1155W        | SUPPORT BUILDING RENOVATIONS             |   |  |                                      |                                   |                          |                                | **  |
|              | <b>TOTAL JENPEG</b>                      | <b>245,443,703</b>                                  | <b>100,515,902</b>                     | <b>107,478,180</b>                   | <b>(6,962,278)</b>                | <b>(0.07)</b>            |                                | <b>(206,644)</b>                            |
| <b>11600</b> | <b>LAKE WINNIPEG REGULATION</b>          |   |  |                                      |                                   |                          |                                |   |
| 1160A        | DAMS, DYKES AND WEIRS                    | 96,807,065  | 26,325,352                             | 33,231,067                           | (6,905,715)                       | (0.26)                   | 86.7                           | (79,651)                                    |
| 1160L        | LICENCE RENEWAL                          |   |  |                                      |                                   |                          |                                | **  |
| 1160Z        | COMMUNITY DEVELOPMENT COSTS              | 387,802,871   | 54,108,862                             | 73,448,592                           | (19,339,730)                      | (0.36)                   | 86.6                           | (223,323)                                   |
|              | <b>TOTAL LAKE WINNIPEG REGULATION</b>    | <b>484,609,937</b>                                  | <b>80,434,214</b>                      | <b>106,679,659</b>                   | <b>(26,245,445)</b>               | <b>(0.33)</b>            |                                | <b>(302,973)</b>                            |
| <b>11650</b> | <b>CHURCHILL RIVER DIVERSION</b>         |   |  |                                      |                                   |                          |                                |   |
| 1165A        | DAMS, DYKES AND WEIRS                    | 114,718,213   | 30,724,065                             | 31,921,746                           | (1,197,681)                       | (0.04)                   | 87.1                           | (13,751)                                    |
| 1165D        | SPILLWAY                                 | 56,442,246  | 25,314,347                             | 22,609,467                           | 2,704,880                         | 0.11                     | 40.0                           | 67,622                                      |
| 1165E        | WATER CONTROL SYSTEMS                    | 17,583,551  | 11,612,927                             | 12,324,199                           | (711,272)                         | (0.06)                   | 16.7                           | (42,591)                                    |
| 1165F        | ROADS AND SITE IMPROVEMENTS              | 6,799,023   | 4,272,805                              | 4,291,935                            | (19,130)                          | (0.00)                   | 19.0                           | (1,007)                                     |
| 1165L        | LICENCE RENEWAL                          |   |  |                                      |                                   |                          |                                | **  |
| 1165P        | A/C ELECTRICAL POWER SYSTEMS             | 1,596,593   | 1,005,012                              | 1,009,712                            | (4,700)                           | (0.00)                   | 19.0                           | (247)                                       |
| 1165Q        | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 1,417,862   | 1,197,658                              | 1,107,794                            | 89,864                            | 0.08                     | 6.0                            | 14,977                                      |
| 1165R        | AUXILIARY STATION PROCESSES              | 1,799,312   | 498,971                                | 462,083                              | 36,888                            | 0.07                     | 25.7                           | 1,435                                       |
| 1165X        | SUPPORT BUILDINGS                        | 26,361  | 4,169                                  | 3,968                                | 201                               | 0.05                     | 49.3                           | 4   |
| 1165W        | SUPPORT BUILDING RENOVATIONS             | 305,036,524   | 55,319,169                             | 74,130,320                           | (18,811,151)                      | (0.34)                   | 82.5                           | (228,014)                                   |
| 1165Z        | COMMUNITY DEVELOPMENT COSTS              |   |  |                                      |                                   |                          |                                | **  |
|              | <b>TOTAL CHURCHILL RIVER DIVERSION</b>   | <b>505,421,684</b>                                  | <b>129,949,123</b>                     | <b>147,861,224</b>                   | <b>(17,912,101)</b>               | <b>(0.14)</b>            |                                | <b>(201,571)</b>                            |

MANITOBA HYDRO

SCHEDULE 2. CALCULATED ACCRUED DEPRECIATION, BOOK ACCUMULATED DEPRECIATION AND DETERMINATION OF ANNUAL PROVISION FOR TRUE-UP FOR THE TWELVE MONTHS ENDED MARCH 31, 2010

| ACCOUNT | DESCRIPTION<br>(1)                                | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(2) | CALCULATED ACCRUED DEPRECIATION<br>(3) | BOOK ACCUMULATED DEPRECIATION<br>(4) | ACCUMULATED DEPRECIATION AMOUNT<br>(5) = (3)-(4) | ACCUMULATED DEPRECIATION PERCENT<br>(6) = (5)/(3) | PROBABLE REMAINING LIFE<br>(7) | ANNUAL PROVISION FOR TRUE-UP<br>(8)=(5)/(7) |
|---------|---|---|--|--------------------------------------|--|---|--------------------------------|---|
| 11700   | LONG SPRUCE                                       |   |  |                                      |  |   |                                |   |
| 1170A   | DAMS, DYKES AND WEIRS                             | 64,744,494  | 17,136,124                             | 18,797,519                           | (1,661,395)                                      | (0.10)  | 85.2                           | (19,500)                                    |
| 1170B   | POWERHOUSE  | 143,780,355   | 38,092,455                             | 41,787,059                           | (3,694,604)                                      | (0.10)  | 85.2                           | (43,364)                                    |
| 1170C   | POWERHOUSE RENOVATIONS                            |   |  |                                      |  |   |                                | **  |
| 1170D   | SPILLWAY  | 42,273,617  | 18,296,252                             | 17,142,264                           | 1,153,988  | 0.06  | 41.0                           | 28,146                                      |
| 1170E   | WATER CONTROL SYSTEMS                             | 57,946,281  | 37,207,115                             | 41,449,762                           | (4,242,647)                                      | (0.11)  | 17.5                           | (242,437)                                   |
| 1170F   | ROADS AND SITE IMPROVEMENTS                       | 1,172,867   | 657,177                                | 687,609                              | (30,432)   | (0.05)  | 22.0                           | (1,383)                                     |
| 1170G   | TURBINES AND GENERATORS                           | 143,328,643   | 72,028,075                             | 77,103,787                           | (5,075,712)                                      | (0.07)  | 30.7                           | (165,333)                                   |
| 1170H   | GOVERNORS AND EXCITATION SYSTEM                   | 145,844   | 20,097                                 | 21,732                               | (1,635)  | (0.08)  | 40.7                           | (40)  |
| 1170L   | LICENCE RENEWAL                                   |   |  |                                      |  |   |                                | **  |
| 1170P   | A/C ELECTRICAL POWER SYSTEMS                      | 30,503,528  | 17,655,095                             | 18,542,547                           | (887,452)  | (0.05)  | 21.3                           | (41,664)                                    |
| 1170Q   | INSTRUMENTATION, CONTROL AND D/C SYSTEMS          | 4,409,200   | 3,518,156                              | 3,373,611                            | 144,545  | 0.04  | 6.9                            | 20,949                                      |
| 1170R   | AUXILIARY STATION PROCESSES                       | 12,199,119  | 6,909,582                              | 7,135,875                            | (226,293)  | (0.03)  | 17.9                           | (12,642)                                    |
| 1170X   | SUPPORT BUILDINGS                                 | 160,484   | 18,662                                 | 18,618                               | 44   | 0.00  | 50.4                           | 1   |
| 1170W   | SUPPORT BUILDING RENOVATIONS                      |   |  |                                      |  |   |                                | **  |
|         | <b>TOTAL LONG SPRUCE</b>                          | <b>500,664,431</b>                                  | <b>211,538,790</b>                     | <b>226,060,384</b>                   | <b>(14,521,594)</b>                              | <b>(0.07)</b>                                     |                                | <b>(477,268)</b>                            |
| 11750   | LIMESTONE   |   |  |                                      |  |   |                                |   |
| 1175A   | DAMS, DYKES AND WEIRS                             | 33,258,073  | 5,378,081                              | 5,756,238                            | (378,157)  | (0.07)  | 96.8                           | (3,907)                                     |
| 1175B   | POWERHOUSE  | 461,430,334   | 74,262,785                             | 79,485,351                           | (5,222,566)                                      | (0.07)  | 96.9                           | (53,896)                                    |
| 1175C   | POWERHOUSE RENOVATIONS                            |   |  |                                      |  |   |                                | **  |
| 1175D   | SPILLWAY  | 201,240,773   | 56,703,974                             | 49,241,598                           | 7,462,376  | 0.13  | 47.6                           | 156,773                                     |
| 1175E   | WATER CONTROL SYSTEMS                             | 116,224,392   | 44,988,138                             | 48,919,806                           | (3,931,668)                                      | (0.09)  | 29.6                           | (132,827)                                   |
| 1175F   | ROADS AND SITE IMPROVEMENTS                       | 17,164,432  | 6,795,781                              | 6,832,303                            | (36,522)   | (0.01)  | 28.5                           | (1,281)                                     |
| 1175G   | TURBINES AND GENERATORS                           | 403,825,745   | 124,076,655                            | 130,029,479                          | (5,952,824)                                      | (0.05)  | 42.0                           | (141,734)                                   |
| 1175H   | GOVERNORS AND EXCITATION SYSTEM                   | 16,584,271  | 6,439,021                              | 6,847,507                            | (408,486)  | (0.06)  | 29.2                           | (13,989)                                    |
| 1175L   | LICENCE RENEWAL                                   |   |  |                                      |  |   |                                | **  |
| 1175P   | A/C ELECTRICAL POWER SYSTEMS                      | 144,317,307   | 57,149,653                             | 57,457,004                           | (307,351)  | (0.01)  | 28.5                           | (10,784)                                    |
| 1175Q   | INSTRUMENTATION, CONTROL AND D/C SYSTEMS          | 8,333,373   | 5,237,449                              | 4,778,396                            | 459,053  | 0.09  | 9.1                            | 50,445                                      |
| 1175R   | AUXILIARY STATION PROCESSES                       | 36,054,205  | 16,111,470                             | 15,631,104                           | 480,366  | 0.03  | 21.2                           | 22,659                                      |
| 1175X   | SUPPORT BUILDINGS                                 | 5,703,494   | 1,625,607                              | 1,616,130                            | 9,477  | 0.01  | 42.6                           | 222   |
| 1175W   | SUPPORT BUILDING RENOVATIONS                      |   |  |                                      |  |   |                                | **  |
|         | <b>TOTAL LIMESTONE</b>                            | <b>1,444,136,399</b>                                | <b>398,768,614</b>                     | <b>406,594,917</b>                   | <b>(7,826,303)</b>                               | <b>(0.02)</b>                                     |                                | <b>(128,319)</b>                            |
| 11800   | WUSKWATIM   |   |  |                                      |  |   |                                |   |
| 1180A   | DAMS, DYKES AND WEIRS                             |   |  |                                      |  |   |                                | *   |
| 1180B   | POWERHOUSE  |   |  |                                      |  |   |                                | *   |
| 1180C   | POWERHOUSE RENOVATIONS                            |   |  |                                      |  |   |                                | **  |
| 1180D   | SPILLWAY  |   |  |                                      |  |   |                                | *   |
| 1180E   | WATER CONTROL SYSTEMS                             |   |  |                                      |  |   |                                | *   |
| 1180F   | ROADS AND SITE IMPROVEMENTS                       |   |  |                                      |  |   |                                | *   |
| 1180G   | TURBINES AND GENERATORS                           |   |  |                                      |  |   |                                | *   |
| 1180H   | GOVERNORS AND EXCITATION SYSTEM                   |   |  |                                      |  |   |                                | *   |
| 1180P   | A/C ELECTRICAL POWER SYSTEMS                      |   |  |                                      |  |   |                                | *   |
| 1180Q   | INSTRUMENTATION, CONTROL AND D/C SYSTEMS          |   |  |                                      |  |   |                                | *   |
| 1180R   | AUXILIARY STATION PROCESSES                       |   |  |                                      |  |   |                                | *   |
| 1180X   | SUPPORT BUILDINGS                                 |   |  |                                      |  |   |                                | *   |
| 1180W   | SUPPORT BUILDING RENOVATIONS                      |   |  |                                      |  |   |                                | **  |
|         | <b>TOTAL WUSKWATIM</b>                            | <b>0</b>  | <b>0</b>                               | <b>0</b>                             | <b>0</b>   | <b>0.00</b>                                       |                                | <b>0</b>                                    |
| 11990   | INFRASTRUCTURE SUPPORTING GENERATION              |   |  |                                      |  |   |                                |   |
| 1199F   | PROVINCIAL ROADS                                  | 25,380,938  | 14,256,798                             | 13,691,986                           | 564,812  | 0.04  | 21.8                           | 25,909                                      |
| 1199V   | TOWN SITE BUILDINGS                               | 63,280,714  | 21,821,338                             | 18,850,678                           | 2,970,660  | 0.14  | 38.2                           | 77,786                                      |
| 1199W   | TOWN SITE BUILDINGS RENOVATIONS                   | 13,502,581  | 2,082,369                              | 809,439                              | 1,272,930  | 0.61  | 16.0                           | 79,558                                      |
| 1199Y   | TOWN SITE OTHER INFRASTRUCTURE                    | 26,527,464  | 6,785,574                              | 6,187,988                            | 597,586  | 0.09  | 30.3                           | 19,722                                      |
|         | <b>TOTAL INFRASTRUCTURE SUPPORTING GENERATION</b> | <b>126,691,696</b>                                  | <b>44,946,079</b>                      | <b>39,540,091</b>                    | <b>5,405,988</b>                                 | <b>0.12</b>                                       |                                | <b>202,955</b>                              |
|         | <b>TOTAL HYDRAULIC GENERATION</b>                 | <b>4,716,467,183</b>                                | <b>1,387,538,329</b>                   | <b>1,536,957,059</b>                 | <b>(149,418,730)</b>                             | <b>(0.11)</b>                                     |                                | <b>(3,303,866)</b>                          |

MANITOBA HYDRO

SCHEDULE 2. CALCULATED ACCRUED DEPRECIATION, BOOK ACCUMULATED DEPRECIATION AND DETERMINATION OF ANNUAL PROVISION FOR TRUE-UP FOR THE TWELVE MONTHS ENDED MARCH 31, 2010

| ACCOUNT                         | DESCRIPTION<br>(1)                       | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(2) | CALCULATED ACCRUED DEPRECIATION<br>(3) | BOOK ACCUMULATED DEPRECIATION<br>(4) | ACCUMULATED DEPRECIATION VARIANCE<br>(5) = (3)-(4) |                | PERCENT<br>(6) = (5)/(3) | PROBABLE REMAINING LIFE<br>(7) | ANNUAL PROVISION FOR TRUE-UP<br>(8)=(5)/(7) |
|---------------------------------|--|---|--|--------------------------------------|--|----------------|--------------------------|--------------------------------|---|
|                                 |  |   |  |                                      | AMOUNT   | PERCENT        |                          |                                |   |
| <b>12000</b>                    | <b>THERMAL GENERATION</b>                |   |  |                                      |  |                |                          |                                |   |
| 12050                           | BRANDON UNIT 5 (COAL)                    |   |  |                                      |  |                |                          |                                |   |
| 1205B                           | POWERHOUSE                               | 11,729,518  | 7,632,440                              | 7,309,729                            | 322,711  | 0.04           | 9.7                      | 33,269                         | **  |
| 1205C                           | POWERHOUSE RENOVATIONS                   | 4,012,331   | 2,328,563                              | 2,223,066                            | 105,497  | 0.05           | 9.7                      | 10,876                         | **  |
| 1205F                           | ROADS AND SITE IMPROVEMENTS              | 19,611,168  | 10,357,790                             | 9,929,941                            | 427,849  | 0.04           | 9.8                      | 43,658                         |   |
| 1205G                           | THERMAL TURBINES AND GENERATORS          | 2,343,861   | 1,203,338                              | 1,159,256                            | 44,082   | 0.04           | 9.9                      | 4,453                          |   |
| 1205H                           | GOVERNORS AND EXCITATION SYSTEM          | 14,827,183  | 9,606,334                              | 9,136,797                            | 469,537  | 0.05           | 9.7                      | 48,406                         | **  |
| 1205J                           | STEAM GENERATOR AND AUXILIARIES          | 8,009,703   | 5,163,840                              | 4,909,693                            | 254,147  | 0.05           | 9.5                      | 26,752                         | **  |
| 1205L                           | LICENCE RENEWAL                          | 26,389,775  | 18,364,654                             | 16,247,252                           | 2,117,402  | 0.12           | 6.5                      | 325,754                        |   |
| 1205P                           | A/C ELECTRICAL POWER SYSTEMS             | 47,306,417  | 28,484,735                             | 26,692,451                           | 1,792,284  | 0.06           | 9.2                      | 194,813                        |   |
| 1205Q                           | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 7,253,899   | 4,385,802                              | 4,205,706                            | 180,096  | 0.04           | 9.9                      | 18,192                         | **  |
| 1205R                           | AUXILIARY STATION PROCESSES              |   |  |                                      |  |                |                          |                                |   |
| 1205X                           | SUPPORT BUILDINGS                        |   |  |                                      |  |                |                          |                                |   |
| 1205W                           | SUPPORT BUILDING RENOVATIONS             |   |  |                                      |  |                |                          |                                |   |
|                                 | <b>TOTAL BRANDON UNIT 5 (COAL)</b>       | <b>141,483,855</b>                                  | <b>87,527,496</b>                      | <b>81,813,891</b>                    | <b>5,713,605</b>                                   | <b>0.07</b>    |                          | <b>706,173</b>                 |   |
| <b>12100</b>                    | <b>BRANDON UNITS 6 AND 7</b>             |   |  |                                      |  |                |                          |                                |   |
| 1210B                           | POWERHOUSE                               | 14,925,029  | 1,823,651                              | 2,280,114                            | (456,463)  | (0.25)         | 53.9                     | (8,469)                        | **  |
| 1210C                           | POWERHOUSE RENOVATIONS                   | 9,823,758   | 1,575,357                              | 1,952,163                            | (376,806)  | (0.24)         | 39.2                     | (9,612)                        | *   |
| 1210G                           | THERMAL TURBINES AND GENERATORS          | 143,284,091   | 44,692,977                             | 52,513,510                           | (7,820,533)  | (0.17)         | 15.9                     | (491,857)                      | **  |
| 1210H                           | GOVERNORS AND EXCITATION SYSTEM          |   |  |                                      |  |                |                          |                                | **  |
| 1210K                           | COMBUSTION TURBINE                       |   |  |                                      |  |                |                          |                                | **  |
| 1210M                           | LICENCE RENEWAL                          | 6,252,586   | 1,040,520                              | 1,200,472                            | (159,952)  | (0.15)         | 37.2                     | (4,300)                        | **  |
| 1210P                           | COMBUSTION TURBINE OVERHAULS             | 1,114,338   | 244,755                                | 258,878                              | (14,123)   | (0.06)         | 14.8                     | (954)                          |   |
| 1210Q                           | A/C ELECTRICAL POWER SYSTEMS             | 10,639,560  | 2,211,095                              | 2,379,753                            | (168,658)  | (0.08)         | 27.7                     | (6,089)                        |   |
| 1210R                           | INSTRUMENTATION, CONTROL AND D/C SYSTEMS |   |  |                                      |  |                |                          |                                |   |
|                                 | <b>TOTAL BRANDON UNITS 6 AND 7</b>       | <b>186,039,362</b>                                  | <b>51,588,355</b>                      | <b>60,584,890</b>                    | <b>(8,996,535)</b>                                 | <b>(0.17)</b>  |                          | <b>(521,281)</b>               |   |
| <b>12150</b>                    | <b>SELKIRK</b>                           |   |  |                                      |  |                |                          |                                |   |
| 1215B                           | POWERHOUSE                               | 6,808,812   | 4,128,965                              | 6,606,843                            | (2,477,878)  | (0.60)         | 15.4                     | (103,363)                      | **  |
| 1215C                           | POWERHOUSE RENOVATIONS                   | 1,630,443   | 707,589                                | 1,096,260                            | (388,671)  | (0.55)         | 32.4                     | (11,996)                       | **  |
| 1215F                           | ROADS AND SITE IMPROVEMENTS              | 22,750,003  | 8,478,353                              | 13,369,871                           | (4,891,518)  | (0.58)         | 37.1                     | (131,847)                      | **  |
| 1215G                           | THERMAL TURBINES AND GENERATORS          | 17,307  | 6,360                                  | 10,060                               | (3,690)  | (0.58)         | 30.1                     | (90,184)                       | **  |
| 1215H                           | GOVERNORS AND EXCITATION SYSTEM          | 48,630,259  | 10,023,062                             | 14,243,657                           | (4,220,595)  | (0.42)         | 46.8                     | (60,074)                       | **  |
| 1215J                           | STEAM GENERATOR AND AUXILIARIES          | 3,171,700   | 1,919,424                              | 3,013,273                            | (1,093,849)  | (0.57)         | 17.2                     | (66,725)                       | **  |
| 1215L                           | LICENCE RENEWAL                          | 5,257,468   | 2,814,592                              | 3,837,942                            | (1,023,350)  | (0.36)         | 11.8                     | (66,725)                       | **  |
| 1215P                           | A/C ELECTRICAL POWER SYSTEMS             | 13,791,022  | 6,369,464                              | 9,558,873                            | (3,189,409)  | (0.50)         | 24.2                     | (131,794)                      | **  |
| 1215Q                           | INSTRUMENTATION, CONTROL AND D/C SYSTEMS | 1,033,229   | 450,923                                | 691,355                              | (240,432)  | (0.53)         | 42.1                     | (5,711)                        | **  |
| 1215R                           | AUXILIARY STATION PROCESSES              |   |  |                                      |  |                |                          |                                | **  |
| 1215X                           | SUPPORT BUILDINGS                        |   |  |                                      |  |                |                          |                                | **  |
| 1215W                           | SUPPORT BUILDING RENOVATIONS             |   |  |                                      |  |                |                          |                                | **  |
|                                 | <b>TOTAL SELKIRK</b>                     | <b>103,090,244</b>                                  | <b>34,898,732</b>                      | <b>52,428,124</b>                    | <b>(17,529,392)</b>                                | <b>(0.50)</b>  |                          | <b>(621,693)</b>               |   |
| <b>TOTAL THERMAL GENERATION</b> |  | <b>430,613,460</b>                                  | <b>174,014,583</b>                     | <b>194,826,905</b>                   | <b>(20,812,322)</b>                                | <b>(0.12)</b>  |                          | <b>(436,801)</b>               |   |
| <b>TOTAL GENERATION</b>         |  | <b>5,147,080,643</b>                                | <b>1,561,552,912</b>                   | <b>1,731,783,964</b>                 | <b>(170,231,052)</b>                               | <b>(0.11)</b>  |                          | <b>(3,740,667)</b>             |   |
| <b>1300B</b>                    | <b>DIESEL GENERATION</b>                 |   |  |                                      |  |                |                          |                                |   |
| 1300C                           | BUILDINGS                                | 9,191,362   | 3,251,508                              | 4,906,932                            | (1,655,424)  | (50.91)        | 19.1                     | (86,671)                       | **  |
| 1300M                           | BUILDING RENOVATIONS                     | 17,685  | 4,497                                  | 7,587                                | (3,090)  | (68.71)        | 11.4                     | 0                              | **  |
| 1300N                           | ENGINES AND GENERATORS - OVERHAULS       | 18,152,912  | 6,799,275                              | 13,597,682                           | (6,798,407)  | (99.99)        | 16.3                     | (417,080)                      | **  |
| 1300Q                           | ENGINES AND GENERATORS                   | 13,457,225  | 6,246,425                              | 10,143,698                           | (3,897,273)  | (62.39)        | 12.0                     | (324,773)                      | **  |
| 1300T                           | ACCESSORY STATION EQUIPMENT              | 3,803,695   | 1,628,376                              | 2,410,356                            | (781,980)  | (48.02)        | 17.5                     | (44,685)                       | **  |
|                                 | <b>TOTAL DIESEL GENERATION</b>           | <b>44,622,878</b>                                   | <b>17,930,081</b>                      | <b>31,066,255</b>                    | <b>(13,136,174)</b>                                | <b>(73.26)</b> |                          | <b>(873,209)</b>               |   |

MANITOBA HYDRO

SCHEDULE 2. CALCULATED ACCRUED DEPRECIATION, BOOK ACCUMULATED DEPRECIATION AND DETERMINATION OF ANNUAL PROVISION FOR TRUE-UP FOR THE TWELVE MONTHS ENDED MARCH 31, 2010

| ACCOUNT | DESCRIPTION<br>(1)                           | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010<br>(2) | CALCULATED ACCRUED DEPRECIATION<br>(3) | BOOK ACCUMULATED DEPRECIATION<br>(4) | ACCUMULATED DEPRECIATION VARIANCE |                          | PROBABLE REMAINING LIFE<br>(7) | ANNUAL PROVISION FOR TRUE-UP<br>(8)=(5)/(7) |
|---------|--|---|--|--------------------------------------|-----------------------------------|--------------------------|--------------------------------|---|
|         |  |   |  |                                      | AMOUNT<br>(5) = (3)-(4)           | PERCENT<br>(6) = (5)/(3) |                                |   |
| 2000F   | TRANSMISSION                                 |   |  |                                      |                                   |                          |                                |   |
| 2000G   | ROADS, TRAILS AND BRIDGES                    | 4,045,718   | 1,118,735                              | 937,453                              | 181,282                           | 16.20                    | 28.5                           | 6,361                                       |
| 2000H   | METAL TOWERS AND CONCRETE POLES              | 340,022,220   | 90,153,172                             | 99,791,962                           | (9,638,790)                       | (10.69)                  | 59.8                           | (161,184)                                   |
| 2000J   | POLES AND FIXTURES                           | 104,983,312   | 31,662,039                             | 37,079,466                           | (5,417,427)                       | (17.11)                  | 36.6                           | (148,017)                                   |
| 2000K   | GROUND LINE TREATMENT                        | 1,410,002   | 406,685                                | 384,224                              | 22,461                            | 5.52                     | 7.1                            | (678,291)                                   |
| 2000L   | OVERHEAD CONDUCTOR AND DEVICES               | 304,577,152   | 101,223,234                            | 131,135,862                          | (29,912,628)                      | (29.55)                  | 44.1                           | (55)  |
| 2000M   | UNDERGROUND CABLE AND DEVICES                | 1,167,763   | 668,351                                | 669,421                              | (1,070)                           | (0.16)                   | 19.5                           | (981,166)                                   |
|         | <b>TOTAL TRANSMISSION</b>                    | <b>756,206,167</b>                                  | <b>225,232,216</b>                     | <b>269,998,388</b>                   | <b>(44,766,172)</b>               | <b>(19.88)</b>           |                                |   |
| 3000B   | SUBSTATIONS                                  |   |  |                                      |                                   |                          |                                |   |
| 3000C   | BUILDINGS                                    | 109,491,690   | 43,169,830                             | 48,643,362                           | (5,473,532)                       | (12.68)                  | 39.1                           | (139,988)                                   |
| 3000D   | BUILDING RENOVATIONS                         | 32,047  | 13,582                                 | 15,351                               | (1,769)                           | (13.03)                  | 11.5                           | (154)                                       |
| 3000E   | ROADS, STEEL STRUCTURES AND CIVIL SITE WORK  | 109,211,425   | 30,704,401                             | 36,248,752                           | (5,544,351)                       | (18.06)                  | 36.0                           | (154,010)                                   |
| 3000F   | POLES AND FIXTURES                           | 7,810,315   | 2,159,493                              | 2,630,995                            | (471,502)                         | (21.83)                  | 25.4                           | (18,563)                                    |
| 3100R   | POWER TRANSFORMERS                           | 287,449,387   | 81,301,746                             | 84,754,364                           | (3,452,618)                       | (4.25)                   | 31.1                           | (111,017)                                   |
| 3100S   | OTHER TRANSFORMERS                           | 72,153,356  | 28,485,678                             | 31,244,518                           | (2,758,840)                       | (9.69)                   | 20.2                           | (136,576)                                   |
| 3100T   | INTERRUPTING EQUIPMENT                       | 156,214,257   | 57,460,657                             | 62,510,255                           | (5,049,398)                       | (8.79)                   | 26.8                           | (188,410)                                   |
| 3100U   | OTHER STATION EQUIPMENT                      | 503,404,372   | 177,009,144                            | 190,927,472                          | (13,918,328)                      | (7.86)                   | 26.0                           | (535,320)                                   |
| 3100V   | ELECTRONIC EQUIPMENT AND BATTERIES           | 151,238,104   | 72,646,527                             | 79,225,503                           | (6,578,976)                       | (9.06)                   | 11.2                           | (587,409)                                   |
| 3200M   | SYNCHRONOUS CONDENSERS AND UNIT TRANSFORMERS | 111,737,981   | 39,137,448                             | 40,432,632                           | (1,295,184)                       | (3.31)                   | 38.9                           | (33,295)                                    |
| 3200N   | SYNCHRONOUS CONDENSER OVERHAULS              | 11,320,594  | 2,820,878                              | 2,861,617                            | (40,739)                          | (1.44)                   | 9.8                            | (4,157)                                     |
| 3200P   | HVDC CONVERTER EQUIPMENT                     | 214,981,687   | 114,636,506                            | 138,795,432                          | (24,158,926)                      | (21.07)                  | 14.4                           | (1,677,703)                                 |
| 3200Q   | HVDC SERIALIZED EQUIPMENT                    | 646,219,985   | 325,860,262                            | 367,310,621                          | (41,450,359)                      | (12.72)                  | 14.1                           | (2,939,742)                                 |
| 3200U   | HVDC ACCESSORY STATION EQUIPMENT             | 55,177,090  | 23,419,465                             | 29,083,976                           | (5,664,511)                       | (24.19)                  | 25.2                           | (224,782)                                   |
| 3200V   | HVDC ELECTRONIC EQUIPMENT AND BATTERIES      | 10,401,883  | 6,589,238                              | 7,206,990                            | (617,752)                         | (9.38)                   | 8.6                            | (71,832)                                    |
|         | <b>TOTAL SUBSTATIONS</b>                     | <b>2,446,844,172</b>                                | <b>1,005,415,055</b>                   | <b>1,121,891,841</b>                 | <b>(116,476,786)</b>              | <b>(11.58)</b>           |                                | <b>(6,822,958)</b>                          |
| 4000A   | DISTRIBUTION                                 |   |  |                                      |                                   |                          |                                |   |
| 4000C   | UNDERGROUND DUCT AND CONDUIT - CONCRETE      | 63,964,331  | 11,217,533                             | 12,951,513                           | (1,733,980)                       | (15.46)                  | 67.9                           | (25,537)                                    |
| 4000G   | UNDERGROUND DUCT - ROOF                      | 2,908,307   | 145,836                                | 153,212                              | (7,376)                           | (5.06)                   | 41.0                           | (180)                                       |
| 4000J   | METAL TOWERS                                 | 4,571,448   | 1,173,035                              | 2,355,833                            | (1,182,798)                       | (100.83)                 | 37.0                           | (31,968)                                    |
| 4000K   | POLES AND FIXTURES                           | 566,174,558   | 127,369,656                            | 264,136,310                          | (136,766,654)                     | (107.38)                 | 40.3                           | (3,393,713)                                 |
| 4000L   | GROUND LINE TREATMENT                        | 33,145,019  | 15,894,039                             | 16,746,756                           | (852,717)                         | (5.37)                   | 5.7                            | (6,370)                                     |
| 4000M   | OVERHEAD CONDUCTOR AND DEVICES               | 613,820,471   | 134,801,042                            | 245,433,977                          | (110,632,935)                     | (82.07)                  | 40.1                           | (2,758,926)                                 |
| 4000N   | UNDERGROUND CABLE AND DEVICES - 66 KV        | 19,523,432  | 2,161,937                              | 2,297,161                            | (135,224)                         | (6.25)                   | 55.0                           | (2,459)                                     |
| 4000O   | UNDERGROUND CABLE AND DEVICES - PRIMARY      | 255,063,759   | 51,410,314                             | 59,472,977                           | (8,062,663)                       | (15.68)                  | 46.0                           | (175,275)                                   |
| 4000P   | UNDERGROUND CABLE AND DEVICES - SECONDARY    | 193,755,072   | 48,230,397                             | 55,909,148                           | (7,678,751)                       | (15.92)                  | 33.1                           | (231,986)                                   |
| 4000Q   | SERIALIZED EQUIPMENT - OVERHEAD              | 175,924,348   | 60,006,665                             | 82,981,927                           | (22,975,262)                      | (38.29)                  | 23.9                           | (961,308)                                   |
| 4000R   | DSC - HIGH VOLTAGE TRANSFORMERS              | 5,415,940   | 509,552                                | 706,487                              | (196,935)                         | (38.65)                  | 34.8                           | (5,659)                                     |
| 4000S   | SERIALIZED EQUIPMENT - UNDERGROUND           | 174,049,772   | 43,083,841                             | 58,998,471                           | (15,914,630)                      | (36.94)                  | 29.3                           | (543,161)                                   |
| 4000W   | SERVICES                                     | 123,228,795   | 44,884,752                             | 59,460,620                           | (14,575,868)                      | (32.47)                  | 18.6                           | (783,649)                                   |
| 4000X   | STREET LIGHTING                              | 147,121,573   | 61,545,017                             | 72,708,967                           | (11,163,950)                      | (18.14)                  | 21.1                           | (529,097)                                   |
|         | <b>TOTAL DISTRIBUTION</b>                    | <b>2,378,666,825</b>                                | <b>602,433,616</b>                     | <b>934,313,358</b>                   | <b>(331,879,742)</b>              | <b>(55.09)</b>           |                                | <b>(9,442,919)</b>                          |
| 4900V   | METERS                                       |   |  |                                      |                                   |                          |                                |   |
| 4900Y   | METERS - ELECTRONIC                          | 16,111,185  | 5,320,309                              | 1,490,413                            | 3,829,896                         | 71.99                    | 11.1                           | 345,036                                     |
| 4900Z   | METERS - ANALOG                              | 22,469,156  | 16,861,536                             | 5,931,142                            | 10,930,394                        | 64.82                    | 4.4                            | 2,484,180                                   |
|         | METERING TRANSFORMERS                        | 8,984,899   | 3,313,305                              | 3,413,836                            | (100,531)                         | (3.03)                   | 22.6                           | (4,448)                                     |
|         | <b>TOTAL METERS</b>                          | <b>47,565,240</b>                                   | <b>25,495,150</b>                      | <b>10,835,391</b>                    | <b>14,659,759</b>                 | <b>57.50</b>             |                                | <b>2,824,768</b>                            |

MANITOBA HYDRO

SCHEDULE 2. CALCULATED ACCRUED DEPRECIATION, BOOK ACCUMULATED DEPRECIATION AND DETERMINATION OF ANNUAL PROVISION FOR TRUE-UP FOR THE TWELVE MONTHS ENDED MARCH 31, 2010

| ACCOUNT                                  | DESCRIPTION (1)                                | SURVIVING ORIGINAL COST AS OF MARCH 31, 2010 (2) | CALCULATED ACCRUED DEPRECIATION (3) | BOOK ACCUMULATED DEPRECIATION (4) | ACCUMULATED DEPRECIATION AMOUNT (5) = (3)-(4) | PERCENT (6) = (5)/(3) | PROBABLE REMAINING LIFE (7) | ANNUAL PROVISION FOR TRUE-UP (8)=(5)/(7) |
|--|--|--|-------------------------------------|-----------------------------------|---|-----------------------|-----------------------------|--|
| <b>COMMUNICATION</b>                     |  |  |                                     |                                   |   |                       |                             |  |
| 5000B                                    | BUILDINGS                                      | 4,154,458  | 699,804                             | 574,811                           | 124,993                                       | 17.86                 | 50.9                        | 2,456                                    |
| 5000C                                    | BUILDING RENOVATIONS                           | 2,741,652  | 887,750                             | 773,028                           | 114,722                                       | 12.92                 | 12.7                        | 9,033 **                                 |
| 5000D                                    | BUILDING - SYSTEM CONTROL CENTRE               | 15,857,686                                       | 2,970,157                           | 2,435,337                         | 534,820                                       | 18.01                 | 49.9                        | 10,718                                   |
| 5000G                                    | COMMUNICATION TOWERS                           | 8,733,929  | 1,827,718                           | 1,324,964                         | 502,754                                       | 27.51                 | 40.4                        | 12,444                                   |
| 5000H                                    | FIBRE OPTIC AND METALLIC CABLE                 | 117,999,925                                      | 25,692,882                          | 15,180,344                        | 10,512,538                                    | 40.92                 | 22.0                        | 477,843                                  |
| 5000J                                    | CARRIER EQUIPMENT                              | 119,230,804                                      | 53,498,641                          | 37,005,633                        | 16,493,008                                    | 30.83                 | 7.4                         | 2,228,785                                |
| 5000K                                    | OPERATIONAL IT EQUIPMENT                       | 2,197,495  | 1,401,781                           | 1,220,632                         | 181,149                                       | 12.92                 | 2.5                         | 72,460 **                                |
| 5000M                                    | MOBILE RADIO, TELEPHONE AND VIDEO CONFERENCING | 22,085,412                                       | 15,627,104                          | 13,607,649                        | 2,019,456                                     | 12.82                 | 5.1                         | 395,972 **                               |
| 5000N                                    | OPERATIONAL DATA NETWORK                       | 8,530,264  | 2,447,746                           | 2,131,429                         | 316,317                                       | 12.92                 | 5.4                         | 58,577 **                                |
| 5000R                                    | POWER SYSTEM CONTROL                           | 7,738,280  | 5,228,135                           | 4,187,570                         | 1,040,565                                     | 19.90                 | 4.1                         | 253,796                                  |
|  | <b>TOTAL COMMUNICATION</b>                     | <b>309,269,905</b>                               | <b>110,281,718</b>                  | <b>78,441,398</b>                 | <b>31,840,320</b>                             | <b>28.87</b>          |                             | <b>3,522,083</b>                         |
| <b>MOTOR VEHICLES</b>                    |  |  |                                     |                                   |   |                       |                             |  |
| 6000E                                    | PASSENGER VEHICLES                             | 1,304,413  | 524,561                             | 278,987                           | 245,574                                       | 46.82                 | 4.0                         | 61,394                                   |
| 6000F                                    | LIGHT TRUCKS                                   | 52,299,249                                       | 23,436,917                          | 22,656,047                        | 780,870                                       | 3.33                  | 4.7                         | 166,143                                  |
| 6000G                                    | HEAVY TRUCKS                                   | 61,004,014                                       | 25,444,402                          | 21,612,533                        | 3,831,869                                     | 15.06                 | 7.4                         | 517,820                                  |
| 6000H                                    | CONSTRUCTION EQUIPMENT                         | 17,016,205                                       | 6,026,089                           | 5,037,993                         | 988,096                                       | 16.40                 | 7.5                         | 131,746                                  |
| 6000I                                    | LARGE SOFT-TRACK EQUIPMENT                     | 13,146,265                                       | 4,170,185                           | 2,827,041                         | 1,343,144                                     | 32.21                 | 11.5                        | 116,795                                  |
| 6000J                                    | TRAILERS                                       | 15,996,331                                       | 3,513,147                           | 4,034,578                         | (521,431)                                     | (14.84)               | 23.7                        | (22,001)                                 |
| 6000K                                    | MISCELLANEOUS VEHICLES                         | 5,724,654  | 2,531,307                           | 2,945,366                         | (414,059)                                     | (16.36)               | 5.1                         | (81,188)                                 |
|  | <b>TOTAL MOTOR VEHICLES</b>                    | <b>166,491,131</b>                               | <b>65,646,608</b>                   | <b>59,392,546</b>                 | <b>6,254,062</b>                              | <b>9.53</b>           |                             | <b>890,708</b>                           |
| <b>BUILDINGS</b>                         |  |  |                                     |                                   |   |                       |                             |  |
| 8000B                                    | BUILDINGS - GENERAL                            | 88,797,107                                       | 25,336,746                          | 26,367,552                        | (1,030,806)                                   | (4.07)                | 44.7                        | (23,061)                                 |
| 8000C                                    | BUILDING RENOVATIONS                           | 46,779,508                                       | 17,543,869                          | 8,199,943                         | 9,343,926                                     | 53.26                 | 11.1                        | 841,796 **                               |
| 8000D                                    | BUILDING - 360 PORTAGE - CIVIL                 | 207,292,785                                      | 3,134,499                           | 3,297,099                         | (162,600)                                     | (6.19)                | 92.8                        | (1,752)                                  |
| 8000E                                    | BUILDING - 360 PORTAGE - ELECTROMECHANICAL     | 65,888,581                                       | 2,864,820                           | 2,097,639                         | 767,181                                       | 26.78                 | 31.2                        | 24,589                                   |
|  | <b>TOTAL BUILDINGS</b>                         | <b>408,757,981</b>                               | <b>48,879,934</b>                   | <b>39,962,233</b>                 | <b>8,917,701</b>                              | <b>18.24</b>          |                             | <b>841,572</b>                           |
| <b>GENERAL EQUIPMENT</b>                 |  |  |                                     |                                   |   |                       |                             |  |
| 9000H                                    | TOOLS, SHOP AND GARAGE EQUIPMENT               | 78,461,837                                       | 32,266,768                          | 25,609,471                        | 6,657,297                                     | 20.63                 | 7.9                         | 842,696 **                               |
| 9000K                                    | COMPUTER EQUIPMENT                             | 48,379,758                                       | 21,246,665                          | 10,308,698                        | 10,937,967                                    | 51.48                 | 2.5                         | 4,375,187 **                             |
| 9000L                                    | OFFICE FURNITURE AND EQUIPMENT                 | 21,726,896                                       | 4,008,883                           | 4,689,826                         | (680,943)                                     | (16.99)               | 16.6                        | (41,021) **                              |
| 9000M                                    | HOT WATER TANKS                                | 4,511,783  | 3,821,910                           | 2,226,719                         | 1,595,191                                     | 41.74                 | 2.1                         | 759,615 **                               |
|  | <b>TOTAL GENERAL EQUIPMENT</b>                 | <b>153,080,275</b>                               | <b>61,344,226</b>                   | <b>42,834,715</b>                 | <b>18,509,511</b>                             | <b>30.17</b>          |                             | <b>5,936,477</b>                         |
| <b>EASEMENTS</b>                         |  |  |                                     |                                   |   |                       |                             |  |
| A100A                                    | EASEMENTS                                      | 50,612,345                                       | 10,261,639                          | 9,974,853                         | 286,786                                       | 2.79                  | 52.5                        | 5,463                                    |
|  | <b>TOTAL EASEMENTS</b>                         | <b>50,612,345</b>                                | <b>10,261,639</b>                   | <b>9,974,853</b>                  | <b>286,786</b>                                | <b>2.79</b>           |                             | <b>5,463</b>                             |
| <b>COMPUTER SOFTWARE AND DEVELOPMENT</b> |  |  |                                     |                                   |   |                       |                             |  |
| A200G                                    | COMPUTER DEVELOPMENT - MAJOR SYSTEMS           | 100,980,015                                      | 51,486,494                          | 49,927,029                        | 1,559,465                                     | 3.03                  | 4.8                         | 324,889 **                               |
| A200H                                    | COMPUTER DEVELOPMENT - SMALL SYSTEMS           | 42,827,602                                       | 20,884,256                          | 22,172,434                        | (1,288,178)                                   | (6.17)                | 5.8                         | (16,707) **                              |
| A200J                                    | COMPUTER SOFTWARE - GENERAL                    | 5,076,404  | 1,864,607                           | 1,979,619                         | (115,012)                                     | (6.17)                | 3.5                         | (16,707) **                              |
| A200K                                    | COMPUTER SOFTWARE - COMMUNICATION/OPERATIONAL  | 3,639,540  | 2,483,317                           | 2,059,432                         | 423,885                                       | 17.07                 | 2.9                         | 146,167 **                               |
| A200L                                    | OPERATIONAL SYSTEM MAJOR SOFTWARE - EMS/SCADA  | 6,016,817  | 4,636,876                           | 3,655,008                         | 981,868                                       | 21.18                 | 1.7                         | 577,570                                  |
|  | <b>TOTAL COMPUTER SOFTWARE AND DEVELOPMENT</b> | <b>158,540,376</b>                               | <b>81,355,550</b>                   | <b>79,793,523</b>                 | <b>1,562,027</b>                              | <b>1.92</b>           |                             | <b>1,048,625</b>                         |
|  | <b>TOTAL DEPRECIABLE ASSETS</b>                | <b>12,067,737,939</b>                            | <b>3,815,928,705</b>                | <b>4,410,288,464</b>              | <b>(594,459,759)</b>                          | <b>(15.58)</b>        |                             | <b>(6,791,243)</b>                       |

\* The account has no balance as of March 31, 2010 and rate will be used on a go-forward basis for future additions.

\*\* On amortized account any true-up of less than 10% is not considered significant.

\*\*\* True-up was deemed as not significant or has been limited to the annual depreciation expenses.