

**PUB/MH I-27 (Revised Based on IFF12)**

**Reference: Tab 4 Page 2 of 9 , Appendix 4.1 Economic Outlook, Attachment 4 2012 economic outlook**

- b) Please indicate whether the Corporation has done any analysis on the impact of changed assumptions, if so please file.**

**ANSWER:**

Please see IFF12 which include the impacts of the revised assumptions in EO12.

**PUB/MH I-27 (Revised Based on IFF12)**

**Reference: Tab 4 Page 2 of 9 , Appendix 4.1 Economic Outlook, Attachment 4 2012 economic outlook**

- c) **If not, please refile IFF11-2 updated based on the changed major assumptions in EO12.**

**ANSWER:**

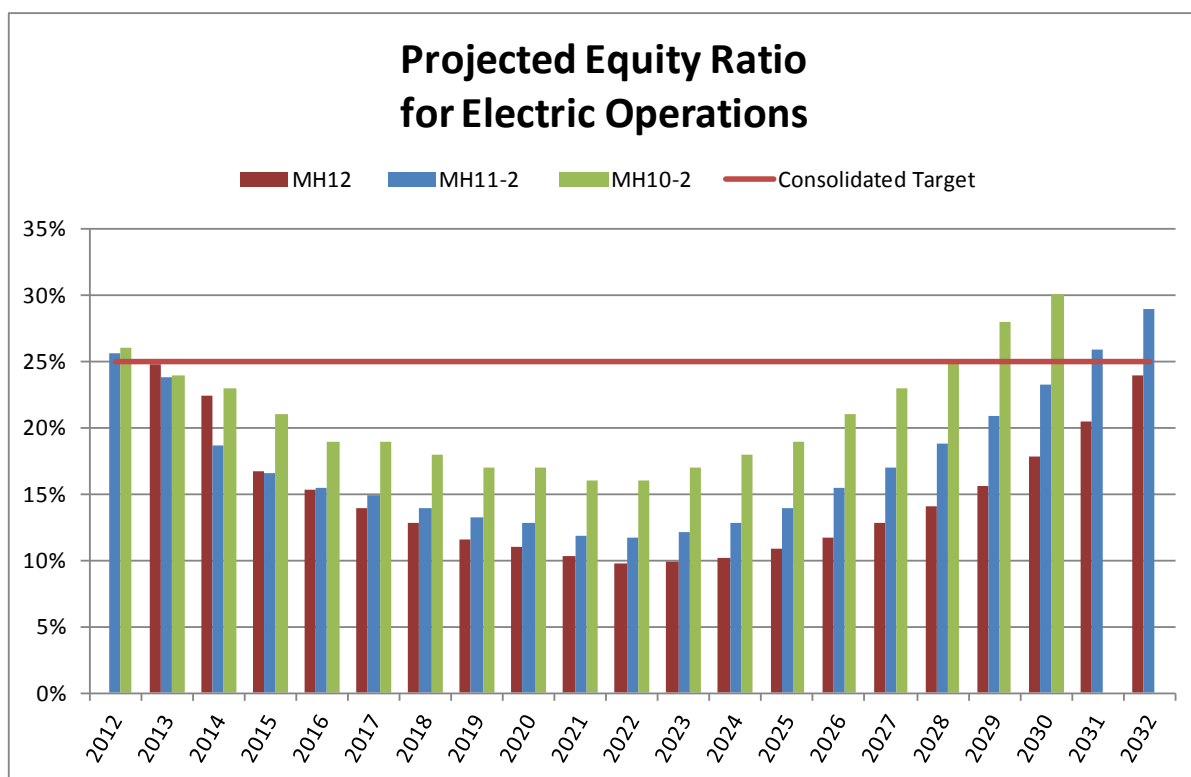
Please see part b of this response.

**PUB/MH II-39 (Revised Based on IFF12)****Reference: PUB/MH I-30 (a) (c) Financial Targets****a) Please update the response to (a) to include IFF12****ANSWER:****Equity Ratio**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
MH12	-	25%	22%	17%	15%	14%	13%	12%	11%	10%	10%
MH11-2	26%	24%	19%	17%	15%	15%	14%	13%	13%	12%	12%
MH10-2	26%	24%	23%	21%	19%	19%	18%	17%	17%	16%	16%
Consolidated Target	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
MH12	10%	10%	11%	12%	13%	14%	16%	18%	20%	24%
MH11-2	12%	13%	14%	15%	17%	19%	21%	23%	26%	29%
MH10-2	17%	18%	19%	21%	23%	25%	28%	30%	-	-
Consolidated Target	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%

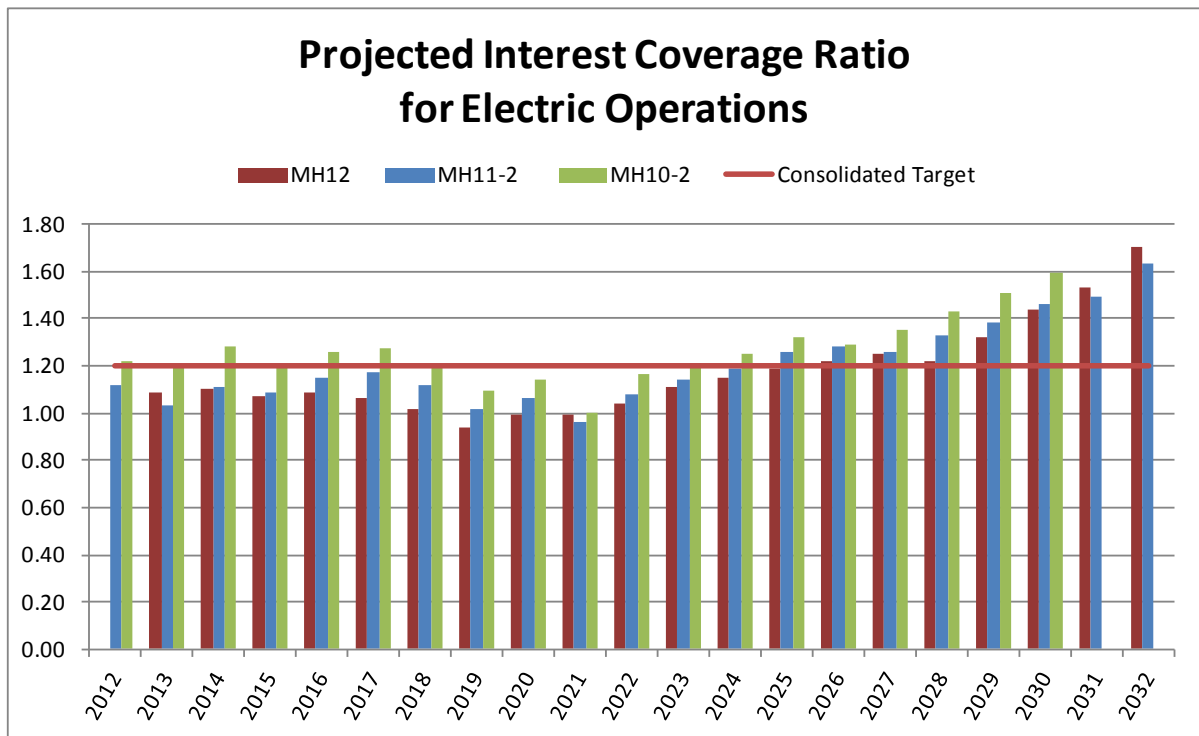


**Interest Coverage Ratio**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
MH12	-	1.09	1.10	1.07	1.09	1.06	1.02	0.94	0.99	0.99	1.04
MH11-2	1.12	1.03	1.11	1.09	1.15	1.17	1.12	1.02	1.06	0.96	1.08
MH10-2	1.22	1.20	1.28	1.19	1.26	1.28	1.20	1.09	1.14	1.00	1.16
Consolidated Target	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
MH12	1.11	1.15	1.19	1.22	1.25	1.22	1.32	1.44	1.53	1.70
MH11-2	1.14	1.19	1.26	1.28	1.26	1.33	1.38	1.46	1.49	1.63
MH10-2	1.22	1.25	1.32	1.29	1.35	1.43	1.51	1.59	-	-
Consolidated Target	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20

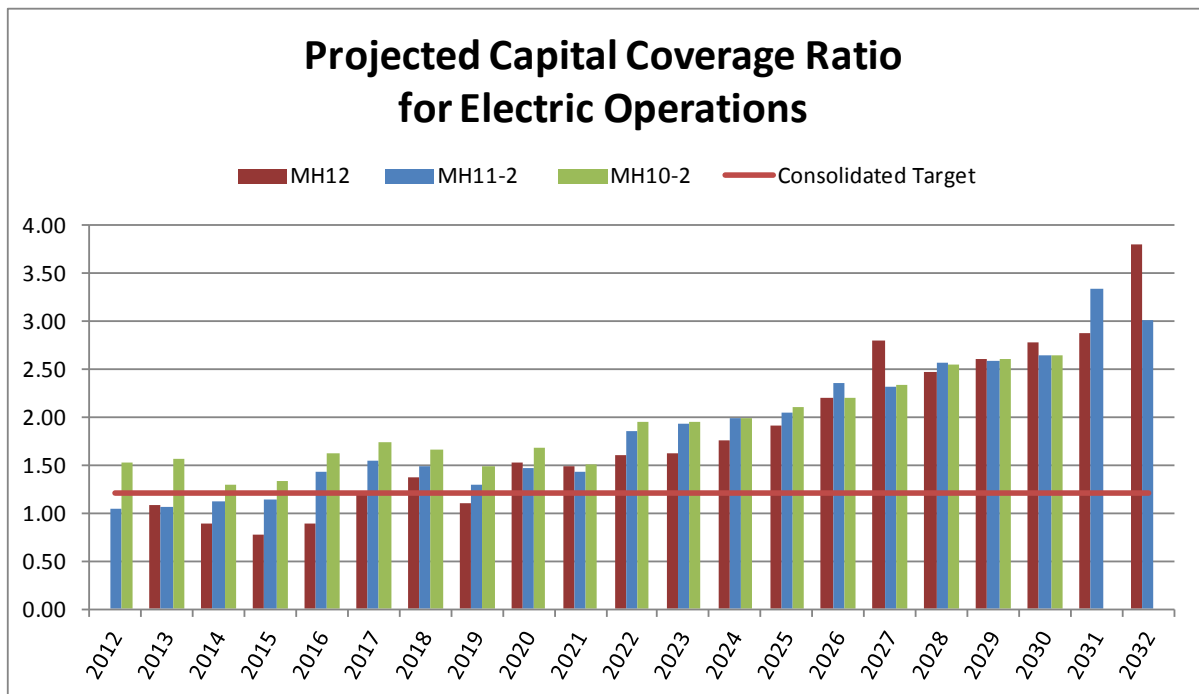


**Capital Coverage Ratio**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
MH12	-	1.09	0.89	0.77	0.90	1.21	1.37	1.11	1.53	1.49	1.61
MH11-2	1.04	1.07	1.13	1.15	1.43	1.54	1.48	1.29	1.46	1.43	1.86
MH10-2	1.52	1.56	1.29	1.33	1.62	1.74	1.66	1.49	1.68	1.51	1.95
Consolidated Target	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
MH12	1.63	1.75	1.91	2.21	2.80	2.47	2.60	2.77	2.88	3.80
MH11-2	1.93	1.99	2.04	2.36	2.32	2.57	2.59	2.65	3.34	3.00
MH10-2	1.95	1.99	2.10	2.20	2.34	2.56	2.60	2.65	-	-
Consolidated Target	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20



**PUB/MH II-41 (Revised Based on IFF12)**

**Reference: PUB/MH I-30 (b) Financial Target Comparisons**

**Please file an update to the response including IFF12**

**ANSWER:**

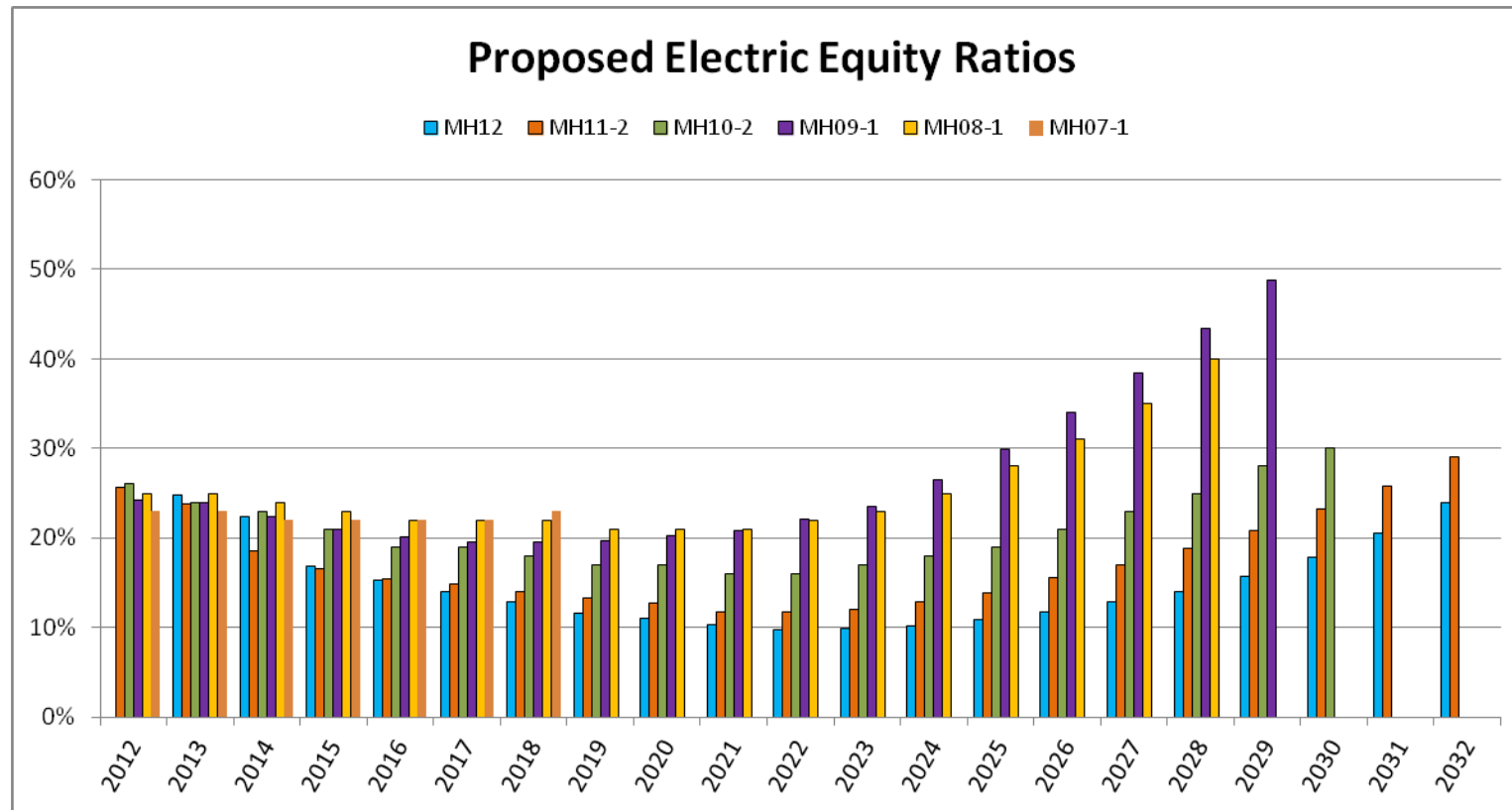
Please see the attached graphs and tables. Please note a 20 year outlook was not prepared in conjunction with IFF07.

# 2012/13 & 2013/14 Electric General Rate Application

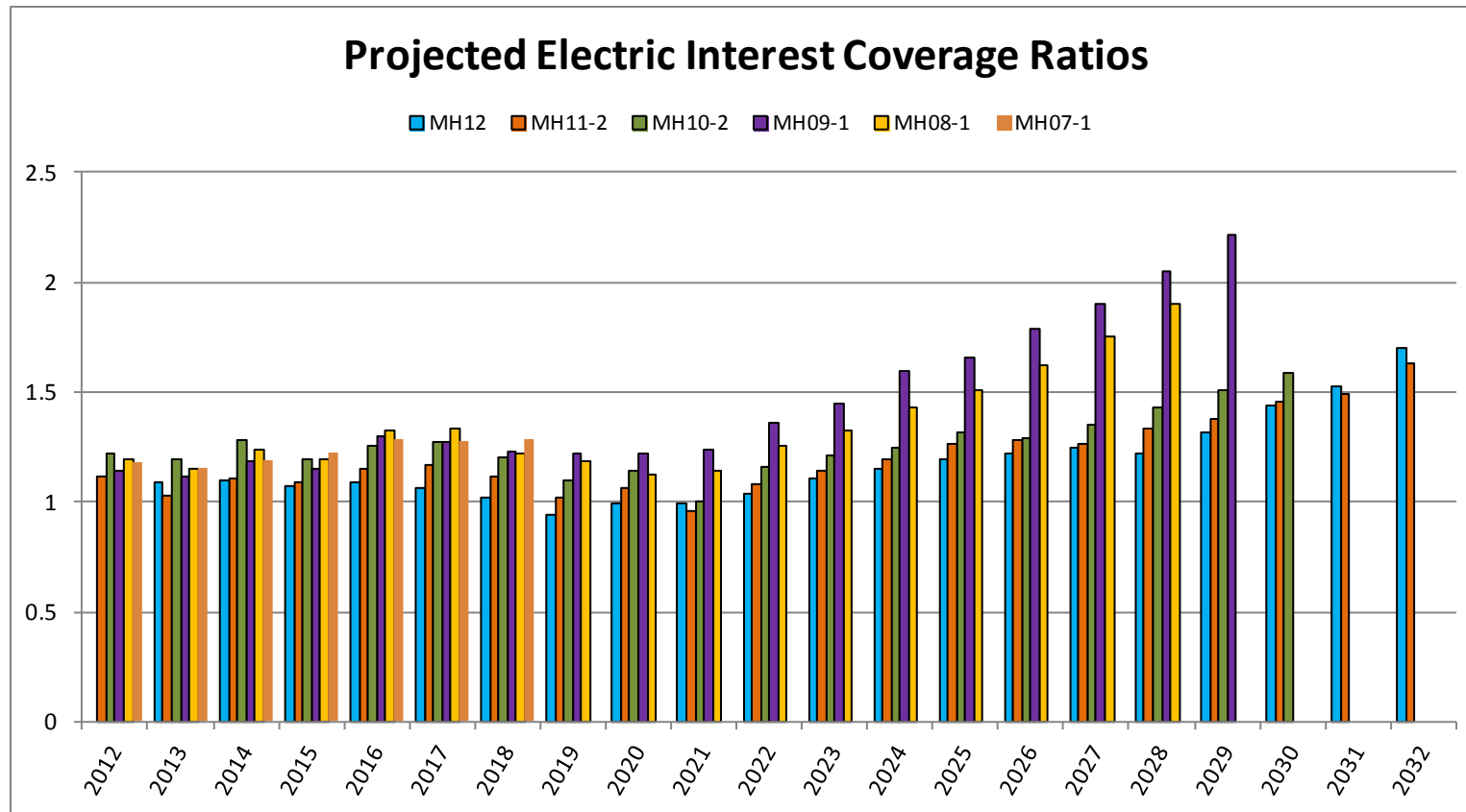
## Projected Electric Financial Ratios

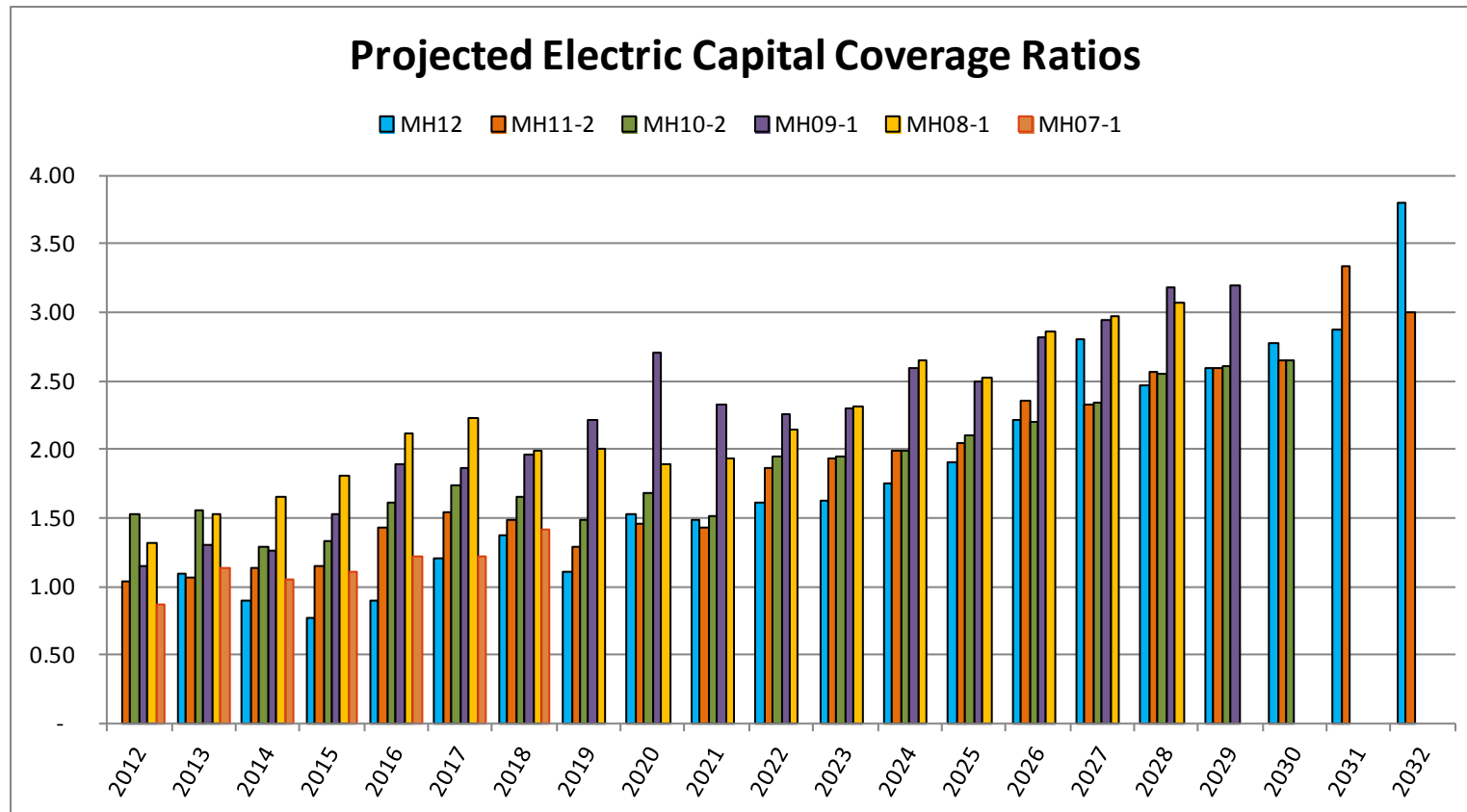
	MH12			MH11-2			MH10-2		
	Equity Ratio	Interest	Capital	Equity Ratio	Interest	Capital	Equity Ratio	Interest	Capital
		Coverage	Coverage		Coverage	Coverage		Coverage	Coverage
		Ratio	Ratio		Ratio	Ratio		Ratio	Ratio
2013	25%	1.09	1.09	24%	1.03	1.07	24%	1.20	1.56
2014	22%	1.10	0.89	19%	1.11	1.13	23%	1.28	1.29
2015	17%	1.07	0.77	17%	1.09	1.15	21%	1.19	1.33
2016	15%	1.09	0.90	15%	1.15	1.43	19%	1.26	1.62
2017	14%	1.06	1.21	15%	1.17	1.54	19%	1.28	1.74
2018	13%	1.02	1.37	14%	1.12	1.48	18%	1.20	1.66
2019	12%	0.94	1.11	13%	1.02	1.29	17%	1.09	1.49
2020	11%	0.99	1.53	13%	1.06	1.46	17%	1.14	1.68
2021	10%	0.99	1.49	12%	0.96	1.43	16%	1.00	1.51
2022	10%	1.04	1.61	12%	1.08	1.86	16%	1.16	1.95
2023	10%	1.11	1.63	12%	1.14	1.93	17%	1.22	1.95
2024	10%	1.15	1.75	13%	1.19	1.99	18%	1.25	1.99
2025	11%	1.19	1.91	14%	1.26	2.04	19%	1.32	2.10
2026	12%	1.22	2.21	15%	1.28	2.36	21%	1.29	2.20
2027	13%	1.25	2.80	17%	1.26	2.32	23%	1.35	2.34
2028	14%	1.22	2.47	19%	1.33	2.57	25%	1.43	2.56
2029	16%	1.32	2.60	21%	1.38	2.59	28%	1.51	2.60
2030	18%	1.44	2.77	23%	1.46	2.65	30%	1.59	2.65
2031	20%	1.53	2.88	26%	1.49	3.34	NA	NA	NA
2032	24%	1.70	3.80	29%	1.63	3.00	NA	NA	NA

	MH09-1			MH08-1			MH07-1		
	Equity Ratio	Interest	Capital	Equity Ratio	Interest	Capital	Equity Ratio	Interest	Capital
		Coverage	Coverage		Coverage	Coverage		Coverage	Coverage
		Ratio	Ratio		Ratio	Ratio		Ratio	Ratio
2013	24%	1.11	1.31	25%	1.15	1.52	23%	1.15	1.13
2014	22%	1.19	1.25	24%	1.24	1.66	22%	1.19	1.06
2015	21%	1.15	1.53	23%	1.20	1.80	22%	1.22	1.10
2016	20%	1.30	1.89	22%	1.33	2.12	22%	1.29	1.22
2017	20%	1.28	1.87	22%	1.33	2.23	22%	1.28	1.22
2018	20%	1.23	1.96	22%	1.22	1.99	23%	1.28	1.41
2019	20%	1.22	2.21	21%	1.18	2.01	NA	NA	NA
2020	20%	1.22	2.71	21%	1.12	1.89	NA	NA	NA
2021	21%	1.24	2.32	21%	1.14	1.93	NA	NA	NA
2022	22%	1.36	2.26	22%	1.26	2.14	NA	NA	NA
2023	24%	1.45	2.30	23%	1.32	2.32	NA	NA	NA
2024	26%	1.59	2.59	25%	1.43	2.65	NA	NA	NA
2025	30%	1.66	2.50	28%	1.51	2.53	NA	NA	NA
2026	34%	1.79	2.81	31%	1.62	2.86	NA	NA	NA
2027	38%	1.90	2.95	35%	1.75	2.97	NA	NA	NA
2028	43%	2.05	3.19	40%	1.90	3.07	NA	NA	NA
2029	49%	2.22	3.19	NA	NA	NA	NA	NA	NA
2030	NA	NA	NA	NA	NA	NA	NA	NA	NA
2031	NA	NA	NA	NA	NA	NA	NA	NA	NA
2032	NA	NA	NA	NA	NA	NA	NA	NA	NA









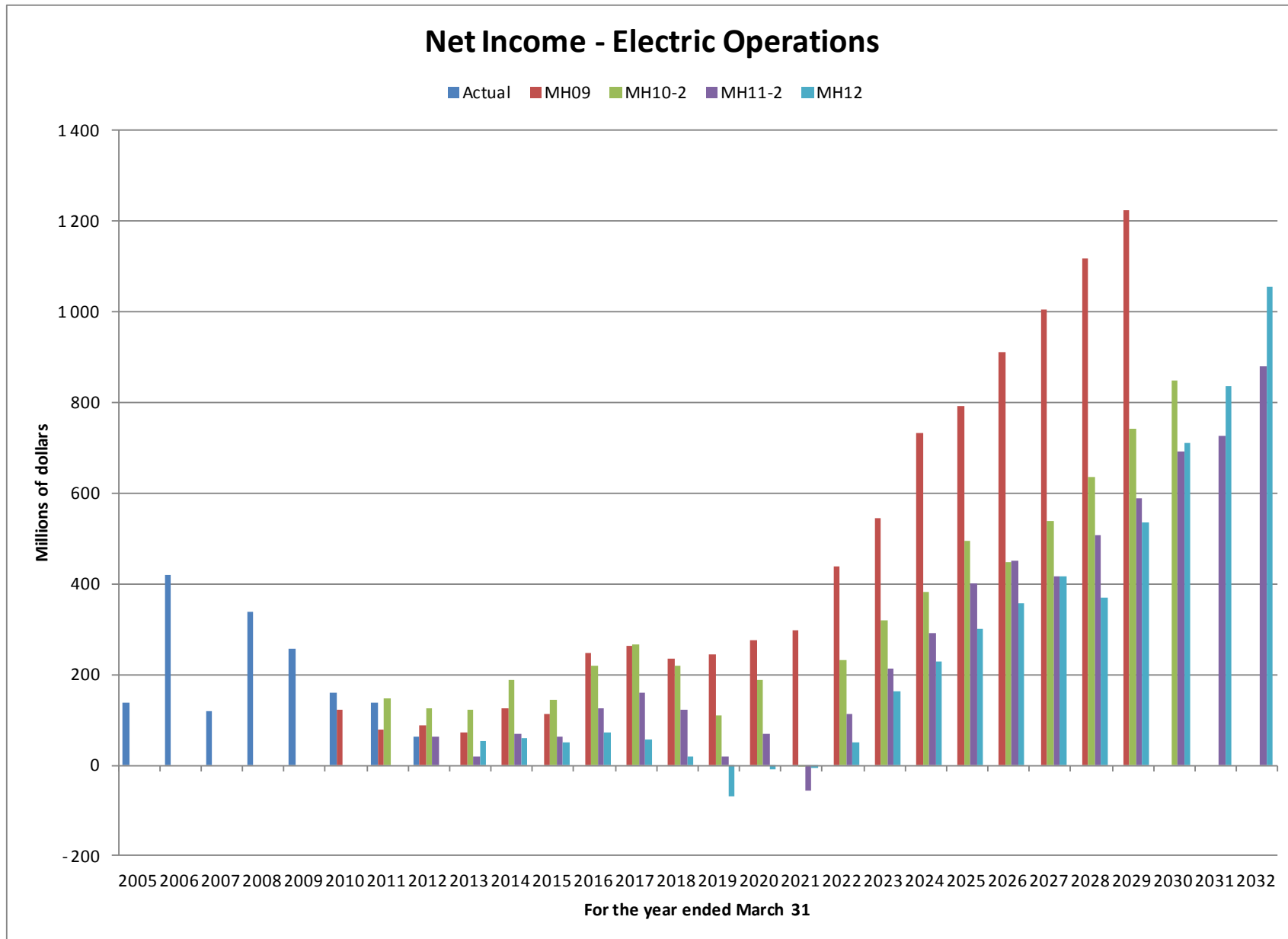
**PUB/MH II-46 (Revised Based on IFF12)**

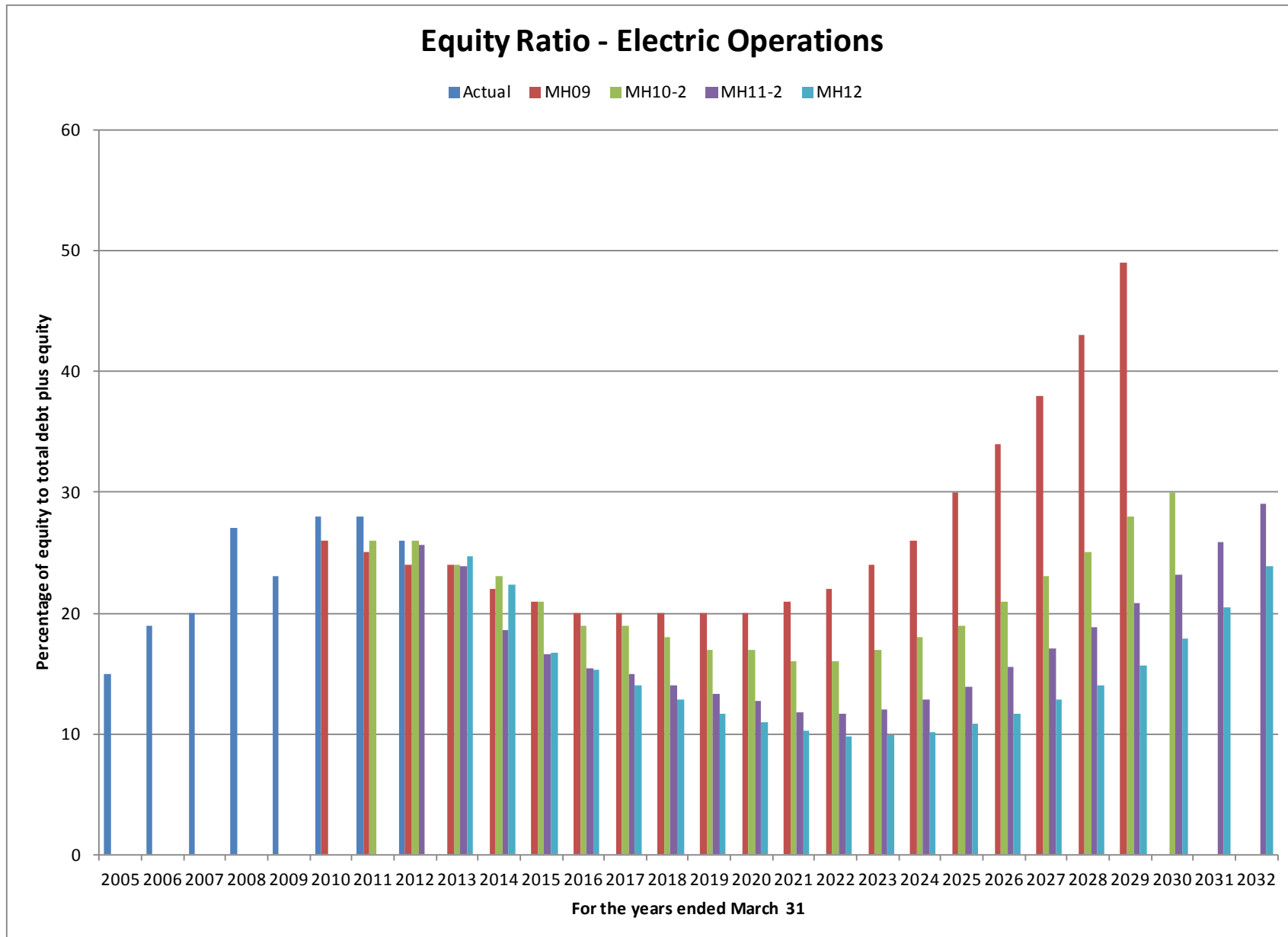
**Reference: PUB/MH I-35 (b)**

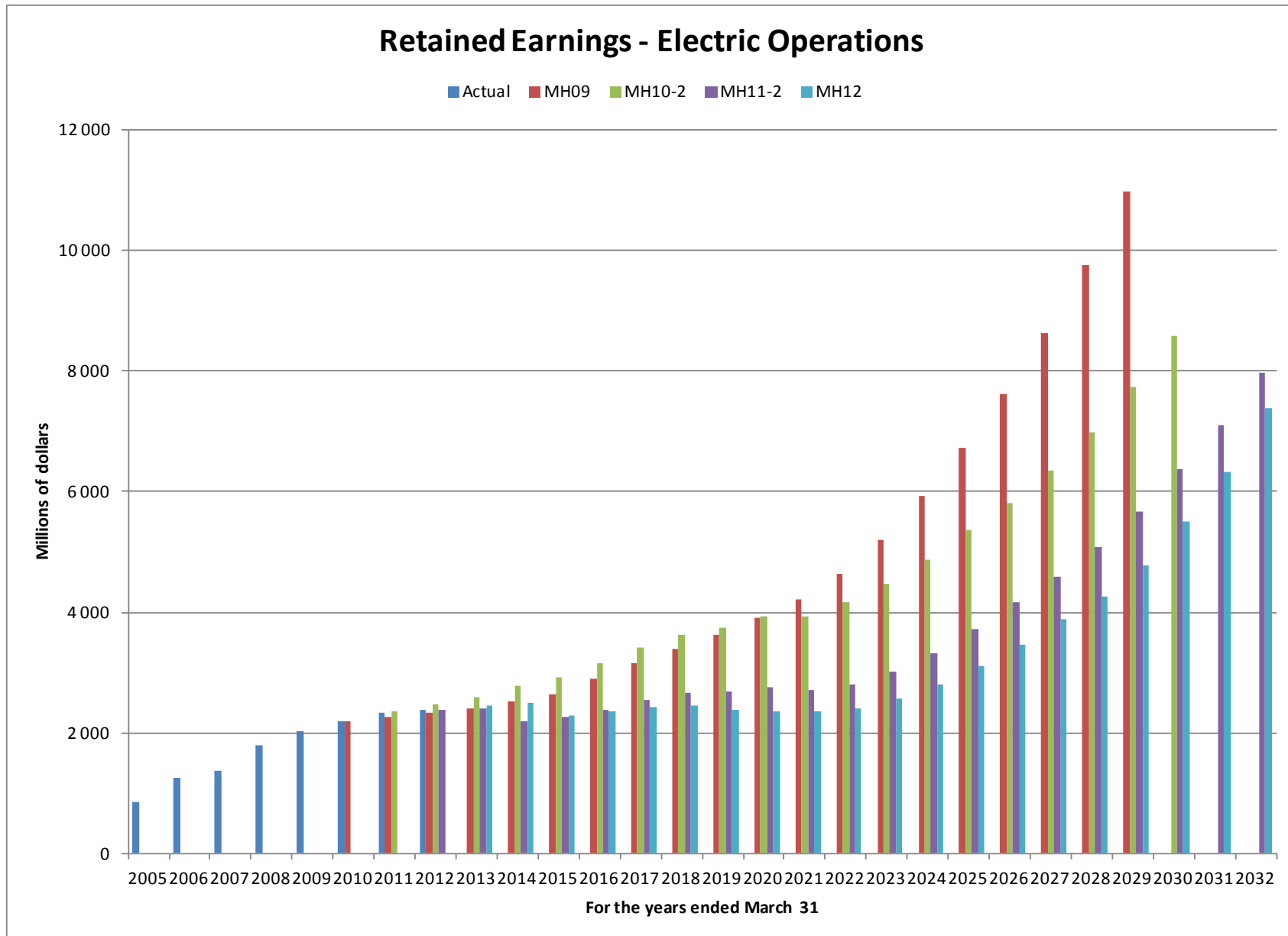
**a) Please provide an update of the charts provided including IFF12.**

**ANSWER:**

Please see attached charts and data points.







2012/13 & 2013/14 Electric General Rate Application

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Net Income - Electric Operations</u> <u>(\$Millions)</u>					<u>Equity Ratio - Electric Operations</u> <u>(Percentage equity to total debt plus equity)</u>					<u>Retained Earnings - Electric Operations</u> <u>(\$Millions)</u>				
	<u>Actual</u>	<u>MH09</u>	<u>MH10-2</u>	<u>MH11-2</u>	<u>MH12</u>	<u>Actual</u>	<u>MH09</u>	<u>MH10-2</u>	<u>MH11-2</u>	<u>MH12</u>	<u>Actual</u>	<u>MH09</u>	<u>MH10-2</u>	<u>MH11-2</u>	<u>MH12</u>
2005	137					15					845				
2006	420					19					1 262				
2007	119					20					1 378				
2008	337					27					1 784				
2009	258					23					2 028				
2010	160	121				28	26				2 190	2 183			
2011	138	78	149			28	25	26			2 328	2 261	2 355		
2012	62	87	125	64		26	24	26	26		2 390	2 331	2 480	2 391	
2013		72	121	20	53		24	24	24	25		2 403	2 598	2 411	2442
2014		125	187	68	60		22	23	19	22		2 528	2 784	2 203	2502
2015		113	145	62	50		21	21	17	17		2 641	2 930	2 265	2295
2016		248	219	124	73		20	19	15	15		2 889	3 148	2 389	2368
2017		263	267	159	57		20	19	15	14		3 153	3 415	2 548	2425
2018		235	218	121	19		20	18	14	13		3 388	3 634	2 669	2444
2019		244	111	18	(68)		20	17	13	12		3 632	3 744	2 687	2376
2020		276	187	70	(9)		20	17	13	11		3 908	3 931	2 757	2368
2021		299	(1)	(57)	(7)		21	16	12	10		4 207	3 930	2 700	2361
2022		439	233	113	52		22	16	12	10		4 645	4 163	2 814	2413
2023		544	319	213	163		24	17	12	10		5 190	4 482	3 026	2576
2024		732	382	291	228		26	18	13	10		5 922	4 864	3 317	2804
2025		791	493	402	301		30	19	14	11		6 713	5 357	3 719	3105
2026		911	449	450	358		34	21	15	12		7 623	5 806	4 170	3463
2027		1 005	538	415	418		38	23	17	13		8 629	6 344	4 584	3881
2028		1 116	637	507	370		43	25	19	14		9 745	6 981	5 092	4251
2029		1 224	741	588	534		49	28	21	16		10 969	7 722	5 679	4785
2030			848	691	710			30	23	18			8 570	6 370	5495
2031				726	835				26	20				7 096	6330
2032				878	1 054				29	24				7 974	7384

**PUB/MH II-46 (Revised Based on IFF12)**

**Reference: PUB/MH I-35 (b)**

**b) Please provide table's detailing the data points in the charts.**

**ANSWER:**

Please see PUB/MH II-46 (a)-IFF12.



**PUB/MH II-55 (Revised Based on IFF12)**

**Reference: PUB/MH I-52 (b)**

**Please refile the analysis as requested based on IFF12 , reflecting the deferral of IFRS until 2014/15.**

**ANSWER:**

Please see the following table for the requested information.

# 2012/13 & 2013/14 Electric General Rate Application

## MANITOBA HYDRO STATEMENT OF INCOME

Schedule 5.1.0  
(000's)

	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual	Compounded Annual Growth (2007/08 to 2011/12)
Revenue						
General Consumers *	1,074,581	1,126,812	1,144,891	1,200,381	1,191,117	2.6
Extraprovincial	624,971	622,646	426,641	398,306	363,044	-12.7
Other	7,580	15,870	6,226	6,438	5,618	-7.2
Total Revenue	<u>\$ 1,707,132</u>	<u>\$ 1,765,328</u>	<u>\$ 1,577,758</u>	<u>\$ 1,605,126</u>	<u>\$ 1,559,779</u>	-2.2
Expenses						
Operating, Maintenance and Administrative	322,697	364,287	377,551	396,946	403,304	5.7
Finance Expense	400,796	433,065	373,267	388,043	385,044	-1.0
Depreciation and Amortization	323,573	340,314	358,179	364,727	353,376	2.2
Water Rentals and Assessments	123,767	123,000	121,033	120,163	119,300	-0.9
Fuel and Power Purchased	134,887	176,383	103,973	106,169	145,632	1.9
Capital and Other Taxes	57,152	63,808	75,819	81,322	82,888	9.7
Corporate Allocation	7,576	7,554	8,035	8,892	8,880	4.0
Total Expenses	<u>1,370,449</u>	<u>1,508,410</u>	<u>1,417,857</u>	<u>1,466,262</u>	<u>1,498,423</u>	2.3
Non-controlling Interest**	-	-	-	-	-	
Net Income	<u>\$ 336,683</u>	<u>\$ 256,918</u>	<u>\$ 159,901</u>	<u>\$ 138,863</u>	<u>\$ 61,356</u>	-34.7
	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Forecast	2013/14 Forecast	Compounded Annual Growth (2009/10 to 2013/14)
Revenue						
General Consumers *	1,144,891	1,200,381	1,191,117	1,330,902	1,408,519	5.3
Extraprovincial	426,641	398,306	363,044	356,982	344,484	-5.2
Other	6,226	6,438	5,618	14,426	14,638	23.8
Total Revenue	<u>\$ 1,577,758</u>	<u>\$ 1,605,126</u>	<u>\$ 1,559,779</u>	<u>\$ 1,702,311</u>	<u>\$ 1,767,640</u>	2.9
Expenses						
Operating, Maintenance and Administrative	377,551	396,946	403,304	455,309	470,654	5.7
Finance Expense	373,267	388,043	385,044	452,316	444,256	4.4
Depreciation and Amortization	358,179	364,727	353,376	399,479	430,157	4.7
Water Rentals and Assessments	121,033	120,163	119,300	117,040	115,791	-1.1
Fuel and Power Purchased	103,973	106,169	145,632	142,906	166,203	12.4
Capital and Other Taxes	75,819	81,322	82,888	87,569	95,532	5.9
Corporate Allocation	8,035	8,892	8,880	9,074	9,073	3.1
Total Expenses	<u>1,417,857</u>	<u>1,466,262</u>	<u>1,498,423</u>	<u>1,663,692</u>	<u>1,731,667</u>	5.1
Non-controlling Interest	-	-	-	14,247	24,498	
Net Income	<u>\$ 159,901</u>	<u>\$ 138,863</u>	<u>\$ 61,356</u>	<u>\$ 52,866</u>	<u>\$ 60,471</u>	-21.6

\*General Consumers Revenue- 2012/13 reflects the 2.0% interim rate increase effective April 1, 2012, the 2.5% interim rate increase effective September 1, 2012 as well as the reinstatement of the 1% rate reduction in Order 5/12. 2013/14 reflects an additional 3.5% rate increase effective April 1, 2013.

**PUB/MH II-67 (Revised Based on IFF12)****Reference: PUB/MH I-79 (a), (c), (e), (f)**

- a) Please restate the analysis in (c) based on IFF12 reflecting that IFRS related adjustments proposed in 2012/13 and 2013/14 are made in 2014/15 when IFRS is to be implemented.

**ANSWER:**

Please see the following schedule reflecting the deferral of IFRS adjustments from 2013/14 to 2014/15 when IFRS is expected to be implemented

(in thousands of \$)	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Forecast	2013/14 Forecast	Average Annual Increase
Electric OM&A (per Annual Report)	\$ 379,697	\$ 403,067	\$ 410,717	\$ 461,800	\$ 477,600	
Less: Subsidiaries	2,146	6,121	7,414	6,491	6,946	
Accounting Changes	11,240	30,910	34,973	75,411	78,318	
Wuskwatim				5,589	10,797	
Electric OM&A after adjusting for subsidiaries, accounting changes and Wuskwatim	\$ 366,311	\$ 366,036	\$ 368,330	\$ 374,309	\$ 381,539	
% Increase	4.28%	-0.08%	0.63%	1.62%	1.93%	1.68%
		-0.08%	0.55%	2.18%	4.16%	
Number of Customers	532,359	537,299	542,681	548,944	555,955	1.06%
	0.93%	0.93%	1.00%	1.15%	1.28%	
Cost Per Customer	\$ 688	\$ 681	\$ 679	\$ 682	\$ 686	
% Increase (Decrease)	3.32%	-0.99%	-0.37%	0.46%	0.65%	0.61%
Canadian CPI	0.40%	2.00%	2.80%	1.80%	2.10%	1.82%

Changes to Manitoba Hydro's overhead capitalization practices proposed for 2012/13 recognize industry trends to move away from full cost accounting and are designed to make Manitoba hydro's practices consistent with those of other Canadian utilities. These changes are fully compliant with Canadian GAAP and as such Manitoba Hydro does not consider these changes as an early adoption of the requirements of IFRS.

**PUB/MH II-67 (Revised Based on IFF12)**

**Reference:** PUB/MH I-79 (a), (c), (e), (f)

- b) Please restate the analysis in (e) similar to (a) and assume the continuation of rate regulated accounting in 2014/15 for rate setting purposes.

**ANSWER:**

Please see Manitoba Hydro's response to PUB/MH II-67(a) IFF12.

Assuming the continuation of rate regulated accounting in 2014/15 would not change the information provided in PUB/MH II-67(a) IFF12 for the 2012/13 and 2013/14 test years as the response assumes the deferral of all IFRS changes to the 2014/15 fiscal year.