

APPENDIX 3.5: ALTERNATE RATE SCENARIOS

The 3.95% proposed and indicative rate increases in MH14 are the minimum necessary to manage the significant deterioration in Manitoba Hydro’s projected financial results and ratios in the next 10 year period and are vital to rate stability for customers and the continued financial strength of Manitoba Hydro.

Figure 3.5.1 shows the impacts to key financial indicators at the end of the 10 year period in 2023/24 for alternate rate scenarios without the proposed and indicative 3.95% rate increases (Scenario A), with rate increases limited to inflationary adjustments (Scenario B), rate increases deferred to future periods (Scenarios C-F), as well as higher near term rate increases to mitigate losses over the 10 year period and reduce future rate increases (Scenarios G-I).

Figure 3.5.1: Financial Impacts of Alternate Rate Increases by 2023/24

Projected Rate Increases	Retained Earnings (\$Billions)	Debt to Equity Ratio	Interest Coverage Ratio	Capital Coverage Ratio
MH14- 3.95% 2016-2024	\$2.0	90:10	0.91	1.22
A. 0.00% -2016-2024	(\$1.5)	104:(4)	0.39	(0.20)
B. 2.00% -2016-2024	\$0.2	98:2	0.62	0.47
C. 2.00% -2016-2019, 3.95% thereafter	\$0.7	95:5	0.76	0.84
D. 2.95% -2016-2019, 3.95% thereafter	\$1.3	93:7	0.83	1.02
E. 2.00% -2016-2019, 7.94% thereafter	\$2.0	90:10	1.09	1.66
F. 2.95% -2016-2019, 6.00% thereafter	\$2.0	90:10	1.00	1.45
G. 5.00% -2016-2019, 3.00% thereafter	\$2.4	89:11	0.92	1.24
H. 5.50% -2016-2019, 3.00% thereafter	\$2.7	88:12	0.96	1.35
I. 6.00% -2016-2019, 3.00% thereafter	\$3.1	86:14	1.00	1.45

The financial projections for each of the above alternate rate scenarios can be found in Attachments A to I of this appendix.

Scenario A in Figure 3.5.1 shows that without the 3.95% proposed and indicative rate increases throughout the 10 year forecast period to 2023/24, the Corporation’s financial reserves would be totally depleted by 2022/23.

In Scenario B the rate increases are limited to inflationary levels (around 2%) over the 10 year forecast, Manitoba Hydro’s assets are almost fully funded by debt and financial reserves are nearly completely depleted. The very weak interest coverage and capital coverage ratios indicate

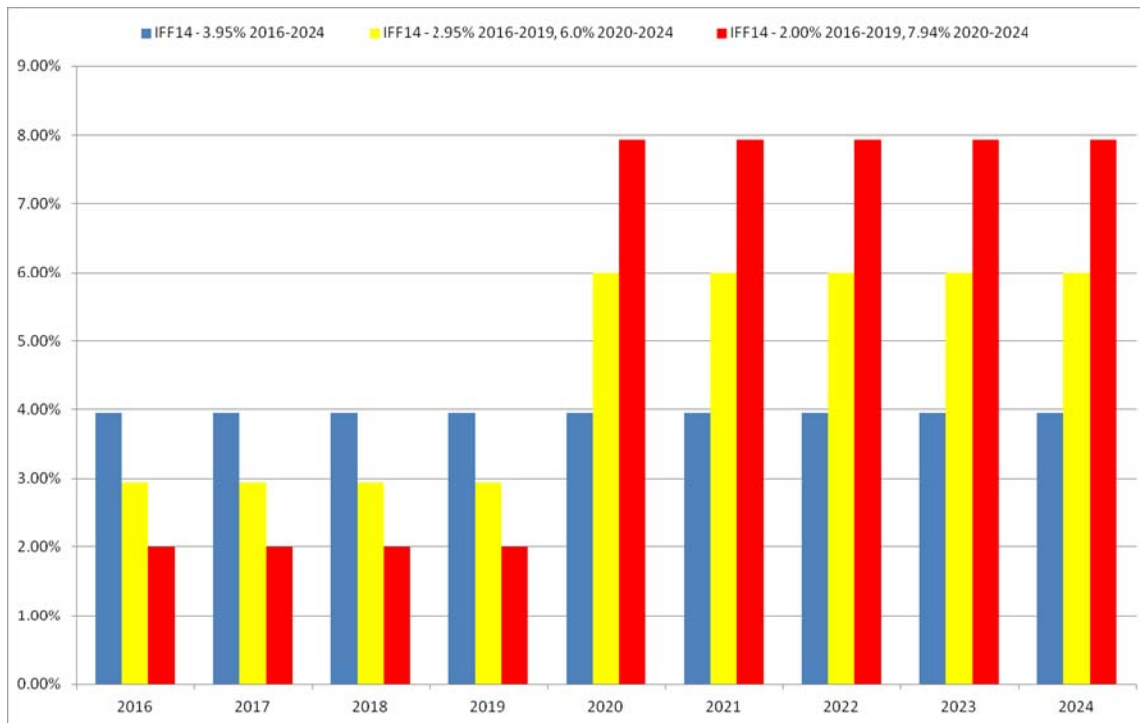
that the Corporation's cash flow is negative and the shortfall is funded through increased borrowing. Under Scenario B, it is clear that the 2% rate increases cannot be sustained for a prolonged period of time.

Scenarios C and D assume reductions to the proposed and indicative rate increases of 3.95% in the first four years (2016-2019) to 2.0% and 2.95%, with no compensating rate increases in the period following the rate reductions (2020-2024). In these scenarios, the Corporation's financial ratios and reserves deteriorate to unacceptable levels. Retained earnings deteriorate to a level that are significantly lower than the projected \$1.7 billion cost of a five year drought. The projected equity ratio deteriorates to unacceptable levels of 5% and 7% by 2023/24 for Scenarios C and D, respectively. The projected interest coverage ratio under Scenario C is below 1.00 in all but the first two years of the ten year forecast period. Under Scenario D, the projected interest coverage is below 1.00 for the last six years of the ten year forecast period. Similarly, the projected capital coverage ratio is below 1.00 for most forecast years under both Scenarios C and D.

This level of deterioration indicates that projected cash flows under Scenarios C and D, are not sufficient to fund Manitoba Hydro's operations or sustaining capital program and result in incremental borrowing at an unsustainable rate. Customers would be at significant risk of a rate shock, particularly if a drought or catastrophic infrastructure loss occurred.

In Scenarios E and F, Manitoba Hydro calculates the compensating rate increases that are required in the five year period from 2020 to 2024 associated with rate increases of 2.0% and 2.95% for the four year period from 2016 to 2019. Figure 3.5.2 below demonstrates that with 2% rate increases for the next 4 years, Manitoba Hydro would require 8% rate increases for the following five years (Scenario E), and with 2.95% rate increases for the next four years, Manitoba Hydro would require 6% rate increases in the five years that follow (Scenario F). This analysis demonstrates how future rate increases would have to increase, to compensate for lower rate increases obtained in the near-term.

Figure 3.5.2: Projected Rate Increase Scenarios



Considering the financial outlook as projected in MH14, there is financial justification for requesting rate increases in excess of 3.95%. In Scenarios G, H and I, Manitoba Hydro analyzed other alternate rate scenarios that involve higher rate increases.

Higher rate increases in the near term would assist in reducing the losses that are projected in the next 10 year period. This alleviates some of the downward pressure on the Corporation’s projected financial ratios in the investment period and the risk of the significantly higher rate increases in the future in the event of a significant drought or other adverse financial conditions. Rate increases in the 5.50-6.0% level for the next four years (2016-2019) would be necessary to reduce losses and maintain financial reserves at current levels, and result in lower rate increases of 3.0% for the 2020-2024 period.

Despite the increased risk of higher than projected rate increases in the future, Manitoba Hydro has maintained the proposed rate increases at the 3.95% level in consideration of customer sensitivity to rate increases.

In order to ensure rate stability and predictability for customers, it is necessary that Manitoba Hydro maintains its financial strength. If Manitoba Hydro does not maintain a financially healthy utility by maintaining moderate and regular rate increases as proposed and projected, then there is significant risk to customers that rate changes will become more volatile. Consequently, there

would be a need for sudden or larger rate increases in the near future. This risk is particularly acute in the upcoming period of extensive capital investment and reinvestment.

It is of vital importance that the rate increases be regular and occur even when there are short-term favorable water flow conditions in order to ensure rate stability and predictability for customers. In Manitoba Hydro's view, gradually raising rates by the minimum 3.95% rate increases is in the customer's best interest.

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 0% RATE INCREASES (2016-2024)
PROJECTED OPERATING STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
General Consumers										
at approved rates	1 437	1 454	1 460	1 483	1 490	1 501	1 506	1 513	1 525	1 538
additional*	0	0	0	0	0	0	0	0	0	0
BPill Reserve Account	(30)	(31)	(31)	(32)	(9)	0	0	0	0	0
Extraprovincial	409	434	450	457	479	514	817	943	959	987
Other	15	14	14	14	15	15	15	15	16	16
	<u>1 831</u>	<u>1 871</u>	<u>1 893</u>	<u>1 922</u>	<u>1 974</u>	<u>2 031</u>	<u>2 338</u>	<u>2 472</u>	<u>2 500</u>	<u>2 541</u>
EXPENSES										
Operating and Administrative	486	542	552	557	571	585	601	607	619	631
Finance Expense	495	511	553	596	778	932	1 264	1 425	1 467	1 526
Depreciation and Amortization	405	401	422	445	521	527	616	670	736	752
Water Rentals and Assessments	124	123	112	112	112	114	124	127	132	132
Fuel and Power Purchased	134	130	191	202	207	205	234	263	257	267
Capital and Other Taxes	99	107	121	134	143	142	141	144	141	160
Corporate Allocation	9	8	8	8	8	8	8	8	8	8
Other Expenses	2	2	2	2	2	3	3	3	3	3
	<u>1 754</u>	<u>1 825</u>	<u>1 962</u>	<u>2 058</u>	<u>2 344</u>	<u>2 518</u>	<u>2 990</u>	<u>3 246</u>	<u>3 364</u>	<u>3 480</u>
Non-controlling Interest	25	12	8	7	5	4	10	0	(1)	(3)
Net Income	<u>102</u>	<u>58</u>	<u>(61)</u>	<u>(129)</u>	<u>(364)</u>	<u>(484)</u>	<u>(642)</u>	<u>(773)</u>	<u>(865)</u>	<u>(942)</u>
* Additional General Consumers Revenue										
Percent Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cumulative Percent Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Financial Ratios										
Equity	22%	18%	15%	14%	11%	9%	7%	3%	-1%	-4%
Interest Coverage	1.16	1.08	0.93	0.88	0.69	0.62	0.53	0.46	0.42	0.39
Capital Coverage	0.98	0.92	0.74	0.74	0.38	0.15	0.03	(0.06)	(0.11)	(0.20)

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 0% RATE INCREASES (2016-2024)
PROJECTED BALANCE SHEET

(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
ASSETS										
Plant in Service	17 163	17 912	19 127	19 988	24 957	28 333	33 202	33 846	34 478	35 142
Accumulated Depreciation	(5 676)	(6 012)	(6 392)	(6 795)	(7 270)	(7 798)	(8 403)	(9 055)	(9 721)	(10 401)
Net Plant in Service	11 487	11 900	12 735	13 193	17 687	20 535	24 800	24 791	24 757	24 741
Construction in Progress	3 257	4 932	6 755	8 982	6 040	3 939	169	185	241	263
Current and Other Assets	1 798	1 570	1 823	2 268	2 299	2 605	2 738	2 175	2 258	2 470
Goodwill and Intangible Assets	198	186	175	166	166	177	168	152	137	121
Regulated Assets	254	278	313	352	396	420	434	431	416	398
	16 993	18 866	21 801	24 961	26 589	27 675	28 309	27 735	27 808	27 993
LIABILITIES AND EQUITY										
Long-Term Debt	11 705	13 808	16 881	19 089	21 777	22 906	24 192	24 955	26 050	27 041
Current and Other Liabilities	2 016	2 209	2 079	3 047	2 272	2 680	2 694	2 157	1 970	2 069
Contributions in Aid of Construction	412	446	480	514	549	583	618	654	690	727
BPill Reserve Account	49	80	111	143	152	101	51	-	-	-
Retained Earnings	2 717	2 721	2 660	2 531	2 167	1 683	1 041	268	(597)	(1 539)
Accumulated Other Comprehensive Income	94	(399)	(409)	(363)	(328)	(278)	(287)	(298)	(305)	(305)
	16 993	18 866	21 801	24 961	26 589	27 675	28 309	27 735	27 808	27 993

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 0% RATE INCREASES (2016-2024)
PROJECTED CASH FLOW STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPERATING ACTIVITIES										
Cash Receipts from Customers	1 859	1 900	1 922	1 951	1 981	2 028	2 335	2 470	2 497	2 538
Cash Paid to Suppliers and Employees	(803)	(871)	(942)	(973)	(1 000)	(1 013)	(1 065)	(1 092)	(1 114)	(1 155)
Interest Paid	(511)	(514)	(547)	(603)	(806)	(969)	(1 285)	(1 442)	(1 461)	(1 513)
Interest Received	13	15	21	30	35	35	31	29	15	16
	<u>558</u>	<u>529</u>	<u>453</u>	<u>406</u>	<u>210</u>	<u>80</u>	<u>15</u>	<u>(36)</u>	<u>(62)</u>	<u>(114)</u>
FINANCING ACTIVITIES										
Proceeds from Long-Term Debt	1 953	2 390	3 390	3 400	2 990	2 000	1 990	1 200	1 360	1 380
Sinking Fund Withdrawals	110	21	-	8	448	208	300	718	173	47
Retirement of Long-Term Debt	(800)	(312)	(334)	(330)	(1 195)	(315)	(850)	(718)	(441)	(290)
Other	(45)	(22)	(20)	(20)	(30)	(19)	(101)	(25)	(41)	(32)
	<u>1 218</u>	<u>2 077</u>	<u>3 036</u>	<u>3 058</u>	<u>2 213</u>	<u>1 874</u>	<u>1 339</u>	<u>1 175</u>	<u>1 051</u>	<u>1 105</u>
INVESTING ACTIVITIES										
Property, Plant and Equipment, net of contributions	(1 900)	(2 518)	(3 134)	(3 244)	(2 253)	(1 550)	(1 010)	(756)	(698)	(697)
Sinking Fund Payment	(125)	(202)	(168)	(243)	(245)	(252)	(273)	(358)	(273)	(286)
Other	(21)	(21)	(21)	(21)	(21)	(35)	(30)	(30)	(30)	(30)
	<u>(2 046)</u>	<u>(2 742)</u>	<u>(3 324)</u>	<u>(3 508)</u>	<u>(2 520)</u>	<u>(1 837)</u>	<u>(1 312)</u>	<u>(1 144)</u>	<u>(1 001)</u>	<u>(1 014)</u>
Net Increase (Decrease) in Cash	(270)	(135)	166	(44)	(97)	117	42	(5)	(13)	(22)
Cash at Beginning of Year	133	(137)	(272)	(106)	(151)	(247)	(130)	(88)	(93)	(105)
Cash at End of Year	<u>(137)</u>	<u>(272)</u>	<u>(106)</u>	<u>(151)</u>	<u>(247)</u>	<u>(130)</u>	<u>(88)</u>	<u>(93)</u>	<u>(105)</u>	<u>(127)</u>

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 2% RATE INCREASES (2016-2024)
PROJECTED OPERATING STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
General Consumers										
at approved rates	1 437	1 454	1 460	1 483	1 490	1 501	1 506	1 513	1 525	1 538
additional*	0	29	59	91	123	156	190	225	262	300
BP/III Reserve Account	(30)	(32)	(33)	(34)	(10)	0	0	0	0	0
Extraprovincial	409	434	450	457	479	514	817	943	959	987
Other	15	14	14	14	15	15	15	15	16	16
	<u>1 831</u>	<u>1 900</u>	<u>1 950</u>	<u>2 011</u>	<u>2 096</u>	<u>2 187</u>	<u>2 528</u>	<u>2 697</u>	<u>2 762</u>	<u>2 841</u>
EXPENSES										
Operating and Administrative	486	542	552	557	571	585	601	607	619	631
Finance Expense	495	511	550	588	765	910	1 229	1 376	1 402	1 441
Depreciation and Amortization	405	401	422	445	521	526	614	668	736	752
Water Rentals and Assessments	124	123	112	112	112	114	124	127	132	132
Fuel and Power Purchased	134	130	191	202	207	205	234	263	257	267
Capital and Other Taxes	99	107	121	134	143	143	143	147	146	161
Corporate Allocation	9	8	8	8	8	8	8	8	8	8
Other Expenses	2	2	2	2	2	3	3	3	3	3
	<u>1 754</u>	<u>1 825</u>	<u>1 959</u>	<u>2 051</u>	<u>2 331</u>	<u>2 495</u>	<u>2 955</u>	<u>3 199</u>	<u>3 303</u>	<u>3 395</u>
Non-controlling Interest	25	12	8	7	5	4	10	0	(1)	(3)
Net Income	<u>102</u>	<u>87</u>	<u>(1)</u>	<u>(33)</u>	<u>(229)</u>	<u>(304)</u>	<u>(417)</u>	<u>(501)</u>	<u>(542)</u>	<u>(557)</u>
* Additional General Consumers Revenue										
Percent Increase	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Cumulative Percent Increase	0.00%	2.00%	4.04%	6.12%	8.24%	10.41%	12.62%	14.87%	17.17%	19.51%
Financial Ratios										
Equity	22%	18%	16%	14%	13%	11%	9%	6%	4%	2%
Interest Coverage	1.16	1.12	1.00	0.97	0.80	0.76	0.69	0.64	0.62	0.62
Capital Coverage	0.98	0.97	0.84	0.91	0.63	0.46	0.41	0.42	0.46	0.47

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 2% RATE INCREASES (2016-2024)
PROJECTED BALANCE SHEET
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
ASSETS										
Plant in Service	17 163	17 912	19 127	19 988	24 957	28 333	33 202	33 846	34 478	35 142
Accumulated Depreciation	(5 676)	(6 012)	(6 392)	(6 795)	(7 270)	(7 798)	(8 403)	(9 055)	(9 721)	(10 401)
Net Plant in Service	11 487	11 900	12 735	13 193	17 687	20 535	24 800	24 791	24 757	24 741
Construction in Progress	3 257	4 932	6 755	8 982	6 040	3 939	169	185	241	263
Current and Other Assets	1 798	1 570	1 822	2 268	2 297	2 601	2 733	2 170	2 248	2 456
Goodwill and Intangible Assets	198	186	175	166	166	177	168	152	137	121
Regulated Assets	254	278	313	352	396	420	434	431	416	398
	16 993	18 866	21 801	24 961	26 587	27 672	28 304	27 730	27 798	27 980
LIABILITIES AND EQUITY										
Long-Term Debt	11 705	13 808	16 681	18 889	21 577	22 306	23 392	23 955	24 650	25 241
Current and Other Liabilities	2 016	2 180	2 187	3 058	2 145	2 774	2 763	2 155	2 041	2 151
Contributions in Aid of Construction	412	446	480	514	549	583	618	654	690	727
BPIII Reserve Account	49	81	113	147	157	105	52	-	-	-
Retained Earnings	2 717	2 750	2 749	2 716	2 487	2 183	1 765	1 265	722	165
Accumulated Other Comprehensive Income	94	(399)	(409)	(363)	(328)	(278)	(287)	(298)	(305)	(305)
	16 993	18 866	21 801	24 961	26 587	27 672	28 304	27 730	27 798	27 980

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 2% RATE INCREASES (2016-2024)
PROJECTED CASH FLOW STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPERATING ACTIVITIES										
Cash Receipts from Customers	1 859	1 929	1 981	2 042	2 104	2 184	2 525	2 695	2 759	2 838
Cash Paid to Suppliers and Employees	(803)	(871)	(942)	(973)	(1 000)	(1 014)	(1 067)	(1 096)	(1 119)	(1 155)
Interest Paid	(511)	(514)	(547)	(599)	(796)	(951)	(1 252)	(1 396)	(1 396)	(1 428)
Interest Received	13	15	21	30	35	35	31	29	15	16
	<u>558</u>	<u>559</u>	<u>512</u>	<u>501</u>	<u>343</u>	<u>254</u>	<u>237</u>	<u>232</u>	<u>259</u>	<u>271</u>
FINANCING ACTIVITIES										
Proceeds from Long-Term Debt	1 953	2 390	3 190	3 400	2 990	1 600	1 790	1 000	960	980
Sinking Fund Withdrawals	110	21	-	8	448	206	297	718	168	37
Retirement of Long-Term Debt	(800)	(312)	(334)	(330)	(1 195)	(315)	(850)	(718)	(441)	(290)
Other	(45)	(22)	(20)	(20)	(30)	(19)	(101)	(25)	(41)	(32)
	<u>1 218</u>	<u>2 077</u>	<u>2 836</u>	<u>3 057</u>	<u>2 213</u>	<u>1 472</u>	<u>1 136</u>	<u>975</u>	<u>646</u>	<u>695</u>
INVESTING ACTIVITIES										
Property, Plant and Equipment, net of contributions	(1 900)	(2 518)	(3 134)	(3 244)	(2 253)	(1 550)	(1 010)	(756)	(698)	(697)
Sinking Fund Payment	(125)	(202)	(168)	(243)	(243)	(249)	(268)	(358)	(263)	(273)
Other	(21)	(21)	(21)	(21)	(21)	(35)	(30)	(30)	(30)	(30)
	<u>(2 046)</u>	<u>(2 742)</u>	<u>(3 323)</u>	<u>(3 508)</u>	<u>(2 518)</u>	<u>(1 834)</u>	<u>(1 307)</u>	<u>(1 144)</u>	<u>(991)</u>	<u>(1 000)</u>
Net Increase (Decrease) in Cash	(270)	(106)	25	50	38	(108)	66	63	(86)	(34)
Cash at Beginning of Year	133	(137)	(243)	(218)	(168)	(129)	(238)	(172)	(109)	(195)
Cash at End of Year	<u>(137)</u>	<u>(243)</u>	<u>(218)</u>	<u>(168)</u>	<u>(129)</u>	<u>(238)</u>	<u>(172)</u>	<u>(109)</u>	<u>(195)</u>	<u>(229)</u>

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 2.00% for 4 years (2016-2019)
PROJECTED OPERATING STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
General Consumers										
at approved rates	1,437	1,454	1,460	1,483	1,490	1,501	1,506	1,513	1,525	1,538
additional*	0	29	59	91	123	188	255	327	403	482
BP/III Reserve Account	(30)	(32)	(33)	(34)	(10)	0	0	0	0	0
Extraprovincial	409	434	450	457	479	514	817	943	959	987
Other	15	14	14	14	15	15	15	15	16	16
	<u>1,831</u>	<u>1,900</u>	<u>1,950</u>	<u>2,011</u>	<u>2,096</u>	<u>2,219</u>	<u>2,593</u>	<u>2,799</u>	<u>2,902</u>	<u>3,023</u>
EXPENSES										
Operating and Administrative	486	542	552	557	571	585	601	607	619	631
Finance Expense	495	511	550	588	765	910	1,225	1,367	1,387	1,414
Depreciation and Amortization	405	401	422	445	521	526	614	668	736	752
Water Rentals and Assessments	124	123	112	112	112	114	124	127	132	132
Fuel and Power Purchased	134	130	191	202	207	205	234	263	257	267
Capital and Other Taxes	99	107	121	134	143	143	143	148	147	161
Corporate Allocation	9	8	8	8	8	8	8	8	8	8
Other Expenses	2	2	2	2	2	3	3	3	3	3
	<u>1,754</u>	<u>1,825</u>	<u>1,959</u>	<u>2,051</u>	<u>2,331</u>	<u>2,494</u>	<u>2,952</u>	<u>3,191</u>	<u>3,289</u>	<u>3,369</u>
Non-controlling Interest	25	12	8	7	5	4	10	0	(1)	(3)
Net Income	<u>102</u>	<u>87</u>	<u>(1)</u>	<u>(33)</u>	<u>(229)</u>	<u>(272)</u>	<u>(349)</u>	<u>(392)</u>	<u>(388)</u>	<u>(348)</u>
* Additional General Consumers Revenue										
Percent Increase	0.00%	2.00%	2.00%	2.00%	2.00%	3.95%	3.95%	3.95%	3.95%	3.95%
Cumulative Percent Increase	0.00%	2.00%	4.04%	6.12%	8.24%	12.52%	16.96%	21.58%	26.39%	31.38%
Financial Ratios										
Equity	22%	18%	16%	14%	13%	11%	10%	7%	6%	5%
Interest Coverage	1.16	1.12	1.00	0.97	0.80	0.78	0.74	0.72	0.72	0.76
Capital Coverage	0.98	0.97	0.84	0.91	0.63	0.52	0.53	0.61	0.73	0.84

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 2.00% for 4 years (2016-2019)
PROJECTED BALANCE SHEET
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
ASSETS										
Plant in Service	17,163	17,912	19,127	19,988	24,957	28,333	33,202	33,846	34,478	35,142
Accumulated Depreciation	(5,676)	(6,012)	(6,392)	(6,795)	(7,270)	(7,798)	(8,403)	(9,055)	(9,721)	(10,401)
Net Plant in Service	11,487	11,900	12,735	13,193	17,687	20,535	24,800	24,791	24,757	24,741
Construction in Progress	3,257	4,932	6,755	8,982	6,040	3,939	169	185	241	263
Current and Other Assets	1,798	1,570	1,822	2,268	2,297	2,601	2,732	2,170	2,246	2,452
Goodwill and Intangible Assets	198	186	175	166	166	177	168	152	137	121
Regulated Assets	254	278	313	352	396	420	434	431	416	398
	16,993	18,866	21,801	24,961	26,587	27,672	28,304	27,730	27,796	27,976
LIABILITIES AND EQUITY										
Long-Term Debt	11,705	13,808	16,681	18,889	21,577	22,306	23,392	23,755	24,250	24,841
Current and Other Liabilities	2,016	2,180	2,187	3,058	2,145	2,742	2,662	2,145	2,075	1,975
Contributions in Aid of Construction	412	446	480	514	549	583	618	654	690	727
BP/III Reserve Account	49	81	113	147	157	105	52	-	-	-
Retained Earnings	2,717	2,750	2,749	2,716	2,487	2,215	1,866	1,474	1,086	738
Accumulated Other Comprehensive Income	94	(399)	(409)	(363)	(328)	(278)	(287)	(298)	(305)	(305)
	16,993	18,866	21,801	24,961	26,587	27,672	28,304	27,730	27,796	27,976

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 2.00% for 4 years (2016-2019)
PROJECTED CASH FLOW STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPERATING ACTIVITIES										
Cash Receipts from Customers	1,859	1,929	1,981	2,042	2,104	2,216	2,590	2,796	2,900	3,021
Cash Paid to Suppliers and Employees	(803)	(871)	(942)	(973)	(1,000)	(1,014)	(1,067)	(1,097)	(1,120)	(1,155)
Interest Paid	(511)	(514)	(547)	(599)	(796)	(951)	(1,252)	(1,391)	(1,382)	(1,402)
Interest Received	13	15	21	30	35	35	31	28	15	16
	558	559	512	501	343	286	302	337	412	479
FINANCING ACTIVITIES										
Proceeds from Long-Term Debt	1,953	2,390	3,190	3,400	2,990	1,600	1,790	800	760	980
Sinking Fund Withdrawals	110	21	-	8	448	206	297	718	168	35
Retirement of Long-Term Debt	(800)	(312)	(334)	(330)	(1,195)	(315)	(850)	(718)	(441)	(290)
Other	(45)	(22)	(20)	(20)	(30)	(19)	(101)	(25)	(41)	(32)
	1,218	2,077	2,836	3,057	2,213	1,472	1,136	775	445	693
INVESTING ACTIVITIES										
Property, Plant and Equipment, net of contributions	(1,900)	(2,518)	(3,134)	(3,244)	(2,253)	(1,550)	(1,010)	(756)	(698)	(697)
Sinking Fund Payment	(125)	(202)	(168)	(243)	(243)	(249)	(267)	(358)	(261)	(269)
Other	(21)	(21)	(21)	(21)	(21)	(35)	(30)	(30)	(30)	(30)
	(2,046)	(2,742)	(3,323)	(3,508)	(2,518)	(1,834)	(1,307)	(1,144)	(989)	(996)
Net Increase (Decrease) in Cash	(270)	(106)	25	50	38	(76)	131	(32)	(132)	176
Cash at Beginning of Year	133	(137)	(243)	(218)	(168)	(129)	(205)	(74)	(106)	(238)
Cash at End of Year	(137)	(243)	(218)	(168)	(129)	(205)	(74)	(106)	(238)	(62)

ELECTRIC OPERATIONS
ALTERNATE RATE SCENARIO - 2.95% for 4 years (2016-2019)
PROJECTED OPERATING STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
General Consumers										
at approved rates	1,437	1,454	1,460	1,483	1,490	1,501	1,506	1,513	1,525	1,538
additional*	0	43	87	135	184	252	322	396	475	559
BP/III Reserve Account	(30)	(32)	(33)	(35)	(11)	0	0	0	0	0
Extraprovincial	409	434	450	457	479	514	817	943	959	987
Other	15	14	14	14	15	15	15	15	16	16
	<u>1,831</u>	<u>1,913</u>	<u>1,978</u>	<u>2,054</u>	<u>2,157</u>	<u>2,282</u>	<u>2,660</u>	<u>2,869</u>	<u>2,975</u>	<u>3,100</u>
EXPENSES										
Operating and Administrative	486	542	552	557	571	585	601	607	619	631
Finance Expense	495	511	549	586	759	899	1,210	1,347	1,361	1,383
Depreciation and Amortization	405	401	422	445	521	525	613	667	736	752
Water Rentals and Assessments	124	123	112	112	112	114	124	127	132	132
Fuel and Power Purchased	134	130	191	202	207	205	234	263	257	267
Capital and Other Taxes	99	107	121	134	143	144	144	149	149	161
Corporate Allocation	9	8	8	8	8	8	8	8	8	8
Other Expenses	2	2	2	2	2	3	3	3	3	3
	<u>1,754</u>	<u>1,825</u>	<u>1,958</u>	<u>2,048</u>	<u>2,324</u>	<u>2,483</u>	<u>2,937</u>	<u>3,171</u>	<u>3,265</u>	<u>3,337</u>
Non-controlling Interest	25	12	8	7	5	4	10	0	(1)	(3)
Net Income	<u>102</u>	<u>101</u>	<u>28</u>	<u>13</u>	<u>(162)</u>	<u>(197)</u>	<u>(267)</u>	<u>(302)</u>	<u>(291)</u>	<u>(241)</u>
* Additional General Consumers Revenue										
Percent Increase	0.00%	2.95%	2.95%	2.95%	2.95%	3.95%	3.95%	3.95%	3.95%	3.95%
Cumulative Percent Increase	0.00%	2.95%	5.99%	9.11%	12.33%	16.77%	21.38%	26.18%	31.16%	36.34%
Financial Ratios										
Equity	22%	18%	16%	15%	13%	12%	11%	9%	8%	7%
Interest Coverage	1.16	1.14	1.03	1.01	0.86	0.84	0.80	0.78	0.79	0.83
Capital Coverage	0.98	0.99	0.89	1.01	0.74	0.66	0.68	0.78	0.90	1.02

ELECTRIC OPERATIONS
ALTERNATE RATE SCENARIO - 2.95% for 4 years (2016-2019)
PROJECTED BALANCE SHEET
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
ASSETS										
Plant in Service	17,163	17,912	19,127	19,988	24,957	28,333	33,202	33,846	34,478	35,142
Accumulated Depreciation	(5,676)	(6,012)	(6,392)	(6,795)	(7,270)	(7,798)	(8,403)	(9,055)	(9,721)	(10,401)
Net Plant in Service	11,487	11,900	12,735	13,193	17,687	20,535	24,800	24,791	24,757	24,741
Construction in Progress	3,257	4,932	6,755	8,982	6,040	3,939	169	185	241	263
Current and Other Assets	1,798	1,570	1,822	2,268	2,296	2,600	2,730	2,167	2,242	2,447
Goodwill and Intangible Assets	198	186	175	166	166	177	168	152	137	121
Regulated Assets	254	278	313	352	396	420	434	431	416	398
	16,993	18,866	21,801	24,961	26,586	27,670	28,301	27,728	27,792	27,971
LIABILITIES AND EQUITY										
Long-Term Debt	11,705	13,808	16,681	18,889	21,377	22,106	22,992	23,355	23,850	24,241
Current and Other Liabilities	2,016	2,166	2,144	2,968	2,186	2,708	2,747	2,141	1,973	1,964
Contributions in Aid of Construction	412	446	480	514	549	583	618	654	690	727
BP/III Reserve Account	49	81	114	149	159	106	53	-	-	-
Retained Earnings	2,717	2,763	2,791	2,805	2,643	2,446	2,178	1,876	1,585	1,344
Accumulated Other Comprehensive Income	94	(399)	(409)	(363)	(328)	(278)	(287)	(298)	(305)	(305)
	16,993	18,866	21,801	24,961	26,586	27,670	28,301	27,728	27,792	27,971

ELECTRIC OPERATIONS
ALTERNATE RATE SCENARIO - 2.95% for 4 years (2016-2019)
PROJECTED CASH FLOW STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPERATING ACTIVITIES										
Cash Receipts from Customers	1,859	1,943	2,009	2,087	2,165	2,280	2,657	2,866	2,972	3,097
Cash Paid to Suppliers and Employees	(803)	(871)	(942)	(973)	(1,000)	(1,014)	(1,068)	(1,098)	(1,122)	(1,155)
Interest Paid	(511)	(514)	(546)	(592)	(795)	(939)	(1,233)	(1,367)	(1,357)	(1,375)
Interest Received	13	15	21	30	35	34	31	28	15	16
	558	573	541	552	406	361	387	430	509	583
FINANCING ACTIVITIES										
Proceeds from Long-Term Debt	1,953	2,390	3,190	3,400	2,790	1,600	1,590	800	760	780
Sinking Fund Withdrawals	110	21	-	8	448	205	295	718	165	31
Retirement of Long-Term Debt	(800)	(312)	(334)	(330)	(1,195)	(315)	(850)	(718)	(441)	(290)
Other	(45)	(22)	(20)	(20)	(30)	(19)	(101)	(25)	(41)	(32)
	1,218	2,077	2,836	3,057	2,013	1,471	935	775	443	489
INVESTING ACTIVITIES										
Property, Plant and Equipment, net of contributions	(1,900)	(2,518)	(3,134)	(3,244)	(2,253)	(1,550)	(1,010)	(756)	(698)	(697)
Sinking Fund Payment	(125)	(202)	(168)	(243)	(242)	(247)	(265)	(358)	(256)	(264)
Other	(21)	(21)	(21)	(21)	(21)	(35)	(30)	(30)	(30)	(30)
	(2,046)	(2,742)	(3,323)	(3,508)	(2,517)	(1,832)	(1,305)	(1,144)	(985)	(991)
Net Increase (Decrease) in Cash	(270)	(92)	54	101	(98)	(0)	17	61	(33)	80
Cash at Beginning of Year	133	(137)	(229)	(175)	(74)	(172)	(172)	(156)	(95)	(128)
Cash at End of Year	(137)	(229)	(175)	(74)	(172)	(172)	(156)	(95)	(128)	(47)

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 2.00% (2016-2019), 7.94% thereafter
PROJECTED OPERATING STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
General Consumers										
at approved rates	1 437	1 454	1 460	1 483	1 490	1 501	1 506	1 513	1 525	1 538
additional*	0	29	59	91	123	253	393	547	716	901
BP/III Reserve Account	(30)	(32)	(33)	(34)	(10)	0	0	0	0	0
Extraprovincial	409	434	450	457	479	514	817	943	959	987
Other	15	14	14	14	15	15	15	15	16	16
	<u>1 831</u>	<u>1 900</u>	<u>1 950</u>	<u>2 011</u>	<u>2 096</u>	<u>2 283</u>	<u>2 731</u>	<u>3 019</u>	<u>3 216</u>	<u>3 442</u>
EXPENSES										
Operating and Administrative	486	542	552	557	571	585	601	607	619	631
Finance Expense	495	511	550	588	765	908	1 219	1 350	1 354	1 358
Depreciation and Amortization	405	401	422	445	521	526	614	668	736	752
Water Rentals and Assessments	124	123	112	112	112	114	124	127	132	132
Fuel and Power Purchased	134	130	191	202	207	205	234	263	257	267
Capital and Other Taxes	99	107	121	134	143	144	144	150	151	161
Corporate Allocation	9	8	8	8	8	8	8	8	8	8
Other Expenses	2	2	2	2	2	3	3	3	3	3
	<u>1 754</u>	<u>1 825</u>	<u>1 959</u>	<u>2 051</u>	<u>2 331</u>	<u>2 493</u>	<u>2 947</u>	<u>3 176</u>	<u>3 260</u>	<u>3 312</u>
Non-controlling Interest	25	12	8	7	5	4	10	0	(1)	(3)
Net Income	<u>102</u>	<u>87</u>	<u>(1)</u>	<u>(33)</u>	<u>(229)</u>	<u>(206)</u>	<u>(205)</u>	<u>(156)</u>	<u>(45)</u>	<u>127</u>
* Additional General Consumers Revenue										
Percent Increase	0.00%	2.00%	2.00%	2.00%	2.00%	7.94%	7.94%	7.94%	7.94%	7.94%
Cumulative Percent Increase	0.00%	2.00%	4.04%	6.12%	8.24%	16.84%	26.12%	36.14%	46.95%	58.62%
Financial Ratios										
Equity	22%	18%	16%	14%	13%	12%	11%	9%	9%	10%
Interest Coverage	1.16	1.12	1.00	0.97	0.80	0.84	0.85	0.89	0.97	1.09
Capital Coverage	0.98	0.97	0.84	0.91	0.63	0.65	0.78	1.03	1.34	1.66

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 2.00% (2016-2019), 7.94% thereafter
PROJECTED BALANCE SHEET
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
ASSETS										
Plant in Service	17 163	17 912	19 127	19 988	24 957	28 333	33 202	33 846	34 478	35 142
Accumulated Depreciation	(5 676)	(6 012)	(6 392)	(6 795)	(7 270)	(7 798)	(8 403)	(9 055)	(9 721)	(10 401)
Net Plant in Service	11 487	11 900	12 735	13 193	17 687	20 535	24 800	24 791	24 757	24 741
Construction in Progress	3 257	4 932	6 755	8 982	6 040	3 939	169	185	241	263
Current and Other Assets	1 798	1 570	1 822	2 268	2 297	2 601	2 732	2 169	2 241	2 444
Goodwill and Intangible Assets	198	186	175	166	166	177	168	152	137	121
Regulated Assets	254	278	313	352	396	420	434	431	416	398
	16 993	18 866	21 801	24 961	26 587	27 672	28 303	27 729	27 792	27 968
LIABILITIES AND EQUITY										
Long-Term Debt	11 705	13 808	16 681	18 889	21 577	22 306	23 192	23 355	23 650	23 441
Current and Other Liabilities	2 016	2 180	2 187	3 058	2 145	2 675	2 652	2 099	1 882	2 104
Contributions in Aid of Construction	412	446	480	514	549	583	618	654	690	727
BPIII Reserve Account	49	81	113	147	157	105	52	-	-	-
Retained Earnings	2 717	2 750	2 749	2 716	2 487	2 281	2 076	1 920	1 875	2 001
Accumulated Other Comprehensive Income	94	(399)	(409)	(363)	(328)	(278)	(287)	(298)	(305)	(305)
	16 993	18 866	21 801	24 961	26 587	27 672	28 303	27 729	27 792	27 968

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 2.00% (2016-2019), 7.94% thereafter
PROJECTED CASH FLOW STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPERATING ACTIVITIES										
Cash Receipts from Customers	1 859	1 929	1 981	2 042	2 104	2 281	2 728	3 017	3 213	3 440
Cash Paid to Suppliers and Employees	(803)	(871)	(942)	(973)	(1 000)	(1 014)	(1 068)	(1 099)	(1 124)	(1 155)
Interest Paid	(511)	(514)	(547)	(599)	(796)	(946)	(1 245)	(1 374)	(1 350)	(1 354)
Interest Received	13	15	21	30	35	35	31	28	15	16
	558	559	512	501	343	355	446	573	755	946
FINANCING ACTIVITIES										
Proceeds from Long-Term Debt	1 953	2 390	3 190	3 400	2 990	1 600	1 590	600	560	180
Sinking Fund Withdrawals	110	21	-	8	448	206	297	718	167	30
Retirement of Long-Term Debt	(800)	(312)	(334)	(330)	(1 195)	(315)	(850)	(718)	(441)	(290)
Other	(45)	(22)	(20)	(20)	(30)	(19)	(101)	(25)	(41)	(32)
	1 218	2 077	2 836	3 057	2 213	1 472	936	575	245	(112)
INVESTING ACTIVITIES										
Property, Plant and Equipment, net of contributions	(1 900)	(2 518)	(3 134)	(3 244)	(2 253)	(1 550)	(1 010)	(756)	(698)	(697)
Sinking Fund Payment	(125)	(202)	(168)	(243)	(243)	(249)	(267)	(358)	(256)	(261)
Other	(21)	(21)	(21)	(21)	(21)	(35)	(30)	(30)	(30)	(30)
	(2 046)	(2 742)	(3 323)	(3 508)	(2 518)	(1 834)	(1 306)	(1 144)	(984)	(988)
Net Increase (Decrease) in Cash	(270)	(106)	25	50	38	(6)	76	4	15	(154)
Cash at Beginning of Year	133	(137)	(243)	(218)	(168)	(129)	(136)	(60)	(56)	(41)
Cash at End of Year	(137)	(243)	(218)	(168)	(129)	(136)	(60)	(56)	(41)	(194)

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 2.95% (2016-2019), 6% thereafter
PROJECTED OPERATING STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
General Consumers										
at approved rates	1 437	1 454	1 460	1 483	1 490	1 501	1 506	1 513	1 525	1 538
additional*	0	43	87	135	184	286	395	511	638	774
BP/III Reserve Account	(30)	(32)	(33)	(35)	(11)	0	0	0	0	0
Extraprovincial	409	434	450	457	479	514	817	943	959	987
Other	15	14	14	14	15	15	15	15	16	16
	<u>1 831</u>	<u>1 913</u>	<u>1 978</u>	<u>2 054</u>	<u>2 157</u>	<u>2 317</u>	<u>2 732</u>	<u>2 984</u>	<u>3 138</u>	<u>3 315</u>
EXPENSES										
Operating and Administrative	486	542	552	557	571	585	601	607	619	631
Finance Expense	495	511	549	586	759	898	1 206	1 338	1 344	1 354
Depreciation and Amortization	405	401	422	445	521	525	613	667	736	752
Water Rentals and Assessments	124	123	112	112	112	114	124	127	132	132
Fuel and Power Purchased	134	130	191	202	207	205	234	263	257	267
Capital and Other Taxes	99	107	121	134	143	144	144	151	151	161
Corporate Allocation	9	8	8	8	8	8	8	8	8	8
Other Expenses	2	2	2	2	2	3	3	3	3	3
	<u>1 754</u>	<u>1 825</u>	<u>1 958</u>	<u>2 048</u>	<u>2 324</u>	<u>2 482</u>	<u>2 934</u>	<u>3 163</u>	<u>3 250</u>	<u>3 308</u>
Non-controlling Interest	25	12	8	7	5	4	10	0	(1)	(3)
Net Income	<u>102</u>	<u>101</u>	<u>28</u>	<u>13</u>	<u>(162)</u>	<u>(162)</u>	<u>(191)</u>	<u>(179)</u>	<u>(113)</u>	<u>3</u>
* Additional General Consumers Revenue										
Percent Increase	0.00%	2.95%	2.95%	2.95%	2.95%	6.00%	6.00%	6.00%	6.00%	6.00%
Cumulative Percent Increase	0.00%	2.95%	5.99%	9.11%	12.33%	19.07%	26.22%	33.79%	41.81%	50.32%
Financial Ratios										
Equity	22%	18%	16%	15%	13%	12%	11%	10%	9%	10%
Interest Coverage	1.16	1.14	1.03	1.01	0.86	0.87	0.86	0.87	0.92	1.00
Capital Coverage	0.98	0.99	0.89	1.01	0.74	0.72	0.80	0.99	1.22	1.45

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 2.95% (2016-2019), 6% thereafter
PROJECTED BALANCE SHEET
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
ASSETS										
Plant in Service	17 163	17 912	19 127	19 988	24 957	28 333	33 202	33 846	34 478	35 142
Accumulated Depreciation	(5 676)	(6 012)	(6 392)	(6 795)	(7 270)	(7 798)	(8 403)	(9 055)	(9 721)	(10 401)
Net Plant in Service	11 487	11 900	12 735	13 193	17 687	20 535	24 800	24 791	24 757	24 741
Construction in Progress	3 257	4 932	6 755	8 982	6 040	3 939	169	185	241	263
Current and Other Assets	1 798	1 570	1 822	2 268	2 296	2 600	2 730	2 167	2 240	2 443
Goodwill and Intangible Assets	198	186	175	166	166	177	168	152	137	121
Regulated Assets	254	278	313	352	396	420	434	431	416	398
	16 993	18 866	21 801	24 961	26 586	27 670	28 301	27 727	27 790	27 967
LIABILITIES AND EQUITY										
Long-Term Debt	11 705	13 808	16 681	18 889	21 377	22 106	22 992	23 155	23 450	23 441
Current and Other Liabilities	2 016	2 166	2 144	2 968	2 186	2 672	2 635	2 105	1 957	2 102
Contributions in Aid of Construction	412	446	480	514	549	583	618	654	690	727
BPlll Reserve Account	49	81	114	149	159	106	53	-	-	-
Retained Earnings	2 717	2 763	2 791	2 805	2 643	2 481	2 290	2 111	1 998	2 001
Accumulated Other Comprehensive Income	94	(399)	(409)	(363)	(328)	(278)	(287)	(298)	(305)	(305)
	16 993	18 866	21 801	24 961	26 586	27 670	28 301	27 727	27 790	27 967

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 2.95% (2016-2019), 6% thereafter
PROJECTED CASH FLOW STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPERATING ACTIVITIES										
Cash Receipts from Customers	1 859	1 943	2 009	2 087	2 165	2 314	2 730	2 981	3 135	3 312
Cash Paid to Suppliers and Employees	(803)	(871)	(942)	(973)	(1 000)	(1 015)	(1 069)	(1 099)	(1 124)	(1 155)
Interest Paid	(511)	(514)	(546)	(592)	(795)	(939)	(1 234)	(1 361)	(1 340)	(1 346)
Interest Received	13	15	21	30	35	34	31	28	15	16
	558	573	541	552	406	395	458	549	687	827
FINANCING ACTIVITIES										
Proceeds from Long-Term Debt	1 953	2 390	3 190	3 400	2 790	1 600	1 590	600	560	380
Sinking Fund Withdrawals	110	21	-	8	448	205	295	718	165	28
Retirement of Long-Term Debt	(800)	(312)	(334)	(330)	(1 195)	(315)	(850)	(718)	(441)	(290)
Other	(45)	(22)	(20)	(20)	(30)	(19)	(101)	(25)	(41)	(32)
	1 218	2 077	2 836	3 057	2 013	1 471	935	575	243	86
INVESTING ACTIVITIES										
Property, Plant and Equipment, net of contributions	(1 900)	(2 518)	(3 134)	(3 244)	(2 253)	(1 550)	(1 010)	(756)	(698)	(697)
Sinking Fund Payment	(125)	(202)	(168)	(243)	(242)	(247)	(265)	(358)	(254)	(260)
Other	(21)	(21)	(21)	(21)	(21)	(35)	(30)	(30)	(30)	(30)
	(2 046)	(2 742)	(3 323)	(3 508)	(2 517)	(1 832)	(1 304)	(1 144)	(982)	(987)
Net Increase (Decrease) in Cash	(270)	(92)	54	101	(98)	34	88	(20)	(53)	(74)
Cash at Beginning of Year	133	(137)	(229)	(175)	(74)	(172)	(138)	(50)	(70)	(123)
Cash at End of Year	(137)	(229)	(175)	(74)	(172)	(138)	(50)	(70)	(123)	(196)

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 5.00% (2016-2019), 3.00% thereafter
PROJECTED OPERATING STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
General Consumers										
at approved rates	1 437	1 454	1 460	1 483	1 490	1 501	1 506	1 513	1 525	1 538
additional*	0	73	150	234	321	378	436	497	561	629
BP/III Reserve Account	(30)	(33)	(34)	(37)	(12)	0	0	0	0	0
Extraprovincial	409	434	450	457	479	514	817	943	959	987
Other	15	14	14	14	15	15	15	15	16	16
	<u>1 831</u>	<u>1 942</u>	<u>2 039</u>	<u>2 151</u>	<u>2 293</u>	<u>2 409</u>	<u>2 774</u>	<u>2 969</u>	<u>3 061</u>	<u>3 170</u>
EXPENSES										
Operating and Administrative	486	542	552	557	571	585	601	607	619	631
Finance Expense	495	510	546	578	744	874	1 178	1 306	1 312	1 326
Depreciation and Amortization	405	401	422	445	521	523	612	666	736	752
Water Rentals and Assessments	124	123	112	112	112	114	124	127	132	132
Fuel and Power Purchased	134	130	191	202	207	205	234	263	257	267
Capital and Other Taxes	99	107	121	134	143	144	145	151	151	161
Corporate Allocation	9	8	8	8	8	8	8	8	8	8
Other Expenses	2	2	2	2	2	3	3	3	3	3
	<u>1 754</u>	<u>1 824</u>	<u>1 954</u>	<u>2 040</u>	<u>2 309</u>	<u>2 458</u>	<u>2 904</u>	<u>3 130</u>	<u>3 219</u>	<u>3 281</u>
Non-controlling Interest	25	12	8	7	5	4	10	0	(1)	(3)
Net Income	<u>102</u>	<u>131</u>	<u>93</u>	<u>118</u>	<u>(11)</u>	<u>(45)</u>	<u>(120)</u>	<u>(160)</u>	<u>(158)</u>	<u>(114)</u>
* Additional General Consumers Revenue										
Percent Increase	0.00%	5.00%	5.00%	5.00%	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cumulative Percent Increase	0.00%	5.00%	10.25%	15.76%	21.55%	25.20%	28.95%	32.82%	36.81%	40.91%
Financial Ratios										
Equity	22%	18%	17%	16%	15%	14%	13%	12%	11%	11%
Interest Coverage	1.16	1.18	1.11	1.12	0.99	0.96	0.91	0.88	0.88	0.92
Capital Coverage	0.98	1.04	1.00	1.19	1.02	0.93	0.91	1.02	1.14	1.24

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 5.00% (2016-2019), 3.00% thereafter
PROJECTED BALANCE SHEET
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
ASSETS										
Plant in Service	17 163	17 912	19 127	19 988	24 957	28 333	33 202	33 846	34 478	35 142
Accumulated Depreciation	(5 676)	(6 012)	(6 392)	(6 795)	(7 270)	(7 798)	(8 403)	(9 055)	(9 721)	(10 401)
Net Plant in Service	11 487	11 900	12 735	13 193	17 687	20 535	24 800	24 791	24 757	24 741
Construction in Progress	3 257	4 932	6 755	8 982	6 040	3 939	169	185	241	263
Current and Other Assets	1 798	1 570	1 822	2 268	2 294	2 596	2 726	2 167	2 234	2 438
Goodwill and Intangible Assets	198	186	175	166	166	177	168	152	137	121
Regulated Assets	254	278	313	352	396	420	434	431	416	398
	16 993	18 866	21 800	24 961	26 584	27 667	28 298	27 727	27 784	27 961
LIABILITIES AND EQUITY										
Long-Term Debt	11 705	13 808	16 681	18 689	20 977	21 706	22 392	22 555	22 850	23 041
Current and Other Liabilities	2 016	2 135	2 047	2 965	2 229	2 598	2 692	2 149	2 041	2 103
Contributions in Aid of Construction	412	446	480	514	549	583	618	654	690	727
BPIII Reserve Account	49	82	116	153	164	110	55	-	-	-
Retained Earnings	2 717	2 793	2 886	3 004	2 993	2 948	2 828	2 667	2 509	2 395
Accumulated Other Comprehensive Income	94	(399)	(409)	(363)	(328)	(278)	(287)	(298)	(305)	(305)
	16 993	18 866	21 800	24 961	26 584	27 667	28 298	27 727	27 784	27 961

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 5.00% (2016-2019), 3.00% thereafter
PROJECTED CASH FLOW STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPERATING ACTIVITIES										
Cash Receipts from Customers	1 859	1 973	2 071	2 185	2 302	2 406	2 771	2 966	3 059	3 167
Cash Paid to Suppliers and Employees	(803)	(871)	(942)	(973)	(1 000)	(1 015)	(1 069)	(1 100)	(1 125)	(1 155)
Interest Paid	(511)	(514)	(543)	(592)	(779)	(917)	(1 208)	(1 329)	(1 308)	(1 318)
Interest Received	13	15	21	30	35	34	31	28	15	16
	<u>558</u>	<u>602</u>	<u>607</u>	<u>650</u>	<u>559</u>	<u>509</u>	<u>524</u>	<u>566</u>	<u>641</u>	<u>710</u>
FINANCING ACTIVITIES										
Proceeds from Long-Term Debt	1 953	2 390	3 190	3 200	2 590	1 600	1 390	600	560	580
Sinking Fund Withdrawals	110	21	-	7	448	203	292	715	165	23
Retirement of Long-Term Debt	(800)	(312)	(334)	(330)	(1 195)	(315)	(850)	(718)	(441)	(290)
Other	(45)	(22)	(20)	(20)	(30)	(19)	(101)	(25)	(41)	(32)
	<u>1 218</u>	<u>2 077</u>	<u>2 836</u>	<u>2 857</u>	<u>1 813</u>	<u>1 469</u>	<u>731</u>	<u>572</u>	<u>243</u>	<u>281</u>
INVESTING ACTIVITIES										
Property, Plant and Equipment, net of contributions	(1 900)	(2 518)	(3 134)	(3 244)	(2 253)	(1 550)	(1 010)	(756)	(698)	(697)
Sinking Fund Payment	(125)	(202)	(168)	(243)	(240)	(243)	(261)	(358)	(249)	(254)
Other	(21)	(21)	(21)	(21)	(21)	(35)	(30)	(30)	(30)	(30)
	<u>(2 046)</u>	<u>(2 742)</u>	<u>(3 323)</u>	<u>(3 508)</u>	<u>(2 515)</u>	<u>(1 828)</u>	<u>(1 301)</u>	<u>(1 144)</u>	<u>(977)</u>	<u>(982)</u>
Net Increase (Decrease) in Cash	(270)	(62)	120	(1)	(143)	149	(46)	(6)	(93)	9
Cash at Beginning of Year	133	(137)	(199)	(79)	(80)	(223)	(74)	(120)	(126)	(219)
Cash at End of Year	<u>(137)</u>	<u>(199)</u>	<u>(79)</u>	<u>(80)</u>	<u>(223)</u>	<u>(74)</u>	<u>(120)</u>	<u>(126)</u>	<u>(219)</u>	<u>(210)</u>

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 5.50% (2016-2019), 3.00% thereafter
PROJECTED OPERATING STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
General Consumers										
at approved rates	1 437	1 454	1 460	1 483	1 490	1 501	1 506	1 513	1 525	1 538
additional*	0	80	165	258	356	414	473	535	602	671
BP/III Reserve Account	(30)	(33)	(35)	(37)	(12)	0	0	0	0	0
Extraprovincial	409	434	450	457	479	514	817	943	959	987
Other	15	14	14	14	15	15	15	15	16	16
	<u>1 831</u>	<u>1 950</u>	<u>2 054</u>	<u>2 175</u>	<u>2 328</u>	<u>2 445</u>	<u>2 811</u>	<u>3 008</u>	<u>3 101</u>	<u>3 212</u>
EXPENSES										
Operating and Administrative	486	542	552	557	571	585	601	607	619	631
Finance Expense	495	510	545	576	741	869	1 169	1 295	1 298	1 309
Depreciation and Amortization	405	401	422	445	521	523	611	665	736	752
Water Rentals and Assessments	124	123	112	112	112	114	124	127	132	132
Fuel and Power Purchased	134	130	191	202	207	205	234	263	257	267
Capital and Other Taxes	99	107	121	134	143	144	145	152	152	161
Corporate Allocation	9	8	8	8	8	8	8	8	8	8
Other Expenses	2	2	2	2	2	3	3	3	3	3
	<u>1 754</u>	<u>1 824</u>	<u>1 954</u>	<u>2 038</u>	<u>2 306</u>	<u>2 452</u>	<u>2 895</u>	<u>3 119</u>	<u>3 206</u>	<u>3 264</u>
Non-controlling Interest	25	12	8	7	5	4	10	0	(1)	(3)
Net Income	<u>102</u>	<u>138</u>	<u>108</u>	<u>143</u>	<u>27</u>	<u>(3)</u>	<u>(74)</u>	<u>(111)</u>	<u>(106)</u>	<u>(55)</u>
* Additional General Consumers Revenue										
Percent Increase	0.00%	5.50%	5.50%	5.50%	5.50%	3.00%	3.00%	3.00%	3.00%	3.00%
Cumulative Percent Increase	0.00%	5.50%	11.30%	17.42%	23.88%	27.60%	31.43%	35.37%	39.43%	43.61%
Financial Ratios										
Equity	22%	18%	17%	16%	15%	15%	14%	13%	13%	12%
Interest Coverage	1.16	1.19	1.13	1.14	1.02	1.00	0.94	0.92	0.92	0.96
Capital Coverage	0.98	1.06	1.02	1.24	1.09	1.00	0.99	1.11	1.23	1.35

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 5.50% (2016-2019), 3.00% thereafter
PROJECTED BALANCE SHEET
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
ASSETS										
Plant in Service	17 163	17 912	19 127	19 988	24 957	28 333	33 202	33 846	34 478	35 142
Accumulated Depreciation	(5 676)	(6 012)	(6 392)	(6 795)	(7 270)	(7 798)	(8 403)	(9 055)	(9 721)	(10 401)
Net Plant in Service	11 487	11 900	12 735	13 193	17 687	20 535	24 800	24 791	24 757	24 741
Construction in Progress	3 257	4 932	6 755	8 982	6 040	3 939	169	185	241	263
Current and Other Assets	1 798	1 570	1 822	2 268	2 294	2 595	2 726	2 167	2 232	2 435
Goodwill and Intangible Assets	198	186	175	166	166	177	168	152	137	121
Regulated Assets	254	278	313	352	396	420	434	431	416	398
	16 993	18 866	21 800	24 961	26 584	27 666	28 298	27 727	27 782	27 958
LIABILITIES AND EQUITY										
Long-Term Debt	11 705	13 808	16 481	18 489	20 977	21 506	22 192	22 355	22 650	22 841
Current and Other Liabilities	2 016	2 128	2 224	3 115	2 142	2 669	2 718	2 126	1 963	1 966
Contributions in Aid of Construction	412	446	480	514	549	583	618	654	690	727
BPIII Reserve Account	49	82	116	154	166	110	55	-	-	-
Retained Earnings	2 717	2 801	2 909	3 052	3 079	3 076	3 002	2 891	2 785	2 730
Accumulated Other Comprehensive Income	94	(399)	(409)	(363)	(328)	(278)	(287)	(298)	(305)	(305)
	16 993	18 866	21 800	24 961	26 584	27 666	28 298	27 727	27 782	27 958

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 5.50% (2016-2019), 3.00% thereafter
PROJECTED CASH FLOW STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPERATING ACTIVITIES										
Cash Receipts from Customers	1 859	1 980	2 087	2 210	2 337	2 442	2 808	3 005	3 099	3 209
Cash Paid to Suppliers and Employees	(803)	(871)	(942)	(973)	(1 000)	(1 015)	(1 070)	(1 100)	(1 125)	(1 155)
Interest Paid	(511)	(514)	(542)	(588)	(775)	(912)	(1 200)	(1 318)	(1 294)	(1 301)
Interest Received	13	15	21	30	35	34	31	28	15	16
	<u>558</u>	<u>609</u>	<u>623</u>	<u>679</u>	<u>598</u>	<u>549</u>	<u>570</u>	<u>615</u>	<u>694</u>	<u>768</u>
FINANCING ACTIVITIES										
Proceeds from Long-Term Debt	1 953	2 390	2 990	3 200	2 790	1 400	1 390	600	560	580
Sinking Fund Withdrawals	110	21	-	7	448	203	291	715	165	21
Retirement of Long-Term Debt	(800)	(312)	(334)	(330)	(1 195)	(315)	(850)	(718)	(441)	(290)
Other	(45)	(22)	(20)	(20)	(30)	(19)	(101)	(25)	(41)	(32)
	<u>1 218</u>	<u>2 077</u>	<u>2 636</u>	<u>2 857</u>	<u>2 013</u>	<u>1 268</u>	<u>730</u>	<u>572</u>	<u>243</u>	<u>279</u>
INVESTING ACTIVITIES										
Property, Plant and Equipment, net of contributions	(1 900)	(2 518)	(3 134)	(3 244)	(2 253)	(1 550)	(1 010)	(756)	(698)	(697)
Sinking Fund Payment	(125)	(202)	(167)	(243)	(240)	(242)	(261)	(358)	(246)	(251)
Other	(21)	(21)	(21)	(21)	(21)	(35)	(30)	(30)	(30)	(30)
	<u>(2 046)</u>	<u>(2 742)</u>	<u>(3 323)</u>	<u>(3 508)</u>	<u>(2 514)</u>	<u>(1 827)</u>	<u>(1 301)</u>	<u>(1 144)</u>	<u>(975)</u>	<u>(979)</u>
Net Increase (Decrease) in Cash	(270)	(55)	(64)	28	96	(10)	(1)	43	(38)	68
Cash at Beginning of Year	133	(137)	(192)	(256)	(228)	(132)	(141)	(143)	(100)	(138)
Cash at End of Year	<u>(137)</u>	<u>(192)</u>	<u>(256)</u>	<u>(228)</u>	<u>(132)</u>	<u>(141)</u>	<u>(143)</u>	<u>(100)</u>	<u>(138)</u>	<u>(70)</u>

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 6.00% (2016-2019), 3.00% thereafter
PROJECTED OPERATING STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
General Consumers										
at approved rates	1 437	1 454	1 460	1 483	1 490	1 501	1 506	1 513	1 525	1 538
additional*	0	87	180	283	391	451	511	574	642	713
BP/III Reserve Account	(30)	(33)	(35)	(38)	(12)	0	0	0	0	0
Extraprovincial	409	434	450	457	479	514	817	943	959	987
Other	15	14	14	14	15	15	15	15	16	16
	<u>1 831</u>	<u>1 957</u>	<u>2 069</u>	<u>2 199</u>	<u>2 363</u>	<u>2 482</u>	<u>2 849</u>	<u>3 047</u>	<u>3 142</u>	<u>3 254</u>
EXPENSES										
Operating and Administrative	486	542	552	557	571	585	601	607	619	631
Finance Expense	495	509	545	574	737	863	1 160	1 283	1 284	1 292
Depreciation and Amortization	405	401	422	445	521	523	611	665	736	752
Water Rentals and Assessments	124	123	112	112	112	114	124	127	132	132
Fuel and Power Purchased	134	130	191	202	207	205	234	263	257	267
Capital and Other Taxes	99	107	121	134	143	145	146	153	153	161
Corporate Allocation	9	8	8	8	8	8	8	8	8	8
Other Expenses	2	2	2	2	2	3	3	3	3	3
	<u>1 754</u>	<u>1 823</u>	<u>1 953</u>	<u>2 036</u>	<u>2 302</u>	<u>2 445</u>	<u>2 887</u>	<u>3 108</u>	<u>3 193</u>	<u>3 246</u>
Non-controlling Interest	25	12	8	7	5	4	10	0	(1)	(3)
Net Income	<u>102</u>	<u>146</u>	<u>124</u>	<u>170</u>	<u>66</u>	<u>40</u>	<u>(28)</u>	<u>(60)</u>	<u>(52)</u>	<u>4</u>
* Additional General Consumers Revenue										
Percent Increase	0.00%	6.00%	6.00%	6.00%	6.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cumulative Percent Increase	0.00%	6.00%	12.36%	19.10%	26.25%	30.04%	33.94%	37.95%	42.09%	46.36%
Financial Ratios										
Equity	22%	18%	17%	16%	16%	15%	15%	14%	14%	14%
Interest Coverage	1.16	1.20	1.14	1.17	1.06	1.03	0.98	0.95	0.96	1.00
Capital Coverage	0.98	1.07	1.05	1.29	1.17	1.09	1.08	1.20	1.33	1.45

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 6.00% (2016-2019), 3.00% thereafter
PROJECTED BALANCE SHEET
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
ASSETS										
Plant in Service	17 163	17 912	19 127	19 988	24 957	28 333	33 202	33 846	34 478	35 142
Accumulated Depreciation	(5 676)	(6 012)	(6 392)	(6 795)	(7 270)	(7 798)	(8 403)	(9 055)	(9 721)	(10 401)
Net Plant in Service	11 487	11 900	12 735	13 193	17 687	20 535	24 800	24 791	24 757	24 741
Construction in Progress	3 257	4 932	6 755	8 982	6 040	3 939	169	185	241	263
Current and Other Assets	1 798	1 570	1 822	2 268	2 293	2 594	2 726	2 167	2 229	2 432
Goodwill and Intangible Assets	198	186	175	166	166	177	168	152	137	121
Regulated Assets	254	278	313	352	396	420	434	431	416	398
	16 993	18 866	21 800	24 961	26 583	27 665	28 298	27 727	27 780	27 955
LIABILITIES AND EQUITY										
Long-Term Debt	11 705	13 808	16 481	18 489	20 777	21 306	21 992	22 155	22 450	22 441
Current and Other Liabilities	2 016	2 120	2 200	3 064	2 251	2 735	2 739	2 097	1 877	2 020
Contributions in Aid of Construction	412	446	480	514	549	583	618	654	690	727
BPIII Reserve Account	49	82	117	155	167	111	56	-	-	-
Retained Earnings	2 717	2 808	2 932	3 102	3 168	3 208	3 180	3 120	3 068	3 072
Accumulated Other Comprehensive Income	94	(399)	(409)	(363)	(328)	(278)	(287)	(298)	(305)	(305)
	16 993	18 866	21 800	24 961	26 583	27 665	28 298	27 727	27 780	27 955

ELECTRIC OPERATIONS (MH14)
ALTERNATE RATE SCENARIO - 6.00% (2016-2019), 3.00% thereafter
PROJECTED CASH FLOW STATEMENT
(In Millions of Dollars)

For the year ended March 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPERATING ACTIVITIES										
Cash Receipts from Customers	1 859	1 987	2 102	2 235	2 372	2 479	2 846	3 044	3 139	3 251
Cash Paid to Suppliers and Employees	(803)	(871)	(942)	(973)	(1 000)	(1 015)	(1 070)	(1 101)	(1 126)	(1 155)
Interest Paid	(511)	(514)	(542)	(584)	(770)	(901)	(1 187)	(1 306)	(1 280)	(1 286)
Interest Received	13	15	21	30	35	34	31	28	15	16
	<u>558</u>	<u>617</u>	<u>638</u>	<u>708</u>	<u>638</u>	<u>597</u>	<u>620</u>	<u>665</u>	<u>748</u>	<u>826</u>
FINANCING ACTIVITIES										
Proceeds from Long-Term Debt	1 953	2 390	2 990	3 200	2 590	1 400	1 390	600	560	380
Sinking Fund Withdrawals	110	21	-	7	448	202	290	715	165	18
Retirement of Long-Term Debt	(800)	(312)	(334)	(330)	(1 195)	(315)	(850)	(718)	(441)	(290)
Other	(45)	(22)	(20)	(20)	(30)	(19)	(101)	(25)	(41)	(32)
	<u>1 218</u>	<u>2 077</u>	<u>2 636</u>	<u>2 857</u>	<u>1 813</u>	<u>1 268</u>	<u>729</u>	<u>572</u>	<u>243</u>	<u>76</u>
INVESTING ACTIVITIES										
Property, Plant and Equipment, net of contributions	(1 900)	(2 518)	(3 134)	(3 244)	(2 253)	(1 550)	(1 010)	(756)	(698)	(697)
Sinking Fund Payment	(125)	(202)	(167)	(243)	(239)	(242)	(261)	(358)	(244)	(249)
Other	(21)	(21)	(21)	(21)	(21)	(35)	(30)	(30)	(30)	(30)
	<u>(2 046)</u>	<u>(2 742)</u>	<u>(3 323)</u>	<u>(3 508)</u>	<u>(2 514)</u>	<u>(1 827)</u>	<u>(1 301)</u>	<u>(1 144)</u>	<u>(972)</u>	<u>(976)</u>
Net Increase (Decrease) in Cash	(270)	(48)	(48)	56	(63)	38	48	93	19	(74)
Cash at Beginning of Year	133	(137)	(185)	(233)	(177)	(240)	(202)	(154)	(61)	(42)
Cash at End of Year	(137)	(185)	(233)	(177)	(240)	(202)	(154)	(61)	(42)	(116)