

PUB/MH/PRE-ASK-1

Reference: Domestic Load Forecasts

a) **MH's domestic load forecasts vary depending on the source document. Please explain by detailed example the following differences in domestic load for 2015/16.**

- **2009 Base Power Resource Plan (Appendix 47, Page 12) 27,137 GWh**
- **IFF 09-1 Assumptions (PUB/MH II-45(a)) 26,439 GWh**
- **May 2009 Net Firm Energy (PUB/MH II-194(a)) 26,973 GWh**
- **August 2010 Net Firm Energy 26,020 GWh**

ANSWER:

**Reconciliation of the 2015/16 Manitoba Domestic Load
May 2009 Forecast**

GW.h

	<u>IFF09-1</u>	<u>May 2009 Net Firm Energy</u>
Gross Manitoba Hydro Electric Domestic Load	27,137	27,137
Demand Side Management	(798)	-
Conawapa Construction Power	15	-
Keeyask Construction Power	50	-
Pointe Du Bois Construction Power	35	-
Station Service at Generation	-	(164)
Adjusted Domestic Load	26,439	26,973

**Reconciliation of the 2015/16 Manitoba Domestic Load
August 2010 Forecast**

GW.h

**August 2010 Net
Firm Energy**

Gross Manitoba Hydro Electric Domestic Load	26,599
Demand Side Management	-
Conawapa Construction Power	-
Keeyask Construction Power	-
Pointe Du Bois Construction Power	-
Station Service at Generation	(160)
Adjusted Domestic Load	<u><u>26,438</u></u>

Note: The August 2010 Net Firm Energy for 2015/16 is actually 26,438 GW.h (per the 2010 Domestic Load Forecast), the 26,020 GW.h presented in the question was the value for 2014/15.

PUB/MH/PRE-ASK-1

Reference: Domestic Load Forecasts

b) Please indicate the appropriate values for 2015/16 as employed in IFF 09: IFF 10:

- At Generation (GWh).
- At Common Bus (GWh).
- At Point of Sale

and account for the differences (e.g., domestic transmission losses/DSM/etc.).

ANSWER:

**Reconciliation of the 2015/16 Manitoba Domestic Load
May 2009 Forecast (IFF09)**

GW.h

	<u>At Generation</u>	<u>At Common Bus</u>	<u>At Point of Sale</u>
Gross Manitoba Hydro Electric Domestic Load	27,137	27,137	27,137
Station Service at Generation	(164)	(164)	(164)
Demand Side Management	(798)	(673)	(624)
High Voltage Transmission Losses	-	(2,214)	(2,214)
Distribution System Transmission Losses	-	-	(1,195)
Construction Power	100	-	-
Adjusted Domestic Load	<u>26,275</u>	<u>24,086</u>	<u>22,940</u>

**Reconciliation of the 2015/16 Manitoba Domestic Load
August 2010 Forecast (IFF10)**

GW.h

	<u>At Generation</u>	<u>At Common Bus</u>	<u>At Point of Sale</u>
Gross Manitoba Hydro Electric Domestic Load	26,599	26,599	26,599
Station Service at Generation	(160)	(160)	(160)
Demand Side Management	(824)	(631)	(573)
High Voltage Transmission Losses	-	(2,148)	(2,148)
Distribution System Transmission Losses	-	-	(1,073)
Construction Power	60	-	-
Adjusted Domestic Load	<u>25,674</u>	<u>23,660</u>	<u>22,645</u>

PUB/MH/PRE-ASK-1

Reference: Domestic Load Forecasts

- c) **Please confirm that the average domestic energy sales prices shown in PUB/MH II-45(a) and in PUB/MH 208(a) do not account for domestic transmission losses.**

ANSWER:

Confirmed. For the corresponding table for IFF10 provided in PUB/MH/PRE-ASK-2, domestic losses have been deducted from the Domestic Energy Sales and therefore excluded from the domestic energy sales prices.

PUB/MH/PRE-ASK-1

Reference: Domestic Load Forecasts

- d) **If not confirmed in 'c' above, please indicate how the domestic transmission losses are reflected in the total supply/demand balance(s) in PUB/MH II-45(a).**

ANSWER:

Confirmed in (c).

PUB/MH/PRE-ASK-2

Reference: 2009/10 to 2014/15 Net Exports

It appears that PUB/MH II-45(a) IFF 09-1 assumptions on exports and fuel and power purchases over the 2009/10 to 2014/15 period may not reflect the current energy supply situation.

Please provide a partial (2009/10 to 2014/15) update of PUB/MH II-45(a) to reflect:

- **\$5/GJ natural gas to 2015.**
- **No CO₂ pricing to 2015.**
- **Continuation of U.S. economic downturn to 2015.**

ANSWER:

In the responses to PUB/MH I-156(a) and PUB/MH/RISK-11(a), Manitoba Hydro advised that the corporation is unable to produce alternative electricity export price forecasts, and consequently alternative IFF scenarios, which vary specific pricing factors. In addition, Manitoba Hydro has no internal forecasting processes to derive prices from specific factors such as those noted in this information request.

The 2010 Integrated Financial Forecast IFF10 (see Appendix 76) incorporates the corporation's most current energy supply assumptions which consider lower natural gas prices and more current energy policy and U.S. economic expectations. PUB/MH II-45(a) has been updated in the schedule below to reflect IFF10.

IFF10 Export Revenue Assumptions

(in GWh)	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
MH Hydraulic Generation	34,066	31,360	30,632	30,801	30,747	30,755	30,772	30,588	30,543	30,648
MH Thermal Generation	80	89	413	410	391	379	390	424	437	206
Import Energy (including Wind)	1,686	2,972	2,054	2,130	2,153	2,173	2,247	2,265	2,309	3,400
Manitoba Domestic Energy Sales	21,049	21,406	21,663	22,106	22,339	22,633	22,970	23,181	23,405	23,703
Domestic energy Losses	2,922	3,015	2,874	2,971	3,008	3,067	3,185	2,931	2,981	3,017
Total Export Sales	10,870	9,156	7,839	7,571	7,281	6,976	6,659	6,579	6,343	6,966
Export Transmission Losses	991	844	723	692	662	631	595	586	561	568

(in Millions of Dollars)	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
MH Hydraulic Generation	\$ 114	\$ 107	\$ 102	\$ 103	\$ 103	\$ 103	\$ 103	\$ 102	\$ 102	\$ 102
MH Thermal Generation	6	5	33	36	39	40	43	50	53	30
Import Energy (including Wind)	49	117	118	127	135	141	151	156	164	239
Other Costs	2	2	3	3	3	3	3	3	3	3
Total Manitoba Domestic Energy Sales	1,194	1,264	1,322	1,389	1,451	1,518	1,591	1,661	1,736	1,818
Total Export Sales	354	379	460	469	486	566	575	599	607	755

Average Price (\$/MWh)	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
MH Hydraulic Generation	\$ 3.34	\$ 3.41	\$ 3.34	\$ 3.34	\$ 3.34	\$ 3.34	\$ 3.34	\$ 3.34	\$ 3.34	\$ 3.34
MH Thermal Generation	73.15	56.97	80.74	88.71	98.82	106.16	111.17	117.14	122.15	145.98
Import Energy (including Wind)	29.33	39.47	57.30	59.55	62.90	64.99	67.10	69.03	71.04	70.20
Total Manitoba Domestic Energy Sales @ meter	56.74	59.06	61.02	62.85	64.93	67.07	69.27	71.65	74.16	76.69
Total Export Sales	32.58	41.38	58.65	61.99	66.77	81.14	86.38	91.09	95.64	108.41

Note: Manitoba Domestic Energy Sales removes the effects of domestic energy losses which is an enhancement to this schedule since PUB/MH II-45(a) was prepared.

PUB/MH/PRE-ASK-3

Reference: Revised IFF Pricing

Please provide the various 20-year IFF scenarios requested in PUB/MH/RISK-53 a) to d) using market pricing as follows:

- **Current market prices to 2014/15.**
- **NSP/Xcel contract aggregated pricing from 2015/16 to 2025/26.**
- **Pending 500 MW WPS and 250 MW MP Contracts with aggregated NSP/Xcel pricing levels.**
- **Projected (no Carbon Adder) day-ahead market pricing for all opportunity exports and non-contract imports.**

a) In MH's recommended 20-year IFF 09-1 (as per PUB/MH/Risk II-53(a)).

ANSWER:

Manitoba Hydro has provided IFF10 in Appendix 76 which reflects current expectations regarding market pricing in 2010/11 and 2011/12, the 2010 forecast of export prices for 2012/13 to the end of the IFF period in 2019/20, and the terms and conditions of the final NSP agreements. Manitoba Hydro is unable to provide an alternative forecast which includes revised revenues specifying WPS and MP proposed sales at NSP prices or no carbon adders due to the potential to provide insights into the specific contract pricing which is commercially sensitive.

IFF10 provides the financial impacts of low and high export price sensitivities (Appendix 76, p. 18). The low export price sensitivity reflects a scenario of reduced carbon adders, low gas prices and other factors contributing to lower long-term firm contract and opportunity electricity prices. The projected financial statements supporting the low and high export price sensitivities are found below.

CONSOLIDATED PROJECTED OPERATING STATEMENT (IFF10)
LOW EXPORT PRICES
(In Millions of Dollars)

For the year ended March 31

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REVENUES										
General Consumers	1,610	1,719	1,792	1,854	1,918	1,988	2,064	2,133	2,210	2,294
Extraprovincial	444	461	436	447	469	527	539	561	572	712
	2,054	2,180	2,228	2,301	2,387	2,515	2,604	2,694	2,782	3,006
Cost of Gas Sold	273	311	320	310	309	309	308	306	304	303
	1,781	1,869	1,908	1,991	2,077	2,206	2,296	2,387	2,477	2,703
Other	28	31	33	33	34	34	35	36	36	37
	1,809	1,900	1,941	2,024	2,111	2,241	2,331	2,423	2,513	2,740
EXPENSES										
Operating and Administrative	476	482	495	505	515	526	536	559	570	589
Finance Expense	430	449	513	499	566	593	593	623	697	770
Depreciation and Amortization	403	435	464	468	495	517	524	543	573	589
Water Rentals and Assessments	121	115	111	112	112	112	113	113	113	113
Fuel and Power Purchased	121	187	175	187	200	208	221	230	241	284
Capital and Other Taxes	100	102	106	112	118	126	134	143	153	162
	1,650	1,771	1,865	1,883	2,006	2,082	2,121	2,210	2,346	2,506
Non-controlling Interest	-	4	13	11	9	3	0	(2)	(6)	(10)
Net Income	158	134	89	152	114	162	210	211	162	224
Additional General Consumers Revenue										
General electricity rate increases		2.90%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
General gas rate increases		0.00%	1.50%	1.00%	1.00%	1.00%	1.00%	0.00%	1.00%	1.00%
Financial Ratios										
Equity	26%	26%	23%	22%	21%	19%	19%	18%	17%	17%
Interest Coverage	1.28	1.22	1.14	1.22	1.15	1.19	1.22	1.20	1.14	1.17
Capital Coverage	1.50	1.50	1.43	1.20	1.24	1.46	1.55	1.57	1.49	1.65

CONSOLIDATED PROJECTED BALANCE SHEET (IFF10)
LOW EXPORT PRICES
(In Millions of Dollars)

For the year ended March 31

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
ASSETS										
Plant in Service	13,226	15,218	15,744	16,319	17,485	18,051	18,632	21,056	21,893	25,741
Accumulated Depreciation	(4,971)	(5,350)	(5,762)	(6,184)	(6,588)	(7,033)	(7,509)	(8,012)	(8,547)	(9,100)
Net Plant in Service	8,255	9,868	9,982	10,135	10,898	11,018	11,123	13,044	13,346	16,640
Construction in Progress	2,624	1,636	2,216	3,091	3,457	4,792	6,042	5,825	7,283	5,522
Current and Other Assets	1,409	1,512	1,307	1,026	1,167	1,382	1,582	1,853	1,641	1,850
Goodwill and Intangible Assets	227	215	200	187	179	169	163	175	181	188
Regulated Assets	307	321	332	335	331	318	300	279	256	234
	12,822	13,552	14,038	14,774	16,032	17,679	19,209	21,176	22,708	24,434
LIABILITIES AND EQUITY										
Long-Term Debt	8,524	8,944	8,966	10,292	11,533	13,189	14,061	15,606	17,492	15,092
Current and Other Liabilities	1,339	1,516	2,153	1,462	1,483	1,387	1,849	2,079	1,574	5,485
Contributions in Aid of Construction	295	294	288	282	278	275	272	270	267	265
Retained Earnings	2,398	2,531	2,616	2,769	2,883	3,045	3,255	3,466	3,627	3,851
Accumulated Other Comprehensive Income	266	266	14	(31)	(145)	(217)	(228)	(245)	(253)	(259)
	12,822	13,552	14,038	14,774	16,032	17,679	19,209	21,176	22,708	24,434

CONSOLIDATED PROJECTED CASH FLOW STATEMENT (IFF10)
LOW EXPORT PRICES
(In Millions of Dollars)

For the year ended March 31

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
OPERATING ACTIVITIES										
Cash Receipts from Customers	2,146	2,282	2,331	2,404	2,485	2,614	2,703	2,793	2,881	3,106
Cash Paid to Suppliers and Employees	(1,187)	(1,288)	(1,286)	(1,312)	(1,335)	(1,358)	(1,390)	(1,430)	(1,460)	(1,530)
Interest Paid	(420)	(453)	(512)	(513)	(561)	(600)	(610)	(650)	(732)	(788)
Interest Received	25	29	30	26	16	26	39	49	53	48
	564	570	563	606	604	682	741	763	742	836
FINANCING ACTIVITIES										
Proceeds from Long-Term Debt	1,000	600	800	1,400	1,450	1,800	1,400	2,400	2,200	1,800
Sinking Fund Withdrawals	651	25	128	463	-	9	-	-	444	167
Retirement of Long-Term Debt	(1,025)	(25)	(182)	(829)	(100)	(312)	(201)	(530)	(857)	(317)
Other	(229)	18	(12)	(7)	(0)	(3)	(2)	(1)	(11)	0
	398	618	735	1,027	1,350	1,494	1,197	1,869	1,776	1,650
INVESTING ACTIVITIES										
Property, Plant and Equipment, net of contributions	(1,174)	(1,087)	(1,148)	(1,476)	(1,606)	(1,944)	(1,850)	(2,235)	(2,315)	(2,218)
Sinking Fund Payment	(119)	(99)	(117)	(167)	(111)	(200)	(158)	(239)	(199)	(227)
Other	(21)	(16)	(17)	(16)	(17)	(36)	(46)	(27)	(27)	(27)
	(1,314)	(1,202)	(1,281)	(1,659)	(1,734)	(2,180)	(2,054)	(2,502)	(2,540)	(2,472)
Net Increase (Decrease) in Cash	(352)	(14)	16	(26)	220	(4)	(115)	131	(22)	14
Cash at Beginning of Year	158	(193)	(207)	(191)	(218)	2	(2)	(117)	14	(8)
Cash at End of Year	(193)	(207)	(191)	(218)	2	(2)	(117)	14	(8)	6

CONSOLIDATED PROJECTED OPERATING STATEMENT (IFF10)
HIGH EXPORT PRICES
(In Millions of Dollars)

For the year ended March 31

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REVENUES										
General Consumers	1,610	1,719	1,792	1,854	1,918	1,988	2,064	2,133	2,210	2,294
Extraprovincial	444	461	589	621	659	797	826	865	884	1,082
	2,054	2,180	2,380	2,474	2,576	2,786	2,891	2,998	3,093	3,375
Cost of Gas Sold	273	311	320	310	309	309	308	306	304	303
	1,781	1,869	2,060	2,164	2,267	2,477	2,583	2,692	2,789	3,073
Other	28	31	33	33	34	34	35	36	36	37
	1,809	1,900	2,093	2,198	2,301	2,511	2,618	2,727	2,825	3,110
EXPENSES										
Operating and Administrative	476	482	495	505	515	526	536	559	570	589
Finance Expense	430	449	510	490	551	568	552	564	620	671
Depreciation and Amortization	403	435	464	468	495	517	524	543	573	589
Water Rentals and Assessments	121	115	111	112	112	113	113	113	113	113
Fuel and Power Purchased	121	187	212	233	254	269	292	308	328	420
Capital and Other Taxes	100	102	106	112	118	126	134	143	152	161
	1,650	1,771	1,899	1,920	2,046	2,117	2,151	2,230	2,356	2,543
Non-controlling Interest	-	4	(2)	(7)	(13)	(15)	(18)	(21)	(24)	(26)
Net Income	158	134	191	270	242	379	449	476	445	540
Additional General Consumers Revenue										
General electricity rate increases		2.90%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
General gas rate increases		0.00%	1.50%	1.00%	1.00%	1.00%	1.00%	0.00%	1.00%	1.00%
Financial Ratios										
Equity	26%	26%	24%	24%	23%	23%	23%	24%	24%	24%
Interest Coverage	1.28	1.22	1.30	1.40	1.32	1.46	1.49	1.49	1.42	1.46
Capital Coverage	1.50	1.50	1.74	1.46	1.54	1.97	2.11	2.14	2.10	2.31

CONSOLIDATED PROJECTED BALANCE SHEET (IFF10)
HIGH EXPORT PRICES
(In Millions of Dollars)

For the year ended March 31

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
ASSETS										
Plant in Service	13,226	15,218	15,744	16,319	17,485	18,051	18,632	21,056	21,893	25,740
Accumulated Depreciation	(4,971)	(5,350)	(5,762)	(6,184)	(6,588)	(7,033)	(7,509)	(8,012)	(8,547)	(9,100)
Net Plant in Service	8,255	9,868	9,982	10,135	10,898	11,018	11,123	13,044	13,346	16,640
Construction in Progress	2,624	1,636	2,216	3,091	3,457	4,792	6,042	5,825	7,283	5,522
Current and Other Assets	1,409	1,512	1,307	1,047	1,152	1,354	1,625	1,876	1,549	1,826
Goodwill and Intangible Assets	227	215	200	187	179	169	163	175	181	188
Regulated Assets	307	321	332	335	331	318	300	279	256	234
	12,822	13,552	14,038	14,795	16,017	17,651	19,252	21,198	22,616	24,411
LIABILITIES AND EQUITY										
Long-Term Debt	8,524	8,944	8,966	10,296	11,111	12,584	13,456	14,602	16,088	13,688
Current and Other Liabilities	1,339	1,516	2,050	1,262	1,569	1,443	1,738	2,081	1,577	5,241
Contributions in Aid of Construction	295	294	288	282	278	275	272	270	267	265
Retained Earnings	2,398	2,531	2,719	2,989	3,231	3,611	4,060	4,536	4,982	5,522
Accumulated Other Comprehensive Income	266	266	14	(35)	(173)	(262)	(274)	(291)	(298)	(305)
	12,822	13,552	14,038	14,795	16,017	17,651	19,252	21,198	22,616	24,411

CONSOLIDATED PROJECTED CASH FLOW STATEMENT (IFF10)
HIGH EXPORT PRICES
(In Millions of Dollars)

For the year ended March 31

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
OPERATING ACTIVITIES										
Cash Receipts from Customers	2,146	2,282	2,483	2,578	2,675	2,884	2,990	3,097	3,193	3,476
Cash Paid to Suppliers and Employees	(1,187)	(1,288)	(1,323)	(1,358)	(1,390)	(1,419)	(1,460)	(1,508)	(1,547)	(1,665)
Interest Paid	(420)	(453)	(508)	(509)	(550)	(573)	(562)	(597)	(654)	(685)
Interest Received	25	29	30	26	16	26	39	49	53	47
	564	570	682	737	751	918	1,006	1,042	1,045	1,173
FINANCING ACTIVITIES										
Proceeds from Long-Term Debt	1,000	600	800	1,400	1,000	1,600	1,400	2,000	1,800	1,600
Sinking Fund Withdrawals	651	25	128	463	-	7	-	-	444	167
Retirement of Long-Term Debt	(1,025)	(25)	(182)	(829)	(100)	(312)	(201)	(530)	(857)	(317)
Other	(229)	18	(12)	(7)	(1)	(6)	(6)	(6)	(17)	(7)
	398	618	735	1,027	899	1,289	1,193	1,464	1,370	1,443
INVESTING ACTIVITIES										
Property, Plant and Equipment, net of contributions	(1,174)	(1,087)	(1,148)	(1,476)	(1,606)	(1,944)	(1,850)	(2,235)	(2,315)	(2,218)
Sinking Fund Payment	(119)	(99)	(117)	(167)	(110)	(199)	(157)	(239)	(198)	(226)
Other	(21)	(16)	(17)	(16)	(17)	(36)	(46)	(27)	(27)	(27)
	(1,314)	(1,202)	(1,281)	(1,659)	(1,733)	(2,179)	(2,053)	(2,501)	(2,540)	(2,472)
Net Increase (Decrease) in Cash	(352)	(14)	136	105	(83)	28	146	4	(124)	144
Cash at Beginning of Year	158	(193)	(207)	(72)	33	(51)	(23)	123	127	3
Cash at End of Year	(193)	(207)	(72)	33	(51)	(23)	123	127	3	147

PUB/MH/PRE-ASK-3

Reference: Revised IFF Pricing

Please provide the various 20-year IFF scenarios requested in PUB/MH/RISK-53 a) to d) using market pricing as follows:

- **Current market prices to 2014/15.**
 - **NSP/Xcel contract aggregated pricing from 2015/16 to 2025/26.**
 - **Pending 500 MW WPS and 250 MW MP Contracts with aggregated NSP/Xcel pricing levels.**
 - **Projected (no Carbon Adder) day-ahead market pricing for all opportunity exports and non-contract imports.**
- b) In a modified 20-year IFF 09-1 assuming no WPS or MP contracts and no new G&T projects (as per PUB/MH/Risk II-53(b)).**

ANSWER:

Assuming no potential firm sales and no new generation, additional system firm energy would be required by 2021/22 to meet Manitoba domestic demand. A scenario with no major G&T projects as requested is not feasible as new resources are required to meet Manitoba requirements beyond 2021/22.

PUB/MH/PRE-ASK-3

Reference: Revised IFF Pricing

Please provide the various 20-year IFF scenarios requested in PUB/MH/RISK-53 a) to d) using market pricing as follows:

- **Current market prices to 2014/15.**
 - **NSP/Xcel contract aggregated pricing from 2015/16 to 2025/26.**
 - **Pending 500 MW WPS and 250 MW MP Contracts with aggregated NSP/Xcel pricing levels.**
 - **Projected (no Carbon Adder) day-ahead market pricing for all opportunity exports and non-contract imports.**
- c) In a modified IFF 09-1, assuming no WPS or MP contracts with Keeyask G.S. and Bipole III, but without Conawapa G.S. (as per PUB/MH II-53(c)).**

ANSWER:

In the response to PUB/MH/RISK-53(c) Manitoba Hydro indicated that the scenario requested is complex. The work required to analysis this scenario cannot be completed within the time frame of this hearing.

It should be noted that there are an unlimited number of development plans that could be analyzed in terms of market pricing scenarios and other factors. Manitoba Hydro's recommended development plan along with alternatives will be subject to a full examination when the "need for and alternatives to" process is initiated.

PUB/MH/PRE-ASK-3

Reference: Revised IFF Pricing

Please provide the various 20-year IFF scenarios requested in PUB/MH/RISK-53 a) to d) using market pricing as follows:

- **Current market prices to 2014/15.**
 - **NSP/Xcel contract aggregated pricing from 2015/16 to 2025/26.**
 - **Pending 500 MW WPS and 250 MW MP Contracts with aggregated NSP/Xcel pricing levels.**
 - **Projected (no Carbon Adder) day-ahead market pricing for all opportunity exports and non-contract imports.**
- d) In a modified IFF 09-1 without the pending WPS and MP contracts in-place and without Conawapa G.S. and Bipole III, but adding 1,000 MW of new CCCT thermal generation to supplement Keeyask G.S. (as per a modified PUB/MH-53(d).**

ANSWER:

The work required to analyze the complex scenario defined in this information request cannot be completed within the time frame of this hearing.

It should be noted that there are an unlimited number of development plans that could be analyzed in terms of market pricing scenarios and other factors. Manitoba Hydro's recommended development plan along with alternatives will be subject to a full examination when the "need for and alternatives to" process is initiated.

PUB/MH/PRE-ASK-3

Reference: Revised IFF Pricing

Please provide the various 20-year IFF scenarios requested in PUB/MH/RISK-53 a) to d) using market pricing as follows:

- **Current market prices to 2014/15.**
 - **NSP/Xcel contract aggregated pricing from 2015/16 to 2025/26.**
 - **Pending 500 MW WPS and 250 MW MP Contracts with aggregated NSP/Xcel pricing levels.**
 - **Projected (no Carbon Adder) day-ahead market pricing for all opportunity exports and non-contract imports.**
- e) **In the alternative to providing the above information requested, please provide an electronic spreadsheet with the confidential meta data removed.**

ANSWER:

Please see the schedule provided in the response to PUB/MH/PRE-ASK-2. Manitoba Hydro is unable to provide a further breakdown of export prices due to the commercial sensitivity of the information.

PUB/MH/PRE-ASK-4

Reference: Alternative Export Pricing Scenario

MH's response to PUB/MH-Risk-53 a) to d) suggests that the requested alternate export pricing scenarios are too time consuming in that they require a revisit of 2008 export pricing analyses.

Assuming this is the case, the PUB is prepared to stipulate, for sensitivity testing purposes, the following table on the progression of average annual export sale and average annual import or purchase prices to be employed in the preparation of the various IFF scenarios (Note: thermal generation quantities could also be priced at import levels to simplify the process).

- i. The Alternative IFF Scenarios to be defined are restated as follows:**
- ii. MH's Recommended Development Plan.**
- iii. MH's Alternative Development Sequence.**
- iv. A Development Sequence without WPS/MP and Bipole III/Keeyask G.S./Conawapa G.S., but employing 1,000 MW of new CCCT generation staged and timed to meet domestic and NSP contract loads.**

A Development Sequence without Bipole III and Conawapa G.S., but with Keeyask G.S. and 500 to 1,000 MW of new CCT generation sized and timed to meet domestic and NSP contract load.

For each of the above scenarios, employ export and import energy purchase prices as proposed by PUB:

Year	Existing IFF's		Proposed Alternative IFF Prices	
	MH's IFF 09-1 Export Pricing (¢/KWh)	MH's Average Exports Low Price Scenario (¢/KWh)	Average Annual Prices for Exports ¢/KWh	Average Annual Prices for Imports (¢/KWh)
2010/11	4.1		4.0	3.0
2011/12	6.6	5.6	5.0	4.0
2012/13	6.7	5.6	5.0	4.0
2013/14	7.2	6.0	5.0	4.0
2014/15	7.4	6.1	5.0	4.0
2015/16	9.1	7.4	6.0	5.0
2016/17	9.2	7.4	6.0	5.0
2017/18	9.5	7.6	6.0	5.0
2018/19	10.5	8.4	6.5	5.5
2019/20	10.6	8.4	6.5	5.5
2020/21	10.7	8.7	6.5	5.5
2021/22	10.9	8.9	7.0	6.0
2022/23	11.2	9.3	7.0	6.0
2023/24	11.5	9.2	7.0	6.0
2024/25	11.9	9.4	7.0	6.0
2025/26	12.3	9.1	8.0	7.0
2026/27	12.6	9.3	8.0	7.0
2027/28	13.0	9.6	8.0	7.0
2028/29	13.5	9.8	8.0	7.0
2029/30		10.2	9.0	8.0

Note:

Proposed alternative prices for:

- Exports assume both peak and off-peak.
- Imports assume both peak and off-peak as well as wind.

ANSWER:

Manitoba Hydro is not prepared to provide IFF scenarios based on the pricing assumptions outlined in the table above or provide the scenarios in (iii) and (iv) above as these additional complex analyses can not be completed within the timeframe of this hearing.

The low and high export price scenarios provided in Appendix 15 should provide an indication of the corporation's sensitivity to the lower and upper bounds of export prices on the Recommended Plan requested in (i). The alternative development sequence for IFF09 was also provided in Appendix 15. The scenarios for the Recommended Plan were updated for IFF10 assumptions and provided in PUB/MH/PRE-ASK-2.

It should be noted that there are an unlimited number of development plans that could be analyzed in terms of market pricing scenarios and other factors. Manitoba Hydro's recommended development plan along with alternatives will be subject to a full examination when the "need for and alternatives to" process is initiated.

PUB/MH/PRE-ASK-5

Reference: Export Pricing Forecasts (Internal and External Process)

- a) **Please provide a summary of the external consultants' forecast electricity prices provided to MH as cited on an unnamed basis, in the ICF report.**

ANSWER:

The specific details of Manitoba Hydro's electricity export price forecast, including details on specific pricing factors, are commercially sensitive information, and therefore are confidential since public release could harm the Corporation in negotiation of contracts for export sales.

As noted in the response to CAC/MSOS/MH II-41(a) and as described in the response PUB/MH I-156(a), Manitoba Hydro's electricity export price forecast is prepared using information from several external price forecast consultants who each have their own electricity price forecast models and assumptions. Manitoba Hydro has a consultant services agreement with each of the electricity export price forecast consultants, and the services agreement has confidentiality requirements that prevent Manitoba Hydro from publically releasing the forecast reports or specific information from the reports.

PUB/MH/PRE-ASK-5

Reference: Export Pricing Forecasts (Internal and External Process)

b) Please provide these 20-year forecasts for:

- **Contracted firm sales.**
- **Opportunity peak sales.**
- **Opportunity off-peak sales.**

ANSWER:

Please see the response to PUB/MH/PRE-ASK-5(a) which indicates that Manitoba Hydro is unable to publically release the external consultant forecast reports or specific information from the reports.

PUB/MH/PRE-ASK-5

Reference: Export Pricing Forecasts (Internal and External Process)

- c) **Please provide the same summary data (as in “a” and “b”) for the 2010 update of electricity price forecasts referred to in PUB/MH/RISK-56.**

ANSWER:

Please see the response to PUB/MH/PRE-ASK-5(a) which indicates that Manitoba Hydro is unable to publically release the external consultant forecast reports or specific information from the reports.

PUB/MH/PRE-ASK-6

Reference: Debt-Equity Calculations

- a) **Please confirm that the debt ratio shown in the 2009/10 Annual Report is derived as follows:**

$$\text{Debt Ratio} = \frac{\text{Debt (LT Debt Plus Notes Payable Minus Sinking Fund Investments)}}{\text{Debt Plus Equity Plus Contributions in Aid of Construction}}$$

(Explain the rationale for each of the input parameters.)

ANSWER:

The debt ratio shown in the 2009/10 Annual Report is derived as follows:

$$\text{Debt Ratio} = \frac{\text{Debt (LT Debt Plus Notes Payable Minus Sinking Fund Investments Minus Temporary Investments)}}{\text{Debt Plus Equity (Retained Earnings Plus Accumulated Other Comprehensive Income Plus Contributions in Aid of Construction)}}$$

The Debt calculation is intended to represent the net debt of the Corporation and includes the total Long-term debt and Short-term debt (notes payable) net of Sinking Funds and Temporary Investments.

The Equity calculation includes those items listed as Equity on the Corporation's balance sheet (Retained Earnings and Accumulated Other Comprehensive Income) as well as non-refundable Contributions in Aid of Construction which represents capital contributions provided by customers towards service extension costs.

PUB/MH/PRE-ASK-6

Reference: Debt-Equity Calculations

- b) **Please confirm that the equity ratio shown in the 2008/09 Annual Report is derived as follows:**

$$\text{Equity Ratio} = \frac{\text{Equity (Retained Earnings Plus Contributions in Aid of Construction)}}{\text{Equity Plus Debt (LT Debt and Notes Payable Minus Temporary Investments)}}$$

(Explain the rationale for each of the input parameters.)

ANSWER:

The equity ratio shown in the 2008/09 Annual Report is derived as follows:

$$\text{Equity Ratio} = \frac{\text{Equity (Retained Earnings Plus Contributions in Aid of Construction)}}{\text{Equity Plus Debt (LT Debt Plus Notes Payable Minus Sinking Fund Investments Minus Temporary Investments)}}$$

Please note that Accumulated Other Comprehensive Income (“AOCI”) was excluded from the equity component of the equity ratio in the 2008/09 Annual Report. However, AOCI was included in the equity component of the equity ratio in the 2009/10 Annual Report due to changes in accounting standards as described in CAC/MSOS/MH I-116(b). For comparative purposes, the equity ratio for 2008/09 was restated in the 2009/10 Annual Report.

PUB/MH/PRE-ASK-6

Reference: Debt-Equity Calculations

c) Please provide a detailed calculation of both ratios for comparison in:

Year	Debt Ratio	Equity Ratio
2007/08	X	X
2008/09	X	X
2009/10	X	X
2010/11	X	X
2011/12	X	X
2012/13	X	X

ANSWER:

The attached table provides the calculations requested.

Debt-Equity Calculations
(\$ millions)

Year	A	B	C	D	E	F	G	$\frac{(D-E+F-G)}{(A+B+C+D-E+F-G)}$	$\frac{(A+B+C)}{(A+B+C+D-E+F-G)}$
	Retained Earnings	Unamortized Customer Contributions	Accumulated Other Comprehensive Income	Long-Term Debt	Sinking Fund Investment	Short-Term Debt	Short-Term Investments	Consolidated Debt Ratio	Consolidated Equity Ratio
2007/08	1,822	300	305	7,571	718	-	133	0.73	0.27
2008/09	2,076	296	(169)	8,187	666	100	159	0.77	0.23
2009/10	2,239	295	285	8,538	822	-	174	0.73	0.27
2010/11	2,398	295	266	8,549	276	195	9	0.74	0.26
2011/12	2,531	294	266	9,126	347	201	14	0.74	0.26
2012/13	2,658	288	14	9,795	337	143	21	0.76	0.24

Ref A: As reported in the Financial Statistics of the 2010 Annual Report (page 100) and the IFF10 Consolidated Projected Balance Sheet (page 24).

Ref B: As reported in the Financial Statistics of the 2010 Annual Report (page 100) and the IFF10 Consolidated Projected Balance Sheet (page 24).

Ref C: As reported in the Financial Statistics of the 2010 Annual Report (page 100) and the IFF10 Consolidated Projected Balance Sheet (page 24).

Ref D: As calculated in the table below.

Ref E: As reported in the Financial Statistics of the 2010 Annual Report (page 100).

Ref F: Represents “Notes payable” as reported on the Balance Sheet in the 2010 Annual Report (page 71).

Ref G: Represents “Cash and cash equivalents” as reported on the Balance Sheet in the 2010 Annual Report (page 70).

The following table provides the calculation of long-term debt used in the aforementioned debt-equity calculations.

(\$ millions)

Year	H Long-Term Debt	I Current Portion Long-Term Debt	D = (H+I) Long-Term Debt
2007/08	7,218	353	7,571
2008/09	7,668	519	8,187
2009/10	8,228	310	8,538
2010/11	8,524	25	8,549
2011/12	8,944	182	9,126
2012/13	8,966	829	9,795

Ref H: As reported in the Financial Statistics of the 2010 Annual Report (page 100) and the IFF10 Consolidated Projected Balance Sheet (page 24).

Ref I: As reported on the Balance Sheet in the 2010 Annual Report (page 71).

PUB/MH/PRE-ASK-7

Reference: Diversity Contracts – PUB/MH/RISK-67(b)

- a) **Please confirm that in MH's 2009/10 Power Resource Plan:**
- i. **Total imports include 258 GWh of 350 MW Diversity Agreement winter peak (7x4) energy purchases at day ahead market prices.**
 - ii. **Total exports include 258 GWh of 350 MW Diversity Agreement summer peak (7x4) energy sales.**

ANSWER:

The representation of the NSP 350 MW Seasonal Diversity Sale Agreement in the 2009/10 Power Resource Plan was based on the initial Term Sheet that was agreed to on November 1, 2006. Since that time, negotiations were completed and on May 27, 2010 Xcel Energy executed Power Purchase Agreements (PPA) with Manitoba Hydro. The development of definitive agreements through the negotiation process has resulted in different terms and conditions for the Power Purchase Agreements. The following response is based on the 2010/11 Power Resource Plan which includes the final terms and conditions of the executed agreement.

- i. Based on the above comments, the statement in the information request cannot be confirmed for the 2009/10 Power Resource Plan. However, based on the executed agreements that are utilized in the 2010/11 Power Resource Plan, Manitoba Hydro has the option to purchase up to 1614 GWh of energy which corresponds to 350 MW for 7x24 hours during the six-month winter season. Manitoba Hydro cannot provide pricing information for this energy as it is trade secret and confidential.
- ii. Please refer to the response to PUB/MH/RISK-67(a) ii which provides the requested information. This response states that “Manitoba Hydro does not have a must supply commitment under the NSP 350 MW System Diversity Sale. Manitoba Hydro’s commitment during the summer season under the NSP 350 MW System Diversity Sale is to offer 350 MW of energy on a daily basis for a minimum of four consecutive hours in which the MISO load is expected to peak (MH’s Must Offer Energy). Manitoba Hydro will supply this energy to the extent that Manitoba Hydro’s energy

offers clear the MISO day-ahead market.” An export of 258 GW.h at the border is included in the 2010/11 Power Resource Plan for this diversity sale. An additional 10% is added to this export in order to consider losses in the Manitoba Hydro system from generation to the border. Consequently, 283 GW.h is utilized in the supply/demand tables in the 2010/11 Power Resource Plan.

PUB/MH/PRE-ASK-7

Reference: Diversity Contracts – PUB/MH/RISK-67(b)

- b) Please confirm that NSP maximum obligation to supply this energy in six winter months is predicated on and equal to MH’s “Must Supply” obligation or MH’s actual diversity supply in the prior six summer months.**

ANSWER:

The assumption made in this information request is not confirmed. NSP/Xcel has the obligation to provide 350 MW of energy to Manitoba Hydro in all hours of the winter season if requested by Manitoba Hydro, which corresponds to 1614 GW.h as provided in the response to PUB/MH/PRE-ASK-7(a). This obligation is not affected by previous deliveries made by Manitoba Hydro.

PUB/MH/PRE-ASK-7

Reference: Diversity Contracts – PUB/MH/RISK-67(b)

- c) **Please confirm that if MH supplied six months of 7x16 350 MW diversity summer energy (or a substantial portion thereof) to NSP, then NSP would under the “Adverse Water Energy” clause be obligated to supply an equal or greater amount of energy to MH (if MH provides notice by September 15) during the subsequent winter. If not, please clarify.**

ANSWER:

The assumption made in the information request is not confirmed. Please refer to the responses to PUB/MH/PRE-ASK-7(a) and (b) which indicate that NSP/Xcel has the obligation to provide 350 MW of energy in all hours of the winter season if requested by Manitoba Hydro. This obligation is not affected by deliveries made by Manitoba Hydro in the previous summer.

PUB/MH/PRE-ASK-7

Reference: Diversity Contracts – PUB/MH/RISK-67(b)

d) Please provide a breakdown of MH’s Power Resource Plan 2016/17 provisions for:

i. Imports:

- ___ GWh (NSP Diversity Purchases)
- ___ GWh (Firm Purchases)
- ___ GWh (Non-Firm Purchases)
- ___ GWh (Total)

ii. Exports:

- ___ GWh (375/325 MW 5x16 Peak Sales)
- ___ GWh (375/325 MW 2x16 Weekend Sales)
- ___ GWh (350 MW Diversity Sales)
- ___ GWh (Other)
- ___ GWh (Total)

ANSWER:

Please refer to the response to PUB/MH/PRE-ASK-7(a) for a clarification of the representation of the NSP 350 MW Seasonal Diversity Sale Agreement in the 2009/10 versus that in the 2010/11 Power Resource Plan. The following response is based on the 2010/11 Power Resource Plan which includes the final terms and conditions of the executed 2010 agreements. The import and export information for 2016/17 that is provided below is based on the dependable flow condition which includes the consideration of the adverse water provision.

i. Imports:

1614 GWh (NSP Diversity Import)
0 GWh (Firm Imports)
1100 GWh (Non-Contracted Import)

2714 GWh (Total Import)

ii. Exports:

1584 GWh (375/325 MW Annual Export)

283 GWh (350 MW Diversity Export)

145 GWh (Other)

2012 GWh (Total Export without Adverse Water Declaration)

Less: (370) GWh (Adverse Water Right)

1642 GWh (Total Export with Adverse Water Declaration)

PUB/MH/PRE-ASK-7

Reference: Diversity Contracts – PUB/MH/RISK-67(b)

- e) **Please explain why (how) 375 MW exports in the initial year of a drought could be limited to 5x16 summer sales as opposed to 7x16 sales under contract in advance of a September 15th notification date.**

ANSWER:

During the weekdays (5x16 hours), Manitoba Hydro is obligated to deliver energy, either from its own resources or from the market under the contract. Manitoba Hydro has no obligation under normal conditions or under drought conditions to deliver energy on the weekend (2x16).

During each day of the contract term, Manitoba Hydro has an obligation to offer energy associated with the capacity levels for a minimum of four consecutive hours during which the MISO load is expected to peak.

PUB/MH/PRE-ASK-7

Reference: Diversity Contracts – PUB/MH/RISK-67(b)

- f) Please explain why 350 MW Diversity Sales would be expanded by NSP beyond a 4-hour daily peak in the summer months in advance of a MH declaration of a drought situation.**

ANSWER:

Regardless of water conditions, MH has no obligation and NSP has no right to increase the volume of energy offered daily by MH under the 350 MW Diversity contract above the four consecutive hours during which the MISO load is expected to peak.

Manitoba Hydro, on the other hand has the right but not the obligation on a daily basis to offer energy under the 350 MW Diversity contract for all hours.

PUB/MH/PRE-ASK-7

Reference: Diversity Contracts – PUB/MH/RISK-67(b)

- g) Please confirm that the NSP contracts would essentially preclude MH from other bilateral firm sales into MISO prior to Keeyask in service.**

ANSWER:

Manitoba Hydro cannot confirm that the NSP contracts would preclude other bilateral firm sales prior to Keeyask in-service. The return energy provisions associated with the NSP sale are approximately equal to the energy obligations of the sale under adverse water conditions. Therefore, this sale is not expected to change the quantity of dependable energy that can be allocated to other bilateral firm sales.

Based on the 2010/11 Power Resource Plan recommended development plan, Manitoba Hydro has the following exportable dependable energy surplus during the time period when the NSP contracts are in effect and prior to Keeyask. This exportable surplus is available for long-term bilateral firm sales as follows:

<u>Energy Surplus - GW.h</u>	
2015/16	1033
2016/17	664
2017/18	626
2018/19	341

PUB/MH/PRE-ASK-8

Reference: 2002 to 2004 Drought

B.O. 101/04 #6 reads:

“MH file the following studies by no later than January 31, 2005.

(2nd bullet) A study of MH’s Response to 2002-2004 drought, with recommendations by an outside and independent expert.”

- a) **With respect to B.O. 101/04, please provide a listing of documents already filed on the record of this proceeding, and cite the specific sections that go to answer the PUB’s concerns about the 2002-04 drought situation.**

ANSWER:

In direct response to B.O. 101/04 #6 (2nd bullet), Manitoba Hydro filed the report, “Manitoba Hydro 2002-2004 Drought Risk Management Review,” RiskAdvisory, 2005-01-18, May 3, 2005. The report was again filed for the 2008/09 General Rate Application, as Appendix 43, “Report on the 2002-2004 Drought.” These materials were also referenced in Manitoba Hydro’s letter of November 6, 2009 and circulated by email February 26, 2010. A hard copy was forwarded to all parties on March 4, 2010.

The report, “Independent Review of Manitoba Hydro Export Power Sales and Associated Risks,” ICF International, 2009-09-11, evaluated the adequacy of Manitoba Hydro’s drought risk mitigation measures which included context to the 2002-04 drought. This report was filed as Appendix 12.2 to this GRA.

The following responses filed in this proceeding related to 2002-04 drought.

PUB/MH II-85(a)

PUB/MH/RISK-74(d)

PUB/MH/RISK-126(e)

PUB/MH/RISK-127(a)

PUB/MH/RISK-133(b)

PUB/MH/RISK-133(c)

MIPUG/MH/RISK-6(d)

MIPUG/MH/RISK-6(e)

Manitoba Hydro can not fully respond to this question as the PUB has not made its specific concerns relating to the 2002-04 drought known to Manitoba Hydro.

PUB/MH/PRE-ASK-8

Reference: 2002 to 2004 Drought

B.O. 101/04 #6 reads:

“MH file the following studies by no later than January 31, 2005.

(2nd bullet) A study of MH’s Response to 2002-2004 drought, with recommendations by an outside and independent expert.”

- b) Please provide any additional reports and/or internal memos that go to defining water supply situation and the financial consequences of the 2003/04 drought situation.**

ANSWER:

Manitoba Hydro has not produced additional reports on the 2003/04 drought.

PUB/MH/PRE-ASK-8

Reference: 2002 to 2004 Drought

B.O. 101/04 #6 reads:

“MH file the following studies by no later than January 31, 2005.

(2nd bullet) A study of MH’s Response to 2002-2004 drought, with recommendations by an outside and independent expert.”

- c) **Please provide any specific correspondence and Board Order references that would indicate the PUB was since satisfied with MH’s Response to B.O. 101/04 and no longer wished to examine the 2003/04 drought issue.**

ANSWER:

Manitoba Hydro is not aware of any such correspondence or Board Order reference.

PUB/MH/PRE-ASK-9

Reference: PUB/MH I-22

Please file an update to PUB/MH I-22 to incorporate 2010 actual and include 2011 and 2012 test years.

ANSWER:

The following table updates PUB/MH I-22 to include information for 2010 actual and 2011 and 2012 test years. Please note the two test years are based on IFF10.

Electric Operating Statistics

	2005	2006	2007	2008	2009	2010	2011	2012
(in millions of \$)	Actual	Actual	Actual	Actual	Actual ¹	Actual	Test	Test
Revenue								
Residential	386	387	410	437	462	476	501	526
General Service	553	597	613	638	665	669	693	739
Extraprovincial	554	827	592	625	622	427	444	461
Other	4	5	5	8	16	6	7	7
Total Revenue	\$ 1,497	\$ 1,816	\$ 1,621	\$ 1,707	1,765	1,578	\$ 1,645	\$ 1,733
Expenses								
Operating, Maintenance and Administrative	299	311	323	323	364	378	398	402
Finance Expense	468	468	467	401	433	373	393	411
Depreciation and Amortization	289	301	311	324	340	358	374	405
Water Rentals and Assessments	112	131	112	124	123	121	120	115
Fuel and Power Purchased	135	125	226	135	176	104	121	187
Capital and Other Taxes	51	53	55	57	64	76	81	82
Corporate Allocation	6	6	7	8	8	8	9	9
Total Expenses	1,360	1,396	1,502	1,370	1,508	1,418	1,496	1,612
Non-controlling Interest ²	-	-	-	-	-	-	-	4
Net Income	\$ 137	\$ 420	\$ 120	\$ 337	\$ 257	\$ 160	\$ 149	\$ 125

¹ 2008/09 Actuals have been restated to reflect the adoption of new accounting policies for Intangibles Assets and Dual Currency Bonds as described in Note 2 to the 2009/10 Financial Statements. Net Income is \$31 million lower as a result of the changes.

² Non-controlling Interest represents NCN's share of the net (income) or loss from the Wuskwatim Power Limited Partnership (WPLP).

i Hydraulic Generation (GWh)	31,134	37,218	31,610	34,897	34,193	33,818	34,066	31,360
ii Thermal Generation (GWh)	414	401	522	457	335	143	80	89
iii Energy Purchases (GWh)	2,030	739	2,249	830	1,033	1,398	1,241	2,973
iv Export Sales to U.S. (GWh)	8,850	12,923	9,531	11,253	10,159	10,612	10,352	8,750
v Export Sales to Canada (GWh)	1,580	1,424	373	482	417	373	518	406
vi Export Losses (GWh)	751	1,219	855	986	893	928	948	832

PUB/MH/PRE-ASK-10

Reference: PUB/MH I-28 (R) Financial Results: Income and Expenses

- a) **Please file an updated PUB/MH I-28 (R) (a) & (b) incorporating actual results for 2009/10 and the current view of forecast for 2010/11 based on the 2011-second quarter results.**

ANSWER:

The following table updates PUB/MH I-28(a)(R) to incorporate actual results for 2009/10 and the most current forecast information (IFF10) for 2010/11 and 2011/12.

MANITOBA HYDRO
STATEMENT OF INCOME

Schedule 4.1.0
(000's)

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	Actual	Actual	Actual	Actual	Actual	Actual ²	Actual	Forecast	Forecast
Revenue									
General Consumers ¹	918,231	938,954	983,653	1,023,613	1,074,581	1,126,812	1,144,891	1,194,396	1,264,254
Extraprovincial	350,994	553,727	826,766	592,245	624,971	622,646	426,641	443,630	461,017
Other	6,857	4,251	5,496	5,472	7,580	15,870	6,226	6,757	7,208
Total Revenue	\$ 1,276,082	\$ 1,496,933	\$ 1,815,915	\$ 1,621,330	\$ 1,707,132	\$ 1,765,328	\$ 1,577,758	\$ 1,644,783	\$ 1,732,479
Expenses									
Operating, Maintenance and Administrative	283,356	298,613	310,659	323,466	322,697	364,287	377,551	397,695	401,870
Finance Expense	452,801	467,859	468,359	467,138	400,796	433,065	373,281	393,037	410,820
Depreciation and Amortization	274,325	289,291	301,213	310,913	323,573	340,314	358,179	374,438	405,099
Water Rentals and Assessments	71,455	111,521	131,020	112,497	123,767	123,000	121,033	120,554	115,107
Fuel and Power Purchased	568,897	135,456	124,841	226,212	134,887	176,383	103,974	120,923	187,163
Capital and Other Taxes	49,860	51,043	53,438	54,859	57,152	63,808	75,819	80,783	82,466
Corporate Allocation	3,693	6,457	6,470	6,661	7,576	7,554	8,019	8,832	9,286
Total Expenses	1,704,388	1,360,240	1,396,000	1,501,746	1,370,449	1,508,410	1,417,856	1,496,262	1,611,811
Non-controlling Interest ³	-	-	-	-	-	-	-	-	4,278
Net Income	\$ (428,306)	\$ 136,692	\$ 419,915	\$ 119,584	\$ 336,683	\$ 256,918	\$ 159,902	\$ 148,521	\$ 124,946

¹ General Consumers Revenue - reflects an interim 2.8% increase in 2010/11 and proposed 2.9% increase in 2011/12

² 2008/09 Actuals have been restated to reflect the adoption of new accounting policies for Intangibles Assets and Dual Currency Bonds as described in Note 2 to the 2009/10 Financial Statements. Net Income is \$31 million lower as a result of the changes.

³ Non-controlling Interest represents NCN's share of the net (income) or loss from the Wuskwatim Power Limited Partnership (WPLP).

PUB/MH/PRE-ASK-10

Reference: PUB/MH I-28 (R) Financial Results: Income and Expenses

- b) **With respect to PUB/MH I-28(b), please provide the Compounded Annual Growth for the years 2004/05 through 2009/10 and 2009/10 through 2011/12.**

ANSWER:

The following table updates PUB/MH I-28(b) to incorporate actual results for 2009/10 and the most current forecast information (IFF10) for 2010/11 and 2011/12. The Compounded Annual Growth values reflect the updated information.

PUB/MH/PRE-ASK-11

Reference: PUB/MH I-36 (a) & (b) Finance Expense

- a) Please extend PUB/MH I -36 (a) to provide the detail of finance expense incorporating each year in the 20 year IFF09 and IFF10 if available.**

ANSWER:

Please see the attached schedule.

MANITOBA HYDRO
FINANCE EXPENSE (in \$ '000)
PUB/ MH Pre-Ask 11 a)

IFF09 Forecast

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast
Interest on Short & Long-Term Debt									
Gross Interest	\$ 489,978	\$ 485,696	\$ 492,656	\$ 496,204	\$ 500,512	\$ 468,685	\$ 475,783	\$ 492,011	\$ 553,011
Provincial Guarantee Fee	66,844	67,801	65,905	67,997	69,865	70,360	72,274	78,099	82,920
Amortization of (Premiums), Discounts, and Transaction Costs	(14,375)	(9,326)	(8,802)	(8,658)	(11,054)	(11,605)	(10,498)	2,321	2,276
Intercompany Interest Receivable	(15,259)	(15,392)	(16,470)	(16,827)	(19,774)	(18,182)	(16,380)	(19,416)	(25,015)
Total Interest on Short & Long-Term Debt	527,188	528,778	533,289	538,716	539,549	509,259	521,179	553,015	613,192
Interest Earned on Sinking Fund	(43,028)	(27,656)	(30,640)	(28,535)	(30,180)	(24,920)	(24,908)	(17,585)	(10,720)
Realized Foreign Exchange (Gains) or Losses on Debt in Cash Flow Hedges	-	-	-	-	(52,407)	(11,359)	8,011	4,398	-
Interest Allocated to Construction	(31,564)	(32,683)	(34,496)	(47,071)	(60,015)	(74,493)	(91,267)	(130,789)	(137,126)
Corporate Allocation	(16,830)	(16,763)	(16,809)	(17,141)	(17,483)	(17,543)	(17,880)	(18,704)	(18,704)
Other Amortization	17,035	16,166	17,015	21,170	21,331	20,116	21,776	22,204	21,008
Total Finance Expense	\$ 452,801	\$ 467,843	\$ 468,359	\$ 467,139	\$ 400,796	\$ 401,060	\$ 416,913	\$ 412,539	\$ 467,650

MANITOBA HYDRO
FINANCE EXPENSE (in \$ '000)
PUB/ MH Pre-Ask 11 a)

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Interest on Short & Long-Term Debt									
Gross Interest	\$ 580,312	\$ 625,404	\$ 684,621	\$ 776,547	\$ 878,124	\$ 961,998	\$1,011,851	\$1,138,951	\$1,146,567
Provincial Guarantee Fee	89,272	93,497	100,738	113,909	130,548	146,572	158,904	165,583	172,104
Amortization of (Premiums), Discounts, and Transaction Costs	2,414	2,273	1,954	2,525	2,758	3,020	3,205	3,134	3,243
Intercompany Interest Receivable	(26,700)	(27,296)	(27,932)	(28,247)	(28,434)	(28,522)	(28,396)	(28,119)	(27,868)
Total Interest on Short & Long-Term Debt	645,298	693,878	759,381	864,734	982,996	1,083,068	1,145,564	1,279,549	1,294,046
Interest Earned on Sinking Fund	(11,980)	(10,794)	(1,382)	(12,448)	(23,251)	(37,002)	(39,907)	(35,627)	(34,435)
Realized Foreign Exchange (Gains) or Losses on Debt in Cash Flow Hedges	(95)	(14,049)	(7,228)	(18,352)	(7,390)	(10,814)	(2,656)	(772)	(514)
Interest Allocated to Construction	(110,061)	(144,108)	(208,376)	(306,070)	(408,036)	(449,275)	(430,042)	(365,023)	(300,298)
Corporate Allocation	(18,704)	(18,704)	(18,704)	(18,704)	(18,704)	(18,704)	(18,704)	(18,704)	(18,704)
Other Amortization	20,819	20,463	20,282	20,067	19,820	19,597	19,361	18,491	18,228
Total Finance Expense	\$ 525,277	\$ 526,686	\$ 543,973	\$ 529,227	\$ 545,435	\$ 586,870	\$ 673,616	\$ 877,914	\$ 958,323

MANITOBA HYDRO
FINANCE EXPENSE (in \$ '000)
PUB/ MH Pre-Ask 11 a)

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Interest on Short & Long-Term Debt								
Gross Interest	\$1,087,057	\$1,088,330	\$1,093,621	\$1,071,720	\$1,037,110	\$ 993,398	\$ 953,043	\$ 908,505
Provincial Guarantee Fee	179,408	177,223	182,594	182,351	182,300	179,260	179,242	179,181
Amortization of (Premiums), Discounts, and Transaction Costs	2,924	1,871	1,890	2,033	2,036	1,721	1,851	1,995
Intercompany Interest Receivable	(29,386)	(29,185)	(28,920)	(28,479)	(27,825)	(27,008)	(25,915)	(24,605)
Total Interest on Short & Long-Term Debt	1,240,003	1,238,239	1,249,185	1,227,625	1,193,621	1,147,371	1,108,221	1,065,076
Interest Earned on Sinking Fund	(34,180)	(16,129)	(17,355)	(29,287)	(36,413)	(34,124)	(46,348)	(58,581)
Realized Foreign Exchange (Gains) or Losses on Debt in Cash Flow Hedges	(930)	(1,350)	2	-	-	2	-	-
Interest Allocated to Construction	(352,971)	(329,902)	(159,756)	(30,714)	(29,672)	(17,854)	(22,687)	(24,875)
Corporate Allocation	(18,704)	(18,704)	(18,704)	(18,704)	(18,704)	(18,704)	(18,704)	(18,704)
Other Amortization	17,935	17,701	17,550	17,395	17,256	17,117	16,984	16,844
Total Finance Expense	\$ 851,153	\$ 889,855	\$1,070,922	\$1,166,315	\$1,126,088	\$1,093,808	\$1,037,466	\$ 979,760

MANITOBA HYDRO
FINANCE EXPENSE (in \$ '000)
PUB/ MH Pre-Ask 11 a)

IFF10 Forecast

	2003/04 Actual	2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	Restated	2009/10 Actual	2010/11 Forecast	2011/12 Forecast
						2008/09 Actual			
Interest on Short & Long-Term Debt (Note 1)									
Gross Interest	\$ 489,978	\$ 485,696	\$ 492,656	\$ 496,204	\$ 500,512	\$ 501,406	\$ 441,097	\$ 471,877	\$ 506,607
Provincial Guarantee Fee	66,844	67,801	65,905	67,997	69,865	70,360	72,274	76,694	83,816
Amortization of (Premiums), Discounts, and Transaction Costs	(14,375)	(9,326)	(8,802)	(8,658)	(11,054)	(12,322)	(11,262)	1,864	1,675
Intercompany Interest Receivable	(15,259)	(15,392)	(16,470)	(16,827)	(19,774)	(18,182)	(15,737)	(17,406)	(21,198)
Total Interest on Short & Long-Term Debt	527,188	528,778	533,289	538,716	539,549	541,262	486,371	533,029	570,900
Interest Earned on Sinking Fund	(43,028)	(27,656)	(30,640)	(28,535)	(30,180)	(24,920)	(23,702)	(15,329)	(10,981)
Realized Foreign Exchange (Gains) or Losses on Debt in Cash Flow Hedges	-	-	-	-	(52,407)	(11,359)	6,249	1,303	-
Interest Allocated to Construction	(31,564)	(32,683)	(34,496)	(47,071)	(60,015)	(74,493)	(98,121)	(132,015)	(151,346)
Corporate Allocation	(16,830)	(16,763)	(16,809)	(17,141)	(17,483)	(17,543)	(17,896)	(19,052)	(19,128)
Other Amortization	17,035	16,166	17,015	21,170	21,331	20,116	20,365	25,104	21,374
Total Finance Expense	\$ 452,801	\$ 467,843	\$ 468,359	\$ 467,139	\$ 400,796	\$ 433,063	\$ 373,267	\$ 393,040	\$ 410,819

Note 1: In accordance with the accounting change for dual currency bonds, that was implemented in 2009/10, the 2008/09 comparative actuals were restated.

MANITOBA HYDRO
FINANCE EXPENSE (in \$ '000)
PUB/ MH Pre-Ask 11 a)

	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast	2018/19 Forecast	2019/20 Forecast
Interest on Short & Long-Term Debt								
Gross Interest	\$ 545,940	\$ 593,259	\$ 657,202	\$ 744,545	\$ 832,375	\$ 915,341	\$ 994,808	\$1,104,445
Provincial Guarantee Fee	89,480	95,538	101,720	113,970	129,150	141,945	158,664	171,757
Amortization of (Premiums), Discounts, and Transaction Costs	1,768	1,559	1,205	1,732	1,927	2,151	2,295	2,181
Intercompany Interest Receivable	(15,987)	(17,030)	(18,718)	(19,690)	(20,477)	(20,237)	(19,657)	(19,012)
Total Interest on Short & Long-Term Debt	621,201	673,326	741,409	840,557	942,975	1,039,200	1,136,110	1,259,371
Interest Earned on Sinking Fund	(12,492)	(9,470)	877	(10,195)	(22,244)	(35,986)	(39,902)	(34,933)
Realized Foreign Exchange (Gains) or Losses on Debt in Cash Flow Hedges	-	(23,110)	(12,818)	(18,810)	(11,188)	(17,084)	(7,728)	(6,562)
Interest Allocated to Construction	(137,525)	(186,214)	(208,954)	(267,719)	(370,026)	(421,301)	(453,381)	(514,835)
Corporate Allocation	(19,128)	(19,128)	(19,128)	(19,128)	(19,128)	(19,128)	(19,128)	(19,128)
Other Amortization	20,982	20,068	19,820	19,555	19,259	18,983	18,692	17,735
Total Finance Expense	\$ 473,038	\$ 455,472	\$ 521,206	\$ 544,260	\$ 539,648	\$ 564,684	\$ 634,663	\$ 701,648

PUB/MH/PRE-ASK-11

Reference: PUB/MH I-36 (a) & (b) Finance Expense

- b) Please provide the same analysis as in PUB/MH I-36 (b) providing a comparison between 2009/10 forecast and actual and if changed 2010/11 forecast vs updated forecast.**

ANSWER:

Please see the attached schedule.

PUB/MH Pre-Ask 11 b)

MANITOBA HYDRO
FINANCE EXPENSE
(\$'000s)

	2009/10 Forecast	2009/10 Actual	2009/10 Variance	2010/11 Forecast	2010/11 Forecast	2010/11 Variance
	As Filed Schedule 4.6.0 2010/11 GRA (A)	2010/11 GRA (B)	(A - B)	IFF09 As Filed Schedule 4.6.0 2010/11 GRA (C)	IFF10 Update (D)	(C - D)
Interest on Short & Long-Term Debt						
Note 1 Gross Interest	\$ 475,783	\$ 441,097	\$ 34,686	\$ 492,011	\$ 471,877	\$ 20,134
Note 2 Provincial Guarantee Fee	72,274	72,274	0	78,099	76,694	1,405
Note 3 Amortization of (Premiums), Discounts, and Transaction Costs	(10,498)	(11,262)	764	2,321	1,864	457
Note 4 Intercompany Interest Receivable	(16,380)	(15,737)	(643)	(19,416)	(17,406)	(2,010)
Total Interest on Short & Long-Term Debt	521,179	486,371	34,808	553,015	533,029	19,986
Note 5 Interest Earned on Sinking Fund	(24,908)	(23,702)	(1,206)	(17,585)	(15,329)	(2,256)
Note 6 Realized Foreign Exchange (Gains) or Losses on Debt in Cash Flow Hedges	8,011	6,249	1,762	4,398	1,303	3,095
Note 7 Interest Allocated to Construction	(91,267)	(98,121)	6,854	(130,789)	(132,015)	1,226
Note 8 Corporate Allocation	(17,880)	(17,896)	16	(18,704)	(19,052)	348
Note 9 Other Amortization	21,776	20,365	1,411	22,204	25,104	(2,900)
Total Finance Expense	\$ 416,913	\$ 373,267	\$ 43,646	\$ 412,539	\$ 393,040	\$ 19,499

- Note 1: * For 2009/10, the lower actuals is primarily due to accounting for changes in carrying values of dual currency bonds.
* For 2010/11, the lower IFF10 forecast is primarily due to lower LTD interest rates, lower USD/CAD, and interest income from St. Joseph Wind Farm which was not included in the IFF09 forecast.
- Note 2: * For 2010/11, the lower IFF10 forecast is primarily due to lower forecasted USD/CAD rate.
- Note 3: * For 2009/10, the variance is primarily due to write-off of unamortized commissions on dual currency bonds.
* For 2010/11, the variance is primarily due to actual long term debt being issued at premium.
- Note 4: * For both 2009/10 and 2010/11, the variances are primarily due to lower STD balances, and matured CG long term debt being refinanced at a lower rate.
- Note 5: * For 2009/10, the lower actuals is primarily due to lower volume of sinking fund assets and lower interest rates earned on sinking fund.
* For 2010/11, the lower IFF10 forecast is primarily due to lower interest rates earned on sinking fund.
- Note 6: * For both 2009/10 and 2010/11, the variances are primarily due to lower USD/CAD rates.
- Note 7: * For both 2009/10 and 2010/11, the variances are primarily due to a higher volume of construction work in progress.
- Note 8: * For 2010/11, the variance is primarily due to maturing Centra acquisition long term debt being refinanced at a higher rate.
- Note 9: * For 2009/10, the variances are primarily due to lower actual payment for deferred mitigation liabilities.
* For 2010/11, the variances are primarily due to higher projected deferred mitigation liabilities.

PUB/MH/PRE-ASK-12 (REVISED)

Reference: PUB/MH I-32 (b) (c), (d)- OM&A

- a) **Please refile the response to PUB/MH I-32 (b) incorporating actual results for electric operations for 2009/10. With respect to (c) provide the Compounded Annual Growth for the years 2004/05 through 2009/10 and 2009/10 through 2011/12.**

ANSWER:

The following schedule updates PUB/MH I-32(b) to incorporate actual results for 2009/10. Please note that 2008/09 has also been restated to reflect changes in accounting standards for intangible assets. In addition, IFF10 OM&A targets have been adjusted to reflect the provision for accounting changes.

MANITOBA HYDRO
OPERATING, MAINTENANCE AND ADMINISTRATIVE COSTS BY BUSINESS UNIT

Schedule 4.5.3
(000's)

	2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Forecast	2011/12 Forecast
President & CEO								
General Counsel	\$ 4,383	\$ 5,175	\$ 4,886	\$ 4,629	\$ 5,669	\$ 5,933	\$ 5,545	\$ 5,673
Public Affairs	2,804	2,856	3,288	2,939	3,189	3,582	3,352	3,429
Research & Development	3,491	3,462	3,491	3,548	3,396	4,148	4,395	4,496
Administration	8,575	8,978	9,897	9,861	9,901	14,468	12,137	12,416
	\$ 19,253	\$ 20,471	\$ 21,562	\$ 20,977	\$ 22,155	\$ 28,131	\$ 25,429	\$ 26,014
Corporate Relations								
Aboriginal Relations	\$ 2,968	\$ 4,652	\$ 4,324	\$ 4,331	\$ 4,473	\$ 3,929	\$ 4,448	\$ 4,550
Administration	535	844	896	914	1,047	769	752	769
	\$ 3,503	\$ 5,496	\$ 5,220	\$ 5,245	\$ 5,520	\$ 4,698	\$ 5,200	\$ 5,320
Corporate Planning & Strategic Analysis								
Corporate Strategic Review	\$ 532	\$ 559	\$ 581	\$ 582	\$ 626	\$ 863	\$ 2,658	\$ 2,719
Corporate Planning & Development	777	836	924	1,042	1,342	1,584	2,592	2,652
Administration	387	257	362	362	380	999	1,050	1,074
	\$ 1,696	\$ 1,652	\$ 1,867	\$ 1,986	\$ 2,348	\$ 3,446	\$ 6,300	\$ 6,445
Finance & Administration								
Information Technology Services	\$ 29,273	\$ 29,883	\$ 34,414	\$ 32,709	\$ 34,478	\$ 35,349	\$ 35,500	\$ 36,317
Treasury	2,266	2,146	1,887	2,001	2,067	1,957	2,100	2,148
Corporate Risk Management	150	153	442	460	566	593	836	855
Gas Supply	1,789	2,027	1,981	2,058	2,311	2,356	2,300	2,353
Rates & Regulatory Affairs	3,105	2,913	3,037	2,998	2,918	3,388	3,741	3,827
Corporate Controller	9,085	9,161	8,800	9,475	10,053	11,327	11,626	11,893
Human Resources	10,797	10,840	11,220	11,084	10,666	10,021	10,915	11,166
Corporate Safety & Health	2,819	3,020	2,957	3,411	3,663	3,524	3,750	3,836
Corporate Services	29,836	31,216	31,952	33,117	35,279	37,253	36,644	37,487
Administration	1,160	1,294	1,680	1,820	1,901	2,673	2,555	2,614
	\$ 90,280	\$ 92,653	\$ 98,370	\$ 99,133	\$ 103,902	\$ 108,441	\$ 109,967	\$ 112,496
Power Supply								
Power Planning	\$ 2,431	\$ 1,836	\$ 2,299	\$ 2,955	\$ 5,634	\$ 5,657	\$ 6,494	\$ 6,643
Power Projects Development	865	624	754	411	1,276	376	396	405
HVDC	17,653	17,282	19,177	19,128	21,659	23,170	23,096	23,627
Generation North	28,942	29,516	29,399	30,929	33,671	29,594	28,942	29,608
Generation South	44,754	43,734	45,105	46,747	50,020	54,332	52,437	53,643
Power Sales & Operations	8,870	10,120	11,346	11,625	12,578	12,969	13,290	13,596
Engineering Services	5,784	4,488	4,449	4,909	4,534	4,693	5,171	5,290
New Generation Construction	(134)	(306)	(447)	(228)	24	(212)	(249)	(255)
Administration	4,268	9,902	11,277	11,134	14,952	16,495	18,523	18,949
	\$ 113,433	\$ 117,196	\$ 123,359	\$ 127,610	\$ 144,348	\$ 147,074	\$ 148,100	\$ 151,506

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast
Transmission								
Transmission System Operations	\$ 27,102	\$ 27,638	\$ 29,779	28,453	31,408	33,185	33,545	34,317
Transmission Planning & Design	4,835	4,854	5,212	3,403	5,219	4,161	4,660	4,767
Transmission Construction & Line Maintenance	14,349	14,396	14,862	15,952	15,964	17,219	16,661	17,044
Apparatus Maintenance	28,913	29,082	31,327	33,834	36,281	35,742	35,579	36,397
Administration	2,779	1,840	2,323	1,529	2,216	1,995	1,955	2,000
	\$ 77,978	\$ 77,810	\$ 83,503	\$ 83,171	\$ 91,088	\$ 92,302	\$ 92,400	\$ 94,525
Customer Services & Distribution								
Customer Service Operations - Winnipeg & North	\$ 43,748	\$ 44,302	\$ 42,044	44,893	48,121	49,635	48,808	49,931
Customer Service Operations - South	39,498	44,036	42,811	43,951	46,243	50,368	49,439	50,576
Distribution Planning & Design	6,608	7,378	7,157	8,075	8,541	7,718	8,555	8,752
Distribution Construction	2,253	688	(198)	910	694	2,216	942	964
Administration	-	560	277	544	163	1,130	1,256	1,285
	\$ 92,107	\$ 96,964	\$ 92,091	\$ 98,373	\$ 103,762	\$ 111,067	\$ 109,000	\$ 111,507
Customer Care & Marketing								
Industrial & Commercial Solutions	\$ 2,780	\$ 1,946	\$ 2,449	\$ 2,669	\$ 2,086	\$ 2,636	\$ 3,293	\$ 3,369
Consumer Marketing & Sales	9,115	9,104	9,346	8,264	8,904	10,019	10,341	10,579
Business Support Services	25,448	26,929	26,661	22,937	23,128	23,347	23,622	24,165
Administration	5,357	4,676	4,869	4,989	6,377	6,865	5,744	5,876
	\$ 42,700	\$ 42,655	\$ 43,325	\$ 38,859	\$ 40,495	\$ 42,867	\$ 43,000	\$ 43,989
Motor Vehicle Chargeout	(14,311)	(13,984)	(15,065)	(15,394)	(16,043)	(16,019)	(16,601)	(16,983)
Payroll Tax	(7,602)	(8,136)	(8,344)	(8,774)	(9,679)	(10,070)	(10,070)	(10,272)
Corporate Allocations & Adjustments	(7,018)	(7,006)	(7,031)	(4,930)	(3,824)	(13,284)	(7,609)	(8,730)
CICA Accounting Changes*	-	-	-	-	5,000	9,000	9,000	9,000
Provision for Accounting Changes	-	-	-	-	-	-	18,000	13,500
Operating & Administration Charged to Centra	(55,232)	(53,085)	(53,505)	(56,270)	(59,042)	(60,951)	(63,400)	(64,000)
Capitalized Overhead	(58,174)	(62,028)	(61,887)	(67,289)	(65,743)	(69,151)	(71,021)	(72,447)
Operating & Administrative Costs Attributable to Ele	\$ 298,613	\$ 310,658	\$ 323,465	\$ 322,697	\$ 364,287	\$ 377,551	\$ 397,695	\$ 401,870

* Other CICA Accounting Changes totalling \$4.6 million in 2008/09 and \$4.0 million in 2009/10 & future years are embedded within the Total Costs

MANITOBA HYDRO
OPERATING, MAINTENANCE AND ADMINISTRATIVE COSTS BY BUSINESS UNIT

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Fiscal 2004/05-2009/10 Compounded Annual Growth	2010/11 Forecast	2011/12 Forecast	Fiscal 2009/10-2011/12 Compounded Annual Growth
	Actual	Actual	Actual	Actual	Actual	Actual				
President & CEO										
General Counsel	\$ 4,383	\$ 5,175	\$ 4,886	\$ 4,629	\$ 5,669	\$ 5,933	6.2	\$ 5,545	\$ 5,673	(2.2)
Public Affairs	2,804	2,856	3,288	2,939	3,189	3,582	5.0	3,352	3,429	(2.2)
Research & Development	3,491	3,462	3,491	3,548	3,396	4,148	3.5	4,395	4,496	4.1
Administration	8,575	8,978	9,897	9,861	9,901	14,468	11.0	12,137	12,416	(7.4)
	\$ 19,253	\$ 20,471	\$ 21,562	\$ 20,977	\$ 22,155	\$ 28,131	7.9	\$ 25,429	\$ 26,014	(3.8)
Corporate Relations										
Aboriginal Relations	\$ 2,968	\$ 4,652	\$ 4,324	\$ 4,331	\$ 4,473	\$ 3,929	5.8	\$ 4,448	\$ 4,550	7.6
Administration	535	844	896	914	1,047	769	7.5	752	769	0.0
	\$ 3,503	\$ 5,496	\$ 5,220	\$ 5,245	\$ 5,520	\$ 4,698	6.0	\$ 5,200	\$ 5,320	6.4
Corporate Planning & Strategic Analysis										
Corporate Strategic Review	\$ 532	\$ 559	\$ 581	\$ 582	\$ 626	\$ 863	10.2	\$ 2,658	\$ 2,719	77.5
Corporate Planning & Development	777	836	924	1,042	1,342	1,584	15.3	2,592	2,652	29.4
Administration	387	257	362	362	380	999	20.9	1,050	1,074	3.7
	\$ 1,696	\$ 1,652	\$ 1,867	\$ 1,986	\$ 2,348	\$ 3,446	15.2	\$ 6,300	\$ 6,445	36.8
Finance & Administration										
Information Technology Services	\$ 29,273	\$ 29,883	\$ 34,414	\$ 32,709	\$ 34,478	\$ 35,349	3.8	\$ 35,500	\$ 36,317	1.4
Treasury	2,266	2,146	1,887	2,001	2,067	1,957	(2.9)	2,100	2,148	4.8
Corporate Risk Management	150	153	442	460	566	593	31.6	836	855	20.1
Gas Supply	1,789	2,027	1,981	2,058	2,311	2,356	5.7	2,300	2,353	(0.1)
Rates & Regulatory Affairs	3,105	2,913	3,037	2,998	2,918	3,388	1.8	3,741	3,827	6.3
Corporate Controller	9,085	9,161	8,800	9,475	10,053	11,327	4.5	11,626	11,893	2.5
Human Resources	10,797	10,840	11,220	11,084	10,666	10,021	(1.5)	10,915	11,166	5.6
Corporate Safety & Health	2,819	3,020	2,957	3,411	3,663	3,524	4.6	3,750	3,836	4.3
Corporate Services	29,836	31,216	31,952	33,117	35,279	37,253	4.5	36,644	37,487	0.3
Administration	1,160	1,294	1,680	1,820	1,901	2,673	18.2	2,555	2,614	(1.1)
	\$ 90,280	\$ 92,653	\$ 98,370	\$ 99,133	\$ 103,902	\$ 108,441	3.7	\$ 109,967	\$ 112,496	1.9
Power Supply										
Power Planning	\$ 2,431	\$ 1,836	\$ 2,299	\$ 2,955	\$ 5,634	\$ 5,657	18.4	\$ 6,494	\$ 6,643	8.4
Power Projects Development	865	624	754	411	1,276	376	(15.3)	396	405	3.8
HVDC	17,653	17,282	19,177	19,128	21,659	23,170	5.6	23,096	23,627	1.0
Generation North	28,942	29,516	29,399	30,929	33,671	29,594	0.4	28,942	29,608	0.0
Generation South	44,754	43,734	45,105	46,747	50,020	54,332	4.0	52,437	53,643	(0.6)
Power Sales & Operations	8,870	10,120	11,346	11,625	12,578	12,969	7.9	13,290	13,596	2.4
Engineering Services	5,784	4,488	4,449	4,909	4,534	4,693	(4.1)	5,171	5,290	6.2
New Generation Construction	(134)	(306)	(447)	(228)	24	(212)	9.6	(249)	(255)	9.6
Administration	4,268	9,902	11,277	11,134	14,952	16,495	31.0	18,523	18,949	7.2
	\$ 113,433	\$ 117,196	\$ 123,359	\$ 127,610	\$ 144,348	\$ 147,074	5.3	\$ 148,100	\$ 151,506	1.5

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Fiscal 2004/05-2009/10 Compounded Annual Growth	2010/11 Forecast	2011/12 Forecast	Fiscal 2009/10-2011/12 Compounded Annual Growth
	Actual	Actual	Actual	Actual	Actual	Actual				
Transmission										
Transmission System Operations	\$ 27,102	\$ 27,638	\$ 29,779	28,453	31,408	33,185	4.1	33,545	34,317	1.7
Transmission Planning & Design	4,835	4,854	5,212	3,403	5,219	4,161	(3.0)	4,660	4,767	7.0
Transmission Construction & Line Maintenance	14,349	14,396	14,862	15,952	15,964	17,219	3.7	16,661	17,044	(0.5)
Apparatus Maintenance	28,913	29,082	31,327	33,834	36,281	35,742	4.3	35,579	36,397	0.9
Administration	2,779	1,840	2,323	1,529	2,216	1,995	(6.4)	1,955	2,000	0.1
	\$ 77,978	\$ 77,810	\$ 83,503	\$ 83,171	\$ 91,088	\$ 92,302	3.4	\$ 92,400	\$ 94,525	1.2
Customer Services & Distribution										
Customer Service Operations - Winnipeg & North	\$ 43,748	\$ 44,302	\$ 42,044	44,893	48,121	49,635	2.6	48,808	49,931	0.3
Customer Service Operations - South	39,498	44,036	42,811	43,951	46,243	50,368	5.0	49,439	50,576	0.2
Distribution Planning & Design	6,608	7,378	7,157	8,075	8,541	7,718	3.2	8,555	8,752	6.5
Distribution Construction	2,253	688	(198)	910	694	2,216	(0.3)	942	964	(34.1)
Administration	-	560	277	544	163	1,130		1,256	1,285	6.6
	\$ 92,107	\$ 96,964	\$ 92,091	\$ 98,373	\$ 103,762	\$ 111,067	3.8	\$ 109,000	\$ 111,507	0.2
Customer Care & Marketing										
Industrial & Commercial Solutions	\$ 2,780	\$ 1,946	\$ 2,449	\$ 2,669	\$ 2,086	\$ 2,636	(1.1)	\$ 3,293	\$ 3,369	13.0
Consumer Marketing & Sales	9,115	9,104	9,346	8,264	8,904	10,019	1.9	10,341	10,579	2.8
Business Support Services	25,448	26,929	26,661	22,937	23,128	23,347	(1.7)	23,622	24,165	1.7
Administration	5,357	4,676	4,869	4,989	6,377	6,865	5.1	5,744	5,876	(7.5)
	\$ 42,700	\$ 42,655	\$ 43,325	\$ 38,859	\$ 40,495	\$ 42,867	0.1	\$ 43,000	\$ 43,989	1.3
Motor Vehicle Chargeout	(14,311)	(13,984)	(15,065)	(15,394)	(16,043)	(16,019)	2.3	(16,601)	(16,983)	3.0
Payroll Tax	(7,602)	(8,136)	(8,344)	(8,774)	(9,679)	(10,070)	5.8	(10,070)	(10,272)	1.0
Corporate Allocations & Adjustments	(7,018)	(7,006)	(7,031)	(4,930)	(3,824)	(13,284)	13.6	(7,609)	(8,730)	(18.9)
CICA Accounting Changes*	-	-	-	-	5,000	9,000		9,000	9,000	0.0
Provision for Accounting Changes	-	-	-	-	-	-		18,000	13,500	
Operating & Administration Charged to Centra	(55,232)	(53,085)	(53,505)	(56,270)	(59,042)	(60,951)	2.0	(63,400)	(64,000)	2.5
Capitalized Overhead	(58,174)	(62,028)	(61,887)	(67,289)	(65,743)	(69,151)	3.5	(71,021)	(72,447)	2.4
Operating & Administrative Costs Attributable to Electric Operations	\$ 298,613	\$ 310,658	\$ 323,465	\$ 322,697	\$ 364,287	\$ 377,551	4.8	\$ 397,695	\$ 401,870	3.2

* Other CICA Accounting Changes totalling \$4.6 million in 2008/09 and \$4.0 million in 2009/10 & future years are embedded within the Total Costs

PUB/MH/PRE-ASK-12

Reference: PUB/MH I-32 (b) (c), (d)- OM&A

- b) Please provide the same analysis in PUB/MH I-32 (d) comparing the actual versus forecast for electric operations for 2009/10. Please provide a similar analysis for 2010/11 between the IFF09 forecast and any update for the year.**

ANSWER:

Please refer to the following schedules comparing the actual versus forecast for electric operations for 2009/10.

MANITOBA HYDRO
OPERATING, MAINTENANCE AND ADMINISTRATIVE COSTS BY BUSINESS UNIT

	2009/10	2009/10	2009/10	%	Ref
	Actual	Forecast	Variance		
President & CEO	\$ 28,131	\$ 24,475	\$ (3,656)	-15%	1
Corporate Relations	4,698	5,100	402	8%	
Corporate Planning and Strategic Analysis	3,446	3,700	254	7%	
Finance and Administration	108,441	108,755	314	0%	
Power Supply	147,074	145,000	(2,074)	-1%	
Transmission	92,302	91,100	(1,202)	-1%	
Customer Service and Distribution	111,067	107,300	(3,767)	-4%	
Customer Care and Marketing	42,867	42,000	(867)	-2%	
Business Unit Subtotal	538,026	527,430	(10,596)	-2%	
Motor Vehicle Chargeout	(16,019)	(16,154)	(135)	1%	
Payroll Tax	(10,070)	(9,873)	197	-2%	
Corporate Allocations & Adjustments	(13,284)	(8,775)	4,509	-51%	2
CICA Accounting Changes*	9,000	7,000	(2,000)	-29%	3
Provision for IFRS	-	-	-	0%	
Operating & Administration Charged to Centra	(60,951)	(60,160)	791	-1%	
Capitalized Overhead	(69,151)	(67,964)	1,187	-2%	
OM&A Costs Attributable to Electric Operations *	\$ 377,551	\$ 371,504	\$ (6,047)	-2%	

Variances Greater than 5% and \$500 are explained.

* Note - OM&A figures do not include subsidiary amounts.

MANITOBA HYDRO
OPERATING, MAINTENANCE AND ADMINISTRATIVE COSTS BY BUSINESS UNIT
2010 VARIANCE EXPLANATIONS

Ref	Business Unit	Fav (Unfav)	Explanation
1	President & CEO	\$ (3,656)	Higher consulting and professional fees (\$3 853 U) primarily associated with the Risk Management review.
2	Corporate Allocations & Adjustments	4,509	Primarily due to lower current service benefit costs (Sick Leave Vesting, Vacation and newly negotiated Health Benefits).
3	CICA Accounting Changes	(2,000)	Actuals reflect the removal of property taxes from Administrative and General Overhead capitalized

MANITOBA HYDRO
OPERATING, MAINTENANCE AND ADMINISTRATIVE COSTS BY COST ELEMENT

	2009/10 Actual	2009/10 Forecast	2009/10 Variance	%	Ref
Wages, Salaries	\$ 407,988	\$ 411,832	\$ 3,844	1%	
Overtime	50,307	47,248	(3,059)	-6%	1
Employee Benefits	82,674	85,872	3,198	4%	
Employee Safety & Training	4,623	4,357	(266)	-6%	
Travel	32,435	31,960	(475)	-1%	
Motor Vehicle	24,281	22,967	(1,314)	-6%	2
Materials & Tools	26,897	25,762	(1,135)	-4%	
Consulting & Professional Fees	14,814	10,593	(4,221)	-40%	3
Construction & Maintenance Services	20,109	21,489	1,380	6%	4
Building & Property Services	22,931	20,506	(2,425)	-12%	5
Equipment Maintenance & Rentals	14,379	13,794	(585)	-4%	
Consumer Services	5,798	5,572	(226)	-4%	
Computer Services	983	682	(301)	-44%	
Collection Costs	4,599	4,430	(169)	-4%	
Customer & Public Relations	8,155	5,870	(2,285)	-39%	6
Sponsored Memberships	1,325	1,242	(83)	-7%	
Office & Administration	15,320	15,326	6	0%	
Communication Systems	1,772	1,572	(200)	-13%	
Research & Development Costs	3,952	4,029	77	2%	
Miscellaneous Expense	1,190	1,066	(124)	-12%	
Contingency Planning	-	3,994	3,994	100%	7
Operating Expense Recovery	(21,580)	(16,462)	5,118	-31%	8
Total Costs	722,951	723,701	750	0%	
Capital Order Activities	(224,298)	(231,073)	(6,775)	3%	
CICA Accounting Changes*	9,000	7,000	(2,000)	-29%	9
Provision for IFRS	-	-	-		
Capitalized Overhead	(69,151)	(67,964)	1,187	-2%	
Operating and Administration Charged to Centra	(60,951)	(60,160)	791	-1%	
OM&A Attributable to Electric Operations	\$ 377,551	\$ 371,504	\$ (6,047)	-2%	

Variations Greater than 5% and \$500 are explained.

MANITOBA HYDRO
OPERATING, MAINTENANCE AND ADMINISTRATIVE COSTS BY COST ELEMENT
2009 VARIANCE EXPLANATIONS

Ref	Cost Element	Fav (Unfav)	Explanation
1	Overtime	(3,059)	Higher due to requirements driven by capital projects, outage schedules, storm restorations, system emergencies, flood preparations and the strike.
2	Motor Vehicle	(1,314)	Higher due to increased repair and maintenance costs and higher insurance premiums.
3	Consulting & Professional Fees	(4,221)	Higher due to Risk Management review, DSM programs costs expensed due to changes in CICA accounting standards, and higher number of employee relocations and associated costs.
4	Construction & Maintenance Services	1,380	Lower due to reduced requirements for backhoe and dump truck units and associated costs, cancelled winter road maintenance due to mild weather conditions, lower maintenance service costs for the Grand Rapid Fish Hatchery and lower utilization of external contractors for Northern Generation operations.
5	Building & Property Services	(2,425)	Higher due to lease and building service costs resulting from delayed moves to 360 Portage, increased usage of staffhouses, security services during the strike and higher value of insurance claims.
6	Customer & Public Relations	(2,285)	DSM program costs for business communications expensed due to changes in CICA accounting standards. Also higher corporate donations and sponsorships.
7	Contingency Planning	3,994	Unallocated general contingency.
8	Operating Expense Recovery	5,118	Higher revenue due to subsidiary recoveries; business initiative revenue mainly related to Stony Mountain Penitentiary, MDS Aero Glacier and St Joseph Wind farm as well as increased staffhouse utilization.
9	CICA Accounting Changes	(2,000)	Actuals reflect the removal of property taxes from Administrative and General Overhead capitalized.

PUB/MH/PRE-ASK-13

Reference: PUB/MH I-45 (b)

Please file an update to PUB/MH I-45 (b) for the export revenue assumptions in IFF 10 for the 20-year forecast.

ANSWER:

Please see the schedule provided in response to PUB/MH/PRE-ASK-2.

PUB/MH/PRE-ASK-14

Reference: PUB/MH II-3 (a) & (b) OM&A Cost per Customer

Please file a schedule in similar format to PUB/MH II-3(a) providing a comparison between IFF10 and IFF09. Please recast (b) based on IFF10.

ANSWER:

Please see the following tables for a comparison of the OM&A cost per customer for the years 2009 through 2017 (IFF10 to IFF09). In the second table, the impact of accounting changes is separately disclosed.

The initial increase in cost per customer is attributable to OM&A cost increases as a result of early adoption of accounting changes and revised estimates for Wuskwatim. Over time, these increases are offset by an increased customer forecast.

	Actual		Forecast - IFF10						
	2009	2010	2011	2012	2013	2014	2015	2016	2017
OM&A expense 'electric only' (\$ millions)	364	378	398	402	414	422	430	439	448
# of Customers	527,472	532,359	538,002	543,574	548,659	553,369	558,059	562,706	567,338
OM&A (electric only) per customer (in dollars)	691	709	739	739	754	762	771	780	789

	Actual		Forecast - IFF09						
	2009	2010	2011	2012	2013	2014	2015	2016	2017
OM&A expense 'electric only' (\$ millions)	364	372	380	403	411	420	428	437	445
# of Customers	527,472	531,804	536,267	540,756	545,215	549,623	553,968	558,286	562,580
OM&A (electric only) per customer (in dollars)	691	699	708	746	755	764	773	782	792

	Actual		Change						
	2009	2010	2011	2012	2013	2014	2015	2016	2017
OM&A (electric only) per customer (in dollars)	-	11	31	(6)	(0)	(1)	(2)	(2)	(2)

(in millions of dollars)	Actual		Forecast - IFF10						
	2009	2010	2011	2012	2013	2014	2015	2016	2017
OM&A expense 'electric only'	354	365	367	375	387	395	403	412	421
CICA Accounting Changes:									
Reduction in Stores Overhead Capitalized	5	5	5	5	5	5	5	5	5
Reduction in Intangible Assets Capitalized	5	4	4	4	4	4	4	4	4
Reduction in Administrative & General Overhead Capitalized	-	4	4	4	4	4	4	4	4
IFRS Accounting Changes	-	-	18	14	14	14	14	14	14
Total OM&A expense 'electric only'	364	378	398	402	414	422	430	439	448
# of Customers	527,472	532,359	538,002	543,574	548,659	553,369	558,059	562,706	567,338
OM&A (electric only) per customer (in dollars)	691	709	739	739	754	762	771	780	789

(in millions of dollars)	Actual		Forecast - IFF09						
	2009	2010	2011	2012	2013	2014	2015	2016	2017
OM&A expense 'electric only'	354	361	369	377	385	394	402	411	419
CICA Accounting Changes:									
Reduction in Stores Overhead Capitalized	5	5	5	5	5	5	5	5	5
Reduction in Intangible Assets Capitalized	5	4	4	4	4	4	4	4	4
Reduction in Administrative & General Overhead Capitalized	-	2	2	2	2	2	2	2	2
IFRS Accounting Changes	-	-	-	15	15	15	15	15	15
Total OM&A expense 'electric only'	364	372	380	403	411	420	428	437	445
# of Customers	527,472	531,804	536,267	540,756	545,215	549,623	553,968	558,286	562,580
OM&A (electric only) per customer (in dollars)	691	699	708	746	755	764	773	782	792

(in millions of dollars)	Change								
	2009	2010	2011	2012	2013	2014	2015	2016	2017
OM&A (electric only) per customer (in dollars)	-	11	31	(6)	(0)	(1)	(2)	(2)	(2)

PUB/MH/PRE-ASK-15 (REVISED)

Reference: PUB/MH II-23 (a) EFT

- a) Please update PUB/MH II-23 (a) to incorporate actual 2009/10 and updated 2010/11 and 2011/12 results.**

ANSWER:

The following schedule updates PUB/MH I-23(a) to incorporate actual results for 2009/10. Please note that 2008/09 has also been restated to reflect changes in accounting standards for intangible assets. In addition, IFF10 OM&A targets have been adjusted to reflect the provision for accounting changes.

MANITOBA HYDRO
OPERATING, MAINTENANCE AND ADMINISTRATIVE COSTS BY COST ELEMENT

(000's)

	2004/05	2005/06	2006/07	2007/08	2008/09	Fiscal 2004/05-2008/09 Compounded Annual Growth	2009/10	2010/11	2011/12	Fiscal 2008/09-2011/12 Compounded Growth % Inc/(Dec)
	Actual	Actual	Actual	Actual	Actual		Actual	Forecast	Forecast	
<i>Labour</i>										
Wages, Salaries	\$ 320,808	\$ 332,257	\$ 344,701	\$ 359,249	\$ 380,031	4.3	\$ 407,988	\$ 415,215	\$ 424,765	3.8
Overtime	33,842	38,032	38,896	41,781	45,890	7.9	50,307	48,061	49,166	2.3
Employee Benefits	68,442	70,184	73,636	76,807	83,671	5.2	82,674	93,035	95,175	4.4
Subtotal - Labour and Benefits	423,093	440,473	457,233	477,838	509,592	4.8	540,968	556,311	569,106	3.8
EFTs (Straight Time + Overtime)	5,885	5,999	6,007	6,090	6,312	1.8	6,465	6,704	6,704	2.0
Labour & Benefits per EFT	72	73	76	78	81	2.9	84	83	85	1.7
Employee Safety & Training	5,275	3,686	3,487	3,646	4,145	(5.8)	4,623	4,747	4,856	5.4
Travel	23,534	26,212	27,729	28,331	31,812	7.8	32,435	32,963	33,721	2.0
Motor Vehicle	17,726	19,380	19,731	22,423	24,126	8.0	24,281	23,114	23,646	(0.7)
Materials & Tools	23,893	26,046	25,414	27,824	29,345	5.3	26,897	26,178	26,780	(3.0)
Consulting & Professional Fees	7,269	7,229	8,498	7,503	9,704	7.5	14,814	10,904	11,155	4.8
Construction & Maintenance Services	13,345	13,700	13,711	15,938	18,378	8.3	20,109	21,785	22,286	6.6
Building & Property Services	21,031	22,973	24,697	25,740	28,947	8.3	22,931	20,671	21,146	(9.9)
Equipment Maintenance & Rentals	9,546	10,720	11,606	11,719	13,029	8.1	14,379	13,858	14,177	2.9
Consumer Services	4,203	4,301	4,316	4,651	5,284	5.9	5,798	5,683	5,814	3.2
Computer Services	3,959	4,293	2,622	1,131	858	(31.8)	983	696	712	(6.0)
Collection Costs	5,161	6,790	7,218	5,256	5,019	(0.7)	4,599	4,542	4,646	(2.5)
Customer & Public Relations	5,223	5,585	6,493	6,665	6,901	7.2	8,155	6,014	6,152	(3.8)
Sponsored Memberships	1,149	1,012	1,187	1,192	1,465	6.3	1,325	1,267	1,296	(4.0)
Office & Administration	15,447	15,902	14,939	14,427	14,652	(1.3)	15,320	15,703	15,857	2.7
Communication Systems	1,844	1,447	1,866	1,353	1,449	(5.8)	1,772	1,603	1,640	4.2
Research & Development Costs	3,685	2,874	3,251	2,979	3,059	(4.6)	3,952	4,110	4,205	11.2
Miscellaneous Expense	2,470	2,811	2,422	3,292	903	(22.2)	1,190	1,087	1,112	7.2
Contingency Planning	-	-	-	-	-	-	-	5,417	3,921	-
Operating Expense Recovery	(18,105)	(19,205)	(20,570)	(23,314)	(21,519)	4.4	(21,580)	(16,497)	(16,670)	(8.2)
Total Costs	569,749	596,229	615,849	638,594	687,149	4.8	722,951	740,156	755,558	3.2
Capital Order Activities	(157,730)	(170,458)	(176,992)	(192,338)	(203,077)	6.5	(224,298)	(235,040)	(239,741)	5.7
CICA Accounting Changes*	-	-	-	-	5,000	-	9,000	9,000	9,000	21.6
Provision for Accounting Changes	-	-	-	-	-	-	-	18,000	13,500	-
Capitalized Overhead	(58,174)	(62,028)	(61,887)	(67,289)	(65,743)	3.1	(69,151)	(71,021)	(72,447)	3.3
Operating and Administration Charged to Centra	(55,232)	(53,085)	(53,505)	(56,270)	(59,042)	1.7	(60,951)	(63,400)	(64,000)	2.7
OM&A Attributable to Electric Operations	\$ 298,613	\$ 310,658	\$ 323,465	\$ 322,697	\$ 364,287	5.1	\$ 377,551	\$ 397,695	\$ 401,870	3.3

* Other CICA Accounting Changes totalling \$4.6 million in 2008/09 and \$4.0 million in 2009/10 & future years are embedded within the Total Costs

PUB/MH/PRE-ASK-15 (REVISED)

Reference: PUB/MH II-23 (a) EFT

- b) Please provide the Compounded Annual Growth for the 2004/05 to 2009/10 and 2009/10 to 2011/12.**

ANSWER:

Please see the following schedule which incorporates actual results for 2009/10. Please note that 2008/09 has been restated to reflect changes in accounting standards for intangible assets. In addition, IFF10 OM&A targets have been adjusted to reflect the provision for accounting changes.

MANITOBA HYDRO
OPERATING, MAINTENANCE AND ADMINISTRATIVE COSTS BY COST ELEMENT

(000's)

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Fiscal 2004/05-2009/10 Compounded Annual Growth	2010/11 Forecast	2011/12 Forecast	Fiscal 2009/10-2011/12 Compounded Growth % Inc/(Dec)
	Actual	Actual	Actual	Actual	Actual	Actual				
<i>Labour</i>										
Wages, Salaries	\$ 320,808	\$ 332,257	\$ 344,701	\$ 359,249	\$ 380,031	\$ 407,988	4.9	\$ 415,215	\$ 424,765	2.0
Overtime	33,842	38,032	38,896	41,781	45,890	50,307	8.3	48,061	49,166	(1.1)
Employee Benefits	68,442	70,184	73,636	76,807	83,671	82,674	3.9	93,035	95,175	7.3
Subtotal - Labour and Benefits	423,093	440,473	457,233	477,838	509,592	540,968	5.0	556,311	569,106	2.6
EFTs (Straight Time + Overtime)	5,885	5,999	6,007	6,090	6,312	6,465	1.9	6,704	6,704	1.8
Labour & Benefits per EFT	72	73	76	78	81	84	3.1	83	85	0.7
Employee Safety & Training	5,275	3,686	3,487	3,646	4,145	4,623	(2.6)	4,747	4,856	2.5
Travel	23,534	26,212	27,729	28,331	31,812	32,435	6.6	32,963	33,721	2.0
Motor Vehicle	17,726	19,380	19,731	22,423	24,126	24,281	6.5	23,114	23,646	(1.3)
Materials & Tools	23,893	26,046	25,414	27,824	29,345	26,897	2.4	26,178	26,780	(0.2)
Consulting & Professional Fees	7,269	7,229	8,498	7,503	9,704	14,814	15.3	10,904	11,155	(13.2)
Construction & Maintenance Services	13,345	13,700	13,711	15,938	18,378	20,109	8.5	21,785	22,286	5.3
Building & Property Services	21,031	22,973	24,697	25,740	28,947	22,931	1.7	20,671	21,146	(4.0)
Equipment Maintenance & Rentals	9,546	10,720	11,606	11,719	13,029	14,379	8.5	13,858	14,177	(0.7)
Consumer Services	4,203	4,301	4,316	4,651	5,284	5,798	6.6	5,683	5,814	0.1
Computer Services	3,959	4,293	2,622	1,131	858	983	(24.3)	696	712	(14.9)
Collection Costs	5,161	6,790	7,218	5,256	5,019	4,599	(2.3)	4,542	4,646	0.5
Customer & Public Relations	5,223	5,585	6,493	6,665	6,901	8,155	9.3	6,014	6,152	(13.1)
Sponsored Memberships	1,149	1,012	1,187	1,192	1,465	1,325	2.9	1,267	1,296	(1.1)
Office & Administration	15,447	15,902	14,939	14,427	14,652	15,320	(0.2)	15,703	15,857	1.7
Communication Systems	1,844	1,447	1,866	1,353	1,449	1,772	(0.8)	1,603	1,640	(3.8)
Research & Development Costs	3,685	2,874	3,251	2,979	3,059	3,952	1.4	4,110	4,205	3.2
Miscellaneous Expense	2,470	2,811	2,422	3,292	903	1,190	(13.6)	1,087	1,112	(3.3)
Contingency Planning	-	-	-	-	-	-	-	5,417	3,921	-
Operating Expense Recovery	(18,105)	(19,205)	(20,570)	(23,314)	(21,519)	(21,580)	3.6	(16,497)	(16,670)	(12.1)
Total Costs	569,749	596,229	615,849	638,594	687,149	722,951	4.9	740,156	755,558	2.2
Capital Order Activities	(157,730)	(170,458)	(176,992)	(192,338)	(203,077)	(224,298)	7.3	(235,040)	(239,741)	3.4
CICA Accounting Changes*	-	-	-	-	5,000	9,000	-	9,000	9,000	0.0
Provision for Accounting Changes	-	-	-	-	-	-	-	18,000	13,500	-
Capitalized Overhead	(58,174)	(62,028)	(61,887)	(67,289)	(65,743)	(69,151)	3.5	(71,021)	(72,447)	2.4
Operating and Administration Charged to Centra Adjustment per IFF10	(55,232)	(53,085)	(53,505)	(56,270)	(59,042)	(60,951)	2.0	(63,400)	(64,000)	2.5
OM&A Attributable to Electric Operations	\$ 298,613	\$ 310,658	\$ 323,465	\$ 322,697	\$ 364,287	\$ 377,551	4.8	\$ 397,695	\$ 401,870	3.2

* Other CICA Accounting Changes totalling \$4.6 million in 2008/09 and \$4.0 million in 2009/10 & future years are embedded within the Total Costs

PUB/MH/PRE-ASK-16

Reference: PUB/MH II-202 Financial Targets

Please refile the response for the 20-year forecast for IFF10 electric operations.

ANSWER:

The 20-year forecast for IFF10 will be provided upon approval by the Manitoba Hydro-Electric Board, which is expected late January 2011.

PUB/MH/PRE-ASK-17

Reference: IFRS

Please populate the following table to include the accounting options under IFRS, the treatment prescribed by the Ontario Energy Board and the Alberta Utility Commissions and that currently followed by MH and that proposed to be followed by MH.

Issue	IFRS	OEB	AUC	Manitoba Hydro (current)	Manitoba Hydro (proposed)
Regulatory Assets and Liabilities					
Property Plant & Equipment					
• Borrowing Costs					
• Customer Contributions					
• Asset reclassifications from PPE to intangible assets					
• Asset retirement obligations					
• Gains and losses on disposition of assets					
• Treatment of asset impairment					
Depreciation					
Inventory Valuation					
Financial Reporting					
Application Reporting					

ANSWER:

Manitoba Hydro has provided its most recent update on the status of IFRS separately (Appendix 78). That document provides the most current overview of the implications of IFRS on Manitoba Hydro's financial accounting and reporting.

The following tables provide a summary of this information in tabular form along with the requested information available from the AUC and OEB. Note that the AUC and OEB directives apply to rate setting processes and do not directly apply to external financial reporting requirements.

Information provided on the OEB was derived from the OEB report "EB-2008-0408, Report of the Board, Transition to International Financial Reporting Standards" (July 28, 2009); including the November 2010 update to Appendix 2 of the report. Information provided on the AUC was derived from AUC Rule 026 (May 19, 2009).

	Regulatory Assets and Liabilities
IFRS	<p>No specific standard exists under IFRS regarding the accounting for rate regulated assets and liabilities.</p> <p>Recently the Canadian Electrical Association and the “Big 4” accounting firms have agreed to review and assess the extent to which the actions of rate regulators result in assets and liabilities that can be recognized in accordance within the existing framework in IFRS.</p>
MH Current	MH recognizes the impact of rate-regulation by applying various accounting policies that allow for the deferral of certain costs or credits which will be recovered or refunded in future rates.
MH Proposed	MH is proposing to continue with rate-regulated accounting assuming this method of accounting is available under IFRS. In the absence of rate-regulated accounting, existing rate-regulated balances may have to be adjusted to retained earnings upon transition to IFRS and future amounts included in the determination of net income in the year incurred.
OEB	<p>The OEB will continue to use deferral and variance accounts for rate making in appropriate circumstances, whether or not these accounts are recognized under IFRS.</p> <p>The OEB may consider the review and adjustment of its existing approach when the rulings from the International Accounting Standards Board are received and the interpretation of IFRS becomes clearer.</p>
AUC	Utilities shall maintain the existing practice of applying to the Commission for approval of any deferral accounts that may be required for the purpose of establishing Regulatory Assets and Liabilities and proposing the mechanism for their disposition.

	Property Plant & Equipment - Borrowing Costs
IFRS	As per IAS 23, para. 1 “Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense.”
MH Current	MH’s interest capitalization rate consists of the weighted average debt rate for all debt outstanding for the period, including anticipated borrowings in the upcoming fiscal year. Where debt is designated to finance a particular capital project, MH will capitalize interest to the asset based on the interest rate from that designated debt issue. MH is applying this approach for its 2010/11 fiscal year under Canadian GAAP.
MH Proposed	No future changes are proposed upon transition to IFRS
OEB	The OEB will continue to publish interest rates for CWIP as it does now. Where incurred debt is acquired on an arms length basis, the actual borrowing cost should be used for determining the amount of carrying charges to be capitalized to CWIP for rate making during the period, in accordance with IFRS. Where incurred debt is not acquired on an arm’s length basis, the actual borrowing cost may be used for rate making, provided that the interest rate is no greater than the OEB’s published rates. Otherwise, the distributor should use the OEB’s published rates.
AUC	Subject to subsection (ii), Utilities shall maintain the Existing Accounting Practice of including the debt and equity components of AFUDC when accounting for construction work in progress and plant in service. (ii) Utilities may submit an application to the AUC requesting approval to make their Regulatory Accounting practice the same as the practice under IFRS

	Property Plant & Equipment - Customer Contributions
IFRS	Under IFRS, customer contributions are to be recognized as revenue; either immediately or over some future period of time. The customer contribution is recognized as revenue based upon the performance obligations of the underlying arrangement.
MH Current	Currently, non-refundable contributions in aid of construction are separately recorded on the balance sheet and amortized to income on a straight-line basis as a reduction to depreciation over the life of the related item of PP&E.
MH Proposed	MH is proposing that customer contributions be recognized as deferred revenue upon transition to IFRS where the revenue will be recognized over the life of the related plant asset. This will result in little or no impact to net income. However, classification on the income statement will change as the amortization of the contribution that was previously recognized as an offset in depreciation expense will now be recognized as revenue.
OEB	For regulatory reporting and rate making purposes, customer contributions will be treated as deferred revenue to be included as an offset to rate base and amortized to income over the life of the facilities to which they relate. Distributors should confirm in the introduction to their first rates application after the IFRS transition that the amortization period is being adjusted on an ongoing basis.
AUC	Utilities shall maintain the Existing Accounting Practice of recognizing customer contributions in their Property, Plant & Equipment accounts and including the amortization as an offset to depreciation.

	Property Plant & Equipment - Asset Reclassifications from PPE to Intangible Assets
IFRS	<p>As per IAS 38, para. 8 “An intangible asset is an identifiable non-monetary asset without physical substance.”</p> <p>As per IAS 38, para. 4. “Some intangible assets may be contained in or on a physical substance such as a compact disc (in the case of computer software), legal documentation (in the case of a licence or patent) or film. In determining whether an asset that incorporates both intangible and tangible elements should be treated under IAS16 Property, Plant and Equipment or as an intangible asset under this Standard, an entity uses judgment to assess which element is more significant.”</p>
MH Current	<p>Upon adoption of CICA section 3064 for its March 2010 year end, MH reclassified (April 1, 2008 balances, net of accumulated amortization) \$103 million of Computer Software development and \$37 million of Easements from Property, Plant & Equipment to a separate category titled Goodwill and Intangible Assets.</p>
MH Proposed	<p>No future changes are proposed upon transition to IFRS.</p>
OEB	<p>Where IFRS requires certain assets to be recorded as intangible assets that were previously included in PP&E (e.g. computer software and land rights), utilities shall include such intangible assets in rate base and the amortization expense in depreciation expense for determining revenue requirement.</p>
AUC	<p>Utilities shall maintain the Existing Accounting Practice of recognizing intangible assets as part of their Property, Plant & Equipment accounts.</p>

	Property Plant & Equipment - Asset Retirement Obligations
IFRS	<p>As per IAS 16, para. 16 “The cost of an item of property, plant and equipment comprises;...</p> <p>(c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.”</p> <p>As per IAS37 para. 10, “A constructive obligation is an obligation that derives from an entity's actions where:</p> <p>(a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and</p> <p>(b) as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.”</p>
MH Current	Under GAAP, MH has recognized AROs for the decommissioning of two thermal generating stations and a hydraulic generating station, as well as for the removal and disposal of PCB’s in HVDC converter station capacitors.
MH Proposed	MH has reviewed its circumstances under IFRS and has preliminarily concluded that no new provisions exist pertaining to constructive obligations. MH will recognize such obligations when a commitment is made to decommission an asset and significant removal and/or remediation costs are expected to be incurred
OEB	Utilities shall identify separately in their rate applications the depreciation expense associated with amortizing asset retirement costs and the accretion expense associated with the amortization of the asset retirement obligations. The OEB will assess these costs independently of other amortization costs to determine the portion, if any, of these costs that should be recovered in revenue requirement.
AUC	<p>Subject to subsection (ii), Utilities shall maintain the Existing Accounting Practice regarding the treatment of asset retirement obligations and future removal and site restoration costs.</p> <p>(ii) Utilities may, by way of application to the AUC, request approval to account for asset retirement obligations and future removal and site restoration costs in accordance with IFRS.</p>

	Property Plant & Equipment - Gains and Losses on Disposition of Assets
IFRS	As per IAS 16, para. 68 “The gain or loss arising from the derecognition of an item of property, plant and equipment shall be included in profit or loss when the item is derecognised,.... Gains shall not be classified as revenue.”
MH Current	MH currently recognizes gains and losses on the retirement of plant assets in accumulated depreciation.
MH Proposed	Upon transition to IFRS, MH is planning to recognize gains and losses on asset retirements to net income as they occur.
OEB	Where a utility for financial reporting purposes under IFRS has accounted for the amount of gain or loss on the retirement of assets in a pool of like assets as a charge or credit to income, for reporting and rate application filings the utility shall reclassify such gains and losses as depreciation expense and disclose the amount separately. Where a utility for financial reporting purposes under IFRS has reported a gain or loss on disposition of individual assets, such amounts should be identified separately in rate filings for review by the OEB.
AUC	Utilities shall maintain the Existing Accounting Practice of recording gains and losses upon retirement or disposal of assets. Utilities shall identify and record any difference in accounting between the IFRS reporting requirements and these regulatory reporting requirements in a separate subsidiary accumulated depreciation account.

	Property Plant & Equipment - Treatment of Asset Impairment
IFRS	As per IAS 36, para 9. “An entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. para. 60, “An impairment loss shall be recognised immediately in profit or loss, unless the asset is carried at revalued amount in accordance with another Standard.”
MH Current	Under CGAAP, long-lived assets should be tested whenever events or changes in circumstances indicate their carrying amount may not be recoverable. MH performs an annual impairment test on its goodwill balances which have not indicated any impairment to date.
MH Proposed	MH does not anticipate any substantial changes to its annual impairment testing requirements.
OEB	Where for financial reporting purposes under IFRS a utility has recorded an asset impairment loss, for rate application filings such losses shall be reclassified to PP&E and identified separately to allow consideration of whether and how such amounts are to be reflected in rates.
AUC	Utilities shall maintain the Existing Accounting Practice of having no impairment (or impairment reversal) charges included when providing or reporting financial information to the AUC.

	Depreciation
IFRS	As per IAS 16, para. 43 “Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.” para. 60, “The depreciation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity.”
MH Current	MH currently depreciates its PP&E component groupings on a straight-line remaining-life basis.
MH Proposed	MH is reviewing its asset component groupings and will establish new groupings as necessary to comply with IFRS requirements. New depreciation rates will be established for implementation upon transition to IFRS. In conjunction with this, Manitoba Hydro proposes to eliminate the pre-collection of the cost of removing retired assets from its depreciation accounting as this concept is not allowed under IFRS.
OEB	Utilities should continue to use the straight line method of depreciation for regulatory accounting purposes. The OEB will undertake a depreciation study for electricity distributors. Until the study is completed, electricity distributors may continue to use their existing service lives for rate setting purposes. Any electrical distributor retains the option of demonstrating, through a well-founded depreciation study, that the OEB should approve specific depreciation methodologies and rates for that distributor.
AUC	(i) Depreciation Rates A. Subject to subsection (B), Utilities shall continue to use the depreciation rates utilized under the Existing Accounting Practice. B. If the adoption of the IFRS requirements for external financial reporting results in depreciation rates that differ from Existing Accounting Practice or results in a difference in the timing of commencement of depreciation, or both, then a Utility may, by way of application to the AUC, request approval to account for regulatory depreciation in accordance with IFRS. (iii) Componentization A. Subject to subsection (B), with respect to componentization, Utilities shall record assets at the level of detail being reported under the Existing Accounting Practice. B. If the adoption of IFRS requirements for external financial reporting results in a different level of componentization, then a Utility may, by way of application to the AUC, request approval to account for regulatory componentization in accordance with IFRS.

	Inventory Valuation
IFRS	As per IAS 2, para. 9 “Inventories shall be measured at the lower of cost and net realisable value.” para. 10 “The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.” para 34 “When inventories are sold, the carrying amount of those inventories shall be recognized as an expense in the period in which the related revenue is recognized.”
MH Current	MH records inventory at its average cost.
MH Proposed	No future changes are proposed upon transition to IFRS.
OEB	The OEB does not include a reference to inventory valuation outside of a reference to Purchased Gas Variance Accounts for gas utilities.
AUC	AUC Rule 026 does not include a reference to inventory valuation outside of capital inventories.

	Financial Reporting
IFRS	<p>As per IAS 1, para. 15, “Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework. The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.”</p> <p>para. 16 “An entity whose financial statements comply with IFRSs shall make an explicit and unreserved statement of such compliance in the notes. An entity shall not describe financial statements as complying with IFRSs unless they comply with all the requirements of IFRSs.”</p>
MH Current	MH’s audited financial statements will be presented in accordance with CGAAP for fiscal years 2010/11 and 2011/12.
MH Proposed	MH’s audited financial statements will be presented in accordance with IFRS commencing in its fiscal 2012/13 fiscal year and forward.
OEB	<p>The OEB will require all electricity distributors and gas utilities that are required to adopt IFRS by accounting standard setting bodies to report information to the OEB using modified IFRS for regulatory accounting values and IFRS for audited financial statements beginning with the year in which the electricity distributor or gas utility has chosen to adopt IFRS for financial reporting. For those few utilities not required to adopt IFRS for financial reporting, the OEB will require that they report information to the Board using the form of generally accepted accounting principles approved by their external auditors as being applicable to them as regulated utilities.</p> <p>The OEB will require all electricity distributors and gas utilities to continue to report information to the OEB using Canadian GAAP until and including the fiscal year prior to the year in which the electricity distributor or gas utility, as applicable, has chosen to adopt IFRS for financial reporting.</p>
AUC	Please see Appendix 2 to this response for the financial reporting requirements of the AUC per AUC 026.

	Application Reporting
IFRS	IFRS does not include a standard that applies to the rate application reporting of rate-regulated utilities.
MH Current	MH's rate application financial statements will be presented in accordance with CGAAP for fiscal years 2010/11 and 2011/12 and will reflect the transition to IFRS commencing fiscal 2012/13 and forward.
MH Proposed	MH is proposing that upon transition to IFRS that financial and regulatory reporting will be aligned.
OEB	Please see Appendix 1 for reporting requirements of Electric utilities.
AUC	Please see Appendix 2 to this response for the application reporting requirements of the AUC.

Appendix 1

OEB Report EB-2008-0408
 Transition to International Financial Reporting
 Standards

Regulatory Accounting Principles to Use in Electricity Cost of service Applications
For Electricity Distributors Adopting IFRS January 1, 2011 for Financial Reporting Purposes

Year in which Application Made	Rate Year for Which Application Made (Test Year)				
	2011	2012	2013	2014	2015
2010	CGAAP for H, B & T or CGAAP for H and MIFRS for B & T				
2011		CGAAP for H and MIFRS for H, B & T			
2012			MIFRS for H, B & T		
2013				MIFRS for H, B & T	
2014					MIFRS for H, B & T

For Electricity Distributors Adopting IFRS January 1, 2012 for Financial Reporting Purposes

Year in which Application Made	Rate Year for Which Application Made (Test Year)				
	2011	2012	2013	2014	2015
2010	CGAAP for H, B & T or CGAAP for H, B & T and MIFRS for T or CGAAP for H & B and MIFRS for B & T				
2011		CGAAP for H, B & T or CGAAP for H and MIFRS for B & T			
2012			CGAAP for H and MIFRS for H, B & T		
2013				MIFRS for H, B & T	
2014					MIFRS for H, B & T

Legend:

H = Historic Year financial information (last full year of actual historical information)

B = Bridge Year regulatory financial information

T = Test Year regulatory financial information

CGAAP - Canadian Generally Accepted Accounting Principles

MIFRS - International Financial Reporting Standards modified by the Ontario Energy Board for regulatory purposes consistent with the Report of the Board on Transition to IFRS, July, 2009, amended November, 2010

= Year in which both CGAAP and MIFRS information required

Excerpt from AUC Rule 026

Accounting/Reporting standards to use for Alberta utilities

(4) Utilities that indicate to the Commission under subsection (2) that they will be adopting IFRS shall adhere to the following schedule

: Fiscal Year	Year Filed	Actual / Forecast	Accounting/Reporting Standard to Use
2009	2010	Actual	Existing Accounting Practice is to be used for regulatory filings with the AUC; Existing Canadian GAAP for financial statements
2010	2011	Actual	Existing Accounting Practice is to be followed for regulatory filings with the AUC; Existing Canadian GAAP for financial statements
2011	2012	Actual	This Rule is to be followed for regulatory filings with the AUC, complete with 2010 comparatives prepared using this Rule; IFRS is to be used for financial statements, including 2010 comparatives prepared under IFRS
2012 & beyond	2013 & beyond	Actual	This Rule is to be followed for regulatory filings with the AUC; IFRS is to be followed for financial statements
2009 (first year in test period)	Up to December 31, 2010	Forecast	Existing Accounting Practice is to be used
2010 (first year in test period)	Up to December 31, 2010	Forecast	Utilities may elect to file forecasts using Existing Accounting Practice, or, this Rule commencing with either the 2010 or 2011 forecast year according to the election made in subsection 2(2) of this Rule
2011 (first year in test period) & beyond	2010 & beyond	Forecast	This Rule is to be used for forecasts filed with the AUC