

NEEDS FOR AND ALTERNATIVES TO (NFAT)**Manitoba Hydro Undertaking #49**

Manitoba Hydro to provide a table in similar format to what is shown on page 147 of Exhibit 58-3, and on an annual basis, provide the costs, including operating and administration segregated from finance expense, which would be segregated from depreciation expense, which would be segregated from the capital tax for the major capital projects, which include Wuskwatim, Bipole III, Keeyask, Conawapa, and the 750 megawatt transmission interconnection line that is part of Manitoba Hydro's Preferred Development Plan; will also include the interest costs associated with the sunk costs in the plans without Keeyask or Conawapa in them.

Response:

As requested in the undertaking, summaries of the projected costs by major capital projects have been provided in a series of tables found below. Please note that the calculations have been provided for Conawapa for both 2026/27 and 2031/32 in-service dates. The operating and administrative expense and depreciation expense costs categories are directly associated with the individual major capital projects. However, in practice, finance expense is calculated based on the total outstanding debt balance and capital taxes is calculated based on the total paid up capital balance which are both contained in the pro forma financial statements. As such, finance expense and capital taxes contained in the tables below have been calculated based on the average net book value of the major capital assets. An annual average interest rate (including the 1% provincial guarantee fee) was derived from the pro forma financial statements and used to calculate finance expense. A flat one-half percent (0.5%) was applied to the net book value for each project to calculate the capital taxes. The annual values for finance expense and capital taxes are simply approximations or rough allocations of the total finance expense and total capital taxes found in the pro forma financial statements.

In addition to the requested cost calculations, Manitoba Hydro notes that it applies for general rate increases for its electricity operations by considering projections of all of the revenues and expenses of the utility as well as financial targets and not on an incremental or project by project basis. When preparing the Corporation's Integrated Financial Forecast

(IFF), all costs and revenues associated with the existing system as well as all of the costs and revenues related to any future planned additions to the electricity system (i.e. Bipole III, Keeyask G.S., Conawapa G.S. etc.) are included in the pro forma financial statements. Electricity rate increases are then projected in an attempt to best match revenues with expenses such that minimum financial targets are achieved.

Manitoba Hydro's hydraulic power system is modelled and operated to take maximum advantage of the synergies each individual asset can contribute to the whole. As a result, each individual generating station becomes part of the hydro system which is operated to manage the most efficient use of the water resource. As proposed future generating assets (Keeyask G.S. or Conawapa G.S.) and transmission assets (750 MW Interconnection Transmission Line) are added, the water resource is once again optimized and the synergistic benefits of the entire hydro system are realized. The synthesis of all the assets, both existing and future contained in any proposed development plan, yields the associated production costs and revenues. While some of the costs – operating and administrative expense and depreciation expense – are directly attributable to a particular asset, the benefits are not. Some of the benefits (net export revenues) are the result of the synergies realized by the system as a whole and cannot be accurately attributed to any individual asset. For additional information, please see Manitoba Hydro's letter dated June 3, 2014. For these reasons, it is best to evaluate the projected customer rate impacts of any proposed generating asset or transmission asset in the context of a complete development plan, as shown in the pro forma financial statements. The financial projections filed during the NFAT proceedings contain all of the synergistic benefits and costs related to all the assets – both existing and proposed.

Please see the attached pro forma financial statements for the PDP Plan 14 DSM Level 2 Alternative Rate Methodology #2 also found in MH Exhibit 104-12-4 which contains an example of how the required rate increases of a development plan have been projected for each year in the 50 year evaluation period. Alternative Rate Methodology #2 expands upon Alternative Rate Methodology #1 and minimizes the net losses projected during the first ten (10) years under Alternative #1. Even-annual rate increases above 3.95% were projected over the 2018 to 2022 timeframe to improve the projected net income/loss, the impact on retained earnings, the interest coverage ratios and the debt/equity ratios to an acceptable level. Beginning in 2023, if the target interest coverage ratio of 1.20 was not achieved, 3.95% annual rate increases were projected and if the target 1.20 was exceeded, 0.00% rate increases were projected until the interest coverage ratio returned to the 1.20 target. Once the

target interest coverage is achieved, projected rates are adjusted annually to maintain the Corporation's interest coverage ratio target of 1.20.

The PDP Plan 14 is projecting even-annual rate increases of 4.32% (over the 2018 to 2022 timeframe) followed by 3.95% rate increases in 2023 and 2024 before the 1.20 interest coverage target is achieved. During this seven year timeframe, total net plant in service is projected to increase by approximately \$10 billion – almost doubling the Corporation's net fixed assets – yet annual rates increases are maintained at or near the 3.95% level. This observation is important as one cannot infer the customer rate impacts noted above by simply reviewing the O&M, depreciation expense, interest expenses, and taxes related to a few assets in the development plan. Reviewing a select number of costs (in absolute terms or in \$/kWh) related to individual assets does not provide the entire picture and is potentially misleading. Without considering the net revenue derived from the synergies of the system in a particular development plan, all the revenues and costs associated with all other system assets, as well as the acceptable level of financial targets that result from the net revenues, it would be next to impossible to draw any conclusions regarding projected customer rate impacts.

KEEYASK (ISD 2019/20)
(In Millions of Dollars)

For the year ended March 31

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Finance Expense	-	-	-	-	-	-	-	79	262	354	349	356	350	351	345	340	334	334	329	323	318	317	317	316	315
OM&A Costs	-	-	-	-	-	-	-	5	15	15	15	16	16	16	16	16	16	16	15	16	16	16	17	16	16
Depreciation	-	-	-	-	-	-	-	7	67	91	91	91	91	91	91	91	91	91	91	91	91	91	91	91	91
Capital Tax	3	5	9	12	17	23	27	30	31	31	30	30	29	29	29	28	28	27	27	26	26	25	25	24	24

CONAWAPA (ISD 2026/27)
(In Millions of Dollars)

For the year ended March 31

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Finance Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	158	443	598	623	614	601	593	589	586	586	585
OM&A Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18	19	19	20	20	20	20	20	21	21	25
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32	100	146	148	148	148	148	148	148	148	148
Capital Tax	1	2	2	2	3	4	6	11	15	22	27	33	38	46	51	51	51	50	49	48	48	47	46	45	45

CONAWAPA (ISD 2031/32)
(In Millions of Dollars)

For the year ended March 31

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Finance Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	186	518	707	746	747	747
OM&A Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20	21	21	21	22	22
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38	118	173	174	174	174
Capital Tax	1	2	2	2	2	3	3	3	4	5	6	9	15	19	26	33	39	45	54	60	60	60	59	58	57

750MW TRANSMISSION INTERCONNECTION LINE (MB AND US PORTIONS)
(In Millions of Dollars)

For the year ended March 31

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Finance Expense	-	-	-	-	-	-	-	-	19	36	36	36	35	35	34	33	32	32	31	30	29	29	29	28	28
OM&A Costs	-	-	-	-	-	-	-	-	39	38	37	36	34	33	32	31	30	29	27	26	25	24	22	22	21
Depreciation	-	-	-	-	-	-	-	-	10	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14
Capital Tax	0	0	0	0	0	1	2	2	3	3	3	3	3	3	3	3	3	3	3	2	2	2	2	2	2

WUSKWATIM
(In Millions of Dollars)

For the year ended March 31

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Finance Expense	100	97	91	89	92	91	91	89	89	86	85	86	84	84	83	81	79	79	77	76	74	74	73	72	72
OM&A Costs	6	11	11	11	12	12	12	12	13	13	13	13	14	14	14	14	15	12	12	12	12	12	13	13	13
Depreciation	17	29	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
Capital Tax	9	8	8	8	8	8	8	8	8	7	7	7	7	7	7	7	7	6	6	6	6	6	6	6	5

BIPOLE III
(In Millions of Dollars)

For the year ended March 31

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Finance Expense	0	2	4	6	10	95	182	178	177	170	166	168	164	163	159	155	151	149	145	141	137	135	133	131	129
OM&A Costs	-	-	-	-	-	12	12	13	13	13	13	14	14	14	14	15	15	15	16	16	16	16	17	17	17
Depreciation	0	1	1	3	5	32	67	67	67	67	67	67	67	67	67	67	67	67	66	66	66	66	66	66	66
Capital Tax	2	5	8	12	15	16	16	15	15	15	14	14	14	13	13	13	12	12	12	11	11	11	10	10	10

FINANCING IMPACTS OF THE SUNK COSTS RELATING TO KEEYASK, CONAWAPA & 750MW TRANSMISSION INTERCONNECTION LINE
FOR DEVELOPMENT PLANS EXCLUDING THESE CAPITAL EXPENDITURES
(In Millions of Dollars)

For the year ended March 31

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Finance Expense	-	-	36	69	69	64	61	57	53	48	43	40	36	32	27	22	18	13	8	4	1	0	0	0	0

KEEYASK (ISD 2019/20)
(In Millions of Dollars)

For the year ended March 31

	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062
Finance Expense	309	308	302	296	290	284	282	276	270	264	255	249	247	241	235	233	227	226	222	217	215	210	208	203	198
OM&A Costs	17	17	17	18	18	18	19	19	19	20	20	21	21	21	22	22	23	23	24	24	25	25	26	26	27
Depreciation	91	91	91	91	91	91	91	91	91	91	88	88	89	89	89	89	89	92	93	93	93	93	94	94	94
Capital Tax	24	23	23	22	22	21	21	20	20	20	19	19	18	18	18	17	17	17	16	16	16	15	15	15	14

CONAWAPA (ISD 2026/27)
(In Millions of Dollars)

For the year ended March 31

	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062
Finance Expense	580	573	565	556	547	540	534	525	515	508	491	485	478	472	460	452	444	433	420	407	400	392	384	373	363
OM&A Costs	21	22	22	23	23	22	23	23	24	30	25	25	26	26	30	31	31	32	33	36	30	31	31	32	32
Depreciation	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148
Capital Tax	44	43	42	42	41	40	40	39	38	37	37	36	35	34	34	33	32	31	31	30	29	28	28	27	26

CONAWAPA (ISD 2031/32)
(In Millions of Dollars)

For the year ended March 31

	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062
Finance Expense	736	736	724	713	701	690	688	677	665	653	632	621	618	607	595	592	580	569	548	537	533	521	517	505	493
OM&A Costs	22	22	22	23	28	23	24	24	25	25	25	25	26	26	33	27	28	28	29	33	34	35	35	36	40
Depreciation	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174
Capital Tax	56	55	54	54	53	52	51	50	49	48	47	47	46	45	44	43	42	41	40	40	39	38	37	36	35

750MW TRANSMISSION INTERCONNECTION LINE (MB AND US PORTIONS)
(In Millions of Dollars)

For the year ended March 31

	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062
Finance Expense	27	26	25	24	23	22	22	21	20	19	18	17	16	15	14	13	12	11	19	27	26	25	24	23	22
OM&A Costs	20	20	19	19	18	18	17	17	16	16	15	15	14	14	13	13	12	12	11	11	10	10	9	0	0
Depreciation	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	17	18	18	18	18	18	18
Capital Tax	2	2	2	2	2	2	2	2	1	1	1	1	1	1	1	2	2	2	2	2	2	2	2	2	2

WUSKWATIM
(In Millions of Dollars)

For the year ended March 31

	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062
Finance Expense	70	69	68	66	64	62	61	60	58	56	53	52	51	49	47	46	44	42	40	38	37	35	33	32	30
OM&A Costs	13	14	14	14	14	15	15	15	15	16	16	16	17	17	17	18	18	18	19	19	20	20	20	21	21
Depreciation	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
Capital Tax	5	5	5	5	5	5	5	4	4	4	4	4	4	4	3	3	3	3	3	3	3	2	2	2	2

BIPOLE III
(In Millions of Dollars)

For the year ended March 31

	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062
Finance Expense	125	122	118	114	110	105	103	98	94	90	85	80	77	73	69	69	67	63	58	53	50	45	42	37	33
OM&A Costs	18	18	18	19	19	20	20	20	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21
Depreciation	66	64	64	64	64	64	63	63	63	63	63	63	63	63	63	64	64	64	64	64	64	64	64	64	64
Capital Tax	9	9	9	8	8	8	8	7	7	7	6	6	6	6	5	5	5	4	4	4	4	3	3	3	2

FINANCING IMPACTS OF THE SUNK COSTS RELATING TO KEEYASK, CONAWAPA & 750MW TRANSMISSION INTERCONNECTION LINE
FOR DEVELOPMENT PLANS EXCLUDING THESE CAPITAL EXPENDITURES
(In Millions of Dollars)

For the year ended March 31

	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062
Finance Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

**Needs For and Alternatives To
DSM Evaluation - 2013 Electric Load Forecast
Pro Forma Financial Statements**

Development Plan
ELECTRIC OPERATIONS
PROJECTED OPERATING STATEMENT
In Millions of Dollars

PDP (14) - LEVEL 2 DSM - ALT. RATE METHOD 2

For the year ended March 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	
REVENUES																										
General Consumers Revenue at approved rates	1,331	1,396	1,401	1,408	1,404	1,409	1,413	1,426	1,440	1,455	1,470	1,486	1,501	1,517	1,532	1,548	1,566	1,583	1,601	1,618	1,636	1,649	1,668	1,686	1,704	
Additional General Consumers Revenue	-	-	55	113	173	242	314	392	475	564	650	742	837	914	864	891	910	955	1,065	1,112	1,187	1,430	1,477	1,483	1,518	
Extraprovincial	357	408	383	373	430	491	522	571	853	964	993	1,004	1,004	938	998	983	986	979	975	1,170	1,493	1,612	1,627	1,616	1,556	
Other	14	15	15	15	15	16	16	16	17	17	17	18	18	18	19	19	19	20	20	21	21	21	22	22	23	
Total Revenue	1,702	1,819	1,854	1,909	2,023	2,158	2,266	2,406	2,785	3,001	3,130	3,250	3,360	3,387	3,413	3,441	3,481	3,536	3,662	3,921	4,337	4,712	4,794	4,807	4,801	
EXPENSES																										
Operating and Administrative	455	471	516	532	543	567	580	597	659	671	685	697	711	724	738	752	768	780	794	830	848	868	886	904	924	
Finance Expense	454	462	496	518	587	667	787	808	1,062	1,159	1,150	1,166	1,158	1,152	1,123	1,116	1,102	1,097	1,145	1,316	1,617	1,876	1,904	1,900	1,890	
Depreciation and Amortization	408	439	421	444	457	487	524	534	603	643	651	652	658	667	671	665	663	665	687	729	803	872	895	896	900	
Water Rentals and Assessments	117	125	122	111	111	112	111	113	124	127	127	127	127	127	128	128	128	128	129	137	150	153	153	153	154	
Fuel and Power Purchased	143	144	142	177	193	203	212	213	217	232	240	249	266	260	273	276	287	303	307	283	280	299	307	302	280	
Capital and Other Taxes	87	95	103	112	121	130	136	141	144	146	148	153	159	166	174	183	193	201	217	224	228	229	230	231	232	
Corporate Allocation	9	9	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	7	7	7	7	7	7	7	
Total Expenses	1,673	1,746	1,808	1,902	2,021	2,174	2,360	2,414	2,817	2,987	3,010	3,053	3,086	3,102	3,117	3,128	3,148	3,182	3,285	3,527	3,932	4,303	4,382	4,394	4,387	
Non-Controlling Interest	(14)	(24)	(22)	(17)	(15)	(13)	(9)	(8)	(7)	0	3	7	9	8	10	12	13	16	19	21	23	25	28	30	32	
Net Income	43	97	68	24	17	(4)	(84)	(0)	(25)	13	118	191	265	277	286	302	320	338	358	374	381	384	383	383	382	
Additional General Consumers Revenue Percent Increase	0.00%	0.00%	3.95%	3.95%	3.95%	4.32%	4.32%	4.32%	4.32%	4.32%	3.95%	3.95%	3.86%	2.89%	-2.40%	0.77%	0.33%	1.38%	3.89%	1.31%	2.31%	8.16%	1.01%	-0.32%	0.60%	
Cumulative General Consumers Revenue Percent Increase	0.00%	0.00%	3.95%	8.06%	12.32%	17.17%	22.23%	27.51%	33.02%	38.76%	44.24%	49.94%	55.72%	60.23%	56.38%	57.58%	58.10%	60.29%	66.53%	68.71%	72.60%	86.68%	88.57%	87.96%	89.09%	
Debt Ratio	76	78	83	84	86	87	88	89	89	89	89	89	88	87	87	87	86	86	86	85	84	83	82	81	80	
Interest Coverage Ratio	1.07	1.16	1.10	1.03	1.02	1.00	0.92	1.00	0.98	1.01	1.10	1.15	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	
Capital Coverage Ratio	1.04	0.97	0.87	0.89	1.19	1.37	1.11	1.56	1.44	1.48	1.52	1.66	1.82	1.98	2.24	1.99	1.87	1.81	1.79	2.19	2.01	1.84	1.77	1.69	1.63	

**Needs For and Alternatives To
DSM Evaluation - 2013 Electric Load Forecast
Pro Forma Financial Statements**

Development Plan
ELECTRIC OPERATIONS
PROJECTED OPERATING STATEMENT
In Millions of Dollars

PDP (14) - LEVEL 2 DSM - ALT. RATE METHOD 2

For the year ended March 31	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	
REVENUES																										
General Consumers Revenue at approved rates	1,723	1,742	1,762	1,782	1,802	1,822	1,844	1,866	1,888	1,910	1,932	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954
Additional General Consumers Revenue	1,541	1,525	1,530	1,544	1,559	1,621	1,633	1,644	1,696	1,753	1,743	1,791	1,736	1,788	1,802	1,775	1,844	1,854	1,861	1,875	1,853	1,861	1,879	1,876	1,871	
Extraprovincial	1,552	1,556	1,557	1,562	1,561	1,553	1,539	1,521	1,501	1,476	1,453	1,423	1,507	1,536	1,565	1,595	1,625	1,656	1,687	1,719	1,752	1,785	1,819	1,854	1,889	
Other	23	24	24	24	25	25	26	26	27	27	28	29	29	30	30	31	31	32	33	33	34	35	35	36	37	
Total Revenue	4,839	4,846	4,873	4,913	4,947	5,021	5,042	5,058	5,112	5,167	5,156	5,196	5,226	5,307	5,352	5,355	5,454	5,496	5,535	5,582	5,593	5,635	5,688	5,720	5,751	
EXPENSES																										
Operating and Administrative	945	966	988	1,010	1,038	1,057	1,082	1,107	1,133	1,160	1,186	1,215	1,245	1,275	1,313	1,326	1,358	1,378	1,397	1,421	1,442	1,463	1,485	1,498	1,524	
Finance Expense	1,870	1,848	1,825	1,819	1,804	1,783	1,760	1,734	1,709	1,710	1,657	1,636	1,612	1,569	1,540	1,524	1,500	1,472	1,446	1,414	1,373	1,343	1,315	1,278	1,234	
Depreciation and Amortization	930	931	936	949	956	1,022	1,030	1,038	1,078	1,095	1,107	1,129	1,145	1,233	1,258	1,254	1,334	1,374	1,412	1,459	1,482	1,523	1,572	1,619	1,659	
Water Rentals and Assessments	154	154	155	155	155	155	156	156	156	156	157	157	165	169	172	175	178	182	185	189	192	196	200	203	207	
Fuel and Power Purchased	286	294	315	325	336	346	357	368	379	391	401	413	417	425	433	441	449	458	467	475	485	494	503	513	522	
Capital and Other Taxes	233	235	237	239	241	243	245	246	249	250	252	254	254	254	256	258	260	262	263	264	265	266	268	268	269	
Corporate Allocation	7	7	7	7	7	7	7	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	
Total Expenses	4,426	4,434	4,463	4,504	4,538	4,613	4,635	4,654	4,710	4,767	4,766	4,810	4,843	4,929	4,977	4,983	5,085	5,131	5,175	5,227	5,245	5,291	5,347	5,384	5,421	
Non-Controlling Interest	34	37	39	41	44	46	48	50	52	54	55	56	57	59	60	60	61	63	65	67	69	71	73	75	77	
Net Income	379	375	372	367	365	362	358	354	350	345	335	331	326	320	315	311	308	302	295	288	280	274	268	261	252	
Additional General Consumers Revenue Percent Increase	0.17%	-1.00%	-0.36%	-0.11%	-0.06%	1.32%	-0.22%	-0.24%	0.91%	1.01%	-0.81%	0.76%	-1.47%	1.41%	0.39%	-0.72%	1.84%	0.27%	0.18%	0.37%	-0.57%	0.21%	0.48%	-0.08%	-0.14%	
Cumulative General Consumers Revenue Percent Increase	89.41%	87.51%	86.84%	86.64%	86.53%	88.99%	88.58%	88.13%	89.83%	91.75%	90.19%	91.63%	88.82%	91.48%	92.23%	90.85%	94.35%	94.87%	95.21%	95.93%	94.81%	95.23%	96.16%	96.00%	95.74%	
Debt Ratio	79	78	77	76	75	74	73	72	71	70	69	68	67	66	65	64	63	62	61	60	58	57	56	55	54	
Interest Coverage Ratio	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	
Capital Coverage Ratio	1.58	1.51	1.43	1.35	1.36	1.44	1.50	1.44	1.30	1.56	1.56	1.59	1.60	1.53	1.54	1.51	1.55	1.55	1.55	1.55	1.53	1.53	1.54	1.51	1.52	

**Needs For and Alternatives To
DSM Evaluation - 2013 Electric Load Forecast
Pro Forma Financial Statements**

Development Plan
ELECTRIC OPERATIONS
PROJECTED BALANCE SHEET
In Millions of Dollars

PDP (14) - LEVEL 2 DSM - ALT. RATE METHOD 2

For the year ended March 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
ASSETS																									
Plant in Service	15,374	16,434	17,212	18,363	18,924	22,467	22,897	25,847	30,131	30,665	31,197	31,876	32,566	33,167	33,831	34,319	35,066	35,625	37,620	44,488	50,628	53,208	53,731	54,272	55,607
Accumulated Depreciation	(5,173)	(5,536)	(5,856)	(6,223)	(6,611)	(7,027)	(7,478)	(7,932)	(8,448)	(9,001)	(9,562)	(10,122)	(10,689)	(11,266)	(11,850)	(12,435)	(13,021)	(13,615)	(14,237)	(14,904)	(15,649)	(16,466)	(17,308)	(18,154)	(19,006)
Net Plant in Service	10,201	10,898	11,356	12,140	12,313	15,441	15,419	17,915	21,683	21,664	21,635	21,754	21,877	21,901	21,981	21,884	22,045	22,010	23,383	29,584	34,979	36,742	36,423	36,118	36,601
Construction in Progress	2,019	2,805	4,311	5,299	6,789	5,265	6,285	4,432	877	1,133	1,465	2,127	3,245	4,191	5,673	7,345	8,998	10,700	11,597	6,751	1,866	106	398	710	271
Current and Other Assets	1,869	1,740	1,388	1,574	1,792	2,015	1,848	1,984	2,060	1,731	1,797	2,063	2,267	2,174	2,416	2,678	2,901	2,956	3,146	3,212	3,506	2,918	3,164	2,866	3,032
Goodwill and Intangible Assets	180	165	153	140	130	121	187	212	408	398	388	381	373	366	359	351	344	337	330	322	315	308	301	293	286
Regulated Assets	231	233	259	293	370	399	428	436	428	410	389	368	348	329	311	302	267	237	214	194	178	165	155	148	145
Total Assets	14,500	15,841	17,467	19,446	21,394	23,240	24,168	24,978	25,456	25,335	25,675	26,693	28,110	28,961	30,740	32,561	34,556	36,241	38,669	40,064	40,845	40,238	40,441	40,136	40,335
LIABILITIES AND EQUITY																									
Long Term Debt	9,272	11,144	12,816	14,828	16,562	18,138	19,835	20,204	20,933	20,885	21,488	22,290	22,843	24,045	25,447	26,788	28,339	29,242	32,031	32,804	31,409	30,410	29,519	29,121	28,373
Current and Other Liabilities	2,183	1,647	1,933	1,868	2,144	2,445	1,779	2,240	2,035	1,977	1,611	1,633	2,229	1,599	1,688	1,863	1,985	2,427	1,706	1,951	3,744	3,749	4,456	4,164	4,726
Contributions in Aid of Construction	314	314	315	315	316	322	324	327	330	333	336	339	341	344	346	348	351	353	356	358	361	364	366	369	372
Retained Earnings	2,432	2,529	2,559	2,583	2,600	2,596	2,512	2,512	2,487	2,500	2,618	2,808	3,074	3,350	3,636	3,938	4,258	4,596	4,954	5,327	5,709	6,093	6,476	6,860	7,242
Accumulated Other Comprehensive Income	299	207	(155)	(148)	(228)	(262)	(282)	(304)	(329)	(360)	(378)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)
Total Liabilities and Equity	14,500	15,841	17,467	19,446	21,394	23,240	24,168	24,978	25,456	25,335	25,675	26,693	28,110	28,961	30,740	32,561	34,556	36,241	38,669	40,064	40,845	40,238	40,441	40,136	40,335

**Needs For and Alternatives To
DSM Evaluation - 2013 Electric Load Forecast
Pro Forma Financial Statements**

Development Plan
ELECTRIC OPERATIONS
PROJECTED BALANCE SHEET
In Millions of Dollars

PDP (14) - LEVEL 2 DSM - ALT. RATE METHOD 2

For the year ended March 31	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	
ASSETS																										
Plant in Service	56,193	56,800	57,805	58,471	60,842	61,521	62,214	63,898	65,168	65,843	66,868	67,569	70,315	71,552	72,928	74,312	75,730	77,267	78,939	80,327	81,705	83,148	84,588	86,090	87,711	
Accumulated Depreciation	(19,891)	(20,780)	(21,675)	(22,584)	(23,501)	(24,485)	(25,479)	(26,479)	(27,522)	(28,583)	(29,656)	(30,753)	(31,866)	(33,066)	(34,293)	(35,525)	(36,835)	(38,185)	(39,570)	(41,000)	(42,451)	(43,942)	(45,479)	(47,061)	(48,683)	
Net Plant in Service	36,302	36,019	36,129	35,887	37,341	37,036	36,736	37,419	37,646	37,261	37,212	36,815	38,449	38,485	38,635	38,787	38,894	39,083	39,369	39,327	39,254	39,206	39,109	39,029	39,028	
Construction in Progress	628	1,009	1,053	1,512	275	723	1,116	574	607	1,100	1,239	1,690	139	160	168	215	304	241	26	29	31	34	36	38	(89)	
Current and Other Assets	2,826	3,134	2,878	2,808	2,943	2,892	2,915	3,161	3,076	2,929	2,793	2,891	2,289	2,326	2,074	2,160	1,688	1,492	1,357	1,107	1,062	992	1,654	984	1,358	
Goodwill and Intangible Assets	279	272	264	257	250	243	235	228	221	214	207	199	192	185	178	171	163	156	149	142	134	127	120	113	106	
Regulated Assets	138	127	116	107	99	92	87	83	81	80	81	82	83	85	86	99	111	121	131	138	145	150	153	154	156	
Total Assets	40,172	40,560	40,441	40,571	40,907	40,986	41,089	41,465	41,631	41,583	41,532	41,677	41,152	41,241	41,141	41,431	41,160	41,093	41,032	40,743	40,626	40,508	41,072	40,318	40,558	
LIABILITIES AND EQUITY																										
Long Term Debt	28,375	29,477	28,629	29,179	29,078	28,827	28,425	28,224	27,822	27,420	26,619	26,292	24,490	25,890	26,039	25,639	24,238	23,638	23,037	22,229	21,829	22,903	22,702	22,302	22,452	
Current and Other Liabilities	4,179	3,087	3,441	2,651	2,720	2,684	2,828	3,047	3,262	3,267	3,679	3,817	4,764	3,131	2,562	2,942	3,763	3,995	4,240	4,470	4,475	3,009	3,505	2,890	2,728	
Contributions in Aid of Construction	375	378	381	384	387	390	393	396	400	403	407	410	414	418	421	421	421	421	421	421	421	421	421	421	421	421
Retained Earnings	7,621	7,996	8,368	8,735	9,100	9,462	9,820	10,174	10,525	10,870	11,205	11,535	11,861	12,181	12,495	12,807	13,115	13,416	13,711	13,999	14,279	14,552	14,821	15,082	15,334	
Accumulated Other Comprehensive Income	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	(377)	
Total Liabilities and Equity	40,172	40,560	40,441	40,571	40,907	40,986	41,089	41,465	41,631	41,583	41,532	41,677	41,152	41,241	41,141	41,431	41,160	41,093	41,032	40,743	40,626	40,508	41,072	40,318	40,558	

**Needs For and Alternatives To
DSM Evaluation - 2013 Electric Load Forecast
Pro Forma Financial Statements**

Development Plan
ELECTRIC OPERATIONS
PROJECTED CASH FLOW STATEMENT
In Millions of Dollars

PDP (14) - LEVEL 2 DSM - ALT. RATE METHOD 2

For the year ended March 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
OPERATING ACTIVITIES																									
Cash Receipts from Customers	1,692	1,819	1,854	1,909	2,023	2,158	2,266	2,406	2,785	3,001	3,130	3,250	3,360	3,387	3,413	3,441	3,481	3,536	3,662	3,921	4,337	4,712	4,794	4,807	4,801
Cash Paid to Suppliers and Employees	(782)	(810)	(857)	(904)	(939)	(981)	(1,007)	(1,029)	(1,107)	(1,137)	(1,159)	(1,182)	(1,216)	(1,226)	(1,262)	(1,284)	(1,317)	(1,351)	(1,381)	(1,406)	(1,432)	(1,468)	(1,492)	(1,501)	(1,495)
Interest Paid	(467)	(483)	(513)	(549)	(607)	(705)	(834)	(852)	(1,111)	(1,223)	(1,186)	(1,176)	(1,173)	(1,169)	(1,150)	(1,158)	(1,154)	(1,159)	(1,215)	(1,367)	(1,693)	(1,944)	(1,961)	(1,972)	(1,955)
Interest Received	28	17	24	25	30	37	40	38	35	32	18	18	27	31	41	55	70	77	89	68	88	70	70	72	74
Cash from Operating Activities	471	542	509	481	507	508	465	563	602	673	803	910	998	1,022	1,043	1,055	1,080	1,104	1,153	1,218	1,300	1,370	1,411	1,406	1,425
FINANCING ACTIVITIES																									
Proceeds from Long Term Debt	836	1,970	1,960	2,390	2,180	2,390	1,980	990	1,390	390	560	790	990	1,180	1,390	1,390	1,790	1,560	2,790	990	560	930	1,720	1,980	2,110
Sinking Fund Withdrawals	129	410	103	22	-	20	412	188	268	670	155	-	-	350	-	-	60	250	700	13	230	917	150	524	200
Retirement of Long Term Debt	(119)	(825)	(177)	(312)	(347)	(530)	(825)	(305)	(633)	(673)	(431)	-	-	(450)	-	-	(60)	(220)	(700)	(13)	(200)	(1,948)	(1,930)	(2,682)	(2,330)
Other Financing Activities	(42)	(7)	(20)	(22)	(20)	(17)	(28)	(17)	(39)	(14)	(5)	(5)	(5)	(5)	(5)	(4)	(3)	(2)	(2)	(21)	(21)	(32)	(33)	(34)	(32)
Cash from Financing Activities	804	1,548	1,866	2,078	1,813	1,863	1,539	856	987	373	279	785	985	1,075	1,385	1,386	1,787	1,588	2,788	969	569	(134)	(94)	(213)	(52)
INVESTING ACTIVITIES																									
Property Plant and Equipment net of contributions	(1,311)	(1,964)	(2,301)	(2,230)	(2,180)	(2,101)	(1,612)	(1,294)	(1,114)	(839)	(912)	(1,277)	(1,859)	(1,599)	(2,196)	(2,211)	(2,423)	(2,283)	(2,913)	(2,045)	(1,277)	(842)	(838)	(877)	(920)
Sinking Fund Payment	(107)	(218)	(121)	(184)	(169)	(225)	(221)	(223)	(246)	(339)	(223)	(228)	(245)	(266)	(268)	(293)	(320)	(347)	(364)	(371)	(395)	(405)	(374)	(381)	(369)
Other Investing Activities	(17)	(16)	(21)	(20)	(32)	(42)	(28)	(28)	(33)	(38)	(29)	(32)	(25)	(25)	(28)	(26)	(26)	(26)	(26)	(26)	(27)	(27)	(27)	(27)	(27)
Cash from Investing Activities	(1,436)	(2,198)	(2,443)	(2,434)	(2,382)	(2,368)	(1,860)	(1,546)	(1,392)	(1,216)	(1,164)	(1,537)	(2,129)	(1,890)	(2,491)	(2,530)	(2,768)	(2,656)	(3,303)	(2,443)	(1,699)	(1,273)	(1,239)	(1,285)	(1,316)
Net Increase (Decrease) in Cash	(160)	(108)	(68)	125	(62)	4	144	(126)	196	(170)	(83)	158	(146)	208	(64)	(89)	99	36	639	(256)	170	(37)	78	(91)	57
Cash at Beginning of Year	43	(118)	(225)	(294)	(168)	(231)	(226)	(82)	(208)	(12)	(182)	(265)	(107)	(253)	(45)	(109)	(198)	(99)	(63)	575	320	490	453	531	439
Cash at End of Year	(118)	(225)	(294)	(168)	(231)	(226)	(82)	(208)	(12)	(182)	(265)	(107)	(253)	(45)	(109)	(198)	(99)	(63)	575	320	490	453	531	439	496

**Needs For and Alternatives To
DSM Evaluation - 2013 Electric Load Forecast
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Development Plan
ELECTRIC OPERATIONS
PROJECTED CASH FLOW STATEMENT
In Millions of Dollars

PDP (14) - LEVEL 2 DSM - ALT. RATE METHOD 2

For the year ended March 31	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062
OPERATING ACTIVITIES																									
Cash Receipts from Customers	4,839	4,846	4,873	4,913	4,947	5,021	5,042	5,058	5,112	5,167	5,156	5,196	5,226	5,307	5,352	5,355	5,454	5,496	5,535	5,582	5,593	5,635	5,688	5,720	5,751
Cash Paid to Suppliers and Employees	(1,518)	(1,543)	(1,582)	(1,611)	(1,646)	(1,669)	(1,699)	(1,729)	(1,761)	(1,792)	(1,823)	(1,855)	(1,887)	(1,918)	(1,958)	(1,986)	(2,018)	(2,052)	(2,084)	(2,122)	(2,157)	(2,192)	(2,228)	(2,255)	(2,296)
Interest Paid	(1,951)	(1,927)	(1,915)	(1,909)	(1,892)	(1,881)	(1,867)	(1,848)	(1,834)	(1,847)	(1,803)	(1,778)	(1,757)	(1,710)	(1,680)	(1,660)	(1,644)	(1,606)	(1,581)	(1,552)	(1,502)	(1,478)	(1,446)	(1,430)	(1,367)
Interest Received	81	85	94	99	106	113	121	134	141	148	160	159	159	154	157	156	156	157	157	169	158	163	173	157	155
Cash from Operating Activities	1,452	1,462	1,470	1,491	1,515	1,584	1,597	1,615	1,658	1,676	1,690	1,722	1,740	1,834	1,871	1,865	1,948	1,995	2,027	2,076	2,092	2,128	2,187	2,193	2,244
FINANCING ACTIVITIES																									
Proceeds from Long Term Debt	2,350	2,360	750	1,370	780	520	570	970	960	960	970	1,570	930	2,370	760	540	310	1,290	1,560	1,480	1,930	1,930	1,130	350	750
Sinking Fund Withdrawals	345	100	411	248	246	244	150	200	325	200	200	100	499	-	400	249	200	200	-	411	7	137	479	235	-
Retirement of Long Term Debt	(2,910)	(2,380)	(1,260)	(1,640)	(840)	(840)	(840)	(990)	(1,180)	(1,390)	(1,390)	(1,790)	(1,885)	(2,790)	(990)	(610)	(930)	(1,720)	(1,980)	(2,110)	(2,357)	(2,360)	(875)	(1,370)	(780)
Other Financing Activities	(33)	(34)	(35)	(36)	(37)	(47)	(68)	(48)	(49)	(54)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(60)	(62)	(79)	(105)	(108)	(124)
Cash from Financing Activities	(248)	46	(134)	(58)	149	(123)	(188)	132	56	(284)	(270)	(171)	(508)	(473)	116	124	(476)	(287)	(478)	(280)	(482)	(372)	629	(892)	(154)
INVESTING ACTIVITIES																									
Property Plant and Equipment net of contributions	(960)	(998)	(1,060)	(1,136)	(1,143)	(1,138)	(1,098)	(1,152)	(1,314)	(1,180)	(1,176)	(1,163)	(1,207)	(1,271)	(1,396)	(1,443)	(1,520)	(1,488)	(1,471)	(1,404)	(1,394)	(1,460)	(1,457)	(1,518)	(1,508)
Sinking Fund Payment	(373)	(370)	(379)	(374)	(377)	(381)	(383)	(391)	(397)	(398)	(236)	(235)	(238)	(221)	(228)	(219)	(217)	(212)	(209)	(216)	(221)	(206)	(205)	(195)	(185)
Other Investing Activities	(28)	(28)	(28)	(28)	(28)	(29)	(29)	(29)	(29)	(30)	(30)	(30)	(30)	(31)	(30)	(15)	(15)	(14)	(14)	(13)	(37)	(37)	(37)	(38)	(38)
Cash from Investing Activities	(1,361)	(1,395)	(1,467)	(1,538)	(1,549)	(1,547)	(1,510)	(1,572)	(1,741)	(1,608)	(1,442)	(1,427)	(1,475)	(1,522)	(1,655)	(1,678)	(1,752)	(1,714)	(1,693)	(1,633)	(1,632)	(1,703)	(1,699)	(1,751)	(1,732)
Net Increase (Decrease) in Cash	(157)	113	(131)	(105)	115	(86)	(101)	175	(27)	(216)	(22)	124	(243)	(161)	331	312	(280)	(7)	(145)	164	(21)	54	1,117	(450)	358
Cash at Beginning of Year	496	339	452	321	216	331	245	144	319	293	77	55	179	(64)	(226)	106	417	137	130	(14)	150	129	182	1,299	849
Cash at End of Year	339	452	321	216	331	245	144	319	293	77	55	179	(64)	(226)	106	417	137	130	(14)	150	129	182	1,299	849	1,207