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September 21, 2012

Mr. H. Singh
Executive Director
Public Utilities Board
400-330 Portage Avenue
Winnipeg, Manitoba
R3C 0C4

Dear Mr. Singh:

RE: Manitoba Hydro 2012/13 & 2013/14 General Rate Application- Responses to Round 1 Information Requests

Enclosed please find Manitoba Hydro's responses to Round 1 Information Requests from the Public Utilities Board of Manitoba ("PUB"), the Consumers' Association of Canada ("CAC"), the Manitoba Industrial Power Users Group ("MIPUG"), the Green Action Centre ("GAC"), and the combined requests of CAC and GAC. Manitoba Hydro notes that a small number of responses are still outstanding and intends to file the remainder of the responses early next week. Manitoba Hydro notes that it discovered an error in Schedule 5.7.0 of Tab 5 of the Application, and has enclosed a corrected version of this Schedule. For hard copies of the Application, please replace page 23 of 36 of Tab 5 with the corrected page enclosed.

Manitoba Hydro expects that a recommendation with respect to time-of-use ("TOU") rates will be presented to the Manitoba Hydro-Electric Board ("MHEB") for approval on September 27, 2012. On September 28, 2012, Manitoba Hydro intends to file rate schedules for rates effective April 1, 2013, and subject to the approval of the MHEB, this submission may include a request for approval of TOU rates for customers in the over <30KV class. If a TOU proposal is filed, Manitoba Hydro intends to file responses to information requests with respect to TOU at the same time as the submission of the rate schedules.

With respect to International Financial Reporting Standards ("IFRS"), Manitoba Hydro previously decided to adopt the optional deferrals of the implementation of IFRS that have been extended by the Canadian Accounting Standards Board ("AcSB"). IFF11-2 and the General Rate Application ("GRA") filing were prepared on the basis that the Corporation would transition to IFRS in its 2013/14 fiscal year. As a result of recent discussions at the IASB to give priority to restarting the Rate-regulated activities project, the AcSB announced on September 19, 2012, that it had decided to extend the existing deferral of the mandatory IFRS changeover date for qualifying rate-regulated entities by an additional year to January 1, 2014. Manitoba Hydro's preliminary view on this recent announcement is that it will adopt the additional one-year deferral and transition to IFRS in its 2014/15 fiscal year. Manitoba Hydro will incorporate the impacts of the AcSB announcement and further deferral of IFRS in IFF12, which is scheduled to be approved by the MHEB in late November of 2012. IFF12 will be filed with the PUB and Intervenor shortly after its approval by the MHEB.

The Public Utilities Board

September 21, 2012

Page 2 of 2

Should you have any questions with respect to the forgoing, please contact the writer at (204)360-3946.

Yours truly,

MANITOBA HYDRO LAW DEPARTMENT

Per:



PATRICIA J. RAMAGE

Barrister and Solicitor

PJR/

encl.

1 Please see the following schedule for a breakdown of Depreciation and Amortization.
2

MANITOBA HYDRO **Schedule 5.7.0**
DEPRECIATION AND AMORTIZATION EXPENSE **(000's)**

	<u>2009/10</u> <u>Actual</u>	<u>2010/11</u> <u>Actual</u>	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Forecast</u>	<u>2013/14</u> <u>Forecast*</u>
Generation					
Hydraulic Generating Stations	74,310	76,128	75,064	97,254	97,852
Thermal Generating Stations	17,612	9,771	8,680	16,036	16,496
Demand Side Management	22,064	23,994	26,191	28,664	-
Diesel Generating Stations	3,552	3,691	1,359	1,407	1,368
Amortization of Contributions	(2,796)	(2,796)	(718)	(1,033)	(1,092)
	<u>\$ 114,743</u>	<u>\$ 110,788</u>	<u>\$ 110,576</u>	<u>\$ 142,328</u>	<u>\$ 114,624</u>
Transmission					
Transmission	14,328	14,471	13,920	16,995	14,179
Amortization of Contributions	(1,638)	(1,629)	(1,357)	(1,358)	(1,360)
	<u>\$ 12,690</u>	<u>\$ 12,842</u>	<u>\$ 12,563</u>	<u>\$ 15,636</u>	<u>\$ 12,819</u>
Stations					
Substations	74,123	76,747	79,157	87,181	80,893
Transformers	2,121	1,653	1,691	1,983	2,200
Amortization of Contributions	(1,464)	(1,470)	(1,247)	(1,235)	(1,235)
	<u>\$ 74,780</u>	<u>\$ 76,930</u>	<u>\$ 79,601</u>	<u>\$ 87,929</u>	<u>\$ 81,858</u>
Distribution					
Subtransmission Lines	9,469	9,892	5,974	6,215	5,423
Distribution Lines	82,679	87,194	55,547	59,820	52,309
Meters & Transformers	1,590	1,615	4,205	5,019	5,603
Amortization of Contributions	(10,443)	(10,710)	(4,774)	(5,318)	(5,551)
	<u>\$ 83,295</u>	<u>\$ 87,991</u>	<u>\$ 60,952</u>	<u>\$ 65,736</u>	<u>\$ 57,784</u>
Other					
Communications	20,947	22,518	20,118	25,153	29,634
Motor Vehicles	8,760	9,500	10,374	9,935	12,010
Structures & Improvements	6,590	7,422	7,618	8,509	9,495
General Equipment	18,006	17,172	23,493	23,011	21,226
Computer Development	14,454	15,253	18,895	16,376	18,937
Affordable Energy Fund	3,058	3,468	7,472	8,870	8,710
Miscellaneous	2,995	2,623	3,420	3,760	(3,418)
Corporate Allocation	(2,139)	(1,780)	(1,706)	(1,707)	(1,208)
Target Adjustment	-	-	-	(4,691)	(8,163)
	<u>\$ 72,671</u>	<u>\$ 76,176</u>	<u>\$ 89,684</u>	<u>\$ 89,217</u>	<u>\$ 87,223</u>
Total Depreciation and Amortization Expense	<u><u>\$ 358,179</u></u>	<u><u>\$ 364,727</u></u>	<u><u>\$ 353,376</u></u>	<u><u>\$ 400,846</u></u>	<u><u>\$ 354,307</u></u>
Year over year \$ change		\$ 6,548	\$ (11,351)	\$ 47,470	\$ (46,539)
Year over year % change		1.8%	-3.1%	13.4%	-11.6%

3 * Includes the impacts of IFRS.
4