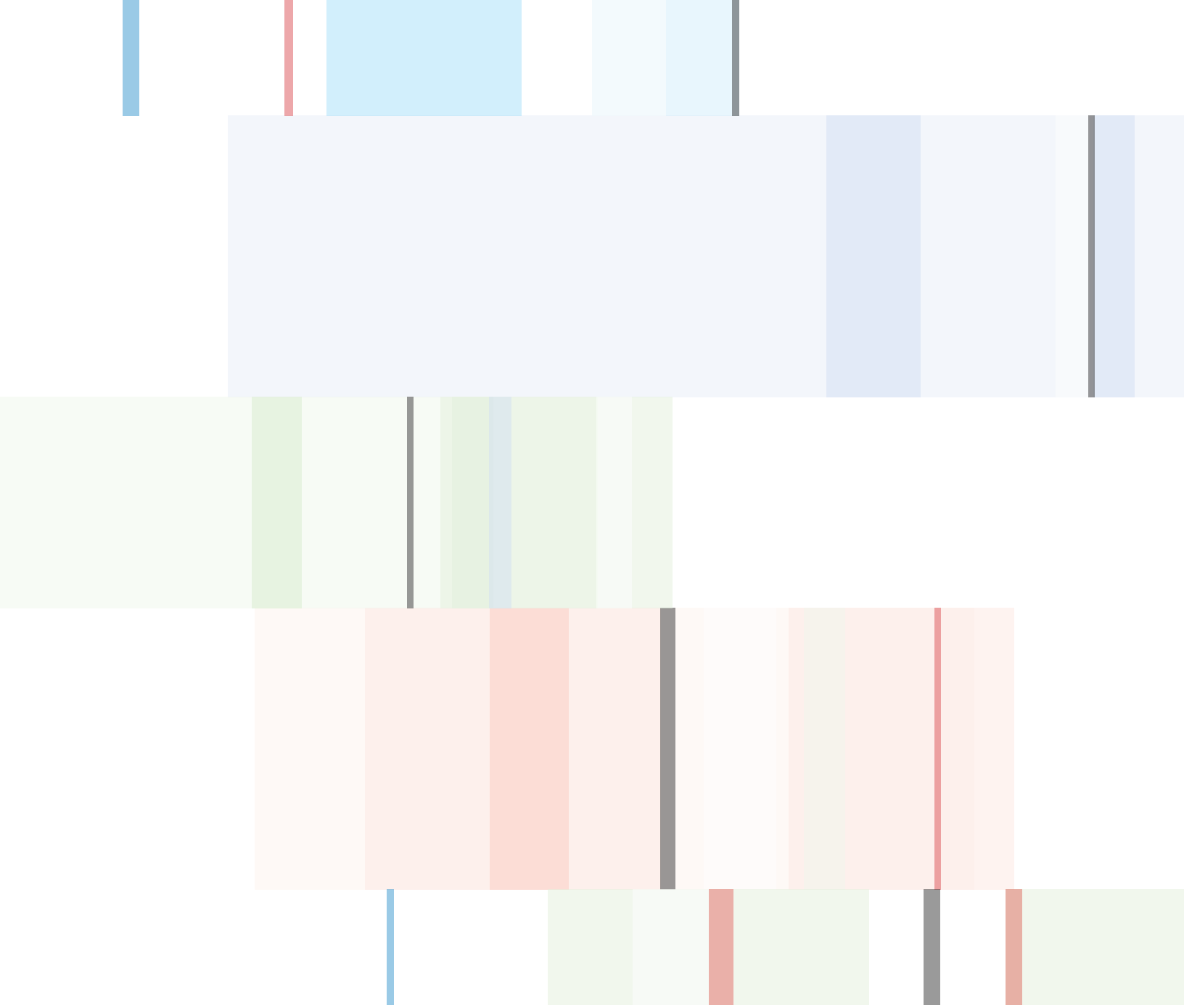
Manitoba Hydro-Electric Board 71st Annual Report
For the year ended March 31, 2022

Turningvisionintoaction

Manitoba Hydro



Manitoba Hydro has a presence right across Manitoba – on Treaty 1, Treaty 2, Treaty 3, Treaty 4 and Treaty 5 lands, the original territories of the Anishinaabe, Cree, Oji-Cree, Dakota, and Dene peoples and the homeland of the Métis Nation. We acknowledge these lands and pay our respects to the ancestors of these territories. The legacy of the past remains a strong influence on Manitoba Hydro's relationships with Indigenous communities today, and we remain committed to establishing and maintaining strong, mutually beneficial relationships with Indigenous communities.

Available in accessible formats upon request.

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Letter of transmittal from the Chair of the Manitoba Hydro-Electric Board

Minister of Finance
Legislative Building
Winnipeg, Manitoba
R3C 0V8

July 27, 2022

Dear Minister,

Having assumed my role as Chair June 8, 2022, I present the 71st Annual Report of the Manitoba Hydro-Electric Board (MHEB) together with financial statements for the fiscal year ended March 31, 2022.

Respectfully submitted,

Edward Kennedy,
Chair, Manitoba Hydro-Electric Board

Manitoba Hydro-Electric Board, 2021-22

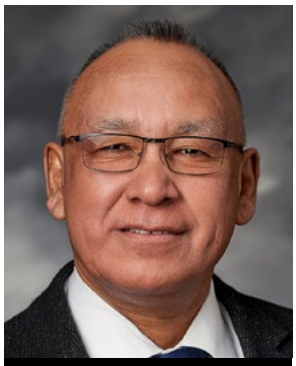
Marina R. James
Chair

Michael Moore
Vice-Chair

Beth Bell

Kelly Bindle

James (Jim) Downey



Ron Evans

Wade Linden

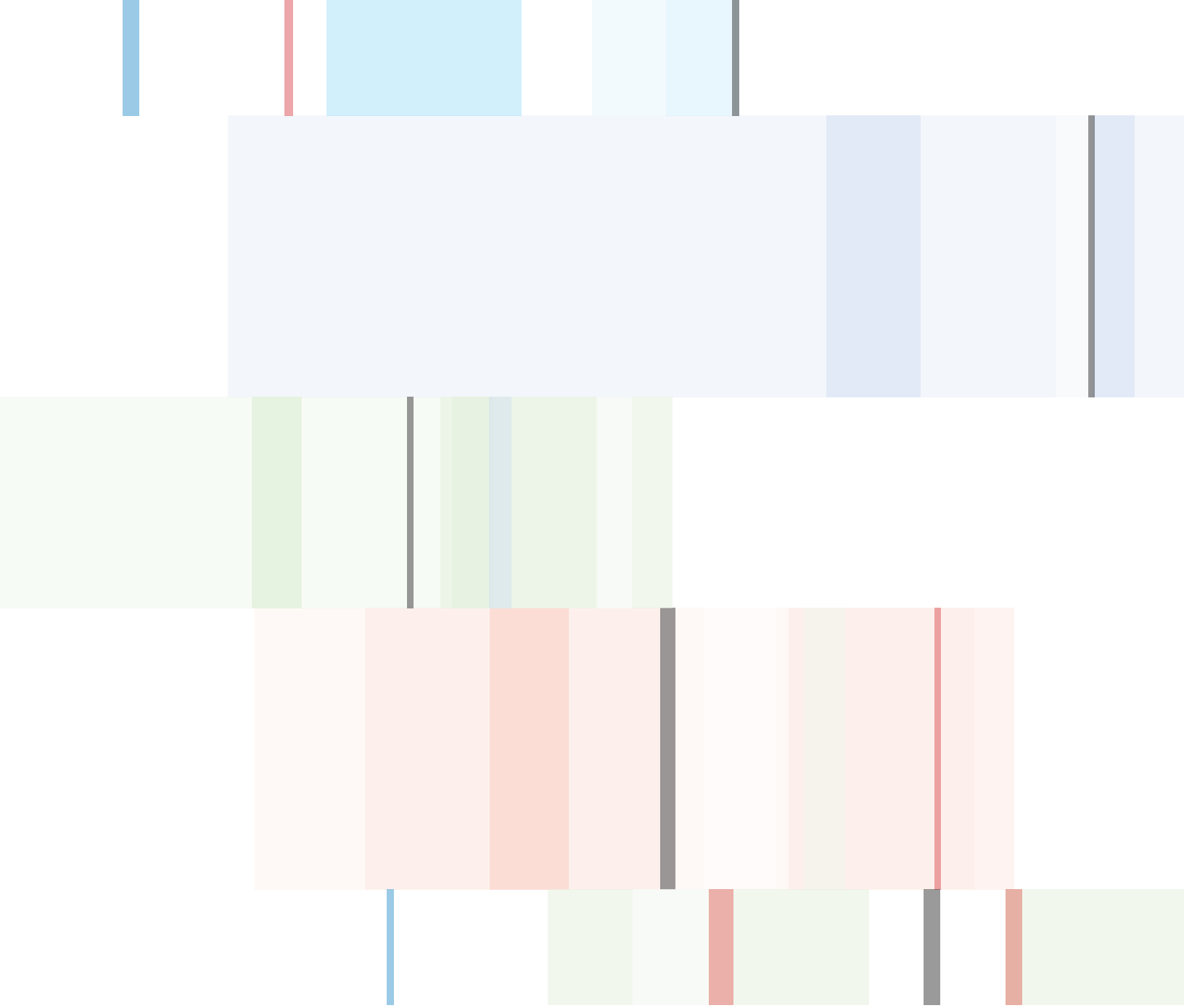
Craig McIntosh

Melanie McKague

Harold Reid

Brent Vankoughnet
(Appointed Aug. 11, 2021)

Valerie Wowryk
(Appointed Aug. 11, 2021)



Letter to customers from Jay Grewal, President & CEO of Manitoba Hydro

Turning vision into action

Since I joined Manitoba Hydro, I have been focused on the future.

With the development of our long-term strategic plan (Strategy 2040) and our enterprise plan based on that strategy, we have both laid out our vision of the future and are now working to bring that vision to life. We have charted a course that positions Manitoba Hydro to effectively navigate a rapidly changing energy landscape for the next 20 years, and beyond.

At every turn, our customers have told us their expectations. The world continues to digitalize, decentralize, and decarbonize. These factors and many more are shaping what utility customers demand from their energy providers, and this year, as we began to put our plans into action – to turn our strategy into real, tangible initiatives – we made sure all our strategic thinking and planning was centred around our purpose, our reason for being, and the singular focus of our past, present and future: serving our customers.

We have charted a course that positions Manitoba Hydro to effectively navigate a rapidly changing energy landscape for the next 20 years, and beyond.

This is why both our long-term strategy and our enterprise plan are rooted in the needs and expectations of our customers. The Manitoba Hydro of the future will be more responsive, customer-centric, modern, and transparent. It will be socially and fiscally responsible. It will be organized in a way that prepares it for the future and allows it to continue to build on its legacy of great service to Manitobans at the lowest possible cost, even as the world continues to change and the energy landscape continues to shift.

Many of Manitoba Hydro's undertakings over the past year are directly tied to Strategy 2040.

We started development of Manitoba Hydro's first-ever Integrated Resource Plan (IRP), a foundational, empirical document that will guide the actions we take and investments we will make to meet the energy needs of our customers in the future. Our IRP includes input from thousands of customers and interested parties across Manitoba as well as thorough data and research on our available and future energy resources and the different things that could affect them. When complete, our IRP will ensure the plans we make and act on are reflective not only of the input we gain from customers and other stakeholders, but also understood and firmly rooted in a practical reality – today and in the years to come.



Manitoba Hydro's vision for the future involves partnership and guidance. In keeping with trends across the industry around the world, we have begun to put the pieces in place toward building a new kind of relationship with our customers: one of a trusted energy advisor helping our customers understand the changing energy landscape and the new options and choices it could present. We are building on our history of consulting directly with our customers, and our collaboration with Efficiency Manitoba continues as we seek to provide our customers with the information and expertise they will need to make the right decisions regarding their energy service. We are working hand-in-hand with the Province, too, as they continue developing a provincial energy policy framework.

Our Integrated Resource Plan also plays a pivotal role on this front. It will provide a comprehensive, thorough and far-reaching basis of knowledge and expertise that our customers can rely on us to interpret, ensuring our customers can trust their utility to guide them toward the right energy decisions in the future as the world continues to change.

In the past fiscal year, we took steps forward in securing our clean, renewable electricity supply for future generations of Manitoba Hydro customers.

In the past fiscal year, we took steps forward in securing our clean, renewable electricity supply for future generations of Manitoba Hydro customers. All seven generating units at the Keeyask Generating Station are now online and full commercial service is a short step away. Keeyask adds 695 megawatts (MW) of capacity to our generation portfolio, enabling greater reliability for our Manitoba customers and unlocking greater revenue from energy exports to neighbouring utilities in Canada and the U.S., helping to keep rates low for Manitobans.

We continue to invest in renewing our existing assets, using new materials and processes to preserve aging but functioning equipment, and replace equipment that has reached the end of its useful life. We also continue to invest in upgrading our transmission and distribution systems for both electricity and natural gas to keep pace with Manitoba's growing economy and thriving communities and support future economic growth.

After infrastructure in Portage la Prairie was decimated by the October 2019 storm that knocked out power to tens of thousands for up to two weeks, Manitoba Hydro took the opportunity during repairs to reassess the area's service, embarking on a series of projects under a banner called the Portage Area Capacity Enhancement (PACE) project. As a result of the PACE project, the Portage and Brandon areas will see new and rebuilt transmission lines of higher capacity as well as a new substation, Wash'ake Mayzoon, named in partnership with the Manitoba Metis Federation and Dakota Tipi First Nation. The PACE project will ensure an adequate supply of electricity to support continued economic and population growth in the area for many years to come.

In Winnipeg, work on the St. Vital Transmission Complex continues. In September 2021, Manitoba Hydro began construction on the De Salaberry East Station to Letellier Station transmission line, one of an eventual three transmission lines that will add to our ability to serve this growing part of Manitoba's largest city and the surrounding region.

And with a new, holistic approach to asset management, we are making informed decisions on the timely maintenance and replacement of our assets, maximizing return on the investments Manitobans have made in our energy system over the last 60-plus years.

Financial responsibility was a vital focus over the past year. Our company-wide view of asset management is already paying dividends through enhanced efficiency and better planning. Increases to electricity rates granted by the Public Utilities Board will allow us to begin addressing the significant debt we have taken on to invest in construction of major capital projects needed to meet the energy needs of Manitobans today and tomorrow, while also funding ongoing maintenance and enhancements to ensure customers get the energy they need when they need it. To make sure Manitobans get the most out of the rates they pay, we have adjusted project schedules and timelines based on input from our customers and the expertise of our own employees and external specialists.

Recognizing the threat posed by malicious cyberattacks to our utility systems and customer data, particularly in light of growing geopolitical threats, we've also taken steps to enhance our cybersecurity. As the internet continues to revolutionize the way we interact with one another, Manitoba Hydro recognizes the importance of improved cybersecurity when it comes to safeguarding and protecting our information and the information entrusted to us by our customers. A new Cyber Security Office has been tasked with standing between Manitoba Hydro and those who would seek to exploit us, even as remote and/or digitally-enabled work continued for many employees throughout the organization.

Our company-wide view of asset management is already paying dividends through enhanced efficiency and better planning.

We have also examined our processes and capabilities when it comes to communicating with and serving our customers. Our Customer Solutions & Experience business unit is focused on evaluating and improving the customer experience every day. Through our enhanced Voice of the Customer program we've learned more about the service experience of our customers and identified opportunities to improve.

Research tells us responsiveness has never been more important to our customers, and we have already made investments in technology – such as improvements to our self-service online account management portal, our outage map, and new contact-handling technology – that will make each interaction we have with our customers more effective, less time-consuming, and ultimately more satisfying for them, while also improving our internal efficiencies.



It's not just our Customer Solutions & Experience business unit– we've taken a top-to-bottom look at our business model as part of our work on Strategy 2040, reorganizing groups to ensure the right resources are in the right places to execute on our priorities. This includes creating a dedicated Enterprise Excellence team devoted to continuous improvement and ensuring no opportunity to improve goes uncaptured.

The past fiscal year also had its challenges. Manitoba experienced a severe drought in 2021/22 and that had a significant affect on our financial performance. Though above average precipitation this winter went a long way toward improving our financial outlook, the period of drought we experienced through the spring, summer and fall of 2021 drove home how important it is that we strive to maximize the value of our product and ensure we are continually seeking efficiency in the ways we serve our customers.

It also reinforced how critical it is that Manitoba Hydro takes a long-term, balanced view of electricity rates in order to ensure the company generates enough revenue in non-drought years to support the organization when droughts do occur. This includes ensuring net incomes are high enough to begin paying down debt over time, reducing the burden over the long term on customers and avoiding the potential for "rate shock" should a period of extended drought occur. Steady, moderate and predictable rate increases that will allow customers to budget for their energy costs ahead of time benefit not just the utility, but all Manitobans.

Despite these financial challenges, Manitoba Hydro is well positioned for the future. Our primary product, hydroelectricity, continues to be among the world's most sustainable and dependable forms of renewable energy – and we seek to maximize this green advantage at every turn. When the Keeyask Generating Station is fully in service later in 2022, we will be adding to our renewable energy resources at a time when the world is increasingly looking to reduce its dependence on fossil fuels and decarbonize through electrification.

Our primary product, hydroelectricity, continues to be among the world's most sustainable and dependable forms of renewable energy – and we seek to maximize this green advantage at every turn.

When Keeyask is fully operational, we will have 16 hydroelectric generating stations with a capability of up to 5 605 megawatts supplying energy for customers in Manitoba as well as our wholesale customers in Canada and the United States. These export sales continue to be an important source of significant revenue, creating value from our surplus energy that helps keep electric rates in Manitoba much lower than they would otherwise be.

As mentioned earlier, we have long put forward that steady, predictable rate increases are the best way to avoid rate shock in the future. At the same time, we have also sought and achieved cost reductions through a close examination of our structure, processes and approaches to how we work, allowing us to both improve the level of service we provide our customers and reduce costs.

We have partnered with the provincial government and other Crown corporations to adjust our procurement practices, ensuring the best value for our dollar through group purchasing where possible, and we have continued to seek new and fulfil existing high-value agreements on the export market that will keep rates lower than they otherwise would be for customers here in Manitoba.

While working to these significant achievements and shifts in focus spurred by Strategy 2040, Manitoba Hydro's employees faced some significant challenges in 2021/22. Many employees continued working from home as the COVID-19 pandemic persisted, forcing our work processes and techniques to adapt, too. Our employees and contractors at Keeyask also continued forging ahead, making significant progress on the generating station despite the need to abide by rigorous pandemic safety conditions during construction and commissioning.

We ensured energy kept flowing to our customers through storms, fires, and other extremely difficult circumstances.

Climate change continued to pose challenges to our system as drought and wildfires through the summer caused power outages and decimated our infrastructure in some remote locations. Our planning for the future continues, and Manitoba Hydro's environmental experts are heavily involved in national and international working groups and committees, securing our utility and the broader population against the risks posed by a changing climate now and years into the future.

The year also saw the resolution of a labour disruption between Manitoba Hydro and the International Brotherhood of Electrical Workers Local 2034 (IBEW). After facing challenges coming to agreement in collective bargaining, IBEW's rotating strikes eventually led to an arbitrated settlement that saw IBEW-represented workers returning to their posts in spring 2021. Even through the disruption, Manitoba Hydro ensured a high level of continuity of service to our customers.

As they always do, our employees were able to navigate these challenges and setbacks with grit and competence. We ensured energy kept flowing to our customers through storms, fires, and other extremely difficult circumstances. I consider the work done over the past year to be among Manitoba Hydro's greatest achievements.

This work includes the significant progress we have made on net-new initiatives for Manitoba Hydro, such as our Integrated Resource Plan, our long-term strategy (Strategy 2040), and our enterprise plan. These are foundational parts of building Manitoba Hydro into the utility of the future and ensuring that despite the changing energy landscape, we will always meet the expectations and needs of our customers.

I also want to take a moment this year to acknowledge some long-serving former Manitoba Hydro employees who, over the course of their careers, have had an outsized impact on the utility and on this province.



First I want to acknowledge the December 15, 2021 passing of Bob Brennan, who spent 47 years with Manitoba Hydro and served as President & CEO for 22 years before retiring in 2011. Bob's contributions to the organization, and to the province overall, were many and impactful. Under his leadership, the utility successfully navigated many changes, including the opening of the U.S. electricity wholesale market and the acquisitions of Winnipeg Hydro and Centra Gas. As many in Manitoba Hydro have testified, he was a monumental figure for the organization.

Additionally, Lorne Midford, former Vice-President of Asset Planning & Delivery, retired this year. Lorne was instrumental in bringing the Keeyask Generating Station to fruition and played a vital role in countless other projects to ensure Manitobans were consistently and reliably provided with the energy they depend on. I wish Lorne congratulations and the highest hopes for a relaxing, fruitful retirement.

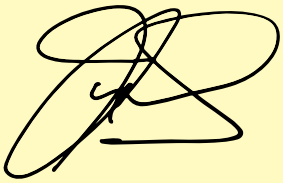
Although not in this fiscal year, I also wish to acknowledge the departure of our Manitoba Hydro-Electric Board (MHEB) Chair, Marina R. James, and our Vice-Chair, Michael Moore, who provided invaluable guidance to Manitoba Hydro through a period of drastic change and forced adaptation.

I also wish to acknowledge and thank Wade Linden, Craig McIntosh, and Kelly Bindle, our Board members who departed the MHEB this year, as well as welcome our new Board members appointed June 8, 2022: Edward Kennedy, our new Chair; David Brown, and Gordon Pollard. I would also like to welcome Beth Bell to her new seat as Vice-Chair on the MHEB.

As we close out the fiscal year and begin the new one, I am proud – and optimistic. Through the year, we continued to provide the high level of energy service our customers rely on, even during an unprecedented period of change and adversity at Manitoba Hydro. We know that change will continue as we move forward with our long-term plan in building the Manitoba Hydro of the future.

But one thing will never change: Manitoba Hydro's professionalism, dedication and commitment to providing safe, reliable electricity and natural gas to our customers.

Sincerely,



Jay Grewal,
President and Chief Executive Officer
Manitoba Hydro

Manitoba Hydro Senior Officers

Left to Right: **Aurel Tess**, CPA, CGA, Vice-President & Chief Financial Officer; **Shane Mailey**, P. Eng, Vice-President, Operations; **Jamie Hanly**, CPHR, Vice-President, Human Resources & Safety, Health and Environment; **Hal Turner**, P. Eng, Vice-President, Asset Planning & Delivery; **Jay Grewal**, B.A., MBA, President & Chief Executive Officer; **Jeffrey Betker**, B.A., B.Comm (Hons), MBA, Vice-President, External & Indigenous Relations and Communications; **Alex Chiang**, MBA, Vice-President, Customer Solutions & Experience; **Ian Fish**, M.Sc., Vice-President, Digital & Technology

Corporate Profile

Founded in 1961, Manitoba Hydro is a provincial Crown Corporation and one of the largest integrated electricity and natural gas distribution utilities in Canada. We are a leader in providing renewable hydroelectricity and clean-burning natural gas – energy for life that powers our province and supports our economic growth.

We are a forward-looking utility that keeps the best interests of our customers at the forefront, functioning both as a responsive, reliable supplier of electricity and natural gas and as a trusted energy advisor for our customers as the energy landscape continues to change.

We also trade electricity within four wholesale markets in the Midwestern United States and Canada. Nearly all the electricity Manitoba Hydro produces each year is renewable hydropower generated using our province's abundant water resources. Our export of hydroelectricity helps keep rates in Manitoba lower than they would otherwise be, while displacing greenhouse gas emissions in markets where fossil fuels are used for electricity production, benefitting the entire world.

Governance

As outlined in the *Manitoba Hydro Act*, Manitoba Hydro is governed through the Manitoba Hydro-Electric Board.

Mission

Help all Manitobans efficiently navigate the evolving energy landscape, leveraging their clean energy advantage, while ensuring safe, clean, reliable energy at the lowest possible cost.

How we do business

Now and into the future, we take seriously our responsibility to respect and care for the people, communities and the broader environment affected by the nature and location of Manitoba Hydro's business.

With fundamental principles of safety, environmental stewardship, and respect for all, we conduct our activities lawfully, responsibly and ethically, securing and enhancing Manitoba Hydro's established reputation for honesty, integrity and good faith operations.

Read more about how we work and our reports on our operations, finances and social responsibilities at **hydro.mb.ca/corporate**.

Kilometres of distribution lines

75 530

Total revenue (electric and gas)

$3.04 billion

Number of natural gas customers

293 256

Our service area in km²

650 000

Kilometres of natural gas lines

10 771

Kilometres of transmission lines

14 728

Net income (loss)

($248) million

Number of electric customers

608 554

Number of communities with natural gas service

132

Number of Indigenous employees

999

Total assets

$31.14 billion

Total electricity capability

5 860 MW

Total number of full-time employees

4 962*

*see page 115 for definition of full-time employees.

Total debt

$24.8 billion

Building on our service

Putting our customers at the centre of all we do is vital to our success in the future. Customer satisfaction and an excellent customer experience is paramount to ensuring the future success of Manitoba Hydro, and in 2021/22 the customer took centre stage.

Through the five pillars of Strategy 2040 – all of them rooted in responsiveness, customer centricity, and a future focus – Manitoba Hydro has begun to act on the initiatives under each pillar that will help us chart our course for the next 20-plus years.

The five pillars of Strategy 2040

1. **Provide safe, reliable energy that responsibly meets the evolving energy needs of Manitobans**
2. **Serve customers efficiently, responsively and digitally**
3. **Help all Manitobans understand their energy options and make informed choices**
4. **Ensure Manitobans get maximum value from their clean, dependable energy infrastructure**
5. **Keep energy prices as low as possible while providing the level of service Manitobans expect**

While infrastructure renewal and expansion and the construction of new assets like the Keeyask Generating Station will always be critical to ensuring we provide Manitobans with the energy they depend on, this year Manitoba Hydro also invested in our customers with new customer-facing technologies, process improvements throughout the organization, and a continued revamping of our organizational structure to align how we work to ensure we are as efficient and effective as possible.

Building on our reliability

Each day, weather, wildlife, aging or damaged infrastructure and many other factors can put our reliability to the test.

This year saw significant challenges to our reliability, including a labour disruption among workers represented by International Brotherhood of Electrical Workers Local 2034 (IBEW) and a two-day storm in May 2021 as well as severe wildfires in eastern Manitoba during the summer.

These wildfires forced evacuations in Little Grand Rapids and Pauingassi First Nation and destroyed or damaged approximately 100 utility poles while knocking out power to the community for up to six weeks. Restoration efforts were complicated by the the extent of the damage, the challenging terrain, the ongoing fire conditions, and the relative remoteness of job sites and work locations.

Outages

One way we track the quality of our electrical service is through our system average interruption duration and frequency indexes, or SAIDI and SAIFI. These indexes measure annual service interruption times and average rates per year per customer based on an international standard set by the Institute of Electrical and Electronics Engineers (IEEE).

	2020/21 Target	2020/21 Actual	2021/22 Target	2021/22 Actual
SAIDI (System Average Interruption Duration Index)	**148 minutes**	**159 minutes**	**148 minutes**	**263 minutes**
SAIFI (System Average Interruption Frequency Index)	**1.59**	**1.58**	**1.59**	**1.58**

Building on our service:

Reviewing our business model

Recognizing the capabilities and resources we will need in the future, Manitoba Hydro continued to update its business model and organizational structure in 2021/22.

Reorganizations are a foundational part of our future. They are undertaken to ensure Manitoba Hydro has the right resources in the right places to enable us to execute successfully on Strategy 2040 and our enterprise plan.

Building on the foundations laid in previous years, Manitoba Hydro's External & Indigenous Relations and Communications, Chief Financial Officer, and Digital & Technology business units reorganized their structures from top to bottom. Manitoba Hydro also created an Enterprise Excellence division reporting directly to the President & CEO and helmed by Senior Director Ryan McCormack.

Enterprise Excellence

The Enterprise Excellence division is brand new to Manitoba Hydro and provides the utility with greater capacity for working collaboratively across business units as we build the utility of the future. The Enterprise Excellence group takes ownership of project management related to this transformation as well as the change management associated with those projects. It focuses on continuous improvement and is also responsible for ensuring Manitoba Hydro's culture reflects and enhances Manitoba Hydro's brand with customers, employees and other stakeholders.

External & Indigenous Relations and Communications

Under Jeff Betker, the External & Indigenous Relations and Communications (EIRC) business unit took responsibility for the General Counsel and Corporate Secretary function while also creating a new Stakeholder Relations group to guide interaction and engagement with interested parties. The new EIRC structure creates greater capabilities in reputational and relationship management, ensuring greater alignment between its teams as it helps Manitoba Hydro proactively build meaningful relationships with Indigenous peoples and interested groups.

Chief Financial Officer

Manitoba Hydro recognized the need for an elevated role for the Chief Financial Officer (CFO) business unit led by Aurel Tess, reorganizing itself to better position it as a trusted advisor and strategic partner to the rest of the utility.

While the traditional transactional and pure financial management aspects of the business unit remain, the business unit is renewing its focus on building relationships within the organization in pursuit of financial efficiency and continuous improvement, helping maximize the value our customers receive for the rates they pay.

The revised structure within the CFO unit also includes elevating the key functions of two new divisions established in 2020 – Strategy & Enterprise Planning and Enterprise Risk Management.

Digital & Technology

To better position Manitoba Hydro to enhance both the customer and employee experience now and in the future, Manitoba Hydro's Digital & Technology (D&T) business unit under Ian Fish renamed and significantly reorganized itself to reflect a renewed focus on collaborative and strategic partnership with the other parts of the organization.

A new Digital division will facilitate the adoption of new digital solutions and technologies while enabling the use of data and analytics to support strategic decision-making across the organization.

To ensure we are maximizing value for our customers, a new Value Management Office within D&T also oversees technology investments while taking ownership of performance and vendor management within the business unit.

To ensure we are protecting Manitoba Hydro and its customers from cyber risks as well as putting a technology framework in place that positions the utility to succeed on the initiatives laid out in Strategy 2040, D&T also created a new Cyber Security & Enterprise Architecture division.

Under its new model, the D&T business unit can consider business solutions in a more strategic, integrated way. Through increased partnership and collaboration with internal groups, D&T will consider not only technology but people, process and data as it works to provide the greatest value for internal and external customers now and in the years to come.

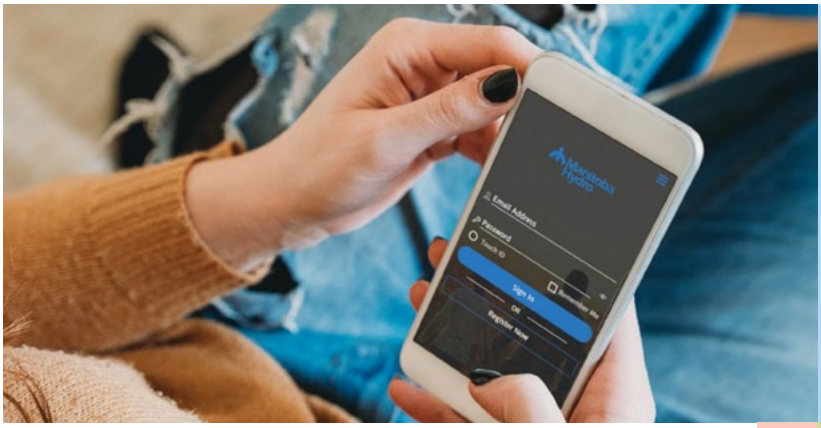
Building on our service:

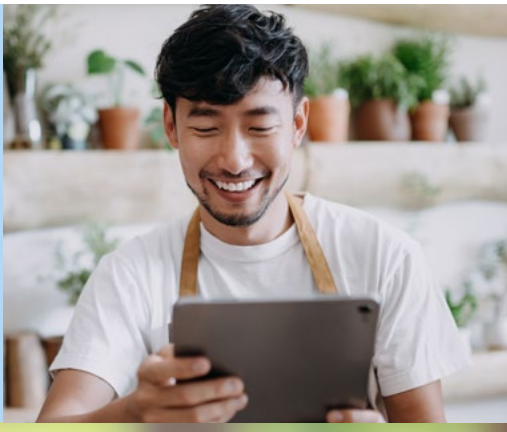
Growing the Manitoba Hydro mobile app and online self-service portal

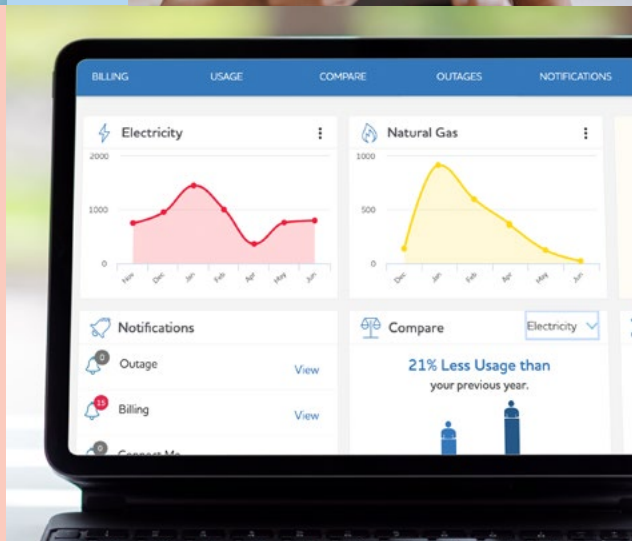
Knowing that digital platforms and self-service models continue to gain popularity, and with recent research showing our customers want better digital connections with us, Manitoba Hydro's Customer Solutions & Experience group worked to promote and spur uptake on both its online account management portal and its official Manitoba Hydro app.

As of December 2021, almost 40 per cent of Manitoba Hydro customers had signed up for an online account. Almost 100,000 customers had downloaded the Manitoba Hydro app and digital transactions with Manitoba Hydro were up by almost 250 per cent. Also as of December, digital transactions made up 65 per cent of total customer engagements, up from 35 per cent in 2019.

Preliminary results from customers are promising – 90 per cent of surveyed customers say they are satisfied with the online portal's user experience and 95 per cent say it is "as good or better" than other online account portals they use.







Building on our service:

Bringing Keeyask online

Keeyask made very significant strides in 2021/22. The remaining six generating units were brought online between April 1, 2021 and March 31, 2022, meaning all seven generating units at Keeyask are now online and able to deliver clean, renewable energy to Manitobans. Full commercial service is expected in the 2022/23 fiscal year.

Despite the additional safety arrangements necessitated by the COVID-19 pandemic, Manitoba Hydro projects Keeyask's final cost to come in below the control budget of $8.7 billion.

As commissioning work inside the generating station continued in 2021/22, work outside the powerhouse began to wind down with roads and ramps removed, roadways lined with guardrails to ensure safety, work areas being decommissioned, and the surrounding natural environment undergoing remediation including removal of waste material and the replacement of trees and plant life.

Generating capacity when fully in service: 695 MW

Total generating units online: 7

Final unit released for service: March 9, 2022

Control budget: $8.7 billion

Total spent to March 31, 2022: $7.9 billion

Building on our service:

Renewing infrastructure and planning for future growth

Parts of our energy system have served our customers for decades. As they reach the end of their viable life and the needs of our customers continue to evolve, we continue to upgrade and add new capacity to ensure we keep up with the reliability and continuity standards we have set. This year, Manitoba Hydro upgraded and constructed new infrastructure to deal with load growth and replace old equipment.

Winnipeg Beach/Sandy Hook service enhancement

By increasing the voltage of distribution lines, Manitoba Hydro ensures it can accommodate the growing energy needs of communities and serve more customers. A higher voltage allows more electricity to be sent over existing power lines, providing an efficient, cost-effective way to maximize the value of our existing infrastructure while providing customers with the renewable energy they need to power their homes and businesses.

At Winnipeg Beach and Sandy Hook, for example, a service enhancement project is increasing the voltage of the distribution lines serving the area from eight kilovolts to 25 kilovolts to keep up with the steady growth of customers in the region and respond to higher demand from existing customers.

Portage Area Capacity Enhancement Project

The Portage Area Capacity Enhancement (PACE) project also continues after the devastation caused by the October 2019 storm. The PACE project will see new construction and rerouted lines in the Portage and Brandon areas to help us deal with load growth in the region.

St. Vital Transmission Complex

In Winnipeg, the St. Vital Transmission Complex continues to progress. In September 2021, Manitoba Hydro began construction on the De Salaberry East Station to Letellier Station transmission line, which adds to the Sage Creek transmission corridor and the St. Vital Station to De Salaberry East Station transmission line.

Slave Falls Generating Station Life Extension

After serving the province with renewable, reliable hydroelectricity for nearly a century, water flow, ice, and freeze-and-thaw cycles have worn down some of the concrete at Slave Falls Generating Station.

Though proactive maintenance has ensured the longevity of Slave Falls, a work plan is underway to further protect and inject new life into the generating station.

An anchoring project began in September 2021 as the next step in addressing some of the deterioration at the station over its long life. This anchoring work will help maintain the integrity of the dam and preserve the safety of surrounding waterways and the people who use them. It will also ensure many more years of reliable service from this Winnipeg River facility.

While uncertainty in water levels is affecting the timeline for the project, next year we expect to be able to continue the work we began this year at Slave Falls.

Lee River Distribution Supply Centre Project

Distribution supply centres (DSCs) are smaller, more compact versions of traditional substations, with less exposed infrastructure and a smaller impact on both the landscape and the balance sheet. They take less time to build than a traditional substation and are more cost-effective while still offering valuable enhancements to local electrical capacity and reliability.

This year, construction was completed on a DSC at Lee River, approximately 16 km east of the Lac du Bonnet townsite. The Lee River DSC was energized in December 2021 and is helping supply the growing Lee River community while improving the reliability of electrical service in the area.

The Lee River DSC also allowed us to replace aging infrastructure along Provincial Road 313, further enhancing our service in the area.

Iles des Chênes natural gas station upgrade

Each year Manitoba Hydro delivers around 2 billion cubic metres of natural gas to approximately 130 communities across southern Manitoba.

This year saw an upgrade to the primary natural gas station in Iles des Chênes as part of a broader initiative to increase natural gas capacity in Winnipeg and surrounding areas. The station was last upgraded in 1999 and supplies gas to Winnipeg and communities from Selkirk, Gimli, Arborg, Riverton, Stonewall and Beausejour to the north and St. Adolphe and Iles des Chênes to the south.

Additional upgrades to the natural gas system are planned for the 2022/23 fiscal year, further enhancing the capacity and reliability of this critical source of energy in southern Manitoba.

Corporate Integrity Program

Manitoba Hydro encourages employees and others to speak up on matters of concern without fear of reprisal through its Integrity Program.

Below is a summary of all disclosures received during 2021/22 which allege wrongdoing as defined in *The Public Interest Disclosure (Whistleblower Protection) Act:*

Number of disclosures received 2021/22:	**2**
Number of disclosures ongoing from 2020/21:	**3**
Number of disclosures acted upon:	**5**
Number of disclosures not acted upon:	**0**
Number of investigations commenced/continued:	**5**
Number of wrongdoings found:	**0**
Number of wrongdoings not confirmed:	**4**
Number of disclosures carried forward to 2021/22:	**1**

Description of wrongdoings and corrective action:

- No wrongdoing confirmed.

Report on Performance – Targets and Performance

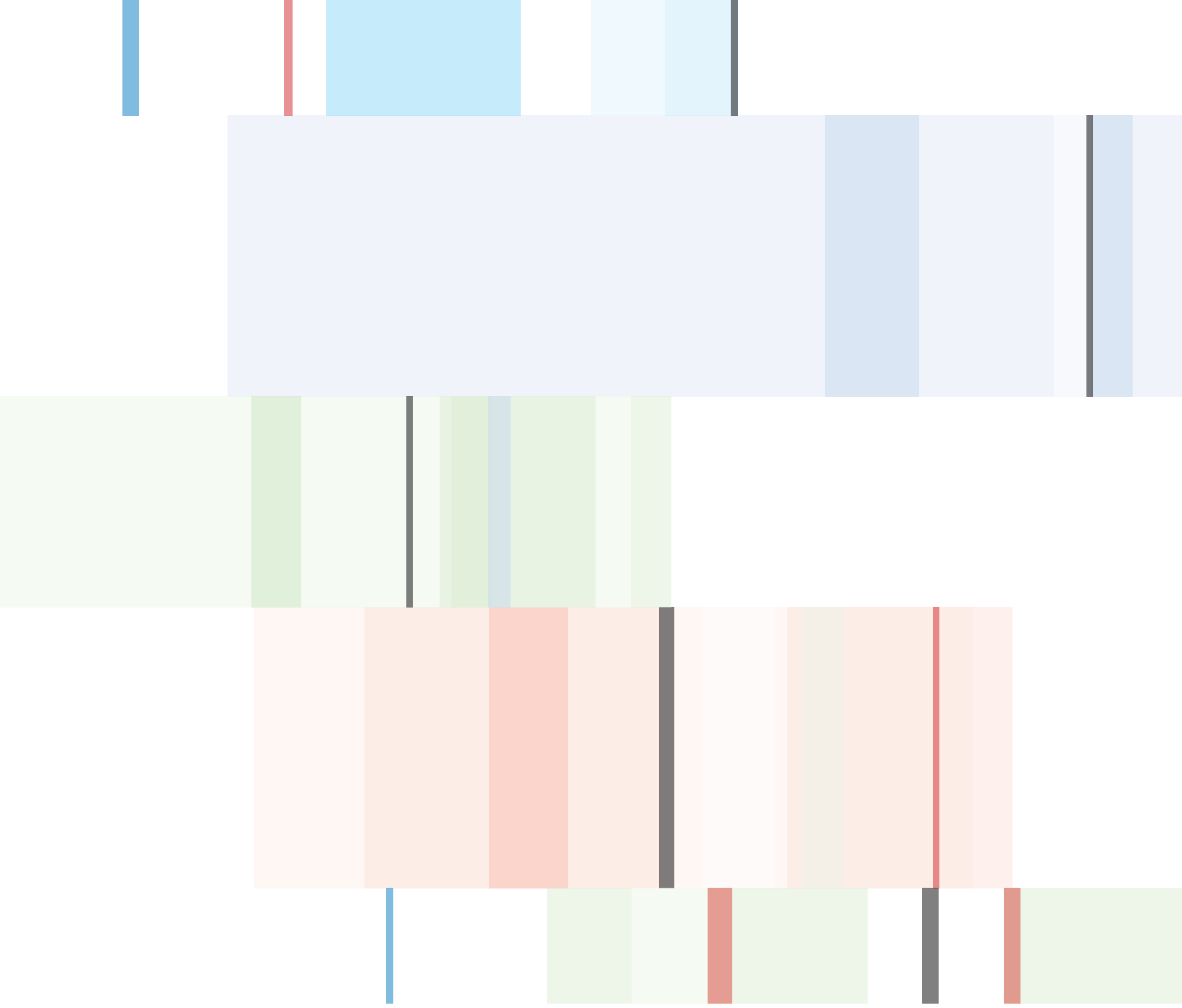
	MEASURE	2021-22 TARGET	2021-22 ACTUAL
FINANCE	Debt to Capitalization	86%	86%
	Consolidated Net Income (Loss)	$190 million	($248 million)
	Consolidated Operating & Administrative (Q&A) Costs	$627 million	$660 million
CUSTOMER SATISFACTION	CSTS – Customer Satisfaction Tracking Study	8.2	8
RELIABILITY	SAIDI – System Average Interruption Duration Index	148	263
	SAIFI – System Average Interruption Frequency Index	1.59	1.58
SAFETY	Lost Time Injury Frequency Rate	0.6 – 0.8	1.44
	Lost Time Injury Severity Rate	12-16	17.24
	Serious Injury/Fatality	0	0
	Serious Injury/Fatality Potential	0	12
DIVERSITY	Indigenous – province-wide workforce	18%	20%
	Indigenous – northern workforce	47%	49%
	Indigenous – in management	8%	9%
	Persons with disabilities	6%	8%
	Visible minorities	9%	10%
	Women – in workforce	30%	24%
	Women – in management	30%	31%

Report on Performance – Priorities of Government

Manitoba Hydro works collaboratively with the Province to support the priorities of government. A framework letter issued by the Minister of Crown Services to Manitoba Hydro on April 24, 2019 set out the expectations for the corporation. In January 2022, the Minister of Finance became responsible for Manitoba Hydro. Building on accomplishments from the year before, Manitoba Hydro's progress in 2021/22 includes:

- Continued commitment to reconciliation with Indigenous peoples, communities and partners
- Supporting the Province on provincial economic development strategy
- Continued collaboration with the Province on procurement processes
- In accordance with the directive from the Province, filed an interim rate application with the Public Utilities Board
- Continued cooperation with the Provincial project team and expert panel as they develop their recommendations to government on the implementation of the recommendations in the Economic Review of Bipole III and Keeyask
- Received Federal funds through the Investing in Canada Infrastructure Program under the Climate Change stream for the Birtle Transmission Project, which increased transmission capability between Manitoba and Saskatchewan
- Continued to work with the Province to leverage funding from the federal government
- Continued support of energy efficiency services related to Efficiency Manitoba
- Continued implementation of Regulatory Accountability into operating and governance processes
- Continue to remain in compliance with directive concerning executive management compensation, and overall staffing levels
- In support of the Made-in-Manitoba Climate and Green Plan, conducted a review of all print-based subscriptions. There are a small number of print-based subscriptions that remain which are necessary for business purposes.





Financial Review

Management's Discussion and Analysis

Consolidated Financial Statements

The following Management's Discussion and Analysis (MD&A) provides comments on the financial results of Manitoba Hydro (the corporation) for the year ended March 31, 2022 with comparative information where applicable. The MD&A also provides an assessment of corporate risks and contains forward-looking statements regarding conditions and events which may affect financial performance in the future. Such forward-looking statements are subject to a number of uncertainties which are likely to cause actual results to differ from those anticipated. For context, the MD&A should be read in conjunction with the consolidated financial statements and notes. The fiscal 2022 financial information discussed below has been prepared in accordance with International Financial Reporting Standards (IFRS).

Summary of Consolidated Results

Consolidated Statement of Income

Consolidated net loss attributable to Manitoba Hydro was $248 million for the year ended March 31, 2022. This was a significant deterioration from net income of $119 million in the previous fiscal year and was largely due to the impacts of drought on the hydraulic system as well as the impact of the final six units of the Keeyask project being placed inservice. These impacts were partially offset by higher domestic electricity revenue attributable to rate increases, weather impacts and customer growth.

During 2021-22, the corporation was faced with drought conditions which have not been experienced in decades. The lower water conditions resulted in higher fuel and power purchases (imports) and lower opportunity sales volumes, partially offset by lower water rentals and assessments due to lower generation. Fuel and power purchases were also higher as a result of increased market prices primarily being driven by rising natural gas prices. These losses were partially offset by higher dependable firm contract sales made possible by the in-service of Keeyask.

Higher financing costs due to lower interest being capitalized on Keeyask as well as higher depreciation expense were experienced as a result of the remaining six units being placed into service during 2021-22. These costs were partially offset through net movement in regulatory deferral balances as a result of the establishment of the Keeyask in-service deferral to align with the method used for rate-setting purposes.

The following table provides results of the two primary operating segments of Manitoba Hydro as well as the consolidated results.

	Electric		Natural Gas		Consolidated*		
	2022	2021	**2022**	2021	**2022**	2021	change
	millions of dollars						
Revenues							
Manitoba	**1 865**	1 742	**546**	419	**2 455**	2 210	245
Extraprovincial	**585**	611	**-**	-	**585**	611	(26)
	2 450	2 353	**546**	419	**3 040**	2 821	219
Expenses	**2 876**	2 360	**568**	426	**3 479**	2 829	650
Net loss before net movement in regulatory balances	**(426)**	(7)	**(22)**	(7)	**(439)**	(8)	(431)
Net movement in regulatory balances	**166**	121	**14**	4	**180**	125	55
Net income (loss)	**(260)**	114	**(8)**	(3)	**(259)**	117	(376)
Net income (loss) attributable to:							
Manitoba Hydro	**(249)**	116	**(8)**	(3)	**(248)**	119	(367)
Non-controlling interests	**(11)**	(2)	**-**	-	**(11)**	(2)	(9)
	(260)	114	**(8)**	(3)	**(259)**	117	(376)
Total assets and regulatory deferral debit balances	**30 419**	30 001	**873**	831	**31 138**	30 715	423
Retained earnings	**2 825**	3 074	**79**	87	**3 012**	3 260	(248)
Debt to capitalization ratio					**86.3%**	85.7%	

*Includes other segment and eliminations

The consolidated net loss attributable to Manitoba Hydro of $248 million for the 2022 fiscal year was comprised of a net loss of $249 million in the electric segment, a net loss of $8 million in the natural gas segment and net income of $9 million from other subsidiaries.

Consolidated net loss for 2021-22 was $438 million unfavourable to the budgeted net income of $190 million. The decline in earnings was primarily driven by a reduction in net exports (extraprovincial revenue net of fuel and power purchased and water rentals) due to lower hydraulic generation as a result of below average inflows as well as higher import prices partially offset by higher domestic electric revenues attributable to the impacts of weather, usage and overall customer growth.

Financial Metrics

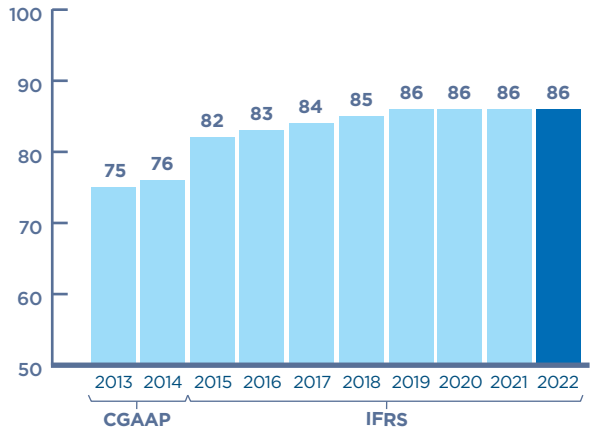
In the 4th session of the 42nd Legislature, the Government of Manitoba introduced Bill 36 – *The Manitoba Hydro Amendment and Public Utilities Board Amendment Act*. Bill 36 amends *The Manitoba Hydro Act* and *The Public Utilities Board Act* and makes related amendments to *The Crown Corporations Governance and Accountability Act*.

Within the proposed framework, rates charged by Manitoba Hydro are to provide enough revenue to enable the corporation to achieve the following debt to capitalization ratio targets:

- 80% by March 31, 2035
- 70% by March 31, 2040

The debt to capitalization ratio is a measure of the portion of assets that are financed by debt rather than equity. The graph below illustrates the debt to capitalization ratio for the past ten years. As part of its strategic enterprise planning process, the corporation will be engaging in a review of key performance indicators including various financial metrics. The corporation's financial results were prepared using the interim standard IFRS 14 Regulatory Deferral Accounts which allows Manitoba Hydro to recognize rate regulated balances for financial reporting purposes based on decisions made by the Public Utilities Board. This results in the deferral of costs and recoveries that under IFRS would otherwise be recorded as expenses or income in the current accounting period. These deferrals have a material impact on the corporation's financial results and the debt to capitalization metric. When the impact of these deferrals is removed from the calculation, the debt to capitalization ratio would be 91% compared to 86% after rate regulation impacts.

Debt to Capitalization
For the year ended March 31



Consolidated Statement of Financial Position

The following table provides a summary of Manitoba Hydro's consolidated statement of financial position.

	2022	2021	increase/ (decrease)
		millions of dollars	
Current assets	**1 721**	1 747	(26)
Property, plant and equipment	**26 376**	26 023	353
Non-current assets	**1 673**	1 691	(18)
Total assets	**29 770**	29 461	309
Regulatory deferral balances	**1 368**	1 254	114
Total assets and regulatory deferral balances	**31 138**	30 715	423
Current liabilities	**1 935**	1 872	63
Long-term debt	**23 617**	23 065	552
Non-current liabilities	**2 381**	2 438	(57)
Total liabilities	**27 933**	27 375	558
Equity	**2 954**	3 023	(69)
Total liabilities and equity	**30 887**	30 398	489
Regulatory deferral balances	**251**	317	(66)
Total liabilities, equity and regulatory deferral balances	**31 138**	30 715	423

Significant changes are explained below:

Current assets decreased $26 million largely as a result of lower levels of cash on hand as a result of lower expected cash requirements for major capital projects as well as the corporation's decision to increase cash on hand in the prior year to mitigate liquidity risk associated with the pandemic. The corporation continues to monitor markets and upcoming cash requirements to determine the appropriate level of unencumbered cash required to protect against liquidity risk and adjust the balance accordingly. In addition, gas inventory decreased as a result of draws on gas in storage as a result of colder winter weather. This was partially offset by an increase in receivables from customers as a result of colder winter weather and the impact of electric rate increases as well as higher arrears.

Property, plant and equipment increased by $353 million for capital expenditures for the development of major new generation and transmission facilities as well as additions, improvements and replacement of existing infrastructure.

Non-current assets decreased by $18 million primarily due to the amortization of the transmission rights associated with the Great Northern Transmission Line (GNTL) as well as higher expected credit losses on other loans and receivables partially offset by advances made to Keeyask partners.

Regulatory assets (regulatory deferral debit balances) are the balance of any expense account that would not be recognized as an asset, but that qualifies for deferral because it is included, or is expected to be included, by the regulator in establishing rates. Regulatory deferral debit balances increased $114 million primarily due to the increase in the Keeyask in-service deferral, the annual growth in the deferrals for changes in depreciation method, ineligible overhead and demand side management (DSM). These increases were partially offset by amortization of DSM programs and the Conawapa regulatory deferral. The total regulatory deferral debit balance at March 31, 2022 is $1 368 million.

The Keeyask in-service deferral represents the difference in depreciation expense and capitalized interest between the method applied by Manitoba Hydro under IFRS for financial reporting purposes and the per unit of output method used for rate-setting purposes.

Current liabilities increased by $63 million primarily due to an increase in notes payable, an increase in payables related to higher gas purchases attributable to higher prices and purchased volumes influenced by colder winter weather as well as an increase in the federal carbon charge. In addition, the current portion of long-term debt increased based on the timing of expected debt maturities. This was partially offset by fair value changes on foreign exchange forward contracts and a reduction in provisions.

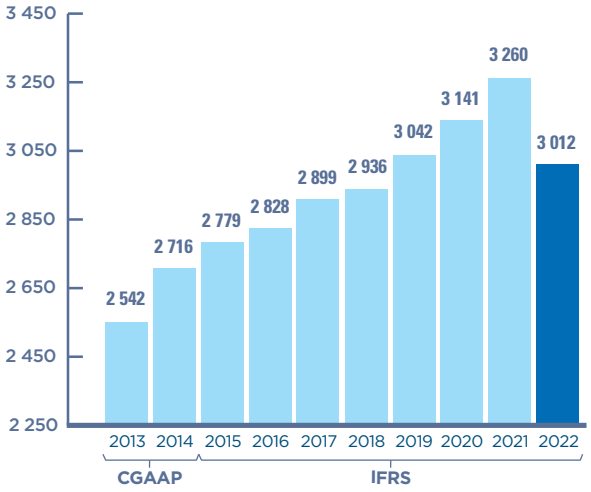
Long-term debt increased $552 million primarily related to funding for investment in major projects and to address a shortfall in funds for core operations (capital and operating costs to maintain system reliability) as a result of the drought.

Non-current liabilities decreased by $57 million primarily due to lower future employee benefit obligations due to actuarial gains on the pension liability associated with the increase in the discount rate partially offset by higher deferred revenue and asset retirement obligations.

Consolidated net loss attributable to Manitoba Hydro of $248 million reduced the corporation's retained earnings to $3 012 million at March 31, 2022.

Regulatory liabilities (regulatory deferral credit balances) are the balance of any income account that would not be recognized as a liability, but that qualifies for deferral because it is included, or is expected to be included, by the regulator in establishing rates. Regulatory deferral credit balances decreased $66 million primarily due to amortization of both the Bipole III deferral account and meter exchange costs partially offset by additions to the major capital deferral account. The total regulatory deferral credit balance at March 31, 2022 is $251 million.

Retained Earnings
For the year ended March 31
millions of dollars



Consolidated Statement of Cash Flow

Manitoba Hydro's primary sources of liquidity and capital are funds generated from operations and debt financing through the Province of Manitoba. These sources are used for multiple purposes including investment in generation, transmission and distribution facilities and to fund operating activities.

The following table provides a summary of Manitoba Hydro's consolidated statement of cash flows.

	2022	2021	change
		millions of dollars	
Cash and cash equivalents, beginning of year	**1 142**	926	216
Cash provided by operating activities	**164**	248	(84)
Cash used for investing activities	**(822)**	(1 099)	277
Cash provided by financing activities	**599**	1 067	(468)
Cash and cash equivalents, end of year	**1 083**	1 142	(59)

Cash from operating activities includes cash receipts from customers less cash paid to suppliers and employees as well as interest payments.

Cash provided from operations in 2021-22 was $164 million, a decrease of $84 million from the previous year. The change reflects the impact of lower overall earnings as well as higher interest paid, partially offset by an increase in non-cash working capital accounts driven by higher accounts payable and lower accounts receivable.

The corporation's electric and natural gas segments are capital-intensive in nature and require continued investment in infrastructure to construct new generation, transmission and distribution facilities, increase capacity of existing facilities and maintain and improve service, reliability, safety and environmental performance.

Cash flow used in investing activities in 2021-22 was $822 million, compared to $1 099 million in 2020-21. The decrease was primarily due to lower expenditures for the Keeyask project and Manitoba-Minnesota Transmission Project (MMTP).

Manitoba Hydro's authority to issue debt has been provided through *The Loan Act*, which is approved each year and grants borrowing authority to meet the corporation's new debt financing requirements. With recent amendments to *The Financial Administration Act*, Manitoba Hydro's authority to issue debt will be authorized through *The Appropriation Act* up to a maximum specified in *The Financial Administration Act*. *The Manitoba Hydro Act* grants the corporation the power to issue short-term promissory notes in the name of the Manitoba Hydro-Electric Board (MHEB) up to an aggregate sum of $1.5 billion of principal outstanding at any one time. The provincial government guarantee on the promissory notes has not yet been amended to reflect the increase to $1.5 billion (from $500 million). As at March 31, 2022 the corporation had $50 million outstanding on its short-term programs. Authority to refinance any maturing long-term debt is provided through *The Financial Administration Act*. The majority of Manitoba Hydro's long-term debt is obtained through advances from the Province of Manitoba.

The primary use of the long-term borrowing program is to provide debt financing for investment in new generation and transmission and, if needed, to fund core operations. The primary use of the short-term borrowing program is to safeguard the corporation from liquidity risk by providing a credit facility to support the corporation's temporary cash requirements. Both long- and short-term borrowings are unconditionally guaranteed as to principal and interest by the Province of Manitoba (except for mitigation bonds issued by the MHEB).

Cash provided by financing activities in 2021-22 was $599 million, compared to $1 067 million in 2020-21 and is comprised primarily of proceeds from long-term debt (net of retirements) through advances from the Province of Manitoba. Proceeds from financing arranged by the corporation amount to $1 505 million compared to $2 600 million in the previous year. Current year proceeds were used to fund core operations as well as new capital requirements and to refinance long-term debt maturing during the year. The portion used to fund core operations, due to a shortfall resulting from the drought, was approximately $350 million. Taking advantage of attractive market conditions, the corporation issued debt at a weighted average interest rate (WAIR) of 2.16% during 2021-22 (excluding the provincial debt guarantee fee of 1%) with a weighted average term to maturity of 15 years. The WAIR of all outstanding debt at March 31, 2022 (excluding the provincial debt guarantee fee) is 3.37%.

Electric Segment

The electric segment is responsible for the generation, transmission and distribution of electrical energy adequate for the needs of the Province of Manitoba and engages in wholesale power related transactions in order to assist in providing a reliable and dependable supply of power to Manitoba and to minimize the net costs to Manitoba customers. The electric segment also includes Manitoba Hydro's ownership interests in the Wuskwatim Power Limited Partnership (WPLP) and the Keeyask Hydropower Limited Partnership (KHLP). Manitoba Hydro provides electric service to 535 212 residential and 73 342 commercial and industrial customers in Manitoba.

Net loss attributable to Manitoba Hydro in the electric segment was $249 million in 2021-22 compared to net income of $116 million in the previous fiscal year. The net loss was largely attributable to the impacts of drought on the hydraulic system as well as the impact of the final six units of the Keeyask project being placed inservice. These impacts were partially offset by higher domestic electricity revenue attributable to rate increases, weather impacts and customer growth.

Electric Revenues

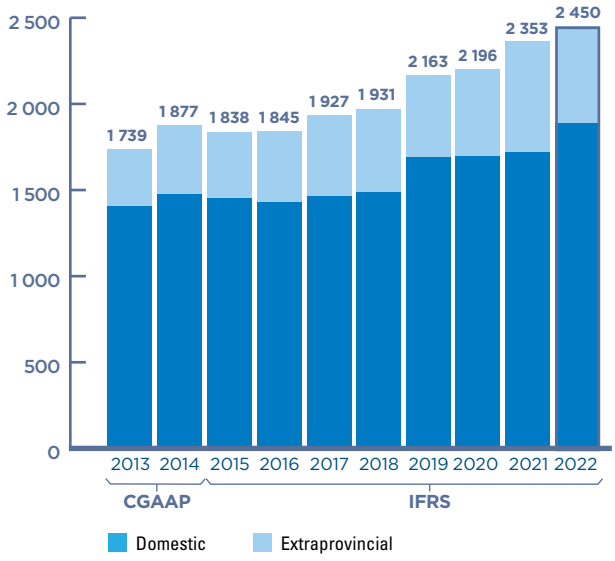
Domestic revenue includes the sale of electricity to residential, commercial and industrial customers in Manitoba and other miscellaneous revenues. Residential customers are comprised of all housing types including apartment blocks, seasonal cottages and farm houses. Commercial customers are comprised of small and medium establishments including retail outlets, schools, universities and hospitals. Industrial customers

are comprised of large establishments who own their own transformation and are primarily engaged in mining and/or manufacturing activities. Revenues are impacted by weather, electricity rates, customer growth and energy usage. Other revenue in the electric segment includes amortization of customer contributions, provision of services on customer owned plant, gains on the sale of property and net rental revenue between Manitoba Hydro and other telecom and cable providers.

Extraprovincial revenue includes revenues from Canadian and U.S. export sales as well as revenues from other related export market activities such as arbitrage opportunities between wholesale energy markets, transmission credits and the sale of renewable energy certificates. Canadian and U.S. sales include both dependable and opportunity sales. Dependable sales are export contracts sourced from Manitoba Hydro's hydraulic energy available during lowest water conditions, are typically negotiated at least one year in advance and have duration of greater than six months. Opportunity sales are based on excess energy, are generally over shorter periods and are transacted primarily in markets operated by an independent system operator such as the Midcontinent Independent System Operator (MISO). Opportunity sales are also negotiated directly with a purchasing party. Extraprovincial sales are impacted by changes in water flow conditions, export prices, foreign exchange rates and domestic usage. Extraprovincial sales volumes are dependent on the availability of surplus generation that requires favourable water flow conditions and the availability of transmission to export markets.

Total electric revenues were $2 450 million, an increase of $97 million or 4.1% from the previous year. This was the result of a $123 million increase in domestic revenues partially offset by a decrease of $26 million in extraprovincial revenues. Increases in domestic revenue were primarily attributable to the full year impact of the December 1, 2020 electric rate increase as well as the January 1, 2022 electric rate increase, weather impacts and customer growth. The decrease in extraprovincial revenues was primarily due to the impact of the drought on opportunity sales resulting in fewer opportunity sales volumes to the U.S. partially offset by an increase in dependable sales volumes as a result of new firm export contracts coming into effect made possible by Keeyask as well as higher export prices.

Electric Revenues
For the year ended March 31
millions of dollars



The breakdown of electric revenues is as follows:

Electric Revenues and kWh Sales

For the year ended March 31

	2022	2021	% change	2022	2021	% change
	millions of dollars			*millions of kWh*		
Domestic						
Electricity sales						
Residential	**821**	767	7.0	**8 226**	8 019	2.6
Commercial	**615**	577	6.6	**6 954**	6 652	4.5
Industrial	**398**	370	7.6	**7 393**	7 030	5.2
	1 834	1 714	7.0	**22 573**	21 701	4.0
Other revenue	**31**	28	10.7			
Domestic revenue	**1 865**	1 742	7.1	**22 573**	21 701	4.0
Extraprovincial						
Dependable	**496**	442	12.2	**4 496**	4 155	8.2
Opportunity	**66**	159	(58.5)	**1 709**	6 753	(74.7)
Other	**23**	10	130.0			
Extraprovincial revenue	**585**	611	(4.3)	**6 205**	10 908	(43.1)
	2 450	2 353	4.1	**28 778**	32 609	(11.7)

Revenues from electricity sales in Manitoba totaled $1 834 million in 2021-22, an increase of $120 million from the previous year resulting from the full year impact of the December 1, 2020 rate increase and partial year impact of the January 1, 2022 rate increase as well as higher overall consumption. Electricity consumption in Manitoba was 22 573 million kilowatt-hours, 872 million kilowatt-hours higher than the previous year. The increase in consumption was mainly due to the impact of a colder winter and warmer summer as well as customer growth across all classes.

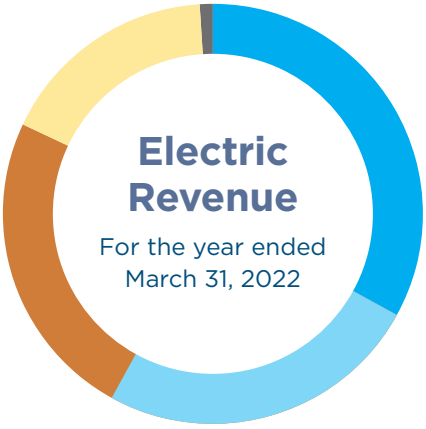
Revenues from sales to residential customers for 2021-22 amounted to $821 million, an increase of $54 million or 7.0% from the previous year. The increase was primarily attributable to weather impacts as a result of a colder winter and warmer summer, rate increases as well as customer growth of 6 821 customers to 535 212, an increase of 1.3% compared to the previous year, partially offset by lower usage.

Revenues from commercial customers amounted to $615 million in 2021-22, an increase of $38 million or 6.6% from the previous year. The increase was primarily attributable to rate increases, weather impacts as a result of a colder winter and warmer summer, higher usage as well as customer growth of 731 customers to 72 904.

Revenues from industrial customers amounted to $398 million, an increase of $28 million or 7.6% from the previous year. The increase was mainly attributable to rate increases, customer growth of 11 customers to 438 as well as higher customer usage.

Other revenues amounted to $31 million, an increase of $3 million or 10.7% from the previous year. The increase was mainly attributable to the recognition of non-refundable customer contributions as projects were cancelled as well as higher amortization of customer contributions.

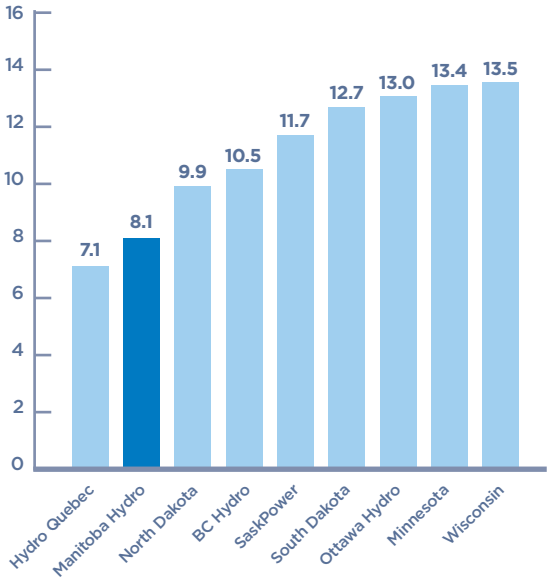
Extraprovincial revenues totaled $585 million in 2021-22, a decrease of $26 million from the previous year. The decrease is largely due to lower opportunity sales volumes which were 5 044 GWh or 74.7% lower as a result of unfavourable water conditions due to the drought as well as lower foreign exchange impacts on U.S. export sales as a result of a stronger Canadian dollar. This was partially offset by higher dependable sales volumes which were up 341 GWh or 8.2% as a result of new firm export contracts coming into effect made possible by Keeyask as well as higher export prices. Of the total extraprovincial revenues, $474 million or 81% was derived from the U.S. market, $89 million or 15% was from sales to Canadian markets and $22 million or 4% was related to arbitrage opportunities between wholesale energy markets.



Electric Rates

Effective January 1, 2022, electricity rates for all Manitoba Hydro customers, with exceptions for certain customers in remote diesel-served communities, increased by an average of 3.6%, as approved by the Public Utilities Board, on an interim basis, in Order 137/21. The rate increase was required to address the financial impacts of the drought, as well as increasing costs associated with bringing the Major Capital Projects, such as the Keeyask Generating Station, inservice. The rate increase differed by customer class to better reflect the average cost to serve each class.

Average Retail Price of Electricity
cents/kWh (Cdn)



In its Order, the Public Utilities Board also discontinued the deferral of revenue from the 2.5% rate increase approved in Order 69/19 effective June 1, 2019, which was placed in the Major Capital Projects Deferral Account to help mitigate rate increases when the new major capital projects are placed inservice. At March 31, 2022, the balance in the Major Capital Projects Deferral is $98 million; the Public Utilities Board will review how revenues from this deferral will be recognized into income at a future regulatory proceeding.

Manitoba Hydro's domestic electricity rates continue to be among the lowest overall in North America. This is illustrated in the accompanying chart which was excerpted from utilities' annual reports, Ontario Energy Board electricity bill calculator (based on residential and small commercial) and United States Department of Energy and Edison Electric Institute publications.

Electric Expenses

Electric expenses totaled $2 876 million for 2021-22, an increase of $516 million or 21.9% over the previous year. The increase in expenses was mainly due to higher financing and depreciation costs largely driven by the in-service of the remaining six units of the Keeyask Generating Station, higher fuel and power purchased costs as a result of higher opportunity purchases driven by low water conditions and higher market prices due in part to rising natural gas costs as well as higher operating and administrative expenses. This was partially offset by a decrease in water rentals and assessments due to lower generation reflecting low water conditions. The financing and depreciation costs related to Keeyask are partially offset in net movement.

The breakdown of electric expenses is as follows:

Electric Expenses

For the year ended March 31

	2022	2021	% change
	millions of dollars		
Finance expense	**1 027**	806	27.4
Operating and administrative	**579**	534	8.4
Depreciation and amortization	**572**	530	7.9
Capital and other taxes	**160**	149	7.4
Fuel and power purchased	**394**	184	114.1
Water rentals and assessments	**101**	128	(21.1)
Other expenses	**59**	45	31.1
Corporate allocation	**8**	8	-
Finance income	**(24)**	(24)	-
	2 876	2 360	21.9

Finance expense includes interest on short- and long-term borrowings and the provincial debt guarantee fee paid to the Province of Manitoba, foreign exchange gains and losses and accretion expense on provisions and other non-current liabilities, partially offset by interest capitalized for those qualifying assets under construction. Finance expense is impacted by borrowing requirements for capital investment, interest rates on borrowings and the capitalization of interest.

Finance expense totaled $1 027 million in 2021-22, an increase of $221 million or 27.4% from the previous year. The increase was primarily due to higher financing costs as a result of lower capitalized interest due to the in-service of the remaining six units of the Keeyask Generating Station and higher debt volumes partially offset by lower interest rates on new and re-financed long-term debt issues. While the increased financing costs in 2021-22 were significant, they were not unexpected. Financing costs at this level will continue now that Keeyask is fully inservice and the corporation services the debt for the investment in Keeyask and other new generation and transmission assets.

Operating and administrative expenses are comprised primarily of labour and benefits, materials, contracted services and overhead costs associated with operating, maintaining and administering the facilities and programs of the corporation and providing services to customers.

In 2021-22, operating and administrative expenses for electric operations amounted to $579 million, an increase of $45 million, or 8.4% compared to 2020-21. The increase in operating and administrative expenses is primarily attributable to a shift to operating activities as major capital projects wind down, the impact of labour disputes on capital activities, wage settlements and strike costs, cloud computing costs, lower spending in the prior year as a result of the government cost savings initiative and impact of COVID-19 on operations as well as an increase in uncollectible accounts. These increases were partially offset by lower employee benefit costs resulting from an increase in the discount rate.

Depreciation and amortization includes depreciation of property, plant and equipment and amortization of intangible assets as well as any gains or losses on disposal of assets.

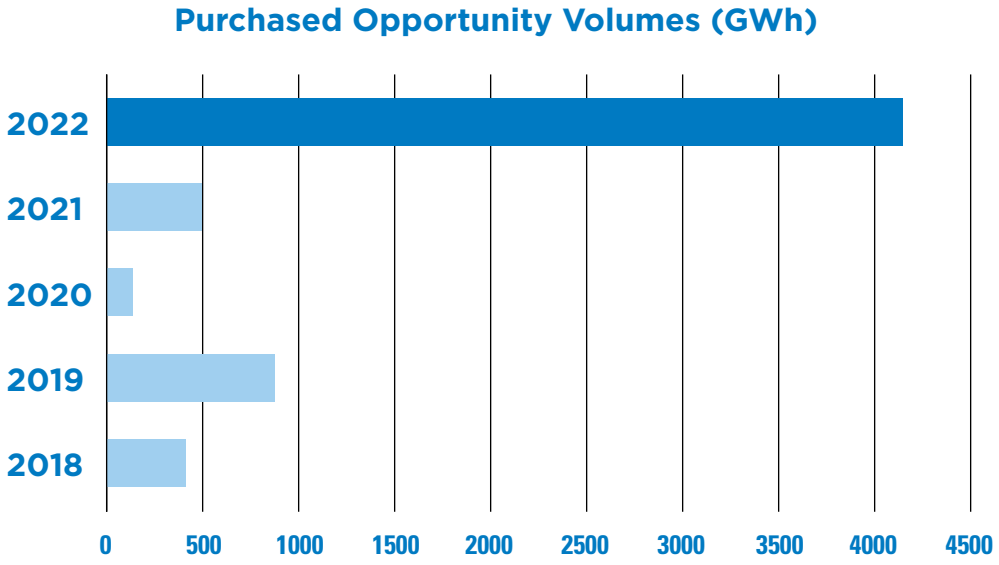
Depreciation and amortization expense amounted to $572 million in 2021-22, an increase of $42 million or 7.9% from the previous year. The increase was mainly attributable to new additions to plant and equipment coming into service including the remaining six units of the Keeyask Generating Station partially offset by gains on the disposal of assets compared to losses on disposal in the prior year associated with the retirement of the Selkirk Generating Station.

Capital and other taxes includes payments to the Province of Manitoba for capital and payroll tax and to municipalities within the Province of Manitoba for property taxes.

Capital and other taxes amounted to $160 million in 2021-22, an increase of $11 million or 7.4% compared to the previous year. The change was primarily due to a current year adjustment for capital taxes associated with the GNTL as well as increased capital taxes as a result of higher debt levels associated with the major capital projects.

Fuel and power purchased includes purchased electrical energy from external Canadian and U.S. suppliers, wind power purchased from the independently-owned St. Leon and St. Joseph wind farms, transmission charges and fuel for the thermal generating stations and remote diesel sites. Fuel and power purchases are impacted by weather, market prices for electricity and water flow conditions. If water conditions are low, electricity purchases are necessary to meet the energy requirements of Manitobans and dependable export contracts.

Fuel and power purchased was $394 million in 2021-22, an increase of $210 million or 114.1% from 2020-21. The increase was primarily due to higher opportunity purchases driven by low water conditions as well as higher market prices due in part to rising natural gas costs. Opportunity purchase volumes were 3 642 GWh higher than the prior year, an increase of $161 million, or 735.5%.



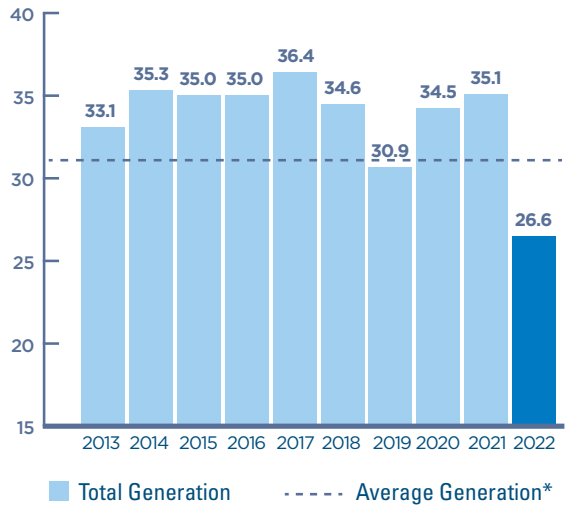
Water rentals and assessments includes water rentals paid to the Province of Manitoba for the use of water resources in the operation of the corporation's hydraulic generating stations and assessments paid to various regulatory and market organizations.

Water rentals and assessments amounted to $101 million in 2021-22 as compared to $128 million in the prior year, a decrease of 21.1%. The decrease reflects lower hydraulic generation in 2021-22 compared to the previous year. Hydraulic generation amounted to 26.6 billion kilowatt-hours in 2021-22 compared to 35.1 billion kilowatt-hours in the previous year, a decrease of 24.2%. Hydraulic generation for the current year includes generation from the remaining six units of Keeyask as they were brought into service during the year. With Keeyask fully inservice, the total system hydraulic generation will increase to approximately 35.5 billion kWh.

Other expenses include expenditures associated with DSM programs designed to reduce overall energy consumption and assist customers in managing their energy costs as well as other miscellaneous expenditures. The majority of DSM programs are provided to customers of Manitoba Hydro through a Crown corporation, Efficiency Manitoba Inc. (EMI) which is devoted to energy conservation. The majority of other expenses are removed from the statement of income, deferred and subsequently amortized through net movement in regulatory balances.

Other expenses amounted to $59 million in 2021-22, an increase of $14 million or 31.1% compared to the previous year. The increase was primarily due to higher DSM program spending compared to the prior year which had reduced spending due to COVID-19 restrictions and

Hydraulic Generation
For the year ended March 31
billions of kWh

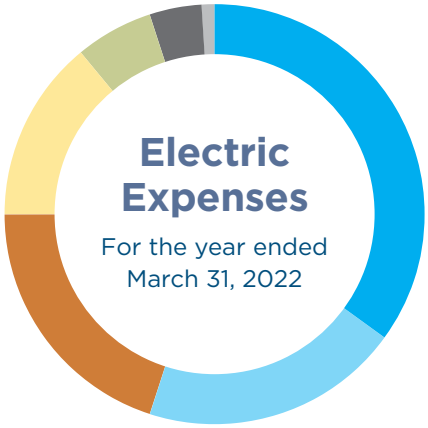


* Average hydraulic generation is based on historic river flows since 1912 and the current hydroelectric generation fleet

the provincial request to reduce spending. In addition, there were higher costs associated with the ongoing business model review as well as higher site remediation costs.

Electric Net Movement in Regulatory Balances

The net movement in regulatory balances captures the timing differences between financial reporting under IFRS and those amounts approved by the Public Utilities Board for rate-setting purposes. The change in the net movement in regulatory balances of $45 million was primarily due to the full year impact of the Keeyask in-service deferral which recognizes the difference in depreciation and interest expense between the method applied by the corporation under IFRS for financial reporting purposes and the per unit of output method used for rate-setting purposes. Lower additions to the major capital deferral, which ceased December 31, 2021, and higher DSM spending also contributed to the change. These increases were partially offset by gains on disposal of property, plant and equipment compared to losses in the prior year related to the retirement of the Selkirk Generating Station.



Finance expense (net)	35%
Operating and administrative	20%
Depreciation and amortization	20%
Fuel and power purchased	14%
Capital and other taxes	6%
Water rentals and assessments	4%
Other expenses	1%

Electric Capital Expenditures

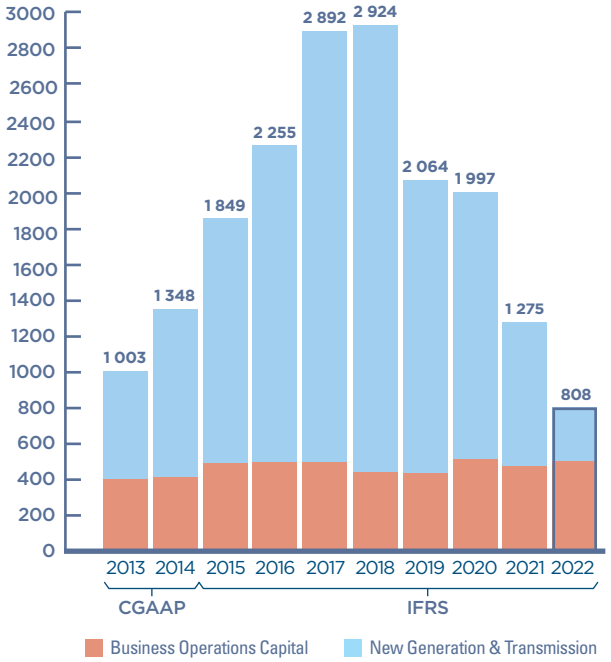
The electric capital expenditure program relates to investments in major new generation and transmission facilities, as well as additions, improvements and replacement of existing infrastructure.

Expenditures for capital construction totaled $808 million in 2021-22 compared to $1 275 million during the previous fiscal year. This includes $304 million for the development of new major generation and transmission facilities, a decrease of $489 million when compared to 2020-21. Current year expenditures include $295 million (2021 - $673 million) for the Keeyask Generating Station, $1 million (2021 - $81 million) for the Manitoba-Minnesota Transmission Project and $8 million (2021 - $14 million) for the Bipole III Reliability Project. In addition, the corporation incurred expenditures of $2 million (2021 - $33 million) for the Birtle Transmission Project, however these costs were reduced by $3 million (2021 - $8 million) in federal funding received through the Investing in Canada Infrastructure Program. Amounts include the capitalized interest associated with construction in progress.

The Keeyask Generating Station became fully operational during 2021-22. Keeyask coming into service during the year marks the end of more than a decade of major capital spending. In total, the Keeyask Generating Stationwill provide an average of 4 400 gigawatt hours of renewable energy annually. At March 31, 2022 total expenditures for the Keeyask Generating Station and related transmission amounted to $7.9 billion.

Capital expenditures required for additions, improvements and replacements of existing infrastructure amounted to $504 million, an increase of $22 million compared to the previous fiscal year. The increase in capital expenditures is primarily related to increased spending on Gillam infrastructure support and other corporate infrastructure programs. Capital investments include urban and rural distribution station development such as Reenders Station, addressing increased load and reliability requirements. In addition, transmission capacity enhancements for the St. Vital De Salaberry area were necessary to address reliability and load growth. Manitoba Hydro is investing in the replacement and refurbishment of existing assets to address asset degradation and obsolescence given that many of the corporation's assets were installed several decades earlier.

Electric Capital Expenditures
For the year ended March 31
millions of dollars



Wuskwatim Power Limited Partnership

The WPLP owns and operates the Wuskwatim Generating Station and related works, excluding the transmission facilities. The WPLP has two limited partners, Manitoba Hydro and Taskinigahp Power Corporation (TPC), which is owned beneficially by Nisichawayasihk Cree Nation, and a General Partner which is a wholly-owned subsidiary of Manitoba Hydro.

The WPLP reported net income for 2021-22 of $15 million compared to net income of $322 thousand in 2020-21. Manitoba Hydro's 67% share of the income was $10 million (2021 - $216 thousand) and TPC's 33% share of the income was $5 million (2021 - $106 thousand).

Keeyask Hydropower Limited Partnership

The KHLP was formed to carry on the business of developing, owning and operating the Keeyask Generating Station and related works excluding the transmission facilities but including all dams, dikes, channels, excavations and roads. Manitoba Hydro, Cree Nation Partners (owned beneficially by Tataskweyak Cree Nation and War Lake), FLCN Keeyask Investments Inc. (owned beneficially by Fox Lake) and York Factory First Nation Limited Partnership (owned beneficially by York Factory) are limited partners of KHLP. The General Partner is a wholly-owned subsidiary of Manitoba Hydro.

The KHLP reported a net loss for 2021-22 of $94 million. Manitoba Hydro's 82.5% share of the loss was $78 million and the remaining 17.5% share of the loss of $16 million was shared by Cree Nation Partners, FLCN Keeyask Investments Inc. and York Factory First Nation Limited Partnership.

Natural Gas Segment

Centra Gas Manitoba Inc. (Centra) is a wholly-owned subsidiary of Manitoba Hydro. Centra distributes natural gas to 293 256 residential, commercial and industrial customers in Manitoba.

The net loss in the natural gas segment was $8 million in 2021-22 compared to a net loss of $3 million in the previous fiscal year. The increase in net loss over the previous year was primarily attributable to higher operating and administrative expenses partially offset by higher gross margin due to colder winter weather.

Natural Gas Revenues and Cost of Gas

For the natural gas segment, customer classes are distinguished based on the level of annual consumption and include residential, large and small general service, large commercial and industrial as well as interruptible and transportation service. Interruptible customers may have service interrupted periodically upon notice in exchange for a reduced rate. Transportation service customers purchase their own gas commodity and pay only for the delivery of natural gas on Centra's distribution system.

Natural gas revenues include a significant increase over the prior year related to the increase in the federal carbon charge (FCC). The FCC is collected from customers based on the volume of gas consumed and is remitted to the Federal government and therefore has no impact on net income.

Revenues from the sale and distribution of natural gas during 2021-22, excluding the federal carbon charge of $114 million, were $430 million, an increase of $95 million from the previous year. The increase is primarily due to higher gas rates driven by changes in market rates and the impact of colder winter weather. Natural gas deliveries were 2 111 million cubic metres in 2021-22 compared 2 059 million cubic metres in 2020-21.

The breakdown of natural gas revenue is as follows:

Natural Gas Revenues

For the year ended March 31

	2022	2021	% change
	millions of dollars		
Residential	**203**	166	22.3
Large general service	**139**	104	33.7
Large commercial & industrial	**39**	27	44.4
Small general service	**35**	26	34.6
Interruptible	**9**	7	28.6
Transportation service and other	**5**	5	-
Federal carbon charge	**114**	82	39.0
Revenue from sale and distribution of natural gas	**544**	417	30.5
Other revenue	**2**	2	-
	546	419	30.3

The actual cost of gas purchased is comprised of all expenses incurred in the procurement and delivery of natural gas to the Manitoba marketplace, including commodity supply, transportation and storage costs either from Western Canada or U.S. sources. Centra purchased approximately 1.5 billion cubic metres of natural gas for customers and delivered natural gas on behalf of brokers to 1 653 (2021 – 1 750) customers receiving natural gas under Direct Purchase arrangements.

Cost of Gas Sold

For the year ended March 31

	2022	2021	change
	millions of dollars		
Cost of gas sold			
Purchased costs	**291**	195	96
PGVA	(10)	(3)	(7)
WACOG	**281**	192	89
Federal carbon charge	**114**	82	32
	395	274	121

The cost of gas purchased during 2021-22 was $291 million, an increase of $96 million from the previous year. This increase was primarily driven by higher market prices. The differences between the cost of gas embedded in customer rates (WACOG) and the actual cost of gas purchased are accumulated in the Purchased Gas Variance Accounts (PGVA), which ensures that only the actual cost of gas is ultimately passed on to customers. Any differences in these accounts are either refunded to, or collected from customers in future rates.

For income statement purposes the actual cost of gas purchased is adjusted in the net movement in regulatory balances for the impact of the PGVA accounts. For 2021-22, the total of actual cost of gas purchased combined with the FCC represents total cost of gas sold of $405 million compared to $277 million for 2020-21.

The resulting gross margin after considering the net movement in PGVAs is $148 million for 2021-22 compared to $143 million for 2020-21, which is an increase of $5 million due to colder winter weather as well as customer growth, partially offset by lower customer usage.

Natural Gas Rates

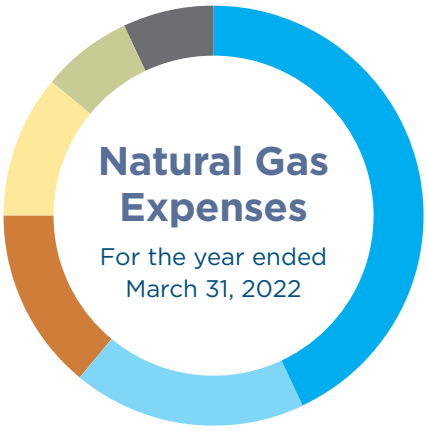
In accordance with Centra's quarterly rate-setting methodology, annualized rates for primary natural gas supplied to residential customers changed during 2021-22 as follows:

- May 1, 2021 — 1.0% increase
- August 1, 2021 — 8.7% decrease
- November 1, 2021 — 17.1% increase
- February 1, 2022 — 14.2% decrease

The change in natural gas rates reflects the fluctuations in pricing for natural gas purchased by Centra.

Natural gas prices in North America have seen significant volatility in 2021-22 driven by a variety of supply and demand factors including: below-average storage levels; production relative to recovering gas demand as the North American economy rebounds from the COVID-19 pandemic; weather fluctuations; and strong demand for liquefied natural gas (LNG) exports from North America to both Asia and Europe.

Centra offers a fixed rate service for primary natural gas supply which allows customers to fix their natural gas rates for terms of up to five years. The fixed rate service is offered to residential and commercial customers. At March 31, 2022 there were approximately 60 customers on Centra's fixed rate service. Total natural gas deliveries under this service were approximately 0.6 million cubic metres. The number of customers has increased since the prior year while natural gas deliveries decreased due to fewer large volume fixed rate customers.



Natural Gas Expenses

Expenses attributable to the natural gas operations, excluding cost of gas sold amounted to $163 million in 2021- 22, which was $14 million higher than the previous year. The increase is primarily due to higher operating and administrative expenses due to cloud computing costs, an increase in uncollectible accounts and lower spending in the prior year as a result of the government cost savings initiative and impact of COVID-19 on operations. In addition, there was an increase in other expenses driven by higher DSM spending by EMI.

Natural Gas Expenses

For the year ended March 31

	2022	2021	% change
	millions of dollars		
Operating and administrative	**70**	62	12.9
Depreciation and amortization	**29**	28	3.6
Finance expense	**23**	21	9.5
Capital and other taxes	**18**	18	-
Other expenses	**11**	8	37.5
Corporate allocation	**12**	12	-
	163	149	9.4

Natural Gas Net Movement in Regulatory Balances

The natural gas net movement in regulatory balances captures the timing differences between financial reporting under IFRS and those amounts approved by the Public Utilities Board for rate-setting purposes. The change in the net movement in regulatory balances of $10 million was primarily the result of the change in the PGVA balance due to higher purchased gas costs compared to amounts recovered from customers as well as higher DSM spending.

Natural Gas Capital Expenditures

The capital expenditure program relates to new business, system improvement and other expenditures to meet the needs of natural gas customers. Capital expenditures in the natural gas sector were $45 million in 2021-22 compared to $37 million in the previous fiscal year.

Other Segment

In addition to Centra, Manitoba Hydro has the following wholly-owned subsidiaries involved in energy-related business enterprises:

Manitoba Hydro International Ltd. (MHI) provides innovative consulting, operations, maintenance and project management services worldwide, either exclusively or through partnerships. MHI provides research and development services and products to the power system and telecommunication sectors.

On May 13, 2021, the Province of Manitoba announced the signing of a memorandum of understanding related to rural broadband expansion to Xplornet Communications Inc. The memorandum of understanding followed a request for proposals issued the previous year inviting qualified telecommunication companies to leverage unused or excess capacity in the fibre optic system owned and operated by Manitoba Hydro. The Province of Manitoba subsequently signed a contribution agreement and associated documents with Xplornet Communications Inc. in November 2021 formalizing the provision of broadband services to nearly 30 First Nations and approximately 350 rural and northern communities.

Signing of the contribution agreement builds on the reorganization of Manitoba Hydro International that was announced in February of 2021, which sought to align MHI's operations, including Manitoba Hydro Telecom, with the principles that underpin Strategy 2040 and enhance the focus on Manitoba Hydro's core business of providing safe, reliable energy to our customers now and into the future. Manitoba Hydro will continue to own the fibre optic network and run the network in support of its core operations.

Manitoba Hydro Utility Services Ltd. (MHUS) provides meter reading and related services to Manitoba Hydro, Centra and other utilities.

Manitoba Hydro also owns Minell Pipelines Ltd. (Minell) and Teshmont LP Holdings Ltd. (Teshmont). Through its wholly-owned subsidiary, Teshmont LP Holdings Ltd., Manitoba Hydro owns 40% interest in Teshmont Consultants Limited Partnership (TCLP). In the prior year, TCLP sold its operating assets and is currently in the process of settling any outstanding partnership liabilities. Once that is complete, the winddown of TCLP will commence.

The following table provides a summary of the financial results of the subsidiary companies excluding Centra for the fiscal year ended March 31, 2022 compared to the previous fiscal year. The results of Minell and Teshmont are included in Other in the table below:

	MHI		MHUS		Other		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	millions of dollars							
Revenues	**47.4**	50.8	**7.4**	6.6	**0.7**	1.7	**55.5**	59.1
Expenses	**38.8**	44.6	**6.6**	6.0	**1.0**	2.2	**46.4**	52.8
Net income (loss)	**8.6**	6.2	**0.8**	0.6	**(0.3)**	(0.5)	**9.1**	6.3

Risk Management

Manitoba Hydro is solely responsible for the provision of natural gas and electricity to Manitobans and as such is focused on effective risk management, ensuring the cost and effort associated with risk mitigation is balanced against the potential impacts to rates and services. Responsibility for managing risks at Manitoba Hydro has been distributed across the corporation.

Enterprise Risk Management

Manitoba Hydro has an established Enterprise Risk Management (ERM) program to enhance and expand on its risk management efforts. Manitoba Hydro's ERM program is focused on strategically managing Manitoba Hydro's enterprise risks through an integrated, comprehensive, forward-looking and standardized approach. ERM will drive consistency and organizational alignment around risk management by the implementation of defined risk management policies and procedures, allowing risks to be aggregated and understood at an enterprise-wide level. ERM will also support the continued development of a risk intelligent culture within Manitoba Hydro, where each area not only manages known risks but considers risk within their decision-making process. Continued development and roll-out of the ERM framework and an initial enterprise-wide risk identification and risk assessment exercise has been the major focus of initial ERM program efforts.

Drought Risk

Recent and sustained drought conditions have significantly impacted the financial health and operations of Manitoba Hydro. From a financial risk perspective, drought risk is the risk of low water inflows and storage as well as elevated energy market prices that impact Manitoba Hydro's net extraprovincial revenues. Drought risk is therefore affected by both water conditions and future energy market prices, both of which involve significant uncertainty and are outside the corporation's control.

To mitigate the effects of drought risk, Manitoba Hydro plans and operates its system knowing that droughts will occur at some time in the future. The primary objective for operating during a drought has been to ensure energy supply will be available to meet dependable load requirements, including domestic and dependable export load, with the secondary objective being to minimize price risk and cost for customers during drought. Manitoba Hydro's ERM program has been actively involved in efforts to support financial drought risk assessment and mitigation strategies.

Top Organizational Risks

Manitoba Hydro faces several risks to the fulfillment of its mission and mandate. Through the ERM program, the following top organization risks have been identified for Manitoba Hydro and focus will be placed on their effective mitigation.

RISK	DESCRIPTION	RISK MITIGATIONS
Interest Rates	Manitoba Hydro has significant yearly debt refinancing requirements and as such is exposed to additional costs associated with increasing interest rates.	- Manitoba Hydro monitors economic and financial market conditions, while undertaking appropriate debt management strategies to manage the potential impact of interest rate changes to Manitoba Hydro's ongoing debt financing and refinancing requirements.
Ageing Assets	Manitoba Hydro continues to hold and manage assets that are near their end-of-life, which could result in operational inefficiencies, safety concerns, and require targeted financial investments.	- Manitoba Hydro has a strategic asset management plan to address ageing assets and will continue to mature the asset management system to optimize lifecycle costs (capital + O&M) in addressing those assets. - Manitoba Hydro is developing and will continuously refresh an Integrated Resource Plan (IRP) that considers both new and existing assets in addressing resource requirements.
Cyber Security (IT/OT Assets)	Disruptions within Manitoba Hydro's information technology (IT) systems and operational technology (OT) caused by malicious acts may result in theft of information, compromised information, operational failure, financial loss, and damage to reputation.	- Manitoba Hydro has an Enterprise Technology Security Program in place that is focused on minimizing cyber-attacks through multiple levels of protection. - Continuous review of key systems and processes and 3rd party security assessments are undertaken to further improve protection against potential cyber security event(s).
Disruptive Technology	Manitoba Hydro is not able to react to new and unexpected renewable energy technologies that emerge (beyond solar, batteries, hydrogen, etc.) and dramatically alter the utilities landscape, resulting in Hydro losing competitive advantage.	- Development of a long-term strategic plan that incorporates assessment of the changing energy landscape and allows assessment of potential impacts on customer requirements and Manitoba Hydro's assets.
Self Generation & Stranded Assets	Accelerated or un-mitigated adoption by customers of self-generation and associated battery technologies could result in stranding Manitoba Hydro's assets.	- Study how market changes influence customer demand for energy services and adoption of self-generation assets. - Develop rate options/tools that respond to market changes, promote efficient use of existing assets and meet both customer and Manitoba Hydro's needs more effectively.
Technology Innovation	Manitoba Hydro is not leveraging advancements in technology in its business model to achieve or sustain competitive advantage.	- Key objectives within Strategy 2040 include: a focus on leveraging automation and digital technologies to drive enterprise value including efficiency, safety, and effectiveness, and significantly expanding digital customer service.
Succession Planning	Risk that appropriate planning for staff turnover, mentoring, and transition are not in place or are insufficient and that staff do not receive an appropriate level of training and educational support to facilitate smooth succession planning.	- Update of formal succession planning and associated training processes to ensure effective succession plans are in place across the enterprise.
Drought (low water levels)	Risk of low water inflows and storage as well as elevated energy market prices that impact Manitoba Hydro's net extraprovincial revenues.	- Ongoing monitoring of water levels to identify any potential for continued reduced generation output and resulting impacts to financial performance. - Current water conditions suggest that there is a low likelihood for drought in 2022-23.

Financial Outlook

The 7th and final unit at the Keeyask Generating Station was placed inservice in March 2022. With Keeyask fully inservice, the corporation has now substantially completed the construction of the major capital projects and is transitioning into an operations and maintenance phase. A full year operation of all seven units at Keeyask will add an additional 625 MW, or 12%, of electric capacity to Manitoba Hydro's system. This additional energy and the commencement of new long-term power sales agreements will help offset the finance, depreciation and operating costs of the new generating station.

Manitoba Hydro's net income is highly dependent on several uncontrollable factors. One of the most significant factors is water flow conditions which is monitored and managed daily. Coming out of the drought experienced in 2021-22, spring inflows are at record highs driven by above average snowmelt and rainfall runoff in the Winnipeg River, Red River, and Lake Winnipeg local tributary basins. Reservoir storage conditions have recovered to well above average as a result of these inflows. Annual hydraulic generation is dependent on summer and fall rainfall conditions so there remains uncertainty as to the impact of water flow conditions on the corporation's 2022-23 financial results. However, assuming normal precipitation for the remainder of the year, hydraulic generation is projected to be approximately 10 to 15% above budget.

Other key uncontrollable factors that can impact the corporation's net income are inflationary cost pressures and interest rates. Inflation in Canada has been pushed to a three-decade high due to supply chain disruptions related to the COVID-19 pandemic and the war in Ukraine. This will put upward pressure on the corporation's operating and capital costs. To address inflation, it is anticipated that the Bank of Canada will continue to raise interest rates. These increased interest rates will have a cost impact on the corporation, recognizing the need for Manitoba Hydro to refinance approximately $1 billion in debt per year over the coming years.

Geopolitical uncertainty associated with the war in Ukraine has also heightened global concerns around energy security which has impacted energy market prices. Natural gas futures are trading at highs not seen since 2008, which is having a corresponding impact on electricity spot market futures and the expected value for Manitoba Hydro's surplus energy in 2022-23.

Recognizing these uncertainties and sensitivities, the above average spring inflows and strong electricity spot market futures are likely to result in higher net income for 2022-23 compared to the approved budget of $120 million.

Management's Report

For the year ended March 31, 2022

The accompanying consolidated financial statements have been prepared by management of the Manitoba Hydro-Electric Board (the corporation), who are responsible for the integrity, consistency and reliability of the information presented. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

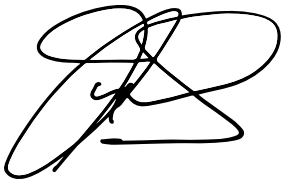
The preparation of the consolidated financial statements necessarily involves the use of estimates and assumptions based on management's judgments, particularly when transactions affecting the current period cannot be finalized with certainty until future periods. Estimates and assumptions are based on historical experience, current conditions and various other assumptions believed to be reasonable in the circumstances. The preparation of the consolidated financial statements includes information regarding the estimated impact of future events and transactions. Actual results in the future may differ from the present assessment of this information because future events and circumstances may not occur as expected. The consolidated financial statements have been prepared within reasonable limits of materiality in light of information available up to July 12, 2022.

In meeting its responsibility for the reliability of financial information, management maintains and relies on a comprehensive system of internal controls, which is designed to provide reasonable assurance that the corporation's assets are safeguarded and appropriately accounted for, that financial information is relevant, reliable and accurate, and that transactions are properly authorized and executed. The system includes formal policies and procedures as well as the appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function evaluates the effectiveness of these controls and reports its findings to management and the Audit & Finance Committee of the Board of Directors.

The Board of Directors, through the Audit & Finance Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit & Finance Committee, which is comprised of outside and unrelated directors, meets periodically with management, the internal auditors and the external auditors to satisfy itself that each group has properly discharged its responsibility with respect to internal controls and financial reporting. The Audit & Finance Committee reviews the consolidated financial statements and management's discussion and analysis and recommends their approval to the Board of Directors. The external auditors have full and open access to the Audit & Finance Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of the financial reporting and the effectiveness of the system of internal controls.

The consolidated financial statements were reviewed by the Audit & Finance Committee, and on their recommendation, were approved by the Board of Directors. The consolidated financial statements have been examined by KPMG LLP, independent external auditors appointed by the Lieutenant Governor in Council. The external auditors' responsibility is to express their opinion on whether the consolidated financial statements are fairly presented in accordance with International Financial Reporting Standards. The Independent Auditors' Report outlines the scope of their examination and their opinion.

On behalf of management:



Jay Grewal,
President & Chief Executive Officer

Aurel Tess,
Vice-President and Chief Financial Officer

Winnipeg, Canada
July 12, 2022

Independent Auditors' Report

To the Board of Directors of Manitoba Hydro-Electric Board:

Opinion

We have audited the consolidated financial statements of Manitoba Hydro-Electric Board (the "Entity"), which comprise the consolidated statement of financial position as at March 31, 2022, the consolidated statements of income (loss), comprehensive income (loss), changes in equity and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the Annual Report as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Emphasis of Matter – Comparative Information

We draw attention to note 3(u) to the financial statements, which explains that certain comparative information in the statement of cash flows presented for the year ended March 31, 2021 has been restated for a change in accounting policy. Note 3(u) explains the reason for the restatement and explains the adjustments applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants

Winnipeg, Canada
July 12, 2022

Consolidated Statement of Income (Loss)

For the year ended March 31

millions of Canadian dollars

	Notes	2022	2021
Revenues			
Domestic			
Electric		**1 834**	1 714
Gas		**542**	416
Extraprovincial	5	**585**	611
Other	6	**79**	80
		3 040	2 821
Expenses			
Finance expense	7	**1 068**	846
Operating and administrative	8	**660**	608
Depreciation and amortization	9	**605**	563
Cost of gas sold		**405**	277
Water rentals and assessments		**101**	128
Fuel and power purchased	10	**394**	184
Capital and other taxes	11	**179**	167
Other expenses	12	**91**	80
Finance income		**(24)**	(24)
		3 479	2 829
Net loss before net movement in regulatory balances		**(439)**	(8)
Net movement in regulatory balances	20	**180**	125
Net Income (Loss)		**(259)**	117
Net income (loss) attributable to:			
Manitoba Hydro		**(248)**	119
Non-controlling interests	29	**(11)**	(2)
		(259)	117

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

As at March 31

millions of Canadian dollars

	Notes	2022	2021
Assets			
Current Assets			
Cash and cash equivalents	13	**1 083**	1 142
Accounts receivable and accrued revenue	14	**509**	464
Prepaid expenses		**23**	23
Inventory	15	**106**	118
		1 721	1 747
Property, Plant and Equipment	16	**26 376**	26 023
Non-Current Assets			
Goodwill		**107**	107
Intangible assets	18	**1 023**	1 060
Loans and other receivables	19	**543**	524
		1 673	1 691
Total assets before regulatory deferral balance		**29 770**	29 461
Regulatory deferral balance	20	**1 368**	1 254
Total assets and regulatory deferral balance		**31 138**	30 715

On behalf of the Board of Directors:

Edward Kennedy
Chair of the Board

Valerie Wowryk
Chair of the Audit, Finance and Risk Committee

	Notes	2022	2021
Liabilities and Equity			
Current Liabilities			
Current portion of long-term debt	21	**1 141**	1 121
Accounts payable and accrued liabilities	22	**482**	453
Notes payable	23	**50**	-
Other liabilities	24	**126**	167
Accrued interest		**136**	131
		1 935	1 872
Long-Term Debt	21	**23 617**	23 065
Non-Current Liabilities			
Other non-current liabilities	25	**820**	805
Employee future benefits	26	**882**	1 010
Deferred revenue	27	**607**	579
Provisions	28	**72**	44
		2 381	2 438
Total liabilities		**27 933**	27 375
Equity			
Retained earnings		**3 012**	3 260
Accumulated other comprehensive loss		**(383)**	(560)
Equity attributable to Manitoba Hydro		**2 629**	2 700
Non-controlling interests	29	**325**	323
Total equity		**2 954**	3 023
Total liabilities and equity before regulatory deferral balance		**30 887**	30 398
Regulatory deferral balance	20	**251**	317
Total liabilities, equity and regulatory deferral balance		**31 138**	30 715

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended March 31

millions of Canadian dollars

	Notes	2022	2021
Operating Activities			
Net income (loss)		**(259)**	117
Net movement in regulatory balances	20	**(180)**	(125)
Add back:			
Depreciation and amortization	9	**605**	563
Finance expense	7	**1 068**	846
Finance income		**(24)**	(24)
Adjustments for non-cash items		**(10)**	14
Adjustments for changes in non-cash working capital accounts			
Accounts receivable and accrued revenue		**(38)**	(76)
Prepaid expenses		**(1)**	8
Accounts payable and accrued liabilities		**27**	(86)
Other		**64**	64
Interest received		**4**	4
Interest paid		**(1 092)**	(1 057)
Cash provided by operating activities		**164**	248
Investing Activities			
Additions to property, plant and equipment		**(805)**	(1 073)
Additions to intangible assets		**(11)**	(39)
Contributions received		**46**	49
Cash paid for mitigation obligations		**(15)**	(10)
Cash paid for major development obligations		**(20)**	(11)
Cash paid for transmission rights obligations		**(22)**	(22)
Other		**5**	7
Cash used for investing activities		**(822)**	(1 099)

	Notes	2022	2021
Financing Activities			
Proceeds from long-term debt	21	**1 505**	2 600
Retirement of long-term debt	21	**(954)**	(1 532)
Advances to investment entities	19	**(13)**	(23)
Contributions from non-controlling interests	29	**13**	23
Proceeds from short-term borrowings, net	23	**50**	-
Sinking fund investment withdrawals	17	**310**	232
Sinking fund investment purchases	17	**(310)**	(232)
Repayment of lease liabilities		**(2)**	(1)
Cash provided by financing activities		**599**	1 067
Net increase (decrease) in cash and cash equivalents		**(59)**	216
Cash and cash equivalents, beginning of year		**1 142**	926
Cash and cash equivalents, end of year		**1 083**	1 142

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income (Loss)

For the year ended March 31

millions of Canadian dollars

	Notes	2022	2021
Net Income (Loss)		**(259)**	117
Other comprehensive income (loss)			
Items that will not be reclassified to income			
Experience gains on pensions, net of actuarial losses	26	**180**	54
Items that will be reclassified to income			
Cash flow hedges - unrealized foreign exchange gains (losses) on debt	30 (c)	**(34)**	90
Items that have been reclassified to income			
Cash flow hedges - realized foreign exchange losses on debt	30 (c)	**31**	43
		177	187
Comprehensive Income (Loss)		**(82)**	304
Comprehensive income (loss) attributable to:			
Manitoba Hydro		**(71)**	306
Non-controlling interests		(11)	(2)
		(82)	304

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

millions of Canadian dollars

	Notes	Retained earnings	Accumulated other comprehensive income (loss)	**Manitoba Hydro**	Non-controlling interests	Total equity
Balance as at April 1, 2020		3 141	(747)	**2 394**	302	2 696
Net income (loss)		119	-	**119**	(2)	117
Other comprehensive income		-	187	**187**	-	187
Comprehensive income (loss)		119	187	**306**	(2)	304
Contributions	29	-	-	**-**	23	23
Balance as at March 31, 2021		3 260	(560)	**2 700**	323	3 023
Net income (loss)		(248)	-	**(248)**	(11)	(259)
Other comprehensive income		-	177	**177**	-	177
Comprehensive income (loss)		(248)	177	**(71)**	(11)	(82)
Contributions	29	-	-	**-**	13	13
Balance as at March 31, 2022		**3 012**	**(383)**	**2 629**	**325**	**2 954**

The accompanying notes are an integral part of the consolidated financial statements.

Note 1 Reporting entity

The Manitoba Hydro-Electric Board and the Manitoba Power Commission were amalgamated in 1961 by enactment of *The Manitoba Hydro Act* to form a Crown corporation in the Province of Manitoba named Manitoba Hydro-Electric Board (Manitoba Hydro or the corporation). As a Crown Corporation, Manitoba Hydro is not subject to income taxes under Section 149(1)(d) of the *Income Tax Act* (Canada). Manitoba Hydro's mandate is to provide for the continuance of a supply of energy adequate for the needs of the Province and to engage in and to promote economy and efficiency in the development, generation, transmission, distribution, supply and end-use of energy. The head office of the corporation is located at 360 Portage Avenue, Winnipeg, Manitoba.

These consolidated financial statements include the accounts of Manitoba Hydro and its wholly-owned subsidiaries including Centra Gas Manitoba Inc. (Centra), Minell Pipelines Ltd. (Minell), Manitoba Hydro International Ltd. (MHI), Manitoba Hydro Utility Services Ltd. (MHUS), Teshmont LP Holdings Ltd. (which has a 40% ownership interest in the Teshmont Consultants Limited Partnership) and 6690271 Manitoba Ltd. (a subsidiary that was formed to participate in the development of a new transmission line in the U.S.). These consolidated financial statements also include Manitoba Hydro's 67% ownership interest in the Wuskwatim Power Limited Partnership (WPLP) and its 82.5% ownership interest in the Keeyask Hydropower Limited Partnership (KHLP). For purposes of consolidation, all significant intercompany accounts and transactions have been eliminated.

Note 2 Basis of presentation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

These consolidated financial statements were approved for issue by the Manitoba Hydro-Electric Board on July 12, 2022.

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for the following material items in the consolidated statement of financial position:

- Financial instruments accounted for in accordance with the financial instrument categories defined in Note 3(n) and (o);
- Employee future benefits defined in Note 3(k); and
- Provisions defined in Note 3(l).

(c) Functional and presentation currency

The consolidated financial statements are presented in millions of Canadian dollars, the functional currency of the corporation.

(d) Use of estimates and judgment

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and judgements that affect amounts reported as assets, liabilities, income and expenses.

Areas of significant management estimates and judgments are outlined in the following summary and significant accounting policies included in Note 3:

- Accrued revenue for domestic electricity and natural gas deliveries not yet billed at year-end and allowance for doubtful accounts (Note 3(b) and (p));
- Determination of borrowing costs that are directly attributable to the acquisition of a qualifying asset (Note 3 (d) and (g));
- Useful life estimates for depreciable and amortizable assets (Notes 3(g) and (i), 16 and 18);
- Determination of cash generating unit as it pertains to impairment testing (Note 3 (h) and (j));
- Recognition of regulatory deferral accounts and amounts expected to be recovered or refunded in future rates (Note 20);
- Measurement of accrued liabilities (Note 22);
- Measurement of other long-term liabilities and underlying estimates of future cash flows (Note 25);
- Measurement of employee future benefits and underlying actuarial assumptions (Notes 3(k) and 26);
- Measurement of provisions and underlying estimates of future cash flows (Notes 3(l) and 28);
- Fair value measurement of financial instruments (Notes 3(n) and (o) and 30); and
- Identification and reporting of operating segments (Note 34).

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Note 3 Significant accounting policies

(a) Regulatory deferral accounts

In January 2014, the International Accounting Standards Board (IASB) issued an interim standard, IFRS 14 *Regulatory Deferral Accounts* (IFRS 14), which provides guidance on accounting for the effects of rate regulation under IFRS. This guidance allows entities that conduct rate-regulated activities to continue to recognize regulatory deferral accounts in accordance with their previous accounting standards. This interim standard is effective for financial reporting periods beginning on or after January 1, 2016. The corporation has elected to adopt IFRS 14 in its consolidated financial statements. The interim standard is only intended to provide temporary guidance until the IASB completes its comprehensive project on rate-regulated activities. IFRS 14 remains in force until either repealed or replaced by permanent guidance on rate-regulated accounting from the IASB.

Regulatory deferral account balances usually represent timing differences between the recognition of items of income or expenses for regulatory purposes and the recognition of those items for financial reporting purposes. Regulatory deferral account balances arising from rate-regulated activities are recognized and measured separately if they do not meet the criteria to be recognized as an asset or liability in accordance with other standards. The balances are recorded as regulatory deferral balances when there is sufficient evidence that they will be recovered or refunded in future rates. Sufficient evidence includes approvals by the regulator and past practice. These amounts would otherwise have been included in the determination of net income in the year they are incurred.

Under rate regulation, the prices charged for the sale of electricity and natural gas within Manitoba are subject to review and approval by the Public Utilities Board of Manitoba (PUB). The rate-setting process is designed such that rates charged to electricity and natural gas customers recover costs incurred by Manitoba Hydro in providing electricity and natural gas service plus a sufficient contribution to retained earnings.

The following regulatory deferral account balances are amortized on a straight-line basis using the specified periods:

Demand side management (DSM) programs	10	years
Site remediation costs	15	years
Deferred taxes	30	years
Acquisition costs	30	years
Regulatory costs	up to 5	years
Ineligible overhead	34	years
Conawapa	30	years
Bipole III deferral	5	years
Change in gas meter depreciation rate	5	years
Impact of 2014 depreciation study	5	years
Meter exchange costs	3	years

The Affordable Energy Fund is amortized to the consolidated statement of income at the same rate as the obligation is drawn down. The Purchased Gas Variance Account (PGVA) is recovered or refunded over a period determined by the PUB.

The amortization period for the loss on retirement or disposal of assets, change in depreciation methodologies from average service life (ASL) to equal life group (ELG), major capital project deferral and the impact of the 2019 depreciation study will be determined at a future regulatory proceeding.

The Keeyask in-service deferral has been established based on Manitoba Hydro's past practice of recognizing expenses associated with the generating station on a per-unit basis for rate-setting purposes. The corporation will seek regulatory approval for this deferral and the associated amortization at a future regulatory proceeding.

(b) Revenue recognition

The corporation assesses each contract with the customer to identify distinct good(s) and service(s) and the related performance obligation(s). Where the corporation determines that goods and services are not distinct, they are combined until they are distinct. If multiple distinct goods/services are substantially the same and have the same pattern of transfer to the customer, they would be treated as one performance obligation. Revenue is recognized when the control of the goods or services has been transferred to the customer at a point in time or over time.

Domestic electricity and natural gas revenues are recognized upon delivery to the customer and charged in accordance with rates approved by the PUB. Accrued revenues are recorded based on an estimated amount of electricity and natural gas delivered and not yet billed at year-end. Domestic electricity and natural gas contracts include a single performance obligation that represents a promise to transfer to the customer a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer. The corporation's performance obligation is satisfied over time when the electricity or natural gas is received and consumed by the customer.

Extraprovincial contracts may include multiple distinct goods including electricity, capacity and renewable energy credits (RECs). Electricity and capacity both represent a promise to transfer to the customer a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer (customer simultaneously receives and consumes benefits as the corporation performs) and result in a single performance obligation. Control is transferred and revenue is recognized upon the delivery of energy to the customer. RECs sourced from wind energy purchases or generated by the corporation's facilities are a separate performance obligation with revenue recognized at a point in time. Control is transferred and revenue is recognized when title to the credits are transferred to the customer. The costs the corporation incurs to obtain or fulfill a contract with a customer are not significant.

Consulting, technology and maintenance services and other miscellaneous revenue is recognized when services are provided or goods are shipped to the customer. Revenue from fixed price contracts is recognized over time under the percentage-of-completion method. The percentage of completion is determined by comparing the costs incurred at the consolidated statement of financial position date to the total estimated costs, which include costs incurred plus anticipated costs for completing a contract.

Revenue from contract modifications such as change orders and claims is recognized to the extent that the contract modifications have been approved by the customer and the amount can be measured reliably. In cases where the contract modification is approved, but the price has not been finalized, the contract modification is accounted for using variable consideration as it is in addition to the agreed upon performance obligation outlined in the original contract.

Non-refundable contributions in aid of construction received from customers are recorded as deferred revenue. The deferred revenue is initially recorded at the amount of cash contributions received and recognized as revenue on a straight-line basis over the estimated lives of the contracts

with customers. Where contracts with customers are perpetual and the related contributed asset is used to provide ongoing goods or services to customers, the life of the contract is estimated to be equivalent to the economical useful life of the related asset for which the contribution was received.

Non-refundable contributions in aid of construction received from developers are recorded as deferred revenue and amortized into other revenue over the life of the related asset for which the contribution was received.

(c) Cost of gas

Natural gas is recorded at purchased cost upon delivery to gas customers.

(d) Finance expense and finance income

Finance expense includes interest on short and long-term borrowings and the provincial debt guarantee fee paid to the Province of Manitoba, foreign exchange gains and losses, the mark to market of foreign exchange forward contracts, accretion expense on provisions and other long-term liabilities, offset by interest capitalized for those qualifying assets under construction. Foreign exchange gains and losses include amounts that had been recognized in other comprehensive income and reclassified from equity to net income in the same periods during which the hedged forecast cash flows (being U.S. export revenues) affect net income. All borrowing costs are recognized using the effective interest rate method. Finance income includes interest earned on loans and advances to investment entities and temporary investments.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(f) Inventory

Materials and supplies, fuel and natural gas inventories are valued at the lower of average cost and net realizable value. Replacement cost is used as management's best estimate of the net realizable value for materials and supplies and fuel inventory.

Materials, supplies, fuel and natural gas are charged to inventory when purchased and not immediately required for use. These inventories are expensed or capitalized when used. Those materials, supplies and fuel purchased for immediate use are expensed directly.

(g) Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, contracted services, direct labour and interest applied at the weighted average cost of debt outstanding during the period. Interest is allocated to construction until a capital project becomes operational or a decision is made to abandon, cancel or indefinitely defer construction. Once the transfer to in-service property, plant and equipment is made, interest allocated to construction ceases and depreciation and interest charged to operations commences.

Depreciation is calculated on a straight-line remaining life basis using the ELG procedure. The major components of generating stations are depreciated over the lesser of the remaining life of the major components or the remaining life of the associated generating station.

Generation	4 – 125 years
Transmission lines	10 – 85 years
Substations	15 – 65 years
Distribution systems	10 – 75 years
Other	5 – 100 years

The estimated service lives of the assets are based upon depreciation studies conducted periodically by the corporation. A depreciation study was last completed in 2019-20.

The net gain or loss on retirement of these assets is charged to depreciation in the period incurred and then subsequently deferred in regulatory deferral balances through net movement. When the costs of removing an asset from service are incurred to facilitate the installation of a new asset, the costs to remove the asset from service are added to the costs of the new asset. When an asset is retired from service and not replaced with a similar asset, the costs of removing the asset from service are treated similarly to the net gain or loss on retirement of assets.

A reasonable estimate of the present value of the future cash flows required to retire an asset from service is recorded when the recognition criteria for a provision (Note 3(l)(i)) are met. An equivalent amount is added to the carrying cost of the related asset and is amortized over the asset's remaining service life. The discount rate used to measure the cash flows reflects current market assessments of the time value of money and the risks specific to the obligation.

(h) Goodwill

Goodwill represents the amount of the corporation's investments in Centra and Winnipeg Hydro over and above the fair market value of the identified net assets acquired. The goodwill balance is evaluated annually to determine whether any impairment has occurred.

(i) Intangible assets

Intangible assets include computer application development costs, land easements and transmission rights. Intangible assets are recorded at cost less accumulated amortization. The cost of computer application development includes software, direct charges for labour, materials, contracted services and interest during development applied at the weighted average cost of debt outstanding during the period. Computer application development also consists of cloud computing costs, including configuration and customization costs, that meet the relevant capitalization criteria. The relevant capitalization criteria includes, but is not limited to control, future economic benefit and identifiability. The corporation's intangible assets have finite useful lives and are amortized over their useful lives on a straight-line basis with the amortization included in depreciation and amortization expense. The expected useful lives are as follows:

Computer application development	5 – 11 years
Land easements	75 years
Transmission rights	1 – 40 years

Transmission rights are amortized over the contractual period of the right plus a one-term renewal. The estimated service lives of computer application development and land easements are based upon depreciation studies conducted periodically by the corporation. A depreciation study was last completed in 2019-20.

(j) Impairment of non-financial assets

Non-financial assets subject to impairment testing include goodwill, intangible assets and property, plant and equipment. The corporation tests goodwill and material intangible assets under construction at least annually for impairment. Assets subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment test is performed by comparing the carrying amount of the asset or cash generating unit (CGU) to its recoverable amount. The recoverable amount is calculated as the higher of the fair value less costs to sell and the present value of the future cash flows from an asset or CGU. The corporation has determined its CGUs to be at the segment level. This is the lowest level for which there are separately identifiable cash flows as rates for electricity and natural gas revenue are set by the PUB at the segment level. An impairment would be recognized as a charge against operations in the year of impairment if the carrying amount exceeds the recoverable amount.

(k) Employee future benefits

Manitoba Hydro provides future benefits, including pension and other benefits, to both existing and retired employees.

The costs and obligations of defined benefit pension plans and other benefits are determined by an independent actuary using the accrued benefit actuarial cost method and reflect management's best estimate of future compensation increases, service lives and inflation. Pension expense consists of the cost of pension benefits earned during the year and net interest income or expense. Interest expense on the accrued benefit obligation for the period and interest income on plan assets for the period are determined by applying the discount rate used to measure the accrued benefit obligation at the beginning of the annual reporting period, taking into account any changes during the period as a result of contributions and benefit payments.

Experience gains or losses on the assets and actuarial gains or losses on the obligation are recognized in other comprehensive income (OCI) in the period in which they occur. Past service costs, which arise when a change is made to plan benefits, are recognized immediately in profit or loss.

Other future benefits earned by employees include vacation, vested sick leave, severance and retirement health plans. Where applicable, the future costs of these benefits are determined by an independent actuary and reflect management's best estimates.

(l) Provisions

In accordance with International Accounting Standards (IAS) 37 *Provisions, Contingent Liabilities and Contingent Assets*, a provision is required to be recognized where there is a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which are uncertain.

(i) Asset retirement obligations

Asset retirement obligations are estimated by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as a finance expense.

(ii) Affordable Energy Fund

The Affordable Energy Fund was determined based on Provincial Legislation. The timing of disbursements is uncertain due to the unpredictability of future customer participation.

(iii) Mitigation

Provisions arising from Manitoba Hydro's mitigation program are recognized when there is an expectation that expenditures will be incurred to address the adverse effects of past hydroelectric development on Indigenous and other communities. These provisions are based on management's best estimate of the consideration required to settle the obligation. The corporation reviews its estimates of future mitigation expenditures on an ongoing basis.

(iv) Major development

Provisions arising from Manitoba Hydro's major development projects are recognized when there is an expectation that expenditures will be incurred to address project-related adverse effects on Indigenous and other communities. These provisions are based on management's best estimate of the consideration required to settle the obligation. The corporation reviews its estimates of future major development expenditures on an ongoing basis.

(v) Other provisions

Other provisions have been established for obligations identified, which require recognition in the financial statements due to the likelihood of settlement and the presence of an obligation, either from past events or constructive in nature.

(m) Government grants

Government grants are recognized when there is reasonable assurance they will be received and the corporation will comply with the conditions associated with the grant. Government grants that compensate the corporation for expenses incurred are recognized in profit or loss in the same period in which the expenses are recognized. Grants that compensate the corporation for the cost of an asset are recorded as deferred revenue and recognized in other revenue over the service life of the related asset.

(n) Non-derivative financial instruments

All financial instruments are measured at fair value on initial recognition as of the trade date. Financial assets are classified into one of the following categories: amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. Financial liabilities are classified at amortized cost or fair value through profit or loss.

Amortized cost
The corporation's cash and cash equivalents, trade accounts receivable and accrued revenue, loans and other receivables are initially recorded at fair value and subsequently measured at amortized cost, if the financial assets are held in order to collect contractual cash flows, and those cash flows are solely payments of principal and interest on the principal outstanding. Interest income is calculated using the effective interest method and is recognized in net income. Changes in fair value are recognized in net income when the asset is derecognized or reclassified. All financial assets measured at amortized cost are subject to impairment measurement at the end of the reporting period as described below.

Long-term debt, trade payables and accrued liabilities, notes payable, accrued interest and other liabilities, except for derivative liabilities classified and measured at fair value through profit or loss, are initially recognized at fair value plus directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest method of amortization.

At fair value through other comprehensive income
Financial assets that are held within a business model for the collection of contractual cash flows and for selling, where cash flows are solely payments of principal and interest, are classified as fair value through other comprehensive income. Financial assets are initially recorded at fair value and are subsequently measured at fair value with unrealized gains and losses recognized in other comprehensive income. Interest income, impairment gains and losses and foreign exchange gains and losses are recognized in net income. Once the financial asset is derecognized or reclassified, fair value losses previously recorded in other comprehensive income, are reclassified to net income. Interest income from these financial assets is recognized as other income using the effective interest method. As of March 31, 2022, the corporation does not have any financial assets classified at fair value through other comprehensive income.

At fair value through profit or loss
Financial instruments classified as fair value through profit or loss are subsequently measured at fair value with changes in fair value recognized in the consolidated statement of income in the period in which they arise.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced with substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability is recorded at fair value. The differences in the respective carrying amounts are recognized as gains or losses in net income.

(o) Derivative financial instruments

The corporation's derivative assets and liabilities are classified and measured at fair value through profit or loss with changes in the fair value of the financial derivative instrument recognized in net income, where hedge accounting is not applied.

Foreign exchange forward contracts are transacted to mitigate annual net income impacts due to foreign exchange rate fluctuations related to a portion of U.S. long-term debt balances, for which hedge accounting is not applied. As well, the corporation mitigates price risk of electricity market sales and purchases through its limited use of derivative financial instruments such as contracts for differences, forward contracts, options and financial transmission rights.

The change in fair value of derivative financial instruments reflects changes in foreign exchange rates and in electricity prices, with discount rates applied for time value. Changes in fair value of unsettled positions are recognized in net income or in accumulated other comprehensive income (AOCI) if the derivative instruments are accounted for as hedging instruments. The corporation does not engage in derivative trading or speculative activities.

(p) Impairment of financial assets

The corporation uses the expected credit loss (ECL) model for calculating impairment and recognizes ECL as a loss allowance for financial assets measured at amortized cost. ECLs are a probability-weighted estimate of credit losses and measured as the present value of all cash shortfalls and discounted at the effective interest rate of the financial asset. Lifetime ECLs result from all possible default events over the expected life of the financial instrument. 12-month ECLs result from default events that are possible within the 12 months after the reporting date.

For trade receivables, the corporation applies the simplified approach and uses a provision matrix, which is based on the corporation's historical credit loss experience for trade receivables, current market conditions and any insights into future economic conditions to estimate and recognize lifetime ECL. Trade and other receivables are assessed for impairment on a collective basis with special consideration for risk factors associated with each customer group.

Loans and receivables are measured at 12-month ECLs unless there has been a significant increase in credit risks since initial recognition. When determining whether the credit risk has increased significantly since initial recognition, the corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis and includes forward looking information. The corporation assumes that the credit risk on specific loans and receivables has increased significantly if it is more than 30 days past due or pursuant to borrower specific relative criteria as identified by the corporation.

(q) Hedges

The corporation has formally designated and documented cash flow hedges, establishing economic relationships between forecasted transactions and various hedging instruments. To hedge foreign currency risk, long-term cash flow hedges have been established between U.S. long-term debt balances and future U.S. export revenues as well as between U.S. interest payments on dual currency bonds and future U.S. export revenues. Foreign currency gains and losses of U.S. long-term debt balances are recognized in other comprehensive income and in long-term debt on the statement of financial position. Once the U.S. export revenues designated as being hedged are recognized in earnings, the accumulated gains and losses recorded in other comprehensive income are reclassified to finance expense. The change in fair value method is used to measure ineffectiveness on a quarterly basis. Any potential source of ineffectiveness would come from the initial difference in the timing of the forecasted hedged item and the timing of the hedging instrument, minimal changes caused by the discounting of rate changes and changes in the timing of the forecasted transaction subsequent to the inception of the hedging relationship. The amount of ineffectiveness, if any, is recorded in net income and is equal to the excess of the cumulative change in the fair value (discounted cash flows) of the hedging instrument over the cumulative change in the fair value (discounted cash flows of the hedged item).

On a limited basis, cash flow hedges of electricity price risk have also been established between contracts for differences and/or options and future U.S. electricity sales. The estimated fair value of a hypothetical derivative is used in the hedge effectiveness assessment to match the price, quantity and timing of the future U.S. electricity sales. The effective portion of the change in the fair value of the hedging instruments is initially recognized in other comprehensive income. Once the forecasted transactions are recognized, the accumulated gains and losses recorded in other comprehensive income are reclassified to export revenues. Hedge effectiveness testing is performed at the inception of the hedge and on an ongoing basis. Any ineffective portions of the cash flow hedges are immediately recorded in export revenues. The sources of hedge ineffectiveness are a result of location differences. The fair value of the hedged item and the hedging instrument are based on forward energy prices however they are priced at different locations. The difference in the energy price of the locations is a result of congestion and transmission losses between the two nodes.

(r) Foreign currency translation

Revenues and expenses resulting from transactions in foreign currencies are translated to Canadian dollar equivalents at exchange rates approximating those in effect at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the reporting date. Translation gains and losses are credited or charged to finance expense in the current period except for long-term debt obligations in hedging relationships with future export revenues. Translation gains and losses for long-term debt obligations in hedging relationships with future export revenues are recorded in OCI until such time that the hedged export revenues are realized, at which time accumulated exchange gains and losses are credited or charged to finance expense.

(s) Leases

As a Lessee

At the inception of a contract the corporation determines whether a contract is or contains a lease. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the corporation's incremental borrowing rate. Generally, the corporation uses its incremental borrowing rate as the discount rate. Lease payments include fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. The lease liability is measured at amortized cost using the effective interest method. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets are recognized for contracts that are, or contain, leases. A right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and their useful lives. The lease term includes consideration of an option to extend or to terminate if the corporation is reasonably certain to exercise that option. Additionally, the right-of-use assets can be reduced by impairment losses if applicable and adjusted for re-measurement of the corresponding lease liability, less any lease incentives received.

The corporation accounts for short-term leases and leases of low-value assets by recording the associated lease payments as an expense on a straight-line basis over the lease term. These payments are included in operating and administrative expenses in the consolidated statement of income.

As a Lessor

As a lessor, the corporation classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

If an arrangement contains lease and non-lease components, the corporation applies IFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract.

The corporation recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of other revenue.

(t) Non-controlling interests

Non-controlling interests represent the outstanding ownership interests attributable to third parties in the corporation's limited partnerships. The portion of the equity not owned by the corporation is reflected as non-controlling interests within the equity section of the consolidated statement of financial position. The portion of the net income or net loss attributable to the parent and non-controlling interests is reported on the consolidated statement of income.

(u) Change in accounting policy

Beginning for the year ended March 31, 2022 the corporation has changed the presentation of cash flows associated with regulatory deferral account balances. The net impact of this change was to reclassify $79 million (2021 - $68 million) to cash flows used for operating activities from cash flows used for investing activities as it provides more relevant information that is consistent with comparable utility industry presentation. This change has been applied retrospectively to comparative information in the prior period.

Note 4 Accounting changes

(a) Future accounting changes

The following new interpretations and amendments to existing standards have been issued but are not yet effective for the year ended March 31, 2022 and have not been applied in preparing these consolidated financial statements.

Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7)

In April 2022, the IFRS Interpretations Committee published a final agenda decision with respect to demand deposits with restrictions on use arising from a contract with a third party. A demand deposit that is subject to restrictions on its use, arising from a contract with a third party, is included as cash and cash equivalents in the statement of cash flows unless presenting it separately as an additional line item is relevant to an understanding of the entity's financial position applying IAS 1. Furthermore, an entity should classify the demand deposit as non-current asset to the extent the deposit is restricted from being used to settle a liability for at least twelve months after the end of reporting period. The amount of cash and cash equivalents with restrictions and the information about the restrictions are also required to be disclosed under IAS 7.

Property, Plant and Equipment – Proceeds Before Intended Use (Amendments to IAS 16)

In May 2020, the IASB issued amendments to IAS 16 *Property, plant and equipment* with respect to proceeds before intended use. These amendments prohibit deducting from the cost of an item of property, plant and equipment, any proceeds from the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling such items, and the costs of producing those items, must be recognized in profit or loss. The amendment will be effective for annual reporting

beginning on or after January 1, 2022 and must be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the amendment is first applied.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

In January 2020, the IASB issued amendments to IAS 1 relating to the classification of liabilities as current or non-current. Specifically, the amendments clarify one of the criteria in IAS 1 for classifying a liability as non-current - that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments are to be applied retrospectively.

Definition of Accounting Estimates (Amendments to IAS 8)

In February 2021, the IASB issued amendment to IAS 8 to introduce a new definition of accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments are to be applied prospectively.

Disclosure Initiative – Accounting Policies (Amendments to IAS 1)

In February 2021, the IASB issued amendments to IAS 1 requiring an entity to disclose its material accounting policies, rather than its significant accounting policies. Additional amendments were made to explain how an entity can identify a material accounting policy. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted.

The corporation is currently assessing the impact of these amendments on the corporation's consolidated financial statements.

Rate-Regulated Accounting Exposure Draft

In January 2021, the IASB published the Exposure Draft *Regulatory Assets and Regulatory Liabilities*. The IASB proposes an accounting model under which an entity subject to rate regulation that meets the scope criteria would recognize regulatory assets and liabilities. If finalized as a new IFRS Standard, the IASB's proposal would replace the interim standard IFRS 14 *Regulatory deferral accounts*. The Exposure Draft was open for comment until July 2021, with the IASB completing its review of the feedback received and agreeing with the proposed plan for redeliberation in December 2021. Then, in February 2022, the IASB started redeliberating specific topics relating to determining whether a regulatory agreement is within the scope of the proposals and the definition of a regulator. Under the current proposal, an entity would apply the final IFRS Standard retrospectively to annual reporting periods beginning 18 to 24 months after the new IFRS Standard is issued. The corporation is currently reviewing the Exposure Draft and is assessing the impact on the corporation's consolidated financial statements.

Note 5 Extraprovincial revenue

	2022	2021
Dependable sales	**496**	442
Opportunity sales	**66**	159
Other	**23**	10
	585	611

Dependable sales are sourced from Manitoba Hydro's hydraulic energy available during lowest water conditions and typically with duration of greater than six months. Opportunity sales are based on excess energy, are generally over shorter periods and are transacted primarily in markets operated by an independent system operator such as the Midcontinent Independent System Operator.

The majority of extraprovincial revenue is from sales to the U.S. The average effective exchange rate for the year was $1.00 U.S. = $1.25 Canadian (2021 – $1.00 U.S. = $1.32 Canadian).

Note 6 Other revenue

	2022	2021
Consulting, technology and maintenance services	**46**	**50**
Customer and developer contributions	**14**	**13**
Miscellaneous revenue	**19**	**17**
	79	**80**

Consulting, technology and maintenance services consist of professional consulting, operations, maintenance and project management services provided to energy sectors world-wide.

Customer and developer contributions are the recognition of deferred revenue related to contributions in aid of construction (Note 27) and the recovery of period costs from customers.

The corporation leases out land, buildings and telecommunication apparatus. The corporation has classified these leases as operating leases, as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Included in miscellaneous revenue is operating lease income of $3 million (2021 - $3 million). The corporation has entered into a contract for the lease of electrical equipment and associated materials which has been classified as a finance lease as the contract transfers ownership of the electrical equipment to the customer at the end of the contract.

The following table provides the maturity analysis of undiscounted lease payments to be received after the reporting date:

	2023	2024	2025	2026	2027 and thereafter	Total
Undiscounted lease payments - operating	1	1	1	1	4	8
Undiscounted lease payments - finance	1	-	-	-	-	1

Note 7 Finance expense

	2022	2021
Interest on debt	**852**	909
Provincial debt guarantee fee	**229**	222
Accretion	**40**	30
Interest capitalized	**(83)**	(346)
Foreign exchange loss	**30**	31
	1 068	846

The Provincial debt guarantee fee during the year was 1.00% of the corporation's total outstanding debt guaranteed by the Province of Manitoba (2021 – 1.00%). Interest was capitalized during the year at a weighted average rate of 4.20% (2021 – 4.26%).

Note 8 Operating and administrative

	2022	2021
Salaries and benefits	**469**	453
External services	**122**	102
Materials, motor vehicles and supplies	**44**	39
Other	**25**	14
	660	608

Additional salaries and benefits are included in other expenses (Note 12) in the amount of $4 million (2021 – $10 million).

Included in operating and administrative are expenses relating to short-term leases of $3 million (2021 - $4 million), low-value asset leases of less than $1 million (2021 – less than $1 million) and variable lease payments not included in the measurement of lease liabilities of $3 million (2021 - $3 million).

Note 9 Depreciation and amortization

	2022	2021
Depreciation of property, plant and equipment (Note 16)	**585**	507
Amortization of intangible assets (Note 18)	**23**	22
Loss (gain) on retirement or disposal of property, plant and equipment	**(3)**	34
	605	563

Note 10 Fuel and power purchased

	2022	2021
Wind purchases	**78**	73
Power purchases	**234**	22
Transmission charges	**70**	78
Thermal fuel purchases	**12**	11
	394	184

Included in power purchases above is amortization of transmission rights of $20 million (Note 18) (2021 - $17 million) as well as gains or losses on financial transmission rights.

Note 11 Capital and other taxes

	2022	2021
Corporate capital tax	**129**	117
Property tax and grants in lieu of tax	**38**	38
Payroll tax	**12**	12
	179	167

Note 12 Other expenses

	2022	2021
Demand side management expenses	**44**	35
Consulting, technology and maintenance expenses	**21**	26
Miscellaneous	**10**	6
Corporate initiatives and restructuring costs	**16**	13
	91	80

Of the total other expenses, $59 million (2021 – $46 million) are subsequently deferred in regulatory deferral balances through net movement in regulatory balances (Note 20).

Note 13 Cash and cash equivalents

	2022	2021
Temporary investments	**874**	720
Cash	**204**	415
Restricted cash	**5**	7
	1 083	1 142

Temporary investments consist of cash invested with the Province of Manitoba and have a maturity of less than 30 days. Restricted cash consists of deposits held for letters of guarantees for customer contracts, callable at any time.

Note 14 Accounts receivable and accrued revenue

	2022	2021
Trade accounts receivable (Note 30(a))	**376**	326
Accrued revenue	**125**	108
Fair value of forward contracts	**-**	1
Current portion of loans and other receivables (Note 19)	**19**	19
Other receivables	**14**	25
Taxes receivable	**10**	9
ECL allowance (Note 30(a))	**(35)**	(24)
	509	464

Included in the current portion of loans and other receivables is the current portion of the finance lease receivable of $1 million (2021 – $1 million).

Note 15 Inventory

	2022	2021
Materials and supplies	**88**	86
Natural gas	**7**	22
Fuel	**11**	10
	106	118

Inventory recognized as an expense during the year was $71 million (2021 – $39 million). The write-down of inventory during 2022 was $2 million (2021 – $2 million). No reversals of write-downs occurred during the year (2021 – nil).

Note 16 Property, plant and equipment

	Generation	Transmission lines	Substations	Distribution systems	Other	Construction in progress	Total
Cost or deemed cost							
Balance, April 1, 2020	6 639	2 612	5 491	3 725	1 230	7 652	27 349
Additions	542	113	76	212	57	366	1 366
Disposals and/or retirements	(55)	(2)	(7)	(21)	(33)	-	(118)
Assets placed in service*	3 813	390	223	44	19	(4 489)	-
Transfers to (from) PP&E	-	6	9	-	(6)	-	9
Balance, March 31, 2021	10 939	3 119	5 792	3 960	1 267	3 529	28 606
Additions	353	13	41	212	62	254	935
Disposals and/or retirements	(6)	-	1	(17)	(31)	-	(53)
Assets placed in service*	3 131	53	88	39	7	(3 318)	-
Transfers to (from) PP&E	1	-	(1)	-	(1)	-	(1)
Balance, March 31, 2022	**14 418**	**3 185**	**5 921**	**4 194**	**1 304**	**465**	**29 487**
Accumulated depreciation							
Balance, April 1, 2020	707	117	598	472	265	-	2 159
Depreciation expense	129	41	158	110	69	-	507
Disposals and/or retirements	(20)	(1)	(11)	(20)	(31)	-	(83)
Transfers to (from) PP&E	-	-	3	-	(3)	-	-
Balance, March 31, 2021	816	157	748	562	300	-	2 583
Depreciation expense	194	44	163	114	70	-	585
Disposals and/or retirements	(9)	(2)	(6)	(10)	(30)	-	(57)
Transfers to (from) PP&E	-	-	-	-	-	-	-
Balance, March 31, 2022	**1 001**	**199**	**905**	**666**	**340**	**-**	**3 111**
Net book value							
Balance, March 31, 2021	**10 123**	**2 962**	**5 044**	**3 398**	**967**	**3 529**	**26 023**
Balance, March 31, 2022	**13 417**	**2 986**	**5 016**	**3 528**	**964**	**465**	**26 376**

*Represents projects that were in construction in progress at the beginning of the year.

Included in additions is interest capitalized during construction of $81 million (2021 – $339 million).

As at March 31, 2022 "Other" includes right-of-use assets related to leases of land and buildings, information technology equipment and machinery with a net book value of $6 million (2021 - $6 million). For the year ended March 31, 2022 the corporation recorded additions of $2 million (2021 – nil) and depreciation expense of $2 million (2021 - $2 million) related to right-of-use assets.

Assets placed in service in the current year include assets associated with the remaining six units of the Keeyask Generating Station. Assets placed in service in the prior year include assets associated with the first unit of the Keeyask Generation Station in February 2021 and MMTP in June of 2020.

Note 17 Long-term investments

Manitoba Hydro is legislated under *The Manitoba Hydro Act* to make annual sinking fund payments to the Province of Manitoba of not less than 1% of the principal amount of the outstanding debt on the preceding March 31 and 4% of the balance in the sinking fund at such date. Payments to the sinking fund during the year were $310 million (2021 – $232 million). Interest earned on sinking fund investments is recognized in finance expense. As at March 31, 2022, sinking fund investments totaled nil (2021 – nil).

Note 18 Intangible assets

	Computer application development	Land easements	Transmission rights	Under development	Total
Cost or deemed cost					
Balance, April 1, 2020	169	160	519	56	904
Additions	7	11	291	8	317
Retirements	(5)	-	-	-	(5)
Assets placed in service*	18	22	-	(40)	-
Revaluations	-	-	5	-	5
Transfers	-	-	-	(7)	(7)
Balance, March 31, 2021	189	193	815	17	1 214
Additions	5	3	-	4	12
Retirements	(16)	-	(9)	-	(25)
Assets placed in service*	-	-	-	-	-
Revaluations	-	-	(5)	-	(5)
Transfers to (from) intangibles	-	-	-	-	-
Balance, March 31, 2022	**178**	**196**	**801**	**21**	**1 196**
Accumulated amortization					
Balance, April 1, 2020	100	10	10	-	120
Amortization	19	3	17	-	39
Retirements	(5)	-	-	-	(5)
Balance, March 31, 2021	114	13	27	-	154
Amortization	21	2	20	-	43
Retirements	(15)	-	(9)	-	(24)
Balance, March 31, 2022	**120**	**15**	**38**	**-**	**173**
Net book value					
Balance, March 31, 2021	75	180	788	17	1 060
Balance, March 31, 2022	**58**	**181**	**763**	**21**	**1 023**

*Represents projects that were in "under development" at the beginning of the year.

Computer application development is comprised of internally developed and externally acquired intangible assets. Included in additions is interest capitalized during development of less than $1 million (2021 – $5 million).

Included in transmission rights are payments made and rights obtained (Note 25) related to the Great Northern Transmission Line. Amortization of the transmission rights began June 1, 2020 when the transmission line was placed in-service and the transmission service associated with these rights can be utilized by Manitoba Hydro.

Note 19 Loans and other receivables

	2022	2021
Loans to Keeyask investment entities (Note 29)	**367**	342
Loan to Wuskwatim investment entity (Note 29)	**176**	167
Contract receivables and other	**91**	94
ECL allowance (Note 30(a))	**(72)**	(60)
	562	543
Less: current portion (Note 14)	**(19)**	(19)
	543	524

The loans accrue interest at varying rates, a portion of which are fixed and a portion floating. Accrued interest related to loans receivable is included in the loan balances above and is recognized in finance income.

Included in contract receivables and other is the long-term portion of the finance lease receivable of less than $1 million (2021 – $1 million).

Note 20 Regulatory deferral balances

	March 31, 2021	Balances arising in the year	Recovery / reversal	**March 31, 2022**	Remaining recovery / reversal period
					(years)
Regulatory deferral debit balances					
Electric					
DSM programs[1]	307	34	(43)	**298**	1 - 10
Site remediation	43	14	(5)	**52**	1 - 15
Change in depreciation method	240	48	-	**288**	*
Deferred ineligible overhead	129	20	(4)	**145**	1 - 34
Keeyask in-service deferral	16	70	-	**86**	*
Acquisition costs	6	-	-	**6**	9 - 12
Affordable Energy Fund	4	-	-	**4**	**
Loss on retirement or disposal of assets	72	(5)	-	**67**	*
Regulatory costs	2	1	(1)	**2**	1 - 5
Conawapa	342	-	(13)	**329**	26
Gas					
DSM programs	51	10	(10)	**51**	1 - 10
Deferred taxes	14	1	(3)	**12**	7
Site remediation	2	-	(1)	**1**	1 - 15
Loss on retirement or disposal of assets	10	2	(3)	**9**	1 - 5
Change in depreciation method	14	2	-	**16**	*
Regulatory costs	1	-	-	**1**	1 - 5
Change in depreciation rate - meters	1	-	-	**1**	2
Impact of 2019 depreciation study	-	-	-	**-**	*
	1 254	197	(83)	**1 368**	
Regulatory deferral credit balances					
Electric					
DSM deferral	49	-	-	**49**	*
Bipole III deferral	174	-	(77)	**97**	2
Major capital project deferral	71	27	-	**98**	*
Gas					
PGVA	15	(291)	281	**5**	***
Impact of 2014 depreciation study	3	-	(1)	**2**	2
Meter exchange costs	5	-	(5)	**-**	-
	317	(264)	198	**251**	
Net movement in regulatory balances		461	(281)	**180**	

[1] Included in DSM programs is the difference between actual and planned expenditures for electric DSM programs for the fiscal years 2013 to 2017.

* These amounts will be recovered or refunded in future rates in periods to be determined.

** The Affordable Energy Fund is amortized to the consolidated statement of income at the same rate as the provision (Note 28) is drawn down.

*** The PGVA is recovered or refunded in future rates.

	March 31, 2020	Balances arising in the year	Recovery / reversal	March 31, 2021	Remaining recovery / reversal period
					(years)
Regulatory deferral debit balances					
Electric					
DSM programs[1]	322	28	(43)	307	1 - 10
Site remediation	38	10	(5)	43	1 - 15
Change in depreciation method	199	41	-	240	*
Deferred ineligible overhead	113	20	(4)	129	1 - 34
Keeyask in-service deferral	-	16	-	16	*
Acquisition costs	7	-	(1)	6	10 - 13
Affordable Energy Fund	4	-	-	4	**
Loss on retirement or disposal of assets	36	36	-	72	*
Regulatory costs	7	-	(5)	2	1 - 5
Conawapa	354	-	(12)	342	27
Gas					
DSM programs	54	7	(10)	51	1 - 10
Deferred taxes	16	1	(3)	14	8
Site remediation	2	-	-	2	1 - 15
Loss on retirement or disposal of assets	12	1	(3)	10	1 - 5
Change in depreciation method	12	2	-	14	*
Regulatory costs	2	1	(2)	1	1 - 5
Change in depreciation rate - meters	1	-	-	1	3
Impact of 2019 depreciation study	-	-	-	-	*
	1 179	163	(88)	1 254	
Regulatory deferral credit balances					
Electric					
DSM deferral	49	-	-	49	*
Bipole III deferral	252	-	(78)	174	3
Major capital project deferral	33	38	-	71	*
Gas					
PGVA	18	(195)	192	15	***
Impact of 2014 depreciation study	4	-	(1)	3	3
Meter exchange costs	11	-	(6)	5	1
	367	(157)	107	317	
Net movement in regulatory balances		320	(195)	125	

[1] Included in DSM programs is the difference between actual and planned expenditures for electric DSM programs for the fiscal years 2013 to 2017.

* These amounts will be recovered or refunded in future rates in periods to be determined.

** The Affordable Energy Fund is amortized to the consolidated statement of income at the same rate as the provision (Note 28) is drawn down.

*** The PGVA is recovered or refunded in future rates.

The balances arising in the year consist of additions to regulatory deferral balances. The recovery/reversal consists of amounts recovered from customers in rates through the amortization of existing regulatory balances or rate riders. The net impact of these transactions results in the net movement in regulatory deferral balances on the consolidated statement of income.

Balances arising in the year include $1 million (2021 – $1 million) for carrying costs on deferred taxes, the Affordable Energy Fund and the PGVA.

The regulatory deferral debit balances of the corporation consist of the following:

DSM program expenditures are incurred for energy conservation programs to encourage residential, commercial and industrial customers to use energy more efficiently. Effective April 1, 2020, Manitoba Hydro transitioned certain DSM programs to Efficiency Manitoba Inc. (Note 32). Expenditures related to these programs are included in this deferral balance.

Site remediation expenditures are incurred for the remediation of contaminated corporate facilities and diesel generating sites.

Change in depreciation method represents the cumulative annual difference in depreciation expense between the ASL method of depreciation as applied by Manitoba Hydro prior to its transition to IFRS and the ELG method as applied by Manitoba Hydro under IFRS.

Deferred ineligible overhead is the cumulative annual difference in overhead capitalized for financial reporting purposes under IFRS and overhead capitalized for rate-setting purposes. As per PUB Order 152/19 Centra ceased capitalizing ineligible overhead beginning in April 2019 and the balance in the deferral account was recognized as a period cost in fiscal 2019-20.

Acquisition costs relate to costs associated with the acquisition of Centra and Minell (July 1999) and Winnipeg Hydro (September 2002).

The Affordable Energy Fund relates to future DSM expenditures in connection with *The Winter Heating Cost Control Act*. The intent of the Affordable Energy Fund is to provide funding for projects that would not otherwise be funded by DSM programs.

Loss on retirement or disposal of assets is the net asset retirement losses for those assets retired prior to or subsequent to reaching their expected service life as determined under the ELG method of depreciation.

Keeyask in-service deferral represents the difference in depreciation expense and interest expense between the method applied by the corporation under IFRS for financial reporting purposes and the per unit of output method used for rate-setting purposes.

Regulatory costs are those incurred as a result of electric and gas regulatory hearings.

Conawapa relates to the one-time transfer of historical costs incurred in relation to the Conawapa Generating Station project which has been discontinued.

Deferred taxes reflect the taxes paid by Centra (July 1999) as a result of its change to non-taxable status upon acquisition by Manitoba Hydro.

Change in depreciation rate on meters represents the difference between depreciation on gas meters between the 20-year rate used for financial reporting purposes and the 25-year rate used for rate-setting purposes.

Impact of 2019 depreciation study represents the cumulative unamortized difference in depreciation between the ASL method based on the 2014 depreciation study and the ASL method based on the 2019 depreciation study. The PUB requires the use of 2014 ASL depreciation rates for Centra for rate-setting purposes pending review at the next gas regulatory proceeding. The balance at March 31, 2022 is less than $1 million (2021 – less than $1 million).

The regulatory deferral credit balances of the corporation consist of the following:

DSM deferral – In Orders 43/13 and 85/13, the PUB directed that the differences between actual and planned spending on electric programs for the 2013 and 2014 fiscal years be recognized as a liability. In Order 73/15, the PUB further directed the same treatment for 2015 and 2016 spending as well as for 2017. The cumulative differences have been recorded as a regulatory deferral credit balance with an offsetting balance recorded as a regulatory deferral debit balance. In Order 59/18, the PUB directed Manitoba Hydro to discontinue the deferral of differences between actual and planned DSM spending beginning fiscal 2018.

Bipole III deferral represents amounts collected from customers set aside to mitigate rate increases when Bipole III comes into service and reflects rate increases of 1.50% approved by the PUB effective May 1, 2013, 0.75% effective May 1, 2014, 2.15% effective August 1, 2015, 3.36% effective August 1, 2016 and 3.36% effective August 1, 2017.

Major capital project deferral represents amounts collected from customers from the June 1, 2019 2.5% rate increase that is set aside to aid in mitigating future rate increases when Keeyask Generating Station and other major capital projects come into service. In Order 9/22, the PUB directed Manitoba Hydro to cease funding the major capital project deferral account effective December 31, 2021.

Purchased gas variance accounts are maintained to recover/refund differences between the actual cost of gas and the cost of gas incorporated into rates charged to customers as approved by the PUB. Purchased gas variance accounts are reflected as a regulatory debit or credit depending if the amounts represent a recovery from or a refund to the customers, respectively.

Impact of 2014 depreciation study represents the cumulative unamortized difference in depreciation between the ASL method based on the 2010 depreciation study and the ASL method based on the 2014 depreciation study. The annual difference in depreciation for ASL rates based on the 2010 and 2014 depreciation studies from 2014-15 through 2018-19 shall be amortized over five years commencing April 1, 2019.

Meter exchange costs represents the liability established in accordance with PUB Order 152/19. Centra Gas was directed to refund $16 million to customers related to expenditures on meter exchange costs which resulted in the establishment of a regulated liability. The cumulative balance in this account was amortized over three years commencing April 1, 2019.

Note 21 Long-term debt

	Advances from the Province	Manitoba Hydro-Electric Board Bonds	Other*	Total
Balance, April 1, 2020	23 078	121	88	23 287
Issues	2 550	-	50	2 600
Maturities	(1 532)	-	-	(1 532)
Foreign exchange adjustments	(159)	-	(5)	(164)
Amortization of net premiums and transaction costs	-	-	(5)	(5)
Balance, March 31, 2021	23 937	121	128	24 186
Issues	1 575	-	(70)	1 505
Maturities	(951)	(3)	-	(954)
Foreign exchange adjustments	27	-	-	27
Amortization of net premiums and transaction costs	-	-	(6)	(6)
	24 588	118	52	24 758
Less: current portion	(1 141)	-	-	(1 141)
Balance, March 31, 2022	**23 447**	**118**	**52**	**23 617**

*Other includes adjustments to carrying value of dual currency bonds, transaction costs and debt discounts and premiums.

During the year, the corporation issued long-term financing of $1 505 million (2021 – $2 600 million). The current year financing was in the form of provincial advances with the majority at fixed interest rates.

Included in the current portion of long-term debt are $1 141 million (2021 – $1 121 million) of debt maturities.

Long-term debt is guaranteed by the Province of Manitoba, with the exception of Manitoba Hydro-Electric Board Bonds in the amount of $58 million (2021 – $61 million) issued for mitigation projects.

Debt principal amounts (excluding adjustments to the carrying value of dual currency bonds, transaction costs, debt discounts and premiums) and related yields are summarized by fiscal years of maturity in the following table:

Years of maturity	Canadian	Canadian yields	U.S.	U.S. yields	**2022 Total**
2023	954	2.0%	187	0.8%	**1 141**
2024	1 450	3.1%	-	-	**1 450**
2025	878	2.5%	-	-	**878**
2026	950	3.9%	-	-	**950**
2027	1 078	2.3%	-	-	**1 078**
	5 310	2.9%	187	0.8%	**5 497**
2028-2032	4 710	4.0%	500	1.6%	**5 210**
2033-2037	695	4.5%	-	-	**695**
2038-2042	2 031	4.3%	-	-	**2 031**
2043-2047	3 402	3.5%	-	-	**3 402**
2048-2052	3 525	3.2%	-	-	**3 525**
2053-2121	4 346	3.1%	-	-	**4 346**
	24 019	3.4%	687	1.5%	**24 706**

Included in the above Canadian maturity amounts is one (2021 – one) dual currency bond with the principal amount repayable in Canadian currency and interest payments denominated in U.S. currency. The one dual currency bond matures in the 2025-26 fiscal year in the amount of $130 million Canadian (2021 – one dual currency bond matures in 2025-26 in the amount of $130 million). U.S. debt is translated into Canadian dollars at the exchange rate prevailing at the consolidated statement of financial position date, $1.00 U.S. = $1.25 Canadian (2021 – $1.00 U.S. = $1.26 Canadian).

Note 22 Accounts payable and accrued liabilities

	2022	2021
Trade and other payables	**345**	331
Employee payroll and benefit accruals	**59**	67
Taxes payable	**67**	45
Water rentals and assessments	**11**	10
	482	453

Included in accounts payable and accrued liabilities are accruals based on an estimated amount of services completed or goods and materials received but not invoiced.

Note 23 Notes payable

	Total
Balance, April 1, 2020	-
Issues	-
Maturities	-
Balance, March 31, 2021	-
Issues	75
Maturities	(25)
Balance, March 31, 2022	**50**

Notes payable at March 31, 2022 had a weighted average term to maturity of 14 days and a weighted average rate of 0.45%. *The Manitoba Hydro Act* grants the corporation the power to issue short-term promissory notes up to an aggregate amount of $1.5 billion denominated in Canadian and/or U.S. currency which includes access to bank credit facilities that provide for overdrafts and notes payable under certain conditions. This is limited to $500 million based on the maximum level of guarantee provided by the provincial government.

Note 24 Other liabilities

	2022	2021
Current portion of other non-current liabilities (Note 25)	**101**	105
Fair value of derivative contracts (Note 30)	**1**	25
Current portion of deferred revenue (Note 27)	**17**	17
Current portion of provisions (Note 28)	**7**	20
	126	167

The current portion of other non-current liabilities consists of the current portions of the mitigation liability of $26 million (2021 – $29 million), major development liability of $34 million (2021 – $33 million), transmission rights liability related to the Great Northern Transmission Line of $20 million (2021 - $22 million), perpetual obligation to the City of Winnipeg for the acquisition of Winnipeg Hydro of $16 million (2021 – $16 million), refundable advances from customers of $4 million (2021 – $4 million) and the lease liability of $1 million (2021 – $1 million).

The fair value of derivative contracts represents the fair value of the U.S. dollar foreign exchange forward contracts Manitoba Hydro has purchased as well as the fair value of unsettled commodity derivative contracts.

The current portion of deferred revenue represents customer contributions in aid of construction and advance payments from customers for extraprovincial sales, software maintenance and international consulting work.

The current portion of provisions includes amounts established for the asset retirement obligation for the removal and disposal of polychlorinated biphenyl (PCB) contaminated fluid in the corporation's equipment as well as amounts related to contractual disputes that are expected to be settled in the coming year.

Note 25 Other non-current liabilities

	2022	2021
Mitigation liability	**161**	162
Major development liability	**193**	194
Perpetual obligation	**215**	215
Transmission rights liability	**214**	237
Refundable advances from customers	**93**	88
Fair value of long-term derivative contracts (Note 30)	**36**	5
Lease liability	**7**	7
Other	**2**	2
	921	910
Less: current portion (Note 24)	**(101)**	(105)
	820	805

Mitigation

Manitoba Hydro's mitigation program addresses past, present and ongoing adverse effects of historical hydroelectric development. The mitigation program, established in the late 1970s to address project impacts through alleviation of adverse effects, remedial works and residual compensation, grew out of the experience of planning and development of the Lake Winnipeg Regulation and Churchill River Diversion Projects. The Northern Flood Agreement, signed December 16, 1977, created a process that addressed ongoing mitigation and compensation for adverse effects of hydroelectric development in five signatory Indigenous communities. The mitigation program was expanded to address impacts arising from all past hydroelectric developments (prior to the Wuskwatim generating station), particularly for Indigenous people residing or engaged in resource harvesting in the project areas, and it is essential for operating and future development purposes. Expenditures recorded or settlements reached to mitigate the impacts of historical hydroelectric development amounted to $31 million during the year (2021 – $17 million). Payments made during the year totaled $28 million (2021 – $20 million).

In recognition of future mitigation payments, the corporation has recorded a liability of $161 million (2021 – $162 million). The net decrease in the liability is primarily the result of payments made during the year. There are other mitigation issues, the outcomes of which are not determinable at this time.

Included in mitigation liabilities are obligations assumed on behalf of the Province of Manitoba with respect to certain northern development projects. The corporation has assumed obligations totaling $147 million for which water power rental charges were fixed until March 31, 2001. The obligation outstanding as at March 31, 2022 totaled $8 million (2021 – $8 million).

The discount rates used to determine the present value of mitigation obligations range from 2.95% to 8.50%.

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Major development

Beginning with the development of the Wuskwatim generating station, project-related adverse effects are identified and addressed during project planning (including the environmental assessment process), which is done in advance of project construction. As such, mitigation measures are built into project design where possible. The costs for these mitigation measures, as well as any residual compensation requirements, are therefore accounted for in the capital cost estimates for each individual project.

Programs and adverse effects agreements have been negotiated to mitigate and compensate for all anticipated project-related impacts for major new generation and transmission development projects including Wuskwatim, Keeyask, Bipole III and the Manitoba-Minnesota transmission line. The corporation has recorded a liability of $193 million (2021 – $194 million) to reflect these agreements. These expenditures are included in the costs of the associated projects and amortized over the life of the assets. Payments made during the year totaled $26 million (2021 – $15 million).

The discount rates used to determine the present value of the major development obligations range from 3.15% to 5.05%..

Perpetual obligation

Effective September 3, 2002, the corporation acquired the net assets of Winnipeg Hydro from the City of Winnipeg. The obligation represents the net present value of payments to the City of Winnipeg of $16 million per annum in perpetuity.

The discount rate used to determine the present value of the perpetual obligation was 7.45%.

Transmission rights liability

Pursuant to an energy sale agreement Manitoba Hydro is obligated to pay a monthly fee from June 2020 to May 2040 related to transmission rights obtained as a result of the in-service of the Great Northern Transmission Line (Note 18).

The discount rate used to determine the present value of the obligation was 2.37%.

Refundable advances from customers

Advances from customers are required whenever the costs of extending service exceed specified construction allowances. Certain of these advances may be refunded over a limited period of time as new customers begin to receive service or other contractual obligations are fulfilled. If contractual obligations are not fulfilled, these advances are reclassified to deferred revenue.

Lease liability

The lease liability of $7 million (2021 - $7 million) relates primarily to leases for a subsidiary company head office, land, buildings, technology equipment and machinery.

In addition to the $6 million (2021 - $7 million) cash outflow recorded in operating and administrative expenses (Note 8), there is a $2 million (2021 - $2 million) cash outflow for principal and interest of lease liabilities.

Note 26 Employee future benefits

	2022	2021
Net pension liability	**600**	737
Other employee future benefits liability	**282**	273
	882	1 010

Pension plans

Manitoba Hydro and its employees are participating members of the Civil Service Superannuation Plan (the Plan) established under *The Civil Service Superannuation Act* (CSSA) of the Province of Manitoba. Manitoba Hydro employees are eligible for pension benefits based on years of service and on the average earnings of the five best years. As a non-matching employer, the provisions of the CSSA require the corporation to contribute approximately 50% of the pension disbursements made to retired employees. Manitoba Hydro provides its portion of pension benefits through a separately administered fund, the Manitoba Hydro Pension Fund (MHPF). Manitoba Hydro and employees make contributions based on a percentage of pensionable earnings in accordance with the CSSA. The corporation expects to pay $34 million in contributions to this defined benefit plan in fiscal 2023.

Manitoba Hydro employees with pensionable service after June 1, 2006 are eligible for an additional pension benefit under the Enhanced Hydro Benefit Plan (EHBP). The EHBP improves the pension formula used to calculate pension benefits. Manitoba Hydro funds the enhanced pension benefit through contributions based on 0.50% of pensionable earnings to a separate trust account that is managed by the Civil Service Superannuation Board (CSSB). The EHBP funds are co-mingled with the Civil Service Superannuation Fund (CSSF) assets for investment purposes. The corporation expects to pay $2 million in contributions to this defined benefit plan in fiscal 2023.

The former employees of Centra are entitled to pension benefits earned under the Centra curtailed pension plans. The Centra curtailed pension plans are Registered Pension Trusts as defined in the *Income Tax Act (Canada)*. The Master Trust is made up of three individual plans including the Centra Gas Manitoba Inc. Pension Plan for Salaried Employees, the Centra Gas Manitoba Inc. Union Employees' Pension Plan and the Centra Gas Manitoba Inc. (Rural) Local 681 Pension Plan. Centra is required to make special payments to the plans at amounts considered necessary to ensure that the benefits will be fully provided for at retirement as determined in the actuarial valuation dated December 31, 2019. The corporation expects to pay $1 million in special payments to these defined benefit plans in fiscal 2023. The plans are registered with the Pension Commission of Manitoba and subject to the rules and regulations of *The Pension Benefits Act of Manitoba*. The Master Trust assets are held in trust with State Street Trust Company of Canada. The CSSB acts as the investment manager.

MHUS employees are eligible for pension benefits under the Plan. As a matching employer under the CSSA, MHUS is required to match employee contributions at a prescribed rate. MHUS' pension expense is recognized at the time contributions are made. Manitoba Hydro does not carry a pension asset or obligation on its consolidated financial statements related to MHUS.

The former employees of Winnipeg Hydro continue to earn benefits under the Winnipeg Civic Employee Benefits Program (WCEBP), which upon the acquisition of Winnipeg Hydro, Manitoba Hydro became a participating employer. The WCEBP is a defined benefit plan that provides pension benefits based on years of service and on the average earnings of the five best years. Manitoba Hydro does not carry a pension asset or obligation on its consolidated financial statements related to the former employees of Winnipeg Hydro. The WCEBP is governed by an independent board of trustees and a trust agreement that limits Manitoba Hydro's contribution rates. The structure of the trust agreement also limits Manitoba Hydro's exposure to future unfunded liabilities. Contributions to the plan are accounted for similar to a defined contribution plan.

MHI sponsors a defined contribution group registered retirement plan. MHI matches 100% of the employee contributions at prescribed contribution rates. The cost of the pension benefits is charged to pension expense as services are rendered. Manitoba Hydro does not carry a pension asset or obligation on its consolidated financial statements for the MHI defined contribution plan.

An independent actuary calculates the liability for pension expense purposes as at December 31 each year with the most recent actuarial valuations being completed as at December 31, 2021. The next actuarial valuations for all plans will occur as at December 2022.

These valuations incorporate management's assumptions and take into consideration the long-term nature of the pension plans. The actuary selects the demographic assumptions. The corporation's management in consultation with the actuary determines the economic assumptions such as discount rate. The accrued benefit actuarial cost method with salary projection is used to determine the pension benefit obligation and current service cost.

The following table presents information pertaining to the Manitoba Hydro Plan, the EHBP and the Centra curtailed plans that are recognized in the consolidated financial statements:

	Manitoba Hydro Plan		EHBP		Centra curtailed pension plans		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Plan assets at fair value								
Balance at beginning of year	**1 080**	979	**39**	36	**139**	124	**1 258**	1 139
Return on assets	**54**	186	**4**	4	**7**	23	**65**	213
Employer contributions	**33**	34	**2**	2	**1**	-	**36**	36
Benefit payments and refunds	**(82)**	(119)	**(1)**	(3)	**(8)**	(8)	**(91)**	(130)
	1 085	1 080	**44**	39	**139**	139	**1 268**	1 258
Pension obligation								
Balance at beginning of year	**1 817**	1 716	**53**	49	**125**	119	**1 995**	1 884
Interest cost	**60**	66	**2**	2	**4**	4	**66**	72
Current service cost	**50**	49	**3**	3	**-**	-	**53**	52
Benefit payments and refunds	**(82)**	(119)	**(1)**	(3)	**(8)**	(8)	**(91)**	(130)
Actuarial (gains) losses arising from changes in financial assumptions	**(140)**	105	**(4)**	2	**(11)**	10	**(155)**	117
	1 705	1 817	**53**	53	**110**	125	**1 868**	1 995
Net pension (liability) asset	**(620)**	(737)	**(9)**	(14)	**29**	14	**(600)**	(737)

The total net experience gains on all pension fund assets for the fiscal year ended March 31, 2022 was $25 million (2021 - $171 million). The gain on pension fund assets for the MHPF for the fiscal year ended March 31, 2022 was 5.5% (2021 – 20.1% gain). The gain for the Centra curtailed plan fund assets for the year ended March 31, 2022 was 5.4% (2021 – 20.1% gain). The weighted average term to maturity on fixed income investments is 11.1 years (2021 – 11.3 years).

The investment income earned on the EHBP funds is based on the market rate of return that is earned by the CSSF. For the year ended December 31, 2021, the CSSF earned a rate of return of 11.3% (2020 – 9.0%) on fund assets.

The most recent actuarial valuations for the pension plans for going concern funding purposes were prepared as at December 31, 2021 at which date the Manitoba Hydro Plan was 82% and the EHBP was 100% funded. The Manitoba Hydro Plan is exempt from the funding and solvency test funding requirements of *The Pension Benefits Act*. The Centra curtailed pension plans are subject to a solvency valuation for funding purposes with the latest valuation taking place as at December 31, 2021. The Centra Salaried, Union and Rural plans were 108%, 126% and 117% funded, respectively, at that date.

The corporation has recognized experience and actuarial losses on pensions in AOCI at March 31, 2022 totaling $322 million (2021 - $502 million).

The corporation's pension expense related to each of the pension benefit plans is as follows:

	Manitoba Hydro Plan		EHBP		Centra curtailed pension plans	
	2022	2021	**2022**	2021	**2022**	2021
Current service cost	**50**	49	**3**	3	**-**	-
Interest on assets	**(39)**	(40)	**(2)**	(2)	**(5)**	(5)
Interest on obligation	**60**	66	**2**	2	**4**	4
Administrative fees	**4**	4	**-**	-	**1**	1
	75	79	**3**	3	**-**	-

Pension expense for the former Winnipeg Hydro employees is equal to employer contributions to the WCEBP. Total contributions to the WCEBP during the year amounted to $1 million (2021 – $1 million) and reflects a blended pension rate approximating 10.00% of pensionable earnings as of September 1, 2019. Pension expense for MHUS and MHI is equal to the employer contributions and is expensed during the year. The amounts are not material.

Assumptions

The significant actuarial assumptions adopted in measuring the corporation's pension and other employee benefit obligations are as follows:

	2022	2021
Discount rate - pensions MH	**4.00%**	3.31%
Discount rate - pensions CG	**3.93%**	3.11%
Discount rate - other benefits	**3.75 - 4.02%**	3.32%
Rate of compensation increase, including merit and promotions	**0.00 - 3.33%**	0.00 - 2.00%
Long-term inflation rate	**1.90%**	1.90%

Sensitivity of assumptions

The sensitivities of the actuarial assumptions used to measure the defined benefit obligations are set out below:

Assumption	Change in assumption	Impact on Manitoba Hydro Plan	Impact on EHBP	Impact on Centra curtailed pension plans
Discount rate	+ 0.50%	(116)	(5)	(6)
	- 0.50%	131	5	6
Inflation rate	+ 0.10%	(20)	(1)	(1)
	- 0.10%	20	1	1
Wage rate	+ 0.10%	5	-	-
	- 0.10%	(5)	-	-

The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another.

Benefit plan asset allocation

The following is a summary of the asset mix of the plans' investments at fair value:

	MHPF		Centra curtailed pension plans	
	2022	2021	**2022**	2021
Equities	**56%**	53%	**56%**	55%
Bonds and debentures	**17%**	18%	**17%**	18%
Real estate	**14%**	14%	**14%**	13%
Infrastructure	**8%**	8%	**8%**	7%
Private credit	**4%**	5%	**4%**	5%
Short-term investments	**1%**	2%	**1%**	2%
	100%	100%	**100%**	100%

Other employee future benefits

Manitoba Hydro also provides some unfunded non-pension employee future benefits including banked incidental days, vacation days, long-term disability, workers compensation, retiree health spending, sick leave vesting and severance. The following table presents information concerning other employee future benefits:

	2022	2021
Balance at beginning of year	**273**	243
Interest cost	**6**	6
Current service cost	**16**	25
Benefit payments	**(24)**	(24)
Actuarial loss from changes in financial assumptions	**13**	-
Remeasurement loss (gain) from changes in financial assumptions	**(2)**	23
Benefits liability	**282**	273

Key management personnel

The key management personnel of the corporation have been defined as members of the Manitoba Hydro-Electric Board and Manitoba Hydro's executives. The directors' fees are authorized by the Lieutenant Governor in Council. Manitoba Hydro's executives receive a base salary, in addition to non-cash benefits, employer contributions to the corporation's post-employment defined pension plan and other post-employment benefits.

Key management personnel compensation is as follows:

	2022	2021
Salaries and other short-term employee benefits	**3**	3
Post-employment benefits	**1**	1
	4	4

Note 27 Deferred revenue

	2022	2021
Contributions in aid of construction	**607**	581
Government grants	**12**	9
Deferred revenue	**5**	6
	624	596
Less: current portion (Note 24)	**(17)**	(17)
	607	579

Contributions in aid of construction are required from customers and developers whenever the costs of extending service exceed specified construction allowances.

Revenue from contracts with customers and developers expected to be recognized in future periods related to performance obligations that are unsatisfied or partially satisfied at the reporting date are as follows :

	2023	2024	2025	2026	2027	2028 and thereafter	Total
Contributions from customers and developers	14	13	13	13	13	541	607

Note 28 Provisions

	Mitigation provisions	Asset retirement obligations	Affordable Energy Fund	Legal and other provisions	Total
Balance, April 1, 2020	27	6	4	11	48
Provisions made	2	-	-	21	23
Provisions used	(1)	-	-	(4)	(5)
Accretion	1	-	-	-	1
Gain on derecognition	-	(3)	-	-	(3)
Balance, March 31, 2021	29	3	4	28	64
Provisions made	5	15	-	16	36
Provisions used	-	-	-	(20)	(20)
Accretion	1	-	-	-	1
Revaluations	(2)	-	-	-	(2)
Balance, March 31, 2022	**33**	**18**	**4**	**24**	**79**

	2022	2021
Analyzed as:		
Current (Note 24)	**7**	20
Non-current	**72**	44
	79	64

Mitigation

A provision has been recognized for certain mitigation related obligations arising from ongoing adverse effects of past hydroelectric development. The amount recognized as a provision is the best estimate of the consideration required to settle the obligation at the reporting date. Once a final settlement is reached, these obligations will be transferred to other long-term liabilities (Note 25).

Discount rates used to determine the present value of mitigation related provisions were 3.65% to 4.45% (2021 – 3.15% to 3.75%).

Asset retirement obligations

In the prior year, an asset retirement obligation was derecognized for the future decommissioning of the Brandon Thermal Generating Station coal pile. The estimate was adjusted as a result of the sale of the remaining coal to an external third party. The corporation estimates the undiscounted cash flows required to complete the sale are less than $1 million (2021 – less than $1 million), which is expected to be incurred by 2026.

The corporation recognizes an asset retirement obligation for the removal and disposal of PCB contaminated fluid in equipment bushings at transmission and distribution stations. The estimated undiscounted cash flows required to settle the asset retirement obligation are approximately $2 million (2021 – $2 million), which is expected to be incurred by 2024.

During the year, based on new information, an asset retirement obligation was recognized for the removal and disposal of PCB contaminated fluid in equipment maintained enterprise-wide by the corporation. The estimated undiscounted cash flows required to settle the asset retirement obligation are approximately $16 million (2021 – nil), which is expected to be incurred by 2026.

No funds are being set aside to settle the asset retirement obligations. The discount rates used to determine the fair market value of asset retirement obligations was 2.29% to 2.38% (2021 – 0.48%).

Affordable Energy Fund

In accordance with the requirements of *The Winter Heating Cost Control Act*, Manitoba Hydro established an Affordable Energy Fund in the initial amount of $35 million for the purpose of providing funding for projects that would not otherwise be funded by DSM programs. Expenditures of less than $1 million (2021 – less than $1 million) during the year were charged to operations with the regulatory deferral balance and the provision reduced accordingly.

Legal and other provisions

Legal and other provisions have been established for obligations, which require recognition in the financial statements due to the likelihood of settlement and the presence of an obligation, either from past events or constructive in nature. These include amounts related to contractual disputes that are expected to be settled in the coming year.

Note 29 Non-controlling interests

	2022	2021
Wuskwatim Power Limited Partnership		
Taskinigahp Power Corporation	**34**	29
Keeyask Hydropower Limited Partnership		
Cree Nation Partners Limited Partnership	**175**	176
Fox Lake Cree Nation Keeyask Investments Inc.	**58**	59
York Factory First Nation Limited Partnership	**58**	59
	291	294
	325	323

Manitoba Hydro has entered into the WPLP with Taskinigahp Power Corporation (TPC) to carry on the business of developing, owning and operating the Wuskwatim Generating Station. TPC is owned beneficially by Nisichawayasihk Cree Nation (NCN). The generating station and associated transmission assets were placed into service during the 2012-13 year.

The 33% ownership interest of TPC in the WPLP of $34 million (2021 – $29 million) is represented as a non-controlling interest within the equity section of the consolidated statement of financial position. TPC's portion of the net income of the WPLP during 2021-22 is $5 million (2021 – less than $1 million).

In accordance with the partnership agreements, Manitoba Hydro provides debt financing to TPC for investment in WPLP (Note 19). As at March 31, 2022, Manitoba Hydro has provided advances to TPC of $88 million (2021 – $88 million). In addition, Manitoba Hydro provides advances on future WPLP distributions to NCN. As at March 31, 2022, Manitoba Hydro has provided advances to NCN of $7 million (2021 – $7 million). The advances plus interest are repayable by TPC through its share of distributions from the WPLP. In exchange for forgiveness of the advances and interest, TPC has the option to put all their units back to Manitoba Hydro at any time between June 29, 2037 and June 29, 2062.

Manitoba Hydro has also entered into the KHLP with Tataskweyak Cree Nation (TCN) and War Lake First Nation (War Lake) operating as Cree Nation Partners (CNP), York Factory First Nation (York Factory) and Fox Lake Cree Nation (Fox Lake) to carry on the business of developing, owning and operating the Keeyask Generating Station. Cree Nation Partners Limited Partnership (CNPLP) is owned beneficially by TCN and War Lake through CNP, FLCN Keeyask Investments Inc. (FLCNKII) is owned beneficially by Fox Lake and York Factory First Nation Limited Partnership (YFFNLP) is owned beneficially by York Factory. The first unit of the generating station was placed in-service in February 2021 with the remaining units placed in-service during the year ended March 31, 2022.

The 10.5% ownership interest of CNPLP, the 3.5% ownership interest of FLCNKII and the 3.5% ownership interest of YFFNLP in the KHLP totaling $291 million (2021 – $294 million) is represented as a non-controlling interest within the equity section of the consolidated statement of financial position. The net loss of the KHLP attributable to the non-controlling interests totals $16 million (2021 – $2 million).

In accordance with the partnership agreements, Manitoba Hydro provides debt financing to CNPLP, FLCNKII and YFFNLP (Note 19). As at March 31, 2022, Manitoba Hydro has provided advances to CNPLP of $184 million (2021 – $177 million), FLCNKII of $61 million (2021 – $59 million) and YFFNLP of $61 million (2021 – $59 million). The advances plus interest are repayable by CNPLP, FLCNKII and YFFNLP through distributions from the KHLP. In exchange for forgiveness of the advances and interest, CNPLP, FLCNKII and YFFNLP have the option at the final closing date (as defined in the Joint Keeyask Development Agreement) to convert their common units to preferred units based on their invested capital and return their common units to Manitoba Hydro or to put all their units back to Manitoba Hydro.

Summarized financial information before intercompany eliminations for WPLP and KHLP are as follows:

	2022	2021
WPLP		
Current assets	**65**	41
Non-current assets	**1 433**	1 443
Current liabilities	**24**	23
Non-current liabilities	**1 371**	1 373
Revenue	**124**	112
Net income	**15**	-
KHLP		
Current assets	**24**	6
Non-current assets	**7 442**	7 257
Current liabilities	**181**	186
Non-current liabilities	**5 625**	5 396
Revenue	**160**	6
Net loss	**(94)**	(15)

Note 30 Financial instruments

The carrying amounts of cash and cash equivalents, trade accounts receivable and accrued revenue, trade accounts payable and accrued liabilities, loans and other receivables and long-term debt and other non-current liabilities are carried at values that approximate fair value due to the short-term nature of these financial instruments.

The carrying amounts and fair values of the corporation's non-derivative financial instruments are as follows:

	2022		2021	
	Carrying value	Fair value	Carrying value	Fair value
Amortized cost				
Cash and cash equivalents	**1 083**	**1 083**	1 142	1 142
Accounts receivable and accrued revenue	**490**	**490**	445	445
Loans and other receivables (including current portion)	**562**	**585**	543	581
Other financial liabilities				
Accounts payable and accrued liabilities	**482**	**482**	453	453
Notes payable	**50**	**50**	-	-
Long-term debt (including current portion)	**24 758**	**25 442**	24 186	26 874 *
Mitigation liability (including current portion)	**161**	**202**	162	228
Major development liability (including current portion)	**193**	**215**	194	245
Perpetual obligation (including current portion)	**215**	**369**	215	411
Transmission rights liability	**214**	**194**	237	224

*The fair value of long-term debt is unhedged and excludes the Provincial debt guarantee fee.

The fair value measurement of financial instruments is classified in accordance with a hierarchy of three levels, based on the type of inputs used in making these measurements:

Level 1 - Quoted prices in active markets for identical assets and liabilities;
Level 2 - Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly; and
Level 3 - Inputs for the asset or liability that are not based on observable market data.

Fair value Level 2 measurements are derived from quoted market yields at the close of business on the consolidated statement of financial position date for similar instruments available in the capital market. There are nominal amounts measured at Level 3 that are based on internally developed valuation models and consistent with valuation models developed by other market participants in the wholesale power markets.

Financial risks

During the normal course of business, Manitoba Hydro is exposed to a number of financial risks including credit, liquidity and market risk resulting from fluctuations in foreign currency, interest rates and commodity prices. Risk management policies, processes and systems have been established to identify and analyze financial risks faced by the corporation and its subsidiaries, to set risk tolerance limits, establish controls and to monitor risk and adherence to policies. An integrated risk management plan has been developed and reviewed by the Manitoba Hydro-Electric Board to ensure the adequacy of the risk management framework in relation to the risks faced by the corporation. The nature of the financial risks and Manitoba Hydro's strategy for managing these risks have not changed significantly from the prior year.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Manitoba Hydro is exposed to credit risk related to temporary investments and pension fund investments. The corporation limits its exposure to credit risk by only investing in government-guaranteed bonds, highly rated investments and well-diversified investment portfolios.

The corporation is also exposed to credit risk related to domestic and export energy sales. Credit risk related to domestic receivables is mitigated by the large and diversified electric and natural gas customer base. Customers participating in residential financing programs are subject to credit reviews and must meet specific criteria before they are approved for a residential loan or financing. Credit risk in the export power market is mitigated by establishing credit requirements, conducting standard credit reviews of all counterparties and setting and monitoring exposure limits for each of these counterparties. Letters of credit and netting provisions are also in place to further mitigate credit risk. The maximum exposure to credit risk related to domestic and export energy sales is the carrying value of the related receivables.

The values of the corporation's aged trade accounts receivable and related expected credit loss allowance are presented in the following table:

	Manitoba	Extraprovincial	ECL allowance	**2022**	2021
Under 30 days	248	29	(1)	**276**	241
31 to 60 days	23	-	(1)	**22**	19
61 to 90 days	14	-	(1)	**13**	10
Over 90 days	60	2	(32)	**30**	32
Total accounts receivable	345	31	(35)	**341**	302

The ECL allowance for trade receivables is reviewed annually and is based on an amount equal to lifetime expected credit losses.

Reconciliation between the opening and closing ECL allowance balances for trade accounts receivable is as follows:

	2022	2021
Balance, April 1	**24**	22
Loss allowance	**16**	7
Write-offs	**(7)**	(6)
Recoveries	**2**	1
Balance, March 31	**35**	24

As a result of the COVID-19 pandemic and material disruptions to businesses and the economy, the corporation's credit risk could be increased due to customers inability to pay their energy bills when due. The corporation considers the current economic and credit conditions to determine its expected credit loss. Given the high degree of uncertainty caused by the COVID-19 outbreak, the estimates and judgments in the preparation of the ECL allowance are subject to a high degree of estimation uncertainty. Manitoba Hydro has considered the impact of COVID-19 at March 31, 2022 and believes it continues to have an impact on the expected credit loss.

In accordance with partnership agreements, the corporation has advanced equity loans to Indigenous partners. These loans plus interest are secured by their ownership investment units in the Wuskwatim and Keeyask Generating Stations as described in Note 29.

In 2021-22, the corporation increased the ECL allowance to $72 million (2021 – $60 million) related to loans and other receivables (Note 19).

(b) Liquidity risk

Liquidity risk refers to the risk that Manitoba Hydro will not be able to meet its financial obligations as they come due. The corporation meets its financial obligations when due through cash generated from operations, short-term borrowings and long-term borrowings advanced from the Province of Manitoba. Cash receipts and disbursements are closely monitored as well as short-term debt balances and forecasted cash requirements.

The following is an analysis of the contractual undiscounted cash flows payable under financial and other liabilities as at the consolidated statement of financial position date:

	Carrying value	2023	2024	2025	2026	2027	2028 and thereafter
Financial liabilities							
Accounts payable and accrued liabilities	482	482	-	-	-	-	-
Notes payable	50	50	-	-	-	-	-
Long-term debt*	24 894	2 196	2 476	1 862	1 904	1 980	35 216
Mitigation liability	161	26	14	14	14	12	413
Major development liability	193	34	10	10	10	10	574
Perpetual obligation	215	16	16	16	16	16	16**
Transmission rights liability	214	20	20	19	18	17	161
Lease liability	7	1	1	1	1	1	3
	26 216	2 825	2 537	1 922	1 963	2 036	36 383

* The carrying value includes current portion and accrued interest, but excludes the Provincial debt guarantee fee
** Per year in perpetuity

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Manitoba Hydro is exposed to three types of market risk: foreign exchange risk, interest rate risk and commodity price risk associated with the price of electricity and natural gas. Manitoba Hydro continually monitors its exposure to these risks and may use hedges or derivative contracts to manage these risks.

(i) Foreign exchange risk

Manitoba Hydro has exposure to U.S. dollar foreign exchange rate fluctuations primarily through the sale and purchase of electricity in the U.S. and through borrowing in U.S. markets. This exposure is managed through a long-term natural hedge between U.S. dollar cash inflows from export revenues and U.S. dollar cash outflows for long-term coupon and principal payments.

To mitigate annual net income impacts due to foreign exchange rate fluctuations, long-term cash flow hedges have been established between U.S. long-term debt balances and future U.S. export revenues as well as between U.S. interest payments on dual currency bonds and future U.S. export revenues. Accordingly, translation gains and losses for U.S. long-term debt obligations in effective hedging relationships with future export revenues, are recognized in OCI until future hedged U.S. export revenues are realized, at which time the associated gains or losses in AOCI are recognized in finance expense. For the year ended March 31, 2022, unrealized foreign exchange translation losses of $2 million (2021 – gains of $94 million) were recognized in OCI and net gains of $31 million (2021 – net losses of $43 million) were reclassified from OCI into net income.

The following table summarizes the corporation's hedging instruments as at March 31, 2022:

	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item where the hedging instrument is located	Change in value used for calculating hedge ineffectiveness
		Assets	Liabilities		
Cash flow hedges: U.S. debt	687	-	687	Long-term debt	20
Dual currency bond interest payments	33	-	-	-	6

The following table summarizes the corporation's hedging instruments as at March 31, 2021:

	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item where the hedging instrument is located	Change in value used for calculating hedge ineffectiveness
		Assets	Liabilities		
Cash flow hedges: U.S. debt	532	-	532	Long-term debt	48
Dual currency bond interest payments	43	-	-	-	7

The accumulated amount of fair value adjustments on the corporation's hedged item (forecast export revenues) recognized in AOCI as at March 31, 2022 was $26 million (2021 - $55 million).

In addition, the corporation utilizes foreign exchange forward contracts to hedge U.S. long-term debt balances, for which hedge accounting is not applied. The monthly foreign exchange revaluation of these U.S. long-term debt balances and the mark to market of the foreign exchange forward contracts are both recorded in finance expense. As at March 31, 2022 there were no outstanding foreign exchange contracts, and accordingly, the fair value of these forward contracts is nil (2021 - $25 million included in other liabilities and classified as Level 2 fair value measurements). The notional amount related to these forward contracts is nil (2021 - $474 million).

In addition to economic hedging relationships, cross currency swap arrangements transacted by the Province of Manitoba on the corporation's behalf are utilized to manage exchange rate exposures and as a means to capitalize on favourable financing terms in either U.S. or Canadian capital markets. Cross currency agreements represent an exchange of principal and/or interest flows denominated in one currency for principal and/or interest flows denominated in another. Such transactions effectively amend the terms of the original debt obligation with the Province of Manitoba with the swapped debt arrangement.

As at March 31, 2022, a change in the Canadian dollar of plus (minus) $0.10 relative to the U.S. dollar would decrease (increase) net income by $2 million (2021 – $2 million), while OCI would increase (decrease) by $55 million (2021 – $42 million).

(ii) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Manitoba Hydro is exposed to interest rate risk associated with temporary investments, floating rate short-term and long-term debt, fixed rate long-term debt maturing within 12 months, offset by the change in interest capitalization.

To mitigate the interest rate risk arising from the significant level of new capital borrowing requirements, the interest rate risk on the existing debt portfolio has been reduced by decreasing the percentage of floating rate debt within the existing debt portfolio and by selecting debt maturities that upon refinancing will not compete with new borrowing requirements.

Interest rate swap agreements transacted by the Province of Manitoba on the corporation's behalf are utilized to manage the fixed and floating interest rate mix of the total debt portfolio, interest rate exposure and related overall cost of borrowing. Interest rate swap agreements represent an agreement between two parties to periodically exchange payments of interest without the exchange of the principal amount upon which payments are based. The Province of Manitoba may also enter into forward start interest rate swap arrangements where the agreement to exchange interest payments commences at some future date. In either swap arrangement, the terms of the debt advanced by the Province of Manitoba to the corporation are amended by the swap.

As at March 31, 2022, an increase or decrease of 1% in the interest rate would reduce or increase net income, respectively, by $4 million (2021 – $2 million), with no impact to OCI.

(iii) Commodity price risk

The corporation is exposed to commodity price risk on market sales and purchases of electricity and delivered natural gas purchases as a result of market price volatility. Long-term contracts are in place to reduce exposure to price variation. The corporation also mitigates electricity price risk with the limited use of derivative financial instruments.

At March 31, 2022, the corporation has unsettled commodity derivative contracts with a fair value of $1 million included in other liabilities (2021 – $1 million included in receivables) and $36 million (2021 - $5 million) included in other non-current liabilities. The derivative financial instruments are classified as Level 2 fair value measurements. For the year ended March 31, 2022, unrealized fair market value losses on fixed-price commodity derivatives of $32 million (2021 – $4 million) were recognized in OCI and $1 million (2021 – $0.1 million) of hedge ineffectiveness was reclassified from OCI to net income. As at March 31, 2022, the corporation has recognized fair market value losses on fixed-price commodity derivatives totaling $35 million (2021 – $4 million) in AOCI.

Note 31 Capital management

Manitoba Hydro manages its capital structure to ensure that there is sufficient equity to absorb the financial effects of adverse circumstances and to ensure continued access to stable low-cost funding for capital projects and ongoing operational requirements.

The corporation monitors its capital structure on the basis of its debt to capitalization ratio.

The corporation defines its debt to capitalization ratio as follows:

	2022	2021
Long-term debt (Note 21)	**23 617**	23 065
Current portion of long-term debt (Note 21)	**1 141**	1 121
Notes payable (Note 23)	**50**	-
Less: Cash and cash equivalents (Note 13)	**(1 083)**	(1 142)
Net debt	**23 725**	23 044
Retained earnings	**3 012**	3 260
Accumulated other comprehensive loss	**(383)**	(560)
Contributions in aid of construction (Note 27)	**607**	581
Bipole III deferral (Note 20)	**97**	174
Major capital deferral (Note 20)	**98**	71
Non-controlling interest (Note 29)	**325**	323
Total capitalization	**3 756**	3 849
Debt to capitalization ratio	**86.3%**	85.7%

Manitoba Hydro issues debt for its capital requirements under the authority of *The Manitoba Hydro Act*, *The Loan Act* and *The Financial Administration Act*. *The Manitoba Hydro Act* grants the corporation the power to issue up to $1.5 billion of short-term promissory notes, however this is limited to $500 million based on the maximum level of guarantee provided by provincial government. Manitoba Hydro submits annual requests under *The Loan Act* for the necessary borrowing authority for new capital requirements. Authority to refinance any maturing long-term debt is provided through *The Financial Administration Act*. The majority of Manitoba Hydro's long-term debt is obtained through advances from the Province of Manitoba.

Note 32 Related parties

Manitoba Hydro is a Crown corporation controlled by the Province of Manitoba. As a result, the corporation has a related party relationship with all entities that are controlled, jointly controlled or significantly influenced by the Province of Manitoba. However, as permitted by IAS 24 *Related Party Disclosures*, the corporation is exempt from disclosure requirements relating to transactions with the Province of Manitoba and any other entity that is a related party because the Province of Manitoba has control, joint control or significant influence over both the corporation and the other entity.

Significant transactions with the Province of Manitoba and other related provincial entities consist of:

- Long-term debt – the corporation obtains the majority of its long-term debt through advances from the Province of Manitoba (Note 21);
- Provincial debt guarantee fee – the corporation pays the Province of Manitoba an annual fee on the outstanding debt. The Provincial debt guarantee fee of $229 million (2021 – $222 million) for the year was 1.00% (2021 – 1.00%) of the corporation's total outstanding debt guaranteed by the Province of Manitoba;
- Water rentals – amounts are paid to the Province of Manitoba for the use of water resources in the operation of the corporation's hydroelectric generating stations. Water rental rates during the year were $3.34 per MWh (2021 – $3.34 per MWh) totalling $89 million (2021 – $117 million);
- Taxes – amounts are paid to the Province of Manitoba for corporate capital tax, payroll tax (Note 11) and provincial sales tax, all of which are incurred in the normal course of business;
- Sale of electricity and natural gas – energy sales to related parties; and
- Payments to Efficiency Manitoba Inc. for DSM programs (Note 20).

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

Note 33 Commitments and contingencies

Manitoba Hydro has energy purchase commitments of $1 821 million (2021 – $1 913 million) that relate to future purchases of wind, natural gas (including transportation and storage contracts) and electricity. Commitments are primarily for transmission right access which expire in 2041, wind and solar purchases which expire in 2041 and natural gas purchases which expire in 2038. In addition, other outstanding commitments principally for construction are approximately $1 690 million (2021 – $1 561 million).

Manitoba Hydro has contracted with an independent third-party pipeline company to increase transportation capacity, which includes a commitment to pay its share of the pre-license development costs associated with the contract, in the event that the federal license is not granted for the project. No obligating events have occurred and so provisions have not been booked.

Due to the size, complexity and nature of Manitoba Hydro's operations, various legal and operational matters are pending. Management believes that any settlements related to these matters will not have a material adverse effect on Manitoba Hydro's consolidated financial position or results of operations.

Manitoba Hydro may provide guarantees to counterparties for natural gas purchases. At March 31, 2022, there is an outstanding guarantee totaling $40 million (2021 – $30 million) which matures October 31, 2023. Letters of credit in the amount of $74 million (2021 – $72 million) have been issued for construction and energy related transactions with maturities until 2049.

Note 34 Segmented information

Operating segments are reported consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of operations, has been identified as the President and Chief Executive Officer. The corporation is managed as three segments, electricity operations, natural gas operations and other, based on how financial information is produced internally for the purposes of making operating decisions.

Segment descriptions

Electric Operations

Electric operations derives its revenue from the sale of electricity in both Manitoba and to the export markets. Manitoba Hydro's electric operations also includes subsidiaries WPLP, KHLP and 6690271 Manitoba Ltd. Electricity is sold in Manitoba to residential, commercial and industrial customers while extraprovincial sales of electricity are to the U.S. and Canadian markets. Domestic electricity sales are regulated by the PUB.

Natural Gas Operations

The operations of Centra make up the entire natural gas operations segment. Centra is regulated by the PUB and generates revenue through the sale and distribution of natural gas to residential, commercial and industrial customers throughout Manitoba.

Other Segment

The other segment includes the operations of all other subsidiaries of the corporation, including MHI, MHUS, Minell and Teshmont.

MHI derives its revenue by providing professional consulting, operations, maintenance and project management services to energy sectors world-wide, either exclusively or through partnerships. MHI also provides research and development services and products to the electrical power system industry. In February 2021, Manitoba Hydro commenced a reorganization of MHI. As part of the reorganization the international consulting business of MHI is winding down as current contracts expire and the telecom services business may be impacted by the agreements associated with the rural broadband expansion project.

MHUS generates revenue by providing meter reading, interactive voice response systems and contracted services primarily to Manitoba Hydro and Centra.

Minell operates a pipeline transmission system extending from Moosomin, Saskatchewan to Russell, Manitoba and is regulated by the Canada Energy Regulator. Revenues are derived through the rentals of Minell's gas transmission facilities to Centra as they are used solely for the transportation of natural gas on behalf of Centra.

Teshmont is a holding company established to acquire a 40% ownership of Teshmont Consultants Limited Partnership (TCLP). In the prior year, TCLP sold its operating assets and is currently in process of settling any outstanding partnership liabilities. Once that is complete, the winddown of TCLP will commence.

Segmented results

Results by operating segment for the years ended March 31, 2022 and 2021 are shown below. Intersegment eliminations are presented to reconcile segment results to the corporation's consolidated totals. Eliminations have been made for intersegment transactions and balances.

	Electric operations		Natural gas operations		Other segment		Eliminations		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Revenues										
External revenue	**2 450**	2 353	**545**	418	**45**	50	**-**	-	**3 040**	2 821
Intersegment revenue	**-**	-	**1**	1	**10**	9	**(11)**	(10)	**-**	-
	2 450	2 353	**546**	419	**55**	59	**(11)**	(10)	**3 040**	2 821
Expenses										
Finance expense	**1 027**	806	**23**	21	**-**	1	**18**	18	**1 068**	846
Operating and administrative	**579**	534	**70**	62	**16**	18	**(5)**	(6)	**660**	608
Depreciation and amortization	**572**	530	**29**	28	**3**	4	**1**	1	**605**	563
Cost of gas sold	**-**	-	**405**	277	**-**	-	**-**	-	**405**	277
Water rentals and assessments	**101**	128	**-**	-	**-**	-	**-**	-	**101**	128
Fuel and power purchased	**394**	184	**-**	-	**-**	-	**-**	-	**394**	184
Capital and other taxes	**160**	149	**18**	18	**1**	-	**-**	-	**179**	167
Other expenses	**59**	45	**11**	8	**26**	30	**(5)**	(3)	**91**	80
Finance income	**(24)**	(24)	**-**	-	**-**	-	**-**	-	**(24)**	(24)
Corporate allocation	**8**	8	**12**	12	**-**	-	**(20)**	(20)	**-**	-
	2 876	2 360	**568**	426	**46**	53	**(11)**	(10)	**3 479**	2 829
Net income (loss) before net movement in regulatory deferral balances	**(426)**	(7)	**(22)**	(7)	**9**	6	**-**	-	**(439)**	(8)
Net movement in regulatory deferral balances	**166**	121	**14**	4	**-**	-	**-**	-	**180**	125
Net Income (Loss)	**(260)**	114	**(8)**	(3)	**9**	6	**-**	-	**(259)**	117
Net income (loss) attributable to:										
Manitoba Hydro	**(249)**	116	**(8)**	(3)	**9**	6	**-**	-	**(248)**	119
Non-controlling interests	(11)	(2)	-	-	-	-	**-**	-	(11)	(2)
	(260)	114	**(8)**	(3)	**9**	6	**-**	-	**(259)**	117
Total assets before regulatory deferral balances	**29 143**	28 840	**782**	738	**129**	125	**(284)**	(242)	**29 770**	29 461
Total regulatory deferral debit balances	**1 277**	1 161	**91**	93	**-**	-	**-**	-	**1 368**	1 254
Total liabilities	**27 409**	26 870	**666**	600	**20**	25	**(162)**	(120)	**27 933**	27 375
Total regulatory deferral credit balances	**244**	294	**7**	23	**-**	-	**-**	-	**251**	317
Retained earnings	**2 825**	3 074	**79**	87	**108**	99	**-**	-	**3 012**	3 260

Financial statistics

For the year ended March 31	IFRS								CGAAP	
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
	dollars are in millions									
Revenues										
Domestic Electric	**1 834**	1 714	1 702	1 707	1 464	1 419	1 399	1 424	1 405	1 341
Gas	**542**	416	388	365	343	342	353	427	413	328
Extraprovincial	**585**	611	468	430	437	460	415	384	402	329
Other	**79**	80	71	74	86	106	91	81	72	70
	3 040	2 821	2 629	2 576	2 330	2 327	2 258	2 316	2 292	2 068
Expenses										
Finance expense	**1 068**	846	838	778	641	645	620	551	470	489
Operating and administrative	**660**	608	579	576	586	608	614	614	558	533
Depreciation and amortization	**605**	563	512	496	430	402	394	378	442	423
Cost of gas sold	**405**	277	238	212	196	183	181	266	252	182
Water rentals and assessments	**101**	128	126	113	126	131	126	125	125	118
Fuel and power purchased	**394**	184	98	136	130	132	117	129	140	109
Capital and other taxes	**179**	167	163	155	146	135	123	115	117	105
Other expenses	**91**	80	104	130	548	104	114	77	36	30
Finance income	**(24)**	(24)	(43)	(31)	(23)	(17)	(23)	(26)	-	-
	3 479	2 829	2 615	2 565	2 780	2 323	2 266	2 229	2 140	1 989
Net income (loss) before net movement in regulatory balances	**(439)**	(8)	14	11	(450)	4	(8)	87	152	79
Net movement in regulatory balances	**180**	125	85	107	479	55	47	38	-	-
Net Income (Loss)	**(259)**	117	99	118	29	59	39	125	152	79
Net income (loss) attributable to:										
Manitoba Hydro	**(248)**	119	99	121	37	71	49	136	174	92
Non-controlling interests	**(11)**	(2)	-	(3)	(8)	(12)	(10)	(11)	(22)	(13)
	(259)	117	99	118	29	59	39	125	152	79
Assets										
Property, plant and equipment	**26 376**	26 023	25 190	23 627	21 979	19 757	17 208	15 222	13 627	12 508
Sinking fund investments	**-**	-	-	-	-	-	-	114	111	352
Current and other assets	**3 394**	3 438	2 937	2 672	2 146	2 015	2 085	1 821	1 901	1 682
Regulatory deferral debits	**1 368**	1 254	1 179	1 132	1 044	566	486	410	-	-
	31 138	30 715	29 306	27 431	25 169	22 338	19 779	17 567	15 639	14 542
Liabilities and Equity										
Long-term debt	**23 617**	23 065	21 950	21 303	18 200	16 102	14 201	12 303	10 460	9 329
Current and other liabilities	**3 709**	3 731	3 744	2 686	3 671	3 157	2 799	2 603	1 913	1 937
Deferred revenue	**607**	579	549	522	769	642	535	459	381	340
Regulatory deferral credits	**251**	317	367	405	76	77	52	23	-	-
Non-controlling interests	**325**	323	302	254	205	170	140	120	73	95
Retained earnings	**3 012**	3 260	3 141	3 042	2 936	2 899	2 828	2 779	2 716	2 542
Accumulated other comprehensive income (loss)	**(383)**	(560)	(747)	(781)	(688)	(709)	(776)	(720)	96	299
	31 138	30 715	29 306	27 431	25 169	22 338	19 779	17 567	15 639	14 542
Cash Flows										
Operating activities	**164**	248	327	82	(229)	508	489	438	691	589
Financing activities	**599**	1 067	1 647	2 244	2 868	1 866	2 120	1 569	1 125	635
Investing activities	**(822)**	(1 099)	(1 948)	(2 068)	(2 643)	(2 682)	(2 148)	(1 655)	(1 706)	(1 242)
Financial Indicators										
Debt to capitalization ratio [1]	**86%**	86%	86%	86%	85%	84%	83%	83%	76%	75%

[1] The calculation for the debt to capitalization ratio is disclosed in Note 31 of the consolidated financial statements.

Operating statistics

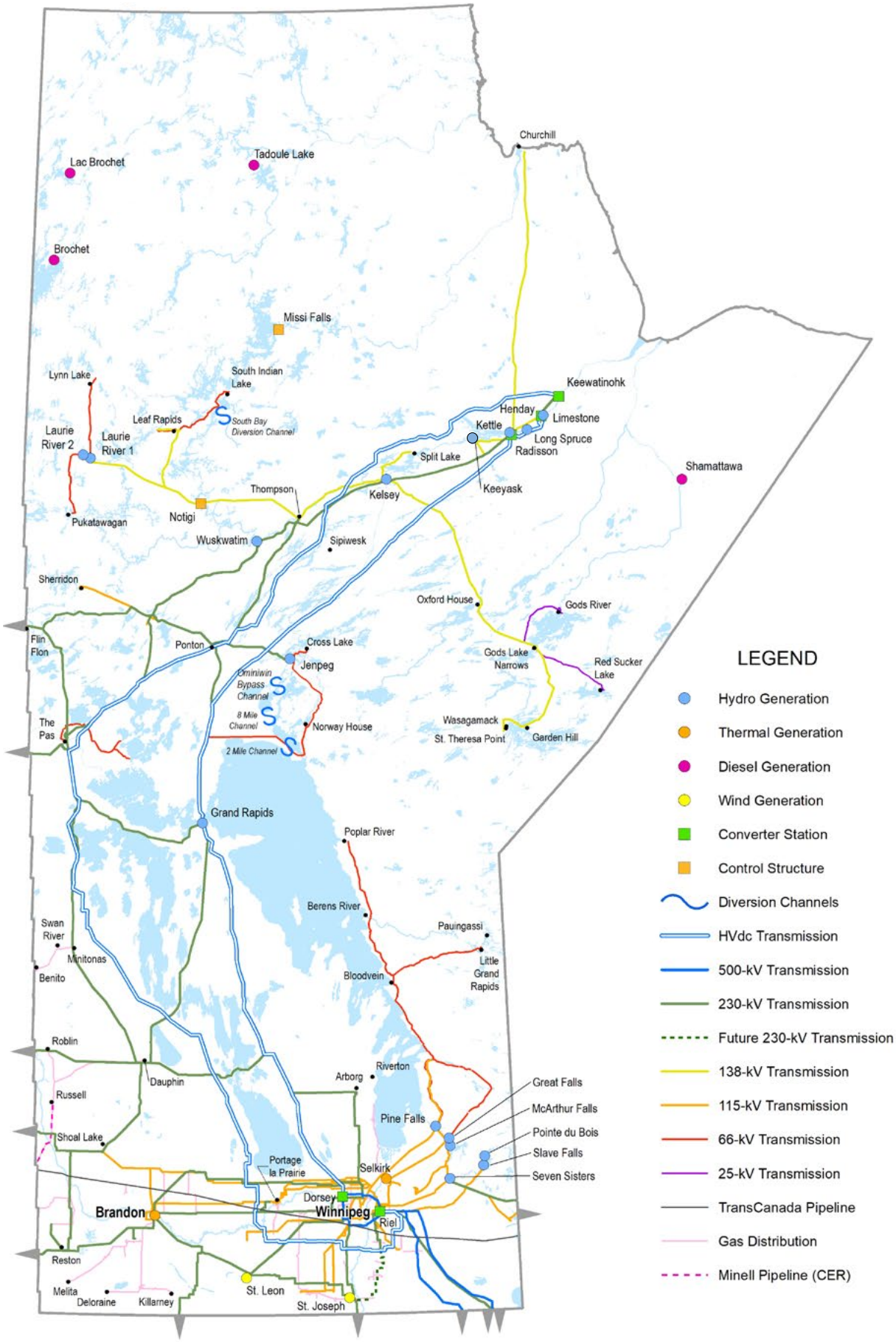
For the year ended March 31

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Electric System Capability										
Capability (000 kW)	**5 860**	5 608	5 615	5 561	5 648	5 679	5 680	5 691	5 715	5 675
Manitoba firm peak demand (000 kW)	**4 785**	4 888	4 692	4 911	4 735	4 801	4 460	4 688	4 720	4 535
Per cent change	**(2.1)**	4.2	(4.5)	3.7	(1.4)	7.6	(4.9)	(0.7)	4.1	4.4
Electric System Supply										
Total energy supplied (millions of kWh)										
Generation	**26 628**	35 189	34 542	30 928	34 613	36 433	34 990	35 044	35 392	33 230
Isolated systems	**17**	16	15	15	14	15	14	15	14	14
	26 645	35 205	34 557	30 943	34 627	36 448	35 004	35 059	35 406	33 244
Electric Load at Generation (millions of kWh)										
Integrated system	**25 711**	24 706	25 097	25 750	25 644	25 144	24 566	25 399	25 510	24 650
Isolated system	**17**	16	15	15	14	15	14	15	14	14
	25 728	24 722	25 112	25 765	25 658	25 159	24 580	25 414	25 524	24 664
Per cent change	**4.1**	(1.6)	(2.5)	0.4	2.0	2.4	(3.3)	(0.4)	3.5	4.9
Electric System Deliveries (millions of kWh)										
Energy delivered in Manitoba										
Residential	**8 226**	8 019	7 695	8 001	7 636	7 250	7 181	7 788	7 888	7 334
Commercial / Industrial	**14 347**	13 682	14 307	14 769	14 869	14 716	14 473	14 670	14 450	14 143
	22 573	21 701	22 002	22 770	22 505	21 966	21 654	22 458	22 338	21 477
Extraprovincial	**6 205**	10 908	9 629	6 267	9 448	11 272	10 281	9 811	10 537	9 087
	28 778	32 609	31 631	29 037	31 953	33 238	31 935	32 269	32 875	30 564
Gas Deliveries (millions of cubic metres)	**2 111**	**2 059**	2 147	2 229	2 048	1 986	1 846	2 071	2 280	2 049
Electric Customers										
Residential	**535 212**	528 391	521 498	515 354	509 465	503 167	497 699	492 275	486 654	480 254
Commercial / Industrial	**73 342**	72 600	71 992	71 441	70 797	70 271	69 935	69 594	69 106	68 520
	608 554	600 991	593 490	586 795	580 262	573 438	567 634	561 869	555 760	548 774
Gas Customers	**293 256**	**290 502**	287 714	284 996	281 990	279 268	276 858	274 817	272 228	269 786
Full Time Equivalent (FTE) [1]	**4 962**	4 954	5 393	5 475[2]	5 998[2]	6 411	6 410	6 483	6 556	6 463

[1] Regular FTEs includes employees of subsidiaries as well as seasonal, hourly and part-time staff. It is derived by calculating total straight time hours in the year divided by 1 916 hours per FTE.

[2] The FTE figure for 2018 and 2019 includes employees that departed the corporation through the Voluntary Departure Program/management reorganization and contains the portion of the year those employees worked prior to their departure date. It also includes participants in the Voluntary Departure Program on pre-retirement leave and/or salary continuance as at fiscal year end.

Major electric & natural gas facilities



Sources of electrical energy generated & purchased

For the year ended March 31, 2022

Nelson River	**67.57 %**	**Saskatchewan River**	**3.89 %**	**Thermal**	**0.10 %**
Billion kWh generated	**21.5**	**Billion kWh generated**	**1.2**	**Billion kWh generated**	**0.0**
Limestone	19.23 %	Grand Rapids	3.89 %	Brandon	0.10 %
Kettle	18.28 %			Selkirk	0.00 %
Long Spruce	15.23 %	**Laurie River**	**0.23 %**		
Keeyask	7.77 %	**Billion kWh generated**	**0.1**	**Purchases (excl. wind)**	**13.03 %**
Kelsey	4.89 %	Laurie River 1	0.11 %	**Billion kWh purchased**	**4.1**
Jenpeg	2.17 %	Laurie River 2	0.12 %		
				Wind	**3.11 %**
Winnipeg River	**7.03 %**	**Burntwood River**	**5.03 %**	**Billion kWh purchased**	**1.0**
Billion kWh generated	**2.2**	**Billion kWh generated**	**1.6**		
Seven Sisters	1.84 %	Wuskwatim	5.03 %		
Great Falls	1.71 %				
Pine Falls	1.22 %				
Pointe du Bois	0.79 %				
Slave Falls	0.73 %				
McArthur	0.74 %				

Manitoba Hydro generating stations & capabilities

Interconnected Capabilities

Station	Location	Number of units	Net Capability (MW)
Hydraulic			
Great Falls	Winnipeg River	6	**139**
Seven Sisters	Winnipeg River	6	**166**
Pine Falls	Winnipeg River	6	**88**
McArthur	Winnipeg River	8	**55**
Pointe du Bois	Winnipeg River	16	**34**
Slave Falls	Winnipeg River	8	**60**
Grand Rapids	Saskatchewan River	4	**480**
Keeyask	Nelson River	7	**364**
Kelsey	Nelson River	7	**292**
Kettle	Nelson River	12	**1220**
Jenpeg	Nelson River	6	**90**
Long Spruce	Nelson River	10	**1010**
Limestone	Nelson River	10	**1390**
Laurie River (2)	Laurie River	3	**10**
Wuskwatim	Burntwood River	3	**207**
Thermal			
Brandon		2	**244**
Selkirk*		2	**0**
Isolated Capabilities			
Diesel			
Brochet			**3**
Lac Brochet			**2**
Shamattawa			**4**
Tadoule Lake			**2**
Total Generating Capability			**5 860**

*Station was taken off-line in April 2021 to be decommissioned.

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