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Annual Business Plan  
2021-22

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# Crown Corporations Governance and Accountability Act

Manitoba Hydro hereby submits its Annual Business Plan as required by the *Crown Corporations Governance and Accountability Act*, consistent with the provided guidelines for a standard format among Crown corporations' plans.

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## 1.0 Mandate

### 1.1 Manitoba Hydro's Mandate as set out in *The Manitoba Hydro Act*

The purposes and objects of *The Manitoba Hydro Act* are to provide for the continuance of a supply of power 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 power and, in addition, are:

- *to provide and market products, services and expertise related to the development, generation, transmission, distribution, supply and end-use of power, within and outside the province; and*
- *to market and supply power to persons outside the province on terms and conditions acceptable to the board.*

### 1.2 Key Directives from Province

In accordance with *The Crown Corporations Governance and Accountability Act*, the Minister of Crown Services may issue directives to Manitoba Hydro to support provincial policy and Manitoba Hydro must comply with any directive given.

The following directives have been issued to Manitoba Hydro:

- On January 30, 2020 the Minister of Crown Services issued a Directive to Crown Corporations concerning executive management compensation, overall staffing levels and review of management spans and layers.

Manitoba Hydro will remain in compliance with the Directive issued by the Minister of Crown Services. Since 2017, Manitoba Hydro has decreased the overall workforce by 15% and management positions by 22%. In November 2018, Meyers Norris Penny (MNP) issued an audit report on Manitoba Hydro's management reductions and confirmed that the 15% reduction requirement was exceeded. An extensive business model review is currently underway, and targets outlined in the Directive will be incorporated into the new business model.

- In support of the Made-in-Manitoba Climate and Green Plan, Crown Services requests that Manitoba Hydro cancel print-based subscriptions, and the purchase or production of business cards, unless an appropriate exception has been granted.

Manitoba Hydro has 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. Manitoba Hydro has eliminated the purchase of business cards.

- Manitoba Order-in-Council 00082/2018: A Directive to Manitoba Hydro-Electric Board Respecting Agreements with Indigenous Groups and Communities.

Manitoba Hydro continues to operate in alignment with this directive.

### 1.3 Priorities of Government

The Minister of Crown Services issued a framework letter to Manitoba Hydro on April 24, 2019. Manitoba Hydro continues to work collaboratively with the Province to support the priorities of government and expectations included in the framework letter (see Appendix A status report).

## 2.0 Operating Environment

### 2.1 Internal Environment

Manitoba Hydro has an experienced and dedicated work force, solid operating infrastructure and a track record of excellent reliability.

The COVID-19 pandemic significantly changed Manitoba Hydro's internal operating environment. Manitoba Hydro implemented a virtual operating model in March 2020 as the first cases of COVID 19 appeared in Manitoba. Although over 1/3 of our workforce continues to report to a Manitoba Hydro office or facility, or works directly with the public across our operations, many employees are taking part in the remote model and working some or all of their hours from home. Keyask construction and commissioning has also been impacted by COVID-19 and health and safety measures have been put in place to protect site employees, contractors and the surrounding communities. Due to public health orders, the provincial vaccination plan and other factors, impacts of COVID-19 are expected to carry through the 2021-22 fiscal year.

Manitoba Hydro is currently transforming our business model to enable a higher degree of customer centricity, integration and effectiveness throughout the organization to meet the challenges of the changing energy landscape to support Strategy 2040.

The new business model, as presented in section 5.2, will elevate critical capabilities, including Customer Solutions & Experience, Asset Management, Work Management, Project Delivery, Transformation, Digital, Enterprise Risk Management and Strategy Enterprise Planning are required to ensure we keep costs as low as possible.

### 2.2 External Environment

The future won't look like the past. Decarbonization, digitalization and decentralization (the three D's) are key trends reshaping the energy sector. Government policy interventions, technological advancements, economics, customer preferences, climate change and regulatory oversight are driving these trends that will shape and/or disrupt Manitoba Hydro's business environment in the future.

Technology-enabled alternatives to grid energy are also emerging and competing for customer attention "behind the meter". Competition is expected to be fierce in this new market as existing energy companies, technology giants and innovators vie to sell energy management, self-generation, storage, charging and other services to consumers. Manitoba Hydro's export customers are also seeing similar trends, with adoption rates and market responses well ahead of Manitoba.

The pace and breadth of these changes are unpredictable, and the wide range of potential impacts could put the sustainability of Manitoba's energy future at risk. Proactively managed, these risks can be mitigated in the best interest of all Manitobans and create opportunities to maximize Manitoba's renewable hydropower advantage.

### 2.3 Risks

As of mid-March 2020, Manitoba Hydro has initiated the development of an Enterprise Risk Management (ERM) program to enhance and expand its risk management efforts. Development and

maturity of the ERM program is a multi-year process and initial development is well underway. ERM 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 implementation of defined risk management policies and procedures. This will ensure aggregate enterprise risk levels are understood, appropriate action is taken to mitigate, manage and monitor the risks and risk levels are maintained within established tolerances

Manitoba Hydro faces a number of risks to the fulfillment of its mission and mandate. Manitoba Hydro has identified the following significant risks requiring attention and focus over the next fiscal year and/or longer.

**Strategic Risks**

<b>Risk</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Mitigation Plan</b>
The risk of grid parity and/or grid defection, resulting in declining revenues and potentially stranded assets. Grid parity and/or grid defection may occur as a result of: <ul style="list-style-type: none"> <li>○ Changing customer expectations and behavior</li> <li>○ Accelerating technological change</li> </ul>	Possible	Very High	If left unmitigated, grid parity and/or grid defection could have a significant impact on Manitoba Hydro.  Manitoba Hydro has developed Strategy 2040, which includes a number of key strategic initiatives to address this risk and position Manitoba Hydro accordingly to respond to the evolving energy landscape.
The risk of being unable to simultaneously address ageing infrastructure while modernizing infrastructure to be ready for the new energy landscape	Unlikely	Very High	As part of the initiatives of Strategy 2040, consideration will be given to both existing assets and potential modernization requirements. The needs of existing infrastructure and modernization will be balanced accordingly.

**Operational Risks**

<b>Risk</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Mitigation Plan</b>
Low water conditions	Unlikely	Very High	Forecast revenue based on average of 40 years of water flow. Actual water levels can't be controlled.

Risk	Likelihood	Consequence	Mitigation Plan
Warmer weather than expected ( <i>warmest winter in 60 years</i> )	Unlikely	Very High	Forecast revenue based on average of past 25 years heating and cooling degree days. Actual weather can't be controlled.
Emergencies and disasters, including storms and pandemics	Possible	High	While such events are uncontrollable, Manitoba Hydro has a Business Continuity Plan/Program to mitigate the impacts of these types of events. The Plan/Program is comprised of emergency response plans, trained staff, hazard analysis and multiple supporting systems.
The potential for changes to Federal or Provincial environmental and/or regulatory requirements that impact how Manitoba Hydro operates	Unlikely	High	Work with appropriate stakeholders to manage any potential changes. Continued implementation of a broad range of activities to protect the environment and limit any impact caused by Manitoba Hydro

### Financial Risks

Risk	Likelihood	Consequence	Mitigation Plan
Significantly lower export prices for extra-provincial sales (spot market prices) due to unexpected events	Unlikely	Very High	Wherever possible, enter into bilateral agreements to reduce the amount of energy exposed to spot market prices, optimize hydraulic generation scheduling to be available in highest price periods, and optimize the sale of energy on a daily basis into the highest priced markets that Manitoba Hydro transacts in.
Potential market uncertainty/instability that impacts Manitoba Hydro's ability to re-finance its debt or obtain new debt	Remote	Very High	Maintain an appropriate level of pre-funding on debt requirements to mitigate any impact of potential, temporary market instability



## Technological Risk

Risk	Likelihood	Consequence	Mitigation Plan
Potential for a cyber security breach to Manitoba Hydro's information technology (IT) or operational technology (OT) systems that impacts operations or causes a privacy breach	Remote	High	Continuous review of key systems and processes and security assessments to protect against potential cyber security event(s) that could result in theft of information, impact to business processes and/or the disruption or misuse of critical operations/assets.

### 3.0 Strategic Direction

Manitoba Hydro’s mission statement:

*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.*

### 3.1 Strategy 2040: Manitoba Hydro of the Future

We are transforming to become ‘Manitoba Hydro of the Future’. **Strategy 2040** provides strategic direction anchored in the best interest of Manitobans, as exemplified in the 5 pillars:

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Provide safe reliable energy that meets the evolving energy needs of Manitobans	Serve customers efficiently, responsively, and digitally	Help all Manitobans understand their energy options and make informed choices	Ensure Manitobans get maximum value from their clean hydro generation dams and energy infrastructure	Keep energy prices as low as possible, while providing the level of service Manitobans expect
Energy powers your life and your business – Manitoba Hydro will ensure your energy is safely and reliably produced and delivered to you	You expect responsive service, and to be able to deal with your energy provider the way you want – Manitoba Hydro will modernize its customer service to deliver digitally, and improve responsiveness	Your home and business energy choices are expanding and becoming a lot more complex – Manitoba Hydro will help you understand your energy options and make informed choices that are right for you	All Manitobans have a tremendous asset (our Hydro Generation dams) that is becoming even more valuable as the world moves to price and reduce the use of carbon – Manitoba Hydro will help protect and maximize the value of these assets for all Manitobans	Whether at home or in your business, your energy costs are important to you – Manitoba Hydro will take all responsible measures to keep costs low, while making necessary investments to serve the needs of Manitobans

**Strategy 2040** is enabled by the **Business Model** ‘hard wiring’ and the **Culture** ‘soft wiring’. Within each of these integrated workstreams, new capacity and capabilities will be added with respect to people, processes and technology.

The development of the first Enterprise Plan in Fall 2021 will allow Manitoba Hydro to better align strategic and financial planning processes, and support Manitoba’s summary budgeting processes.

Manitoba Hydro is collaborating with government in shaping its strategy to align with future Provincial Energy Policy, and support government in coordinating policy, governance and regulation to mitigate risks and leverage opportunities.

### 3.2 Business Plan Outcomes

Manitoba Hydro’s success at achieving its mandate, mission and strategic priorities is measured by the following outcomes:

Measure	2021-22 Target
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FINANCE	Debt to Capitalization	86%
	Consolidated Net Income (Loss)	\$190M
	Consolidated Operating & Admin (O&A) Costs	\$627M
CUSTOMER SATISFACTION	CSTS - Customer Satisfaction Tracking Study	8.2
RELIABILITY	SAIDI - System Average Interruption Duration Index	148
	SAIFI – System Average Interruption Frequency Index	1.59
SAFETY	Lost Time Injury Frequency Rate	0.6 – 0.8
	Lost Time Injury Severity Rate	12 - 16
	Serious Injury/Fatality	0
	Serious Injury/Fatality Potential	0
DIVERSITY	Indigenous - province-wide workforce	18%
	Indigenous - northern workforce	47%
	Indigenous – in management	8%
	Persons with disabilities	6%
	Visible minorities	9%
	Women - in workforce	30%
	Women - in management	30%

Notes:

1. Measure from the quarterly Customer Satisfaction Tracking Study (CSTS) question *“On a scale of 1 to 10, where 1 is extremely dissatisfied and 10 is extremely satisfied, how satisfied are you with the overall service you have received from Manitoba Hydro?”*

Manitoba Hydro will report results on the above planned outcomes to the Minister of Crown Services with the audited financial results in the Manitoba Hydro-Electric Board Annual Report.

## 4.0 Financial Budgets & Forecasts

### 4.1 Statement of Net Income

**CONSOLIDATED PROJECTED STATEMENT OF INCOME**  
(In Millions of Dollars)

	2019/20 Actual	2020/21 Projected Results	2021/22 Proposed Budget
<i>For the year ended March 31</i>			
<b>REVENUES</b>			
Domestic Revenue	2,090	2,174	2,217
Extraprovincial	468	589	810
Other	71	81	86
	2,629	2,844	3,112
<b>EXPENSES</b>			
Cost of Gas Sold	238	277	305
Operating and Administrative	579	591	627
Finance Expense	838	902	1,082
Finance Income	(43)	(22)	(23)
Depreciation and Amortization	512	531	615
Water Rentals and Assessments	126	130	131
Fuel and Power Purchased	98	167	169
Capital and Other Taxes	163	168	173
Other Expenses	104	108	131
	2,615	2,852	3,210
Net Income before Net Movement in Reg. Deferral	14	(8)	(98)
Net Movement in Regulatory Deferral	85	114	272
<b>Net Income</b>	<b>99</b>	<b>106</b>	<b>174</b>
<b>Net Income Attributable to:</b>			
<b>Manitoba Hydro</b>	<b>99</b>	<b>111</b>	<b>190</b>
Non-controlling Interest	-	(5)	(16)
<b>Additional Domestic Revenue</b>			
Approved General Electricity Rate Increase	2.50%	2.90%	
General electricity rate increases			3.50%
Non-gas rate increases			3.50%
<b>Financial Metrics</b>			
Debt to Capitalization Ratio	86%	86%	86%

## 4.2 Key Planning Assumptions

Both near term and long-term planning horizons include the following assumptions:

- Proposed electric and non-gas rate increases effective October 1, 2021 of 3.5%;
- The Fall 2020 interest rate forecast;
- Electricity load forecast based on the 2019 Fall Update updated to reflect the projected impacts of COVID-19;
- Short-term electricity export price forecast based on a November 2020 update;

- 20 year weighted average term to maturity on new debt;
- Cessation of the Major Capital Reserve deferral (originally established in PUB Order 69/19) effective September 30, 2021 with subsequent amortization over a 24-month period; and
- Keeyask Generating Station 1st Power March 2021.

### 4.3 Sensitivity Analysis

Sensitivities are adjusted with each budget cycle. The 2021-22 proposed budget net income of \$190 million could be impacted by variances in planning assumptions. Critical risks and associated impacts to the 2021-22 proposed budget are as follows:

#### Water Conditions

- The 2021/22 proposed budget of net export revenue (\$510 million) is based on the average or mean of the most recent 40 years of hydraulic flow history (1979 – 2018).
- The uncertainty and variability of water flows has the largest potential impact on the 2021/22 financials and is prevalent through most of the year. Under extreme conditions, using the lowest and highest flow conditions observed over the past 40 years, the model indicates potential impacts to net income of -\$295 million and +\$115 million respectively.
- Typical annual fluctuations in flows may impact net income by +\$69 million/-\$58 million.

#### Weather

- A colder or warmer than normal winter could have a +/- \$42 million annual impact to net income respectively.
- A record cold or warm winter will increase or decrease Manitoba's annual energy consumption by approximately 4%. An increase or decrease to domestic revenue due to a colder or warmer than normal winter will be partially offset by an associated increase or decrease to net export revenues.

#### Export Prices

- Fluctuations in the spot market prices could have a -\$72 million impact to net income if lower prices are experienced.
- The 2021/22 proposed budget is based on the opportunity export price forecasts available from the Intercontinental Exchange (NYSE: ICE) and from one of Manitoba Hydro's long-term price forecasters as at November 6, 2020 for the Midcontinent Independent System Operator (MISO) region. The low export price scenario assumes the average percentage decline in actual export prices experienced between April 2020 – October 2020 and previously budgeted export prices remains throughout the 2021/22 fiscal year.

## 5.0 Human Resources

### 5.1 Equivalent Full-Time Employees

The table below reflects the calculated Equivalent Full Time Employees and measures all hours worked in a period divided by 1,916 hours per year. EFT calculations include seasonal, part-time and temporary staff. The total EFT count also includes Subsidiary employees at Manitoba Hydro International (MHI) and Manitoba Hydro Utility Services (MHUS).

Equivalent Full-Time (EFT) Employees				
	2018/19	2019/20	2020/21	2021/22
	at March 31 2019	at March 31 2020	at Dec 31 2020	Projected <sup>1</sup>
Senior Management	34	35	36	
Management	111	105	99	
Employees	5 117	5 033	4 666	
Subsidiary Employees*	213	220	203	
<b>Total EFT count</b>	<b>5 475</b>	<b>5 393</b>	<b>5 004</b>	<b>5 420</b>

\* Manitoba Hydro International and Manitoba Hydro Utility Services

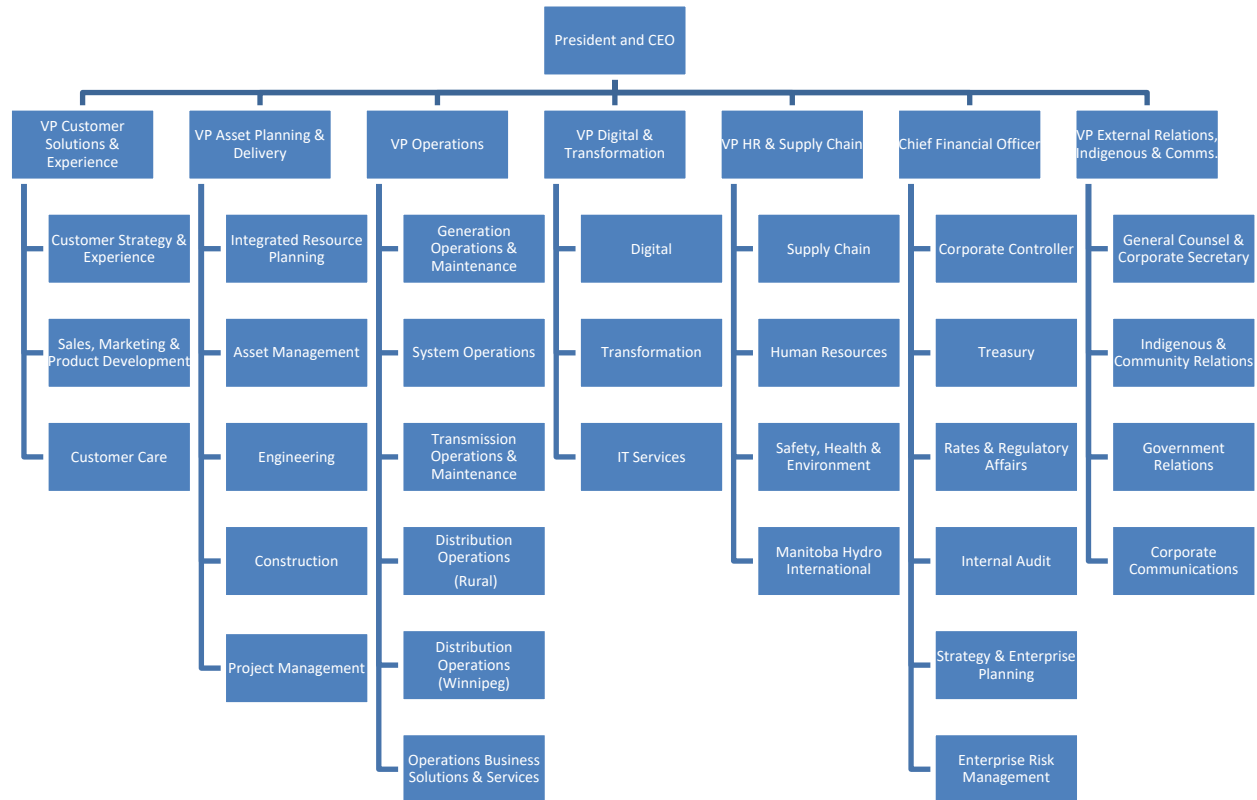
<sup>1</sup> Manitoba Hydro is undergoing a significant Business Model Review; as such the projected breakdown of EFTs for 2021-22 is not yet available.

At year end 2020-2021, EFTs are expected to be below budget by approximately 9% due to higher than projected retirements which have not yet been replaced and unpaid time off, both related to the government savings initiative.

### 5.2 Organizational Chart

While Strategy 2040 outlines where the Corporation is going, the business model is the vehicle in which Manitoba Hydro will get there. The business model supports Manitoba Hydro in building out capabilities: the people, knowledge, systems, tools and processes that deliver value to Manitobans.

Flowing out of the business model review is a new life-cycle business model and organizational structure, as shown in the chart below. Three *Operating Units* represent a holistic, end-to-end view of the customer, and four *Functional Units* act as strategic partners to the operating units and perform services for internal and external customers. Note, the subsidiaries Manitoba Hydro International (reporting to CFO) and Manitoba Hydro Utility Services (reporting to VP Customer) are not depicted on organization chart below.



### 5.3 Compensation and Staffing

#### Compensation

Base payroll costs for 2021-22 is forecasted to be approximately \$480 million, which includes a projection for subsidiaries Manitoba Hydro International and Manitoba Hydro Utility Services, but does not include overtime or benefits. Paid overtime costs typically average 15% of base payroll but increased to 16% over a three-year period (2017/18 through 2019/20) primarily as a result of the requirement to restore power for the unprecedented October 2019 storm.

Under normal conditions, overtime is driven by contractual obligations (northern employees), maintenance requirements, emergencies, and deadlines for capital projects. Higher than normal overtime costs are not occurring in 2020-21 and are not anticipated for 2021/22. Manitoba Hydro was requested by the Province of Manitoba to achieve substantial labour cost savings during the fiscal year 2020-21. To achieve those savings, hundreds of vacancies were not filled during the year. The annual turnover rate for 2020 was 7.2% (or 370 employees), slightly higher than the average rate of 6% in the last 6 years. Using this average and the current workforce numbers, it is estimated that the attrition for the 2021 calendar year will be approximately 291 employees. In addition, Manitoba Hydro sustained a significant reduction in staff in 2017 due to a voluntary departure program, and has high number of forecasted retirements (described below). For these reasons, it is expected that Manitoba Hydro will be filling the majority of vacancies and hiring externally to meet its mandated obligations.

## **Labour Relations**

Approximately 79% of Manitoba Hydro's employees are represented by labour unions. The Corporation has been in negotiations with its largest union (IBEW Local 2034) for over two years since the collective agreement expired on December 31, 2018. As of early March 2021, negotiations are continuing with the assistance of a conciliator.

The other three collective agreements expired at the end of 2020. Negotiations with CUPE and AMHSSE began in February 2021. As of early March 2021, negotiations with UNIFOR had not been scheduled. A financial mandate from the Manitoba Government for IBEW negotiations was received in October 2020 covering the years 2019 and 2020. No wage increases for 2021 have been approved or applied.

## **Retirement Forecast**

There are 671 employees (approx. 14% of workforce) eligible to retire in 2021 with a full pension. Manitoba Hydro expects 20% of eligible employees to retire or approximately 134 employees for the 2021 calendar year.



## 6.0 Capital Plans

### 6.1 Total Capital & Deferred Expenditures Summary

(\$ Millions)	2020/21 Approved	2020/21 Forecast	2021/22 Budget
Major New Generation & Transmission	963	827	719
Business Operations Capital (BOC)	527	504	569
<b>Capital Expenditures</b>	<b>1 490</b>	<b>1 331</b>	<b>1 288</b>
Other Capitalized Expenditures	181	137	143
<b>Total</b>	<b>1 671</b>	<b>1 468</b>	<b>1 431</b>

The above totals include capitalized interest and, in case of certain mitigation estimates carried in other capitalized expenditures, the recognition of a present value asset/liability associated with assumed new settlements.

Examples of Other Capitalized Expenditures include: Great Northern Transmission Line, Efficiency Manitoba expenditures, Regulatory Services, Site Remediation, and Mitigation Settlements.

### 6.2 Major New Generation & Transmission

(\$ Millions)	Total Project Cost	Actual Expenditures*	2020/21 Forecast	2021/22	2022/23	2023/24	2024/25
Keeyask - Generation	8 726	7 406	698	648	292	7	1
Bipole III Reliability	4 624	4 584	15	28	-	-	-
MMTP	490	463	85	22	-	-	-
Birtle Transmission	69	34	29	21	-	-	-
<b>Total</b>		<b>12 487</b>	<b>827</b>	<b>719</b>	<b>292</b>	<b>7</b>	<b>1</b>

\*Actuals to December 31, 2020

## 6.3 Major Project Delivery

The completion of the major capital projects is a critical focus and priority for Manitoba Hydro. Significant resources are dedicated to managing these projects to ensure they are completed on time, on budget and on scope.

### Keeyask – Generation

The Keeyask project is a 695-megawatt (MW) hydroelectric generating station that is being developed in a partnership between Manitoba Hydro and four Manitoba First Nations: Tataskweyak Cree Nation, War Lake First Nation, York Factory First Nation and Fox Lake Cree Nation. Working together, the Partners are known collectively as the Keeyask Hydropower Limited Partnership.

Located approximately 725 km north of Winnipeg on the lower Nelson River, construction of the Keeyask project includes:

- 7-unit powerhouse/service bay complex on the north side of Gull Rapids;
- 7-bay spillway on the south side of Gull Rapids;
- More than 2 km of dams across Gull Rapids; and
- 23 km of dykes built on the north and south side of the reservoir.

In 2020-21, despite the significant challenges faced from the COVID-19 pandemic, the Keeyask Project was able to achieve a number of important milestones including completion of the remaining concrete placements in the Powerhouse, water-up and impoundment of the reservoir, and installation and commissioning of the first generator unit. On February 16, 2021 the first of seven generating units at Keeyask was brought into service and is now connected to the Manitoba Hydro power grid, in advance of the end of the current fiscal 2020-21.

The following goals/milestones have been identified for the 2021-22 fiscal year:

- Stay on track to meet and beat the project control budget of \$8.7B;
- General Civil Works Contractor decommissioning mostly complete;
- Complete installation of the remaining turbine and generator units and complete installation of the remaining balance of plant systems; and
- All remaining units in service.

### Birtle Transmission

The Birtle Transmission project is a new 230 kV transmission line to be built from Birtle Station to the Manitoba-Saskatchewan border, which is required to supply energy sales to SaskPower. The following milestones have been achieved:

- Environmental Act license was received in January 2020;
- Federal funding under the Investing in Canada Infrastructure Program – Green Infrastructure Stream – Climate Change Mitigation (ICIP-GIS-CCM) of up to \$18.8 million was approved;
- Construction of the B71T transmission line commenced in July 2020 with completion anticipated by March 2021; and
- Birtle South Station construction was completed in August 2020 with final station commissioning to occur upon completion of the transmission line.



## 6.4 Other Capital Projects

### Significant Capital Projects

The following schedule lists all significant projects (total project value > \$50 million) included in the 2021 Capital Expenditure Forecast.

(\$ Millions)	Total Project Cost	Actual Expenditures*	2020/21 Forecast	2021/22	2022/23	2023/24	2024/25
<b>Generation System</b>							
Pine Falls Units 1-4 Major Overhauls	85	85	3	-	-	-	-
<b>Transmission System</b>							
HVDC Transformer Sustainment	162	162	1	1	1	-	-
St. Vital-DeSalaberry T/L & Station	94	75	57	-	-	-	-
DeSalaberry-Letellier 230kV T/L	71	13	7	17	35	2	2
Dorsey Synchronous Condenser	65	59	1	4	1	-	-
<b>Projects &gt;\$50 million</b>		<b>394</b>	<b>69</b>	<b>22</b>	<b>37</b>	<b>2</b>	<b>2</b>
<b>Other Capital Projects</b>		<b>939</b>	<b>193</b>	<b>239</b>	<b>200</b>	<b>183</b>	<b>182</b>
<b>Capital Programs</b>		<b>-</b>	<b>242</b>	<b>308</b>	<b>353</b>	<b>440</b>	<b>457</b>
<b>Total</b>		<b>1 333</b>	<b>504</b>	<b>569</b>	<b>590</b>	<b>625</b>	<b>641</b>

## Appendix A: Status of April 2019 Framework Letter Expectations

Framework Letter Directive	Status	
	In Progress	Completed
Support the implementation of Efficiency Manitoba to ensure a smooth transition of Demand Side Management programs for Manitoba Hydro customers.		✓
Cooperate with the inquiry into the development of the Keeyask Generating Station and the Bipole III transmission line and converter stations.		✓
We ask that you limit advertising to responsible mandate focused advertising considered essential for you to successfully perform your core business and continue to work with Government on the alignment of all sponsorship activities with central government.		✓
Government is committed to advancing reconciliation with Indigenous Manitobans through the renewal of its consultation framework to ensure respectful and productive consultations. All government organizations are expected to contribute to reconciliation in their interactions with Indigenous communities and individuals.	✓	
Work closely with the Province (through Crown Services Secretariat and Treasury Board Secretariat) in respect of any new long-term contractual commitments, including any potential long-term electricity sale arrangements, to ensure return on investment.		✓
Pursue opportunities with the federal government and other provinces to advance climate change initiatives, including the potential development of an East-West Grid and work with our Intergovernmental Affairs department on opportunities to leverage financial partnerships with the federal government.	✓	
Work with the province on implementing the provincial economic development strategy focused on maximizing economic spinoffs for Manitoba, creating new revenues for Manitoba Hydro and mitigating the need for future rate increases for customers or less profitable sales outside of Manitoba on the spot market.	✓	
Work with the Public Utilities Board to streamline processes, in an effort to reduce overall costs to ratepayers of regulatory hearings.		✓
In the coming year, we will be taking more steps to fully integrate Crown corporations into our summary budget process. This may affect the timing of budget processes and		

Framework Letter Directive	Status	
	In Progress	Completed
other financial matters. I am seeking your support in ensuring accurate, timely financial reporting to government, in particular your vigilance in providing clear and early notice of significant variances to budgets, or changes to your medium and long term forecasts. Please continue to work with Crown Services Secretariat and Treasury Board Secretariat to strengthen alignment with government overall.		✓
We expect you to scrupulously manage all operating costs, defer all non-critical capital projects without a clear return on investment, and carefully examine business plans for opportunities to achieve improved financial results. We also expect the Board to carefully examine overall staffing efficiencies. Centrally, we have reduced overall management by over 15%, conducted a “spans and layers” review of management structures, and reduced overall headcount by 8%. We expect you to work towards the same, or more.		✓
We ask you to review all compensation agreements, including executive compensation practices and interchange agreements to ensure alignment with government policies and practices. The expectation is that compensation practices will reflect the principles of responsible fiscal management and protect the sustainability of services to customers and ratepayers.		✓
We have a strong interest in reducing red tape for all Manitobans. As a Crown, we ask that you integrate the red-tape reduction process and reporting into your Board processes – whether by way of a new Committee or regular reporting mechanisms.		✓
Achieve more open government through increased transparency in tendering and procurement practices. All Crown corporations should ensure their procurement practices reflect this priority and are aligned with the requirements of trade agreements to which Manitoba is a signatory. In Government, we are centralizing our procurement practices and we urge you to pro-actively join us in this process so that we can shop smarter for all Manitobans.	✓	
Government is committed to ensuring all employees are treated with dignity and respect. Respectful workplace policies need to be reviewed and updated to ensure employees have safe and effective pathways to report disrespectful or harassing behaviour without fear of repercussion.		✓