

**Operating Expenses MFR 1**

**Schedule comparing the historical OM&A actual with IFF forecasts with explanations of variances.**

Please see the following schedules which compare Operating and Administrative costs for 2014/15 to the forecast provided at the 2015/16 & 2016/17 GRA (IFF14).

Differences over 5% and \$500,000 have been explained.

**MANITOBA HYDRO****OPERATING AND ADMINISTRATIVE COSTS BY BUSINESS UNIT**

	<b>2014/15 Actual</b>	<b>2014/15 Forecast</b>	<b>2014/15 Variance</b>	<b>%</b>	<b>Ref</b>
President & CEO	\$ 7,080	\$ 7,814	\$ 734	9%	1
Corporate Communication & Public Affairs	6,140	6,555	415	6%	
General Counsel & Corporate Secretary	10,028	9,244	(784)	-8%	2
Human Resources & Corporate Services	105,990	108,346	2,355	2%	
Corporate Relations	11,431	12,407	977	8%	3
Finance & Regulatory	19,716	20,033	317	2%	
Generation Operations	147,216	149,295	2,079	1%	
Major Capital Projects	1,970	2,025	55	3%	
Transmission	145,255	154,370	9,115	6%	4
Customer Service & Distribution	139,399	134,922	(4,476)	-3%	
Customer Care & Energy Conservation	54,446	56,013	1,567	3%	
<b>Business Unit Subtotal</b>	<b>648,672</b>	<b>661,027</b>	<b>12,355</b>	<b>2%</b>	
Corporate Allocations & Adjustments	(19,048)	(26,177)	(7,129)	-27%	5
Operating & Administration Charged to Centra	(67,458)	(67,829)	(371)	-1%	
Capitalized Overhead	(81,693)	(81,265)	428	1%	
<b>O&amp;A Costs Attributable to Electric Operations</b>	<b>\$ 480,472</b>	<b>\$ 485,755</b>	<b>\$ 5,283</b>	<b>1%</b>	

**MANITOBA HYDRO**  
**OPERATING AND ADMINISTRATIVE COSTS BY BUSINESS UNIT**  
**2014/15**

<b>Ref</b>	<b>Business Unit</b>	<b>Fav (Unfav)</b>	<b>Explanation</b>
1	President & CEO	734	Primarily due to lower than anticipated corporate sponsorships and memberships as a result of cost saving measures as well as the deferral of the IFRS Opening Balance audit.
2	General Counsel & Corporate Secretary	(784)	Mainly due to higher external legal fees associated with Risk Management review.
3	Corporate Relations	977	Primarily due to lower wages and salaries and other employee related costs partly offset by lower capital activities as a result of vacancies and lower research and development costs due to the deferral of various programs.
4	Transmission	9,115	Primarily due to higher capital activities on projects such as Bipole, Riel, Keeyask and HVDC refurbishment projects as well as lower material and tool costs required for maintenance activities.
5	Corporate Allocations & Adjustments	(7,129)	Mainly due to the impact of the change in the discount rate for other employee benefit costs including vacation and sick leave vesting.

**MANITOBA HYDRO**  
**OPERATING AND ADMINISTRATIVE COSTS BY COST ELEMENT**

	<b>2014/15 Actual</b>	<b>2014/15 Forecast</b>	<b>2014/15 Variance</b>	<b>%</b>	<b>Ref</b>
Wages & Salaries	\$ 493,346	\$ 502,692	\$ 9,346	2%	
Overtime	69,541	61,709	(7,832)	-13%	1
Employee Benefits	164,714	160,592	(4,122)	-3%	
Sub-Total	727,601	724,993	(2,608)		
Less: Labour & Benefits Charged to Capital	(257,457)	(256,588)	869	0%	
Labour & Benefits Charged to Operations	470,144	468,405	(1,739)	0%	
Employee Safety & Training	5,041	5,225	184	4%	
Travel Expenses	29,625	31,766	2,140	7%	2
Motor Vehicle	30,452	29,686	(765)	-3%	
Materials & Tools	24,715	26,700	1,985	7%	3
Consulting & Professional Fees	16,154	15,219	(935)	-6%	4
Construction & Maintenance Services	17,699	19,364	1,665	9%	5
Building & Property Services	29,435	27,738	(1,697)	-6%	6
Equipment Maintenance & Rentals	17,118	16,120	(998)	-6%	7
Consumer Services	5,189	5,323	134	3%	
Computer Services	967	985	18	2%	
Collection Costs	4,890	4,078	(812)	-20%	8
Customer & Public Relations	5,027	5,334	307	6%	
Sponsored Memberships	1,550	1,764	214	12%	
Office & Administration	14,243	15,722	1,479	9%	9
Communication Systems	1,705	1,928	223	12%	
Research & Development Costs	2,534	2,747	214	8%	
Miscellaneous Expense	1,696	950	(746)	-79%	10
Contingency Planning	-	2,594	2,594	0%	
Operating Expense Recovery	(15,115)	(13,468)	1,647	-12%	11
Sub-Total	192,921	199,774	6,852		
Less: Other Costs Charged to Capital	(33,442)	(33,329)	113	0%	
Other Costs Charged to Operations	159,479	166,444	6,965	4%	
<b>Total</b>	<b>629,623</b>	<b>634,849</b>	<b>5,226</b>	<b>1%</b>	
Capitalized Overhead	(81,693)	(81,265)	428	-1%	
Operating and Administration Charged to Centre	(67,458)	(67,829)	(371)	1%	
<b>O&amp;A Attributable to Electric Operations</b>	<b>\$ 480,472</b>	<b>\$ 485,755</b>	<b>\$ 5,283</b>	<b>1%</b>	

**MANITOBA HYDRO**  
**OPERATING AND ADMINISTRATIVE COSTS BY COST ELEMENT**  
**2014/15**

<b>Ref</b>	<b>Cost Element</b>	<b>Fav (Unfav)</b>	<b>Explanation</b>
1	Overtime	(7,832)	Mainly due to operational work related to streetlight maintenance and storm restoration, as well as greater capital work requirements for projects such as Bipole III, Keeyask, Dorsey AC Transfer and Synch Condenser Refurbishments.
2	Travel Expenses	2,140	Primarily due to staff working within their headquarter zone, EAM implementation starting later than anticipated, vacancies as well as cost saving measures.
3	Materials & Tools	1,985	Mainly due to lower maintenance activities at HVDC stations as a result of a greater focus on capital projects such as Dorsey 500kV Transformer Refurbishment and Dorsey Synch Refurbishment and overall lower material requirements in Apparatus Maintenance Shop.
4	Consulting & Professional Fees	(935)	Primarily due to higher Risk Management review costs.
5	Construction & Maintenance Services	1,665	Mainly due to lower special maintenance requirements at various generating and converter stations and deferral of brush clearing partially offset by unplanned contracted meter exchange work as a result of vacancies.
6	Building & Property Services	(1,697)	Mainly due to increased corporate facility costs at various locations and increased property costs from land title searches and leasehold rentals.
7	Equipment Maintenance & Rentals	(998)	Primarily due to higher software maintenance costs associated with new and upgraded Information Technology systems.
8	Collection Costs	(812)	Mainly due to higher write-off of accounts receivable as well as greater external collection costs.
9	Office & Administration	1,479	Mainly due to lower than anticipated office supply purchases partly as a result of cost saving measures and lower telecommunication costs partly due to the implementation of Mobile Workforce Management.
10	Miscellaneous Expense	(746)	Mainly due to the expensing of costs as a result of the cancellation of various capital projects and higher survey and mapping LiDAR costs associated with the Winnipeg River.
11	Operating Expense Recovery	1,647	Mainly related to higher staffhouse income due to increased occupancy levels at Kettle and Jenpeg and higher recovery of costs from subsidiaries.