

Manitoba Hydro-Electric Board 73<sup>rd</sup> Annual Report  
For the year ended March 31, 2024

*Energy for Life:*  
***Planning for  
a strong  
energy future***

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, Anishinew, Cree, Dakota, and Dene peoples and the National Homeland of the Red River Métis.

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.



# Table of Contents

<b>Letter of Transmittal from the Chair of the Manitoba Hydro-Electric Board</b> .....	<b>4</b>
Manitoba Hydro-Electric Board.....	5
<b>Letter to customers from Hal Turner, Interim President &amp; CEO of Manitoba Hydro</b> ....	<b>6</b>
Manitoba Hydro Senior Officers .....	13
<b>Corporate Profile</b> .....	<b>15</b>
Governance .....	15
Mission .....	15
How we do business .....	15
<b>At a glance</b> .....	<b>16</b>
<b>Progress on Pillars and Achieving Everyday Excellence</b> .....	<b>17</b>
1. Provide safe, reliable energy that responsibly meets the evolving energy needs of Manitobans .....	18
2. Serve customers efficiently, responsively and digitally .....	19
3. Help all Manitobans understand their energy options and make informed choices .....	20
4. Ensure Manitobans get maximum value from their energy infrastructure .....	21
5. Keep energy prices as low as possible while providing the level of service Manitobans expect .....	22
<b>Corporate Integrity Program</b> .....	<b>23</b>
<b>Report on performance – Key Directives from the Province</b> .....	<b>24</b>
<b>Report on performance – Targets and Performance</b> .....	<b>25</b>
<b>Financial Review</b> .....	<b>26</b>
Management’s Discussion and Analysis .....	27
Consolidated Financial Statements .....	55

To request accessible formats visit [hydro.mb.ca/accessibility](http://hydro.mb.ca/accessibility)

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

Minister of Finance  
Legislative Building  
Winnipeg, Manitoba  
R3C 0V8

July 31, 2024

Dear Minister,

I am honoured to have been asked to lead the board of directors for Manitoba Hydro starting December 2023. In this capacity I present the 73rd Annual Report of the Manitoba Hydro-Electric Board, together with the financial statements for the fiscal year ended March 31, 2024.

Respectfully submitted,



Benjamin Graham,  
Chair, Manitoba Hydro-Electric Board



# Manitoba Hydro-Electric Board, 2023-24



**Ben Graham**  
Chair



**Jamie Wilson**  
Vice Chair



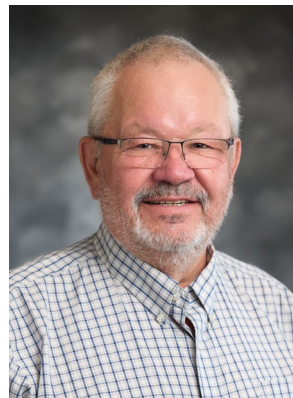
**Tom Akerstream**



**Nicole Chabot**



**Joy Cramer**



**Vernon Kalmakoff**



**Paul Moist**



**Eric Redhead**



**Mike Spence**



**Leslie Turnbull**

# Letter to customers from Hal Turner, Interim President & CEO of Manitoba Hydro

## *Energy for Life: planning for a strong energy future*

Having worked for Manitoba Hydro for almost 30 years, I am honoured to have taken the helm as Interim President & CEO early in 2024 to lead Manitoba Hydro in continuing to provide the steady, essential services on which our customers and province rely.

Over the course of my time with the utility I have seen significant change, challenges, and adverse conditions, and 2023-24 was no different.

We continue to focus on ensuring energy prices are as affordable as possible without sacrificing the level of service our customers expect. At the same time, significant drought conditions combined with price increases in the import energy market negatively impacted our financial results this fiscal year.

But regardless of the challenges we face, I have never had anything less than total faith in our employees and their ability to weather storms of all kinds as we serve Manitobans with reliable, affordable, renewable energy.

As the world continues to evolve, one fact remains: the energy future is here, and we need to be prepared. To that end, this fiscal year Manitoba Hydro took steps both large and small to ensure we are positioned to continue providing Energy for Life now and into the future.

In 2023-24, we invested even further in our people, recruiting for positions across our workforce, and focused especially on our front line roles to ensure we can provide the on-the-ground service our customers need every day. We also worked to improve our employee experience. New programming and new methods for two-way communication with our staff will help increase our retention rates to ensure we can continue to attract and keep world-class candidates with the expertise and skills to benefit all Manitobans in the energy world of tomorrow.

Positive relationships with everyone, not just our employees, are critical to building a strong energy future in Manitoba. To build and strengthen our relationships, this fiscal year we invested more deeply in the ways we connect to and engage with our customers, including work focused on large industrial and commercial customers. We are actively working to improve our service to all those that comprise the fabric of our province, including those that help drive our province's economic well-being.

# *The energy future is here and we need to be prepared.*

As always, Manitoba Hydro continued to reinvest in the maintenance and renewal of its grid, equipment and facilities over the past year. With some of our larger assets more than a century old, we are continually looking for ways to maximize the value of existing assets. This philosophy is leading to projects like the Pointe du Bois Renewable Energy Project (PREP), a retrofit of our oldest generating station that will extend its operable life to at least 2055. Alongside the Portage Area Capacity Enhancement (PACE), and with both projects enabled in large part due to government funding commitments, we are continuing to build out our capacity to serve Manitobans with virtually emissions-free hydropower well into the future.

Looking to the past can provide some context around the future. This fiscal year marked the 100-year anniversary of Great Falls Generating Station as well as the 50-year anniversary of Nelson River hydroelectric development. These anniversaries demonstrate the role that Manitoba Hydro has and will continue to play in our province's economic and social development. They also serve to remind us how we have evolved as an organization to better recognize the impact of our operations on people and the environment.



# *Manitoba Hydro is making a concerted effort at ensuring we continue to provide Energy for Life to all Manitobans.*

Manitoba Hydro remains committed to providing the reliable, steady service our province needs to grow and thrive. This work begins with ensuring the right talent and expertise in our workforce. This past fiscal year included a strong focus on recruitment, including adding over 200 new employees in front-line and support positions across the organization. This boost to our workforce will help ensure our employees are adequately resourced to do their important work rejuvenating and protecting our energy system.

To help retain our skilled workforce, Manitoba Hydro is actively working to improve the employee experience. While we continually qualify as one of Manitoba's (and Canada's) top employers, new enhancements to programming and benefits for employees were rolled out early in 2024. These new programs and benefits include an additional focus on mental and physical health as well as on safety equipment and training.

Further, a safety culture assessment was completed in 2023-24, providing a baseline data point from which we can strive to further improve our safety performance in the coming years, and a new safety tagline, Everybody Gets Home Safe, is now visible on Manitoba Hydro vehicles around the province. This serves to remind our employees that safety should always be top of mind and remains a priority within our organization.





We are committed to supporting Indigenous peoples in all aspects of our business and to addressing the adverse effects of our operations. This past year saw updates to the Joint Keeyask Development Agreement (JKDA) – a limited liability partnership with four partner First Nations – as well as a new agreement with the Manitoba Métis Federation to address our historic and future operations. These measures, along with existing agreements, community-based programming, and training, employment and business opportunities, are building a foundation for strong working relationships.

Additionally, a greater focus on emergency responses to events like wildfires are helping build trust in Manitoba Hydro that we are here to serve all parts of the province. By continuing our efforts at improving emergency response planning, Manitoba Hydro is making a concerted effort at ensuring we continue to provide Energy for Life to all Manitobans, efficiently and cost-effectively.

Our energy and resource planning teams are also playing an important role in ensuring Manitoba Hydro remains aligned with the priorities that government has set for Manitoba Hydro and works with other parties interested in energy and related issues.

Understanding the perspectives, changing habits and interests of our customers and interested parties is critical if we are to meet their energy needs both today and tomorrow. This year, Manitoba Hydro stepped further into enhanced engagement activities with a variety of interested parties, including many of our larger customers, industry associations, home builders, and more. This engagement included conducting more research to better understand perspectives toward energy and the services Manitoba Hydro provides among these customer groups. On top of regularly taking the pulse of residential customers, this work to better understand all Manitobans' needs has already led directly to customer experience improvements.

Much of what we've learned in the past remains true: while our customers value personal service, many have told us they want their utility to serve them efficiently, responsively, and digitally. As a result, Manitoba Hydro continues to invest in customer-centric technology and process improvements to ensure we live up to that expectation.

We reached a significant milestone on this front in 2023-24. Over half of Manitoba Hydro customers now have an online account, up from approximately 27 per cent of customers in 2020. On top of this, Manitoba

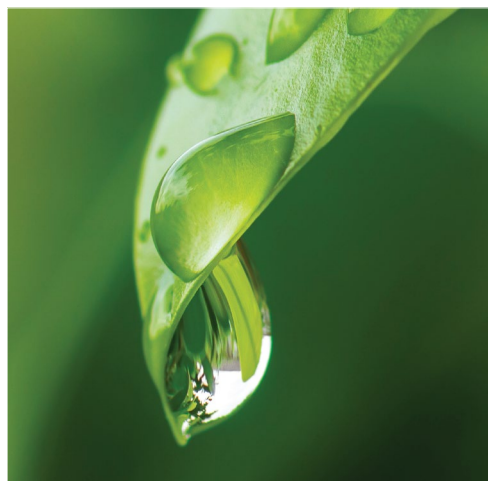


***Understanding the perspectives, changing habits and interests of our customers and interested parties is critical if we are to meet their needs both today, and tomorrow.***

Hydro served 2.3 million digital customer transactions in 2023 alone, an increase of 110 per cent from 2020. Ninety-five per cent of customers regularly rate their overall satisfaction with Manitoba Hydro's mobile app and online account service to be "as good or better" than other similar online account portals they use.

And our research into our customers' perspectives toward Manitoba Hydro as their energy provider is helping us serve them better, too. With a greater understanding of the information our customers want from us, and how they want that information delivered, we can more effectively provide more useful advice. From face-to-face interactions to pre-recorded phone messages to the articles on the front page of our brand-new website, or on social media, we want to be able to give our customers the information they need to get the most out of our products and services.

We continue to focus on ensuring our customers understand their energy options and can make informed energy choices and are aware of the safety hazards that electricity and natural gas can pose. As a trusted advisor, ensuring safe operation of our services to our community is paramount.



Witnessing the changing makeup of our province, Manitoba Hydro enhanced its services to newcomers in 2023-24, including by offering crucial safety communications to customers in Ukrainian and Arabic. And to ensure all Manitobans understand how to navigate their energy services safely, Manitoba Hydro further built on its safety presence in school curriculums, helping educate future generations on how to keep themselves safe.

Care of our assets and infrastructure is, as ever, an utmost priority for Manitoba Hydro to be able to deliver on reliability. The age of our equipment presents a challenge – one faced by utilities across North America. Our Strategic Asset Management Plan (SAMP) is helping us renew the right assets at the right times, ensuring we get maximum value from our long-lived energy infrastructure. Initiatives like our Integrated Pole Maintenance (IPM) program are helping preserve wooden distribution poles to ensure they can remain in service as long as possible.

While management of aging assets requires continual attention, Manitoba Hydro must always be ready to build infrastructure projects to keep up with growing demand to drive our economy, ensure our reliability, and enhance our service.

Projects like the aforementioned Pointe Du Bois Renewable Energy Project help us add to our generation capacity and projects like the Portage Area Capacity Enhancement serve to both enhance reliability and add capacity in areas experiencing growing demand for electricity. On top of regular maintenance, these larger projects are setting Manitoba Hydro up for success in building a strong energy future for all Manitobans.

Another new facility is helping to bolster our reliability. Our new backup control centre replaces our former facility at our old headquarters at 820 Taylor Avenue in Winnipeg, ensuring a proper backup to the main control centre so Manitoba Hydro can always continue to keep the lights on in Manitoba.

And while projects to develop and enhance our system are critical to building our strong energy future, so too is understanding and mitigating the challenges posed by our environment. Experts from across the organization continued their work this fiscal year to understand how climate change could affect our customers and our operations. Better emergency planning, better preparation in advance of crises, and



more efficient mid-stream logistics enabled by new facilities and processes are all results of our work to mitigate climate change's effects on our ability to provide Energy for Life in Manitoba.

Other steps we took in 2023-24 toward ensuring we can provide safe, reliable energy that responsibly meets the evolving energy needs of our customers included continuing our Integrated Resource Planning process. Manitoba Hydro is continuing to monitor how the energy future is developing and planning for how the utility might navigate and embrace the opportunities coming in the energy transition.

As another exciting year ends for Manitoba Hydro, I express my deepest thanks to our employees for their hard work throughout the past fiscal year and into the future. Throughout my career with Manitoba Hydro, and particularly during my tenure as Interim President & CEO, I have been beyond impressed by the commitment to safety, composure, resilience and grit our employees demonstrate day-in, day-out. From my perspective, Manitoba Hydro has the greatest, toughest, most talented workforce in our province.

With our talented, diverse team, I am confident that Manitoba Hydro is well positioned to live up to our promise to customers to deliver safe, reliable and affordable energy, supporting economic development and the well-being of Manitobans as we contribute to a strong, bright energy future for our province



A handwritten signature in black ink, appearing to read 'Hal Turner', written in a cursive style.

Hal Turner, P.Eng  
Interim President & CEO  
Manitoba Hydro

# Manitoba Hydro Senior Officers



**Dave Bowen**  
P.Eng,  
Acting Vice-President,  
Asset Planning & Delivery



**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



**Alastair Fogg**  
P.Eng, CPA, CMA,  
Vice-President & Chief Financial Officer



**Jamie Hanly**  
CPHR,  
Vice-President, Human Resources and  
Safety, Health & Environment



**Quinn Menec**  
P.Eng, CPA, CMA  
Acting Vice-President, Operations



# 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 dependable natural gas that powers our province and supports our economic growth.

We are committed to serving as a trusted energy advisor and providing safe, reliable and affordable service to our over 624,000 electric and over 298,000 natural gas customers. Over 97 per cent of electricity generated in Manitoba is from renewable, virtually emission-free hydropower produced at 16 hydroelectric generating stations on the Nelson, Winnipeg, Saskatchewan, Burntwood and Laurie Rivers.

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, Anishinew, Cree, Dakota, and Dene peoples - and the National Homeland of the Red River Métis. We acknowledge these lands and pay our respects to the ancestors of these territories.

We are one of Manitoba's largest employers and are continually recognized as a top employer. We conduct our relationships with the utmost integrity and respect for our customers and community as we enhance our province's economic and social growth.

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 water resources. Hydroelectric exports help 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.

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.

## 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 renewable energy advantage, while ensuring safe, reliable energy at the lowest possible cost.

## How we do business

The nature of our business and location of our operations impacts people, communities and the environment every day. Respect and care for each is our responsibility now and into the future.

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.

For more about how we do business, please refer to our 2022-23 Environmental, Social, and Governance (ESG) report available at [hydro.mb.ca/corporate/publications/#enviro](https://hydro.mb.ca/corporate/publications/#enviro).

Total domestic revenue  
(electric and gas):

**\$2.35**  
billion

Kilometres of transmission lines:

**~14 000**

Export revenue:

**\$872**  
million

Kilometres of distribution lines:

**~76 000**

Total debt:

**\$24.75**  
billion

Total electricity capability:

**6 121** MW

Total assets:

**\$31.53**  
billion

Number of natural gas customers:

**298 639**

Net income (loss) attributable  
to Manitoba Hydro:

**(\$157)**  
million

Kilometres of natural  
gas main lines:

**~11 000**

Our service area in km<sup>2</sup>:

**650 000**

Number of communities with  
natural gas service:

**135**

Number of electric customers:

**624 062**

Total number of full-time  
equivalent employees:

**5 362**



# Achieving a long-term vision through everyday excellence

## Five pillars set the future of Manitoba Hydro

Four key factors — digitalization, decarbonization, decentralization, and democratization — are shaping the future of energy around the globe. These factors are driving changes for all those in the energy sector and are driving energy utilities to rethink how to best serve their customers.

Monitoring these trends in our industry, Manitoba Hydro is proactively responding to the emerging needs and expectations of our customers.

***Our mission statement: Help all Manitobans efficiently navigate the evolving energy landscape, leveraging their renewable energy advantage while ensuring safe, reliable energy at the lowest possible cost.***

**To respond to this evolving energy landscape, Manitoba Hydro's vision is guided by five strategic pillars — five promises to our customers that form the basis of our strategy.**

# Provide safe, reliable energy that responsibly meets the evolving energy needs of Manitobans

*Our promise to you: Energy powers your life and your business. Manitoba Hydro is ensuring your energy is safely, responsibly, and reliably produced and delivered to you.*

## In 2023-24:

- Released the 2023 Integrated Resource Plan, a research-based document designed to help Manitoba Hydro understand the priorities of a broad base of customers so we can better plan for the most affordable, reliable, efficient and low-carbon energy future
- Began planning to develop a new Integrated Resource Plan in collaboration with internal experts and external stakeholders, based in part on our findings from the 2023 plan
- Made progress on the Pointe du Bois Renewable Energy Project (PREP), a retrofit at Manitoba Hydro's oldest generating station that will see the installation of eight generating units and extend the operable life of the station to at least 2055
- Made steps on planning for the PREP transmission line from Pointe du Bois to Whiteshell station: environmental assessment report submitted to Manitoba Environment and Climate Change in July 2023
- Released Manitoba Hydro's second Environmental, Social and Governance (ESG) report, documenting the many activities and initiatives underway to protect our environment and address climate change, highlighting our active role in and support of the communities we serve, and featuring our work to further our province's economic and social growth
- Conducted additional surveys and research into the attitudes and perceptions of our customers as they relate to potential energy products, services and programs
- From that research, created "customer personas" to more effectively represent various groups of our customers, including their attitudes and behaviours surrounding energy and the energy transition, which will enhance our ability to tailor specific products, services, and information to those groups in the future
- Established baseline safety culture results on which to build new safety programming and initiatives
- Developed a safety slogan and programming titled Everybody Gets Home Safe, visible on Manitoba Hydro vehicles around the province.

## Serve customers efficiently, responsively and digitally

*Our promise 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 to improve responsiveness.*

### In 2023-24:

- Reached a milestone of 50 per cent of Manitoba Hydro customers now using an online account to manage their energy services
- Reached a milestone of over 2.3 million transactions handled by customers online via our self-service portal, freeing up employees to focus on more complex customer service issues
- Continued improvements to Contact Handling Technology (CHT) and Interactive Voice Response (IVR) systems and options, allowing for greater customer self-service and more efficient handling of calls reaching the Customer Engagement Centre
- Conducted additional customer research around all aspects of our service, from short pulse surveys online to longer-form surveying around service offerings and broader topics like the energy transition
- Introduced a chatbot to assist customers with self-service and navigating our online service offerings.



## Help all Manitobans understand their energy options and make informed choices

*Our promise to you: Your home and business energy choices are expanding and becoming a lot more complex. Manitoba Hydro will help you understand your energy options so you can make informed choices that are right for you.*

### **In 2023-24:**

- The 2023 Integrated Resource Plan is already helping us understand the energy future in terms of resource use and development, informing choices around asset management and also informing the process of creating a development plan that accounts for the potential need for new or renewed generation, transmission and distribution resources
- Continued progress on building relationships with customer groups and other interested parties to help understand attitudes, desires and behaviours around energy and inform future plans for energy use and development
- Continued collaboration and communication with First Nations and Indigenous communities and groups to better understand their specific needs in a changing energy landscape
- Concluded an agreement with the Manitoba Métis Federation
- Updated the Joint Keeyask Development Agreement with our partners on the Keeyask project
- Submitted an environmental assessment on the transmission line for PREP
- Refined and enhanced our community engagement processes on development projects like transmission lines and generating station retrofits, providing opportunities for customers, Indigenous communities, and all those affected by our work to have input into the process
- Continued to collaborate with the Public Utilities Board to support effective and efficient regulatory processes
- Added to Manitoba Hydro's presence in the communities we serve by participating in events around the province, such as Manitoba Agricultural Days in Brandon, Progressive Safety Days in Altona, Safety Day in Maple Grove Colony, and Emergency Services Day in Swan River, among many others, leveraging opportunities to provide safety and energy information to the public, including students
- Translated critical safety information about natural gas into multiple languages to help ensure the safety of customers, including newcomers to Canada who may not have had natural gas service before. In addition to English and French, safety information is now available in Cree, Arabic and Ukrainian, with additional languages planned.

## Ensure Manitobans get maximum value from their energy infrastructure

*Our promise to you: All Manitobans have a tremendous asset 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 its assets for all Manitobans.*

### In 2023-24:

- Used strategic asset management planning to help ensure efficient allocation of resources toward maintaining and renewing all our infrastructure, from generation to transmission to distribution
- Among other upgrades, made progress on preventative pole maintenance program
- Commemorated 100-year anniversary of Great Falls Generating Station and 50-year anniversary of Nelson River hydroelectric development
- Received a commitment for government funding to assist with PREP and PACE
- Continued progress on Dawson Road station replacement in St. Boniface in Winnipeg, including replacing poles, updating transformers, and restringing lines throughout the area
- Continued work on PACE, including progressing construction of Wash'ake Mayzoon station connected to Dorsey Converter Station as well as attaining licenses for construction on Brandon/Portage lines 6 and 7 in July 2022
- Began to prepare for Slave Falls Sluiceway Concrete Restoration project, including sourcing private boat launches, a work pad, a foundation for a rock bench and tower crane, and more
- Began Southwest Winnipeg transmission improvement project to rebuild several 115-kV transmission lines in southwest Winnipeg, helping to improve reliability in south and central Winnipeg

# 5

## Keep energy prices as low as possible while providing the level of service Manitobans expect

*Our promise to you: 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.*

### In 2023-24:

- Completed the regulatory process and received the results of our most recent Electric General Rate Application (GRA), with the decision resulting in a one per cent rate increase in September 2023 and a further one per cent rate increase in April 2024, alongside the confirmation of a 3.6 per cent interim rate increase implemented January 1, 2022 to account for drought-related impacts
- Continued implementation of our Strategic Asset Management Plan, including putting the right people, processes, technology and other resources in place to help with acquisition, operation, maintenance, refurbishment, replacement and decommissioning of our assets at the most efficient and cost-effective times.



# 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 2023-24 which allege wrongdoing as defined in *The Public Interest Disclosure (Whistleblower Protection) Act*:

Number of disclosures received 2023-24:	1
Number of disclosures ongoing from 2022-23:	0
Number of disclosures acted upon:	1
Number of disclosures not acted upon:	0
Number of investigations completed:	1
Number of wrongdoings found:	0
Number of wrongdoings not confirmed:	1
Number of disclosures carried forward to 2024-25:	1

**Description of wrongdoings and corrective action:**

No wrongdoing confirmed.

# Report on Performance – Key Directives from the Province

Manitoba Hydro works closely with the Government of Manitoba to support directives and mandates for the benefit and value of all Manitobans. A mandate letter issued by the Minister of Finance to the Manitoba Hydro-Electric Board on December 4, 2023 set out the government’s expectations for the corporation.

Manitoba Hydro supported the Province across several key priority areas and activities, and progress in 2023-24 includes:

- Continued commitment to advance Indigenous reconciliation, guided by our Indigenous Relations Commitment Statement
- Supporting Manitoba’s work on provincial energy policy
- Fostering a financially stable capital structure that appropriately balances affordability for customers, maintaining system reliability, and preparing for future energy needs, while preserving sound financial management
- Continued to examine options for a plan to achieve a net-zero energy grid and a carbon-neutral economy
- Collaborating with Efficiency Manitoba on pursuing high-value energy efficiency measures
- Through the resource planning process, continued to evaluate emerging technologies for electricity generation in Manitoba
- Continued to leverage Manitoba’s energy advantage as a key driver for our economy
- Invested in our employees and continued to build upon Manitoba Hydro’s reputation for being a great place to work

Manitoba Hydro remained in compliance with the existing directives issued to it by Government:

- Directive to the Manitoba Hydro-Electric Board Respecting Ownership of Intellectual Property Assets
- Directive to the Manitoba Hydro-Electric Board Respecting Electric Service to Cryptocurrency Operations
- Directive to the Manitoba Hydro-Electric Board respecting Manitoba Hydro’s surplus capacity of fibre-optic cable in Manitoba
- Directive to the Manitoba Hydro-Electric Board Respecting Manitoba’s Response to the Economic Review of Manitoba Hydro – Keeyask and Bipole III Projects.

On October 26, 2023, the Directive Respecting Agreements with Indigenous Groups and Communities was rescinded by the Government of Manitoba.



# Report on Performance – Targets and Performance

Metric	Unit	Target 2023-24	2023-24 Actuals
Serious injury fatality potential (employees & public) (SIFP) <sup>1</sup>	#	0	3
Lost time injuries frequency rate for the enterprise (LTIFR)	#	0.8	1.95
System Average Interruption Duration Index (SAIDI)	Minutes	148	165
System Average Interruption Frequency Index (SAIFI)	#	1.59	1.40
Customer Satisfaction (CSAT) Score	%	85%	76% <sup>2</sup>
Debt-to-Capitalization Ratio	%	83%	86%
Scope 1 GHG emissions	kt CO2e	520	128
Indigenous - province-wide workforce	%	18%	20.1%
Persons with disabilities	%	8%	8.2%
Visible minorities	%	14%	13.8%
Women in workforce	%	30%	24.5%

<sup>1</sup> The 'Serious Injury Fatality Potential' (SIFP) metric referenced in this report pertains only to employee incidents and excludes public incidents.

<sup>2</sup> In 2023–24, an annual average of 76% of respondents reported a 7 or higher on a 1-10 scale to the 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 updated the methodology for measuring customer satisfaction in 2023–24 and the new methodology was found to score approximately 9% lower than the previous methodology.

# Financial Review

## **Management's Discussion and Analysis**

Summary of Consolidated Results	27
Electric Segment	36
Natural Gas Segment	45
Other Segment	49
Risk Management	50
Financial Outlook	54

## **Consolidated Financial Statements**

Management's Report	55
Independent Auditor's Report	57
Consolidated Statement of Income (Loss)	60
Consolidated Statement of Financial Position	61
Consolidated Statement of Cash Flows	63
Consolidated Statement of Comprehensive Income (Loss)	65
Consolidated Statement of Changes in Equity	66
Notes to Consolidated Financial Statements	67
10-Year Financial Statistics	120
10-Year Operating Statistics	121

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, 2024 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 2024 financial information discussed below has been prepared in accordance with IFRS Accounting Standards (IFRS).

## Summary of Consolidated Results

### Consolidated Statement of Income

Consolidated net loss attributable to Manitoba Hydro was \$157 million for the year ended March 31, 2024. This was a significant deterioration from net income of \$638 million in the previous fiscal year.

During 2023-24, the corporation experienced drought conditions for the second time in the last three years. The record low water conditions resulted in lower opportunity sales volumes and higher fuel and power purchases (imports), partially offset by lower water rentals and assessments due to lower hydraulic generation. Fuel and power purchases were higher due to an increase in volumes imported and as a result of increased market prices primarily in the 3rd quarter due to unprecedented congestion levels at Manitoba Hydro's settlement point in the northern Midcontinent Independent System Operator (MISO) market. The net loss was also impacted by higher operating and administrative expenses due to increased wages and salaries, and the impact of the Public Utilities Board (PUB) Order 101/23 received in August 2023 following an electric General Rate Application.

In the August 24, 2023 Order issued by the PUB, Manitoba Hydro was directed to do the following:

- Write off previously deferred terminal losses for the Selkirk and Brandon Unit 5 Generating Stations, which resulted in a decrease to net income of \$43 million.
- Cease additions to the change in depreciation method deferral account which resulted in a \$52 million decrease to net income and to commence amortization of certain regulatory deferrals which further reduced net income by \$7 million.

An electric rate increase of 1% was also granted in the same Order which increased net income by \$12 million. Additionally, the Order provided a final decision on the use of Average Life Group (ALG) depreciation methodology for rate-setting purposes leading to Manitoba Hydro's transition to ALG for financial reporting which resulted in a \$36 million increase to net income.

Domestic electricity and natural gas revenues were lower largely due to unseasonably warm fall and winter weather and reduced customer usage. This decline was partially offset by an increase in customers, mostly in the electric segment, while the gas segment saw minimal growth. Other revenue decreased due to the one-time sale of royalty interests in the prior year.

On July 31, 2023, Manitoba Hydro and the four Keeyask Cree Nations (KCN), as limited partners of the Keeyask Hydropower Limited Partnership (KHLP), executed an amended and restated Joint Keeyask Development Agreement (JKDA). The update to the JKDA was prompted by the erosion of the long-term economic benefits initially envisaged for the KCN from the Keeyask project when the JKDA was initially ratified in 2009. Following the updates to the JKDA, the KCN elected to convert their common equity units to preferred units at the final closing on July 31, 2023 in exchange for a future preferred distribution payment stream. This led to the increase of Manitoba Hydro's common ownership interest in the KHLP from 82.5% to 100%, facilitated by the settlement of the KCN equity loans and the establishment of a long-term obligation for preferred distributions. The impact of the Keeyask final closing is discussed throughout the MD&A and reflected in the consolidated financial statements and notes thereto.

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

	Electric		Natural Gas		Consolidated*		
	2024	2023	2024	2023	2024	2023	change
	<i>millions of dollars</i>						
Revenues							
Manitoba	<b>1 881</b>	1 934	<b>510</b>	659	<b>2 426</b>	2 704	(278)
Extraprovincial	<b>872</b>	1 131	-	-	<b>872</b>	1 131	(259)
	<b>2 753</b>	3 065	<b>510</b>	659	<b>3 298</b>	3 835	(537)
Expenses	<b>3 185</b>	2 622	<b>526</b>	695	<b>3 734</b>	3 345	389
Net income (loss) before net movement in regulatory balances	<b>(432)</b>	443	<b>(16)</b>	(36)	<b>(436)</b>	490	(926)
Net movement in regulatory balances	<b>296</b>	147	<b>(18)</b>	18	<b>278</b>	165	113
Net income (loss)	<b>(136)</b>	590	<b>(34)</b>	(18)	<b>(158)</b>	655	(813)
Net income (loss) attributable to:							
<b>Manitoba Hydro</b>	<b>(135)</b>	573	<b>(34)</b>	(18)	<b>(157)</b>	638	(795)
Non-controlling interests	<b>(1)</b>	17	-	-	<b>(1)</b>	17	(18)
	<b>(136)</b>	590	<b>(34)</b>	(18)	<b>(158)</b>	655	(813)
Total assets and regulatory debits	<b>30 731</b>	30 680	<b>933</b>	947	<b>31 526</b>	31 410	116
Retained earnings	<b>3 248</b>	3 398	<b>27</b>	61	<b>3 478</b>	3 650	(172)
Debt to capitalization ratio					<b>85.5%</b>	84.1%	

\*Includes other segment and eliminations

The consolidated net loss attributable to Manitoba Hydro of \$157 million for the 2024 fiscal year was comprised of a net loss of \$135 million in the electric segment, a net loss of \$34 million in the natural gas segment and net income of \$12 million from other subsidiaries. In addition to retained earnings that reflect the net loss for the fiscal year of \$157 million, it also includes an adjustment to recognize the cumulative losses of the Keeyask Hydropower Limited Partnership of \$15 million due to the impact of the ownership changes at final closing as a result of the amended JKDA.

## Comparison to Budget

Consolidated net loss for 2023-24 was \$607 million lower than budgeted net income of \$450 million. The net loss was driven by lower net exports (extraprovincial revenue net of fuel and power purchased and water rentals) related to drought conditions, as well as unprecedented congestion levels at Manitoba Hydro's settlement point in the northern MISO market, for a portion of the year, which resulted in an increase in the purchase price of power imports. Higher operating and administrative expenses and the impact of PUB Order 101/23 also contributed to the net loss.

The table below provides an overview of the 2023-24 financial results, relative to budget.

	<b>2024</b>	Budget	Variance to budget
	<i>millions of dollars</i>		
<b>Revenues</b>			
Domestic			
Electric	<b>1 847</b>	1 870	(23)
Gas	<b>505</b>	676	(171)
Extraprovincial	<b>872</b>	1 153	(281)
Other	<b>74</b>	62	12
	<b>3 298</b>	3 761	(463)
<b>Expenses</b>			
Finance expense	<b>1 042</b>	969	(73)
Operating and administrative	<b>802</b>	745	(57)
Depreciation and amortization	<b>651</b>	668	17
Cost of gas sold	<b>333</b>	527	194
Water rentals and assessments	<b>62</b>	78	16
Fuel and power purchased	<b>348</b>	163	(185)
Capital and other taxes	<b>184</b>	180	(4)
Other expenses	<b>374</b>	110	(264)
Finance income	<b>(62)</b>	(29)	33
	<b>3 734</b>	3 411	(323)
Net income (loss) before net movement in regulatory balances	<b>(436)</b>	350	(786)
Net movement in regulatory balances	<b>278</b>	105	173
Net income (loss)	<b>(158)</b>	455	(613)
Net income (loss) attributable to:			
<b>Manitoba Hydro</b>	<b>(157)</b>	450	(607)
Non-controlling interests	<b>(1)</b>	5	(6)
	<b>(158)</b>	455	(613)

## Financial Metrics

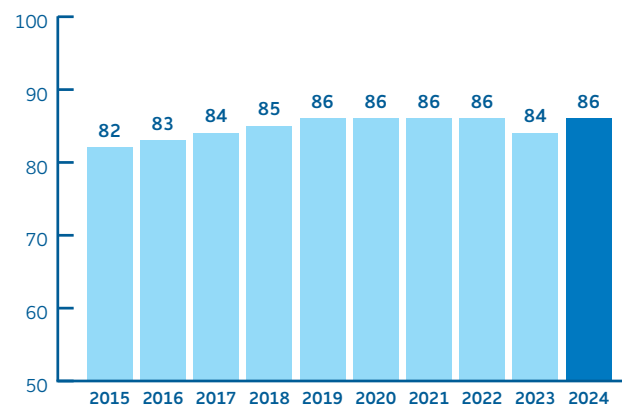
On May 4, 2024, the provincial government introduced Bill 37, *The Budget Implementation and Tax Status Amendment Act*, to the First Session of the Forty-Third sitting of the Legislative Assembly of Manitoba. Bill 37 proposes to amend *The Manitoba Hydro Act* to remove consideration of the statutory debt-to-capitalization ratio targets that are to come into force on April 1, 2025, as previously established by *The Manitoba Hydro Amendment and Public Utilities Board Amendment Act*. Manitoba Hydro will be reviewing its financial measures and targets in light of this change.

Manitoba Hydro continues to consider several financial measures to assess its financial health. Manitoba Hydro continues to monitor the long-standing financial metrics of the debt-to-capitalization ratio, the interest coverage ratios (EBIT and EBITDA) and the capital coverage ratio. The utility is also tracking the trends to the net debt balance, the year-over-year change to the net debt balance, the cash flow surplus/deficit, the self-financing ratio and the ratio of cash flow to net debt to assess financial health.

The debt-to-capitalization ratio is a measure of the portion of assets that are financed by debt rather than equity. The graph to the right illustrates the debt to capitalization ratio for the past ten years.

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.

**Debt to Capitalization**  
For the year ended March 31



\*See Note 31 in the Audited Financial Statements for ratio calculation

### Consolidated Statement of Financial Position

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

	<b>2024</b>	2023	increase/ (decrease)
	<i>millions of dollars</i>		
Current assets	<b>1 498</b>	1 828	(330)
Property, plant and equipment	<b>26 727</b>	26 474	253
Non-current assets	<b>1 622</b>	1 658	(36)
Total assets	<b>29 847</b>	29 960	(113)
Regulatory deferral balances	<b>1 679</b>	1 450	229
Total assets and regulatory deferral balances	<b>31 526</b>	31 410	116
Current liabilities	<b>1 870</b>	2 192	(322)
Long-term debt	<b>23 644</b>	23 097	547
Non-current liabilities	<b>2 623</b>	2 264	359
Total liabilities	<b>28 137</b>	27 553	584
Equity	<b>3 270</b>	3 689	(419)
Total liabilities and equity	<b>31 407</b>	31 242	165
Regulatory deferral balances	<b>119</b>	168	(49)
Total liabilities, equity and regulatory deferral balances	<b>31 526</b>	31 410	116

Significant changes are explained below:

Current assets decreased \$330 million largely as a result of the purchase of long-term investments for the purpose of hedging the foreign exchange impact of a long-term obligation, as well as a decrease in prefunding cash on hand as a result of lower projected cash requirements in the first two quarters of the upcoming fiscal year as compared to the previous year. Receivables from customers also decreased from the prior year largely as a result of warmer winter weather.

Property, plant and equipment increased by \$253 million for capital expenditures related to additions, improvements and replacement of existing infrastructure as well as the trailing costs associated with the development of major new generation and transmission facilities.

Non-current assets decreased by \$36 million largely due to the settlement of advances and interest associated with the Keeyask investment entities (Note 19) as well as the amortization of transmission rights associated with the Great Northern Transmission Line (GNTL). The decrease was largely offset by the purchase of long-term investments.



Regulatory deferral debit balances are the balances of any expense accounts that would not be recognized as an asset, but that qualify for deferral because they are included, or are expected to be included, by the regulator in establishing rates. Regulatory deferral debit balances increased \$229 million primarily due to the establishment of the preferred distributions obligation deferral and the increase in the Keeyask in-service deferral as a result of the Keeyask investment entities' conversion to preferred unit holders as well as the annual growth in the deferrals for ineligible overhead and demand side management (DSM). These increases were partially offset by amortization of DSM programs and the Conawapa regulatory deferral, a change in the purchased gas variance account (PGVA) associated with the collection of prior period gas commodity costs from customers, changes in depreciation method, as well as the write-off of the previously deferred terminal losses associated with Selkirk Generating Station and Brandon Unit 5. The total regulatory deferral debit balance at March 31, 2024 was \$1 679 million.

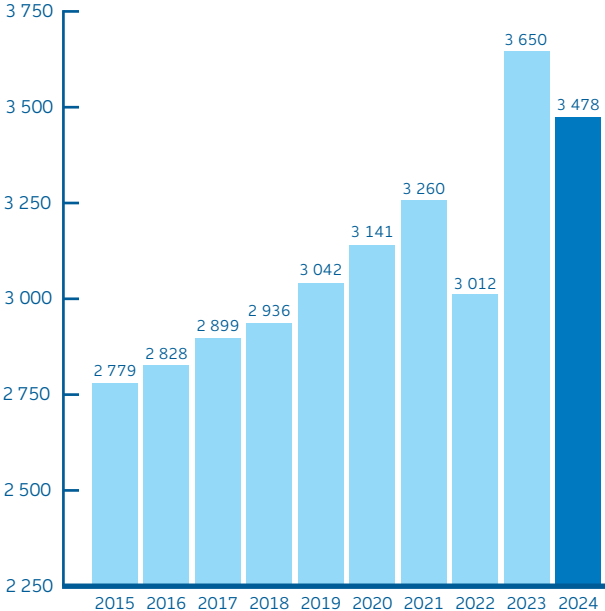
Current liabilities decreased by \$322 million primarily due to a decrease in the current portion of long-term debt partially offset by an increase in notes payable due to a shift to prefund cash requirements using more short-term borrowings, an increase in trade payables largely due to timing and an increase in the current portion of legal and other provisions.

Long-term debt increased \$547 million primarily to address a shortfall in funds for core operations (capital and operating costs to maintain system reliability) as a result of the drought. During the year, the corporation refinanced \$1 463 million in debt while receiving proceeds from net debt of \$1 450 million.

Non-current liabilities increased by \$359 million largely due to the establishment of a preferred distributions obligation associated with the Keeyask investment entities, a new revitalization agreement signed with the Manitoba Métis Federation in fiscal 2024 that resulted in an additional mitigation obligation as well as higher deferred revenue from government grants and customer and developer contributions. Future employee benefit obligations were higher due to actuarial and remeasurement losses on the pension liability which were largely offset by investment gains on pension assets. The remeasurement of other employee benefit liabilities was another contributing factor. These increases were partially offset by a decrease in the long-term portion of provisions.

The corporation's retained earnings decreased \$172 million this year which reflects the consolidated net loss attributable to Manitoba Hydro of \$157 million as well as the earnings adjustment to recognize the cumulative losses of the KHLP due to the acquisition of non-controlling interest at final closing. The corporation's retained earnings balance was \$3 478 million at March 31, 2024.

**Retained Earnings**  
For the year ended March 31  
millions of dollars



Regulatory deferral credit balances are the balances of any income accounts that would not be recognized as liabilities, but that qualify for deferral because they are included, or are expected to be included, by the regulator in establishing rates. Regulatory deferral credit balances decreased \$49 million primarily due to the write-off of the DSM deferral in accordance with PUB Order 101/23 and the Bipole III deferral becoming fully amortized during the year. The increase was partially offset by the change in the PGVA balance due to lower purchased gas costs compared to amounts recovered from customers. The total regulatory deferral credit balance at March 31, 2024 was \$119 million.

### 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.

	2024	2023	change
	<i>millions of dollars</i>		
Cash and cash equivalents, beginning of year	1 089	1 083	6
Cash provided by operating activities	607	1 068	(461)
Cash used for investing activities	(954)	(748)	(206)
Cash provided by (used for) financing activities	38	(314)	352
Cash and cash equivalents, end of year	780	1 089	(309)

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 2023-24 was \$607 million, a decrease of \$461 million from the previous year. The change reflects the impact of lower overall earnings and higher interest paid, partially offset by an increase in non-cash working capital accounts driven by lower payments to vendors and higher collections from customers.

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 2023-24 was \$954 million, compared to \$748 million in 2022-23. The increase was primarily due to the purchase of long-term investments, additional payments for mitigation obligations largely related to the new revitalization agreement with the Manitoba Métis Federation, and higher investments in sustaining assets, partially offset by an increase in contributions received.

*The Appropriations Act* provides the expenditure authority for Manitoba Hydro's new capital investments on an annual basis. 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 Manitoba Hydro Act* grants the corporation the power to issue short-term promissory notes in the name of the Manitoba Hydro-Electric Board. As at March 31, 2024 the corporation had \$200 million outstanding on its short-term borrowing program. Manitoba Hydro's borrowing authority limit to borrow or refinance existing long-term and short-term debt must not exceed \$29.3 billion at the end of the fiscal year as specified in *The Financial Administration Act*.

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 Manitoba Hydro-Electric Board).

Cash provided from financing activities in 2023-24 was \$38 million, compared to cash used for financing activities of \$314 million in 2022-23 and is comprised primarily of proceeds of long-term debt (net of maturities) through advances from the Province of Manitoba. Proceeds from financing arranged by the corporation amount to \$1 450 million compared to \$837 million in the previous year. Maturities of long-term debt were \$1 463 million compared to \$1 148 million in the prior year as a result of the expected maturities of long-term debt. Proceeds from short-term borrowings (net of maturities) amounted to \$150 million. Current year proceeds of long- and short-term debt were used to fund operations as well as to refinance long-term debt maturing during the year. The corporation issued debt at a weighted average interest rate (WAIR) of 4.18% during 2023-24 (excluding the provincial debt guarantee fee of 0.5%) with a weighted average term to maturity of 19.5 years. The WAIR of all outstanding debt at March 31, 2024 (excluding the provincial debt guarantee fee) was 3.50% compared to 3.41% in the prior year.

As a result of drought conditions in 2023-24, which significantly reduced net income, the corporation reported a net deficit of \$347 million when comparing cash flows from operations net of cash flows for investing activities. This is a significant deterioration from the net cash surplus of \$320 million in the prior year. The deficit required the corporation to fund a portion of core operations through the issuance of new long- and short-term debt.

During the year, the Province of Manitoba confirmed the existing short-term promissory note program of \$500 million, as well as approved additional short-term advances up to \$500 million and provided a \$250 million provincial guarantee on existing unguaranteed credit facilities. These new approvals provide Manitoba Hydro with a total of \$1.25 billion of provincially guaranteed short-term borrowing authority, which will assist Manitoba Hydro in providing a more cost-effective tool for increasing variable rate debt within the debt portfolio.

## 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 548 977 residential and 75 085 commercial and industrial customers in Manitoba.

The net loss attributable to Manitoba Hydro in the electric segment was \$135 million in 2023-24 compared to net income of \$573 million in the previous fiscal year. The net loss was largely due to a reduction in opportunity revenues and an increase in fuel and power purchases, driven by drought conditions, as well as lower domestic electricity revenue attributable to unseasonably warm weather, an increase in operating and administrative costs and the impacts of PUB Order 101/23.

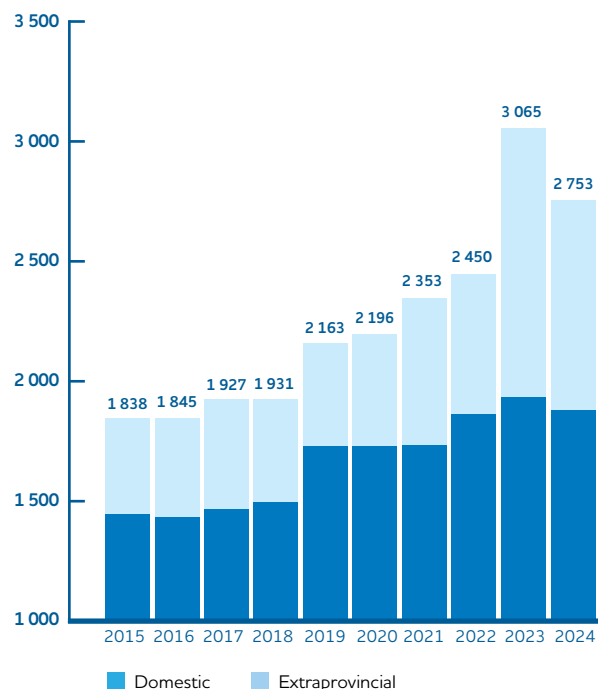
### Electric Revenues

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 with customer-owned transformation that 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

**Electric Revenues**  
For the year ended March 31  
millions of dollars



on excess energy, are generally over shorter periods and are transacted primarily in markets operated by an independent system operator such as the 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 \$2 753 million, a decrease of \$312 million or 10.2% from the previous year. This was the result of a \$259 million decrease in extraprovincial revenues as well as a decrease of \$53 million in domestic revenues. The decrease in extraprovincial revenues was primarily due to the impact of drought conditions which resulted in a significant decrease in opportunity sales volumes. The decrease in domestic revenue was primarily attributable to a decreased heating load due to unseasonably warm weather as well as lower usage, partially offset by customer growth and the impact of the September 1, 2023 electric rate increase.

The breakdown of electric revenues is as follows:

### Electric Revenues and kWh Sales

For the year ended March 31

	<b>2024</b>	2023	% change	<b>2024</b>	2023	% change
	<i>millions of dollars</i>			<i>millions of kWh</i>		
Domestic						
Electricity sales						
Residential	<b>805</b>	844	(4.6)	<b>7 836</b>	8 203	(4.5)
Commercial	<b>646</b>	650	(0.6)	<b>7 071</b>	7 126	(0.8)
Industrial	<b>396</b>	409	(3.2)	<b>7 089</b>	7 338	(3.4)
	<b>1 847</b>	1 903	(2.9)	<b>21 996</b>	22 667	(3.0)
Other revenue	<b>34</b>	31	9.7			
Domestic revenue	<b>1 881</b>	1 934	(2.7)	<b>21 996</b>	22 667	(3.0)
Extraprovincial						
Dependable	<b>739</b>	711	3.9	<b>6 070</b>	6 209	(2.2)
Opportunity	<b>107</b>	372	(71.2)	<b>2 312</b>	7 116	(67.5)
Other	<b>26</b>	48	(45.8)	-	-	-
Extraprovincial revenue	<b>872</b>	1 131	(22.9)	<b>8 382</b>	13 325	(37.1)
	<b>2 753</b>	3 065	(10.2)	<b>30 378</b>	35 992	(15.6)

Revenues from electricity sales in Manitoba totaled \$1 847 million in 2023-24, a decrease of \$56 million from the previous year which resulted from a warmer fall and winter as well as lower consumption. Electricity consumption in Manitoba was 21 996 million kilowatt-hours, 671 million kilowatt-hours lower than the previous year. The decrease in consumption was mainly due to a lower heating load as a result of a warmer fall and winter than the prior year and lower customer usage, largely driven by commercial and residential customers, partially offset by customer growth in all classes and the impact of the September 1, 2023 electric rate increase.

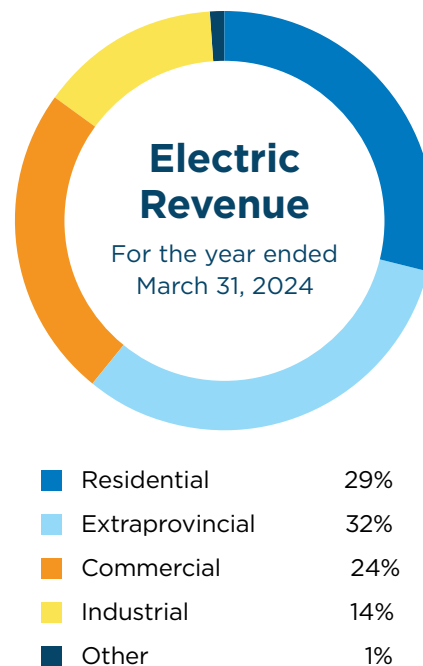
Revenues from sales to residential customers for 2023-24 amounted to \$805 million, a decrease of \$39 million or 4.6% from the previous year. The decrease was primarily attributable to the impacts of weather and lower usage, partially offset by customer growth of 6 709 customers (to 548 977 at March 31, 2024) compared to the previous year and the impact of the September 1, 2023 rate increase.

Revenues from commercial customers amounted to \$646 million in 2023-24, a decrease of \$4 million or 0.6% from the previous year. The decrease was primarily attributable to the impacts of weather and was partially offset by customer growth of 1 061 customers (to 74 639 at March 31, 2024), the impact of the September 1, 2023 rate increase and higher customer usage.

Revenues from industrial customers amounted to \$396 million, a decrease of \$13 million or 3.2% from the previous year. The decrease was mainly attributable to lower customer usage and weather impacts, partially offset customer growth of 3 customers (to 446 at March 31, 2024) and the impact of the September 1, 2023 rate increase.

Other revenues amounted to \$34 million, an increase of \$3 million or 9.7% from the previous year. The increase was mainly the result of a gain on the sale of property.

Extraprovincial revenues totaled \$872 million in 2023-24, a decrease of \$259 million from the previous year. The decrease is largely due to lower opportunity sales volumes which were 4 804 GWh or 67.5% lower as a result of drought conditions. Dependable sales volumes were also lower by 139 GWh or 2.2% as low water conditions resulted in no excess energy available to be sold under dependable market-based sales contracts, partially offset by higher fixed rate prices as a result of price escalations. Of the total extraprovincial revenues, \$689 million or 79% was derived from the U.S. market, \$166 million or 19% was from sales to Canadian markets and \$17 million or 2% was related to arbitrage opportunities between wholesale energy markets.



## Electric Rates

Effective September 1, 2023, electricity rates for Manitoba Hydro customers, with exceptions for certain customers in remote diesel-served communities, increased by an average of 1.0%, as approved by the Public Utilities Board in Order 101/23. In the same order, the Public Utilities Board also finalized the 3.6% interim rate increase from Order 137/21. The rate increases differed by customer class to better reflect the average cost to serve each class.

Manitoba Hydro's domestic electricity rates continue to be among the lowest overall in North America as illustrated in the accompanying chart.

## Electric Expenses

Electric expenses totaled \$3 185 million for 2023-24, an increase of \$563 million or 21.5% over the previous year. The increase in expenses was mainly due to an increase in other expenses, primarily related to the recognition of the preferred distributions obligation related to the Keeyask investment entities, higher fuel and power purchased driven by drought conditions in the current year compared to record high water conditions experienced in 2022-23 as well as higher operating and administrative and finance expenses. These increases were partially offset by a decrease in water rentals and assessments due to lower generation.

The breakdown of electric expenses is as follows:

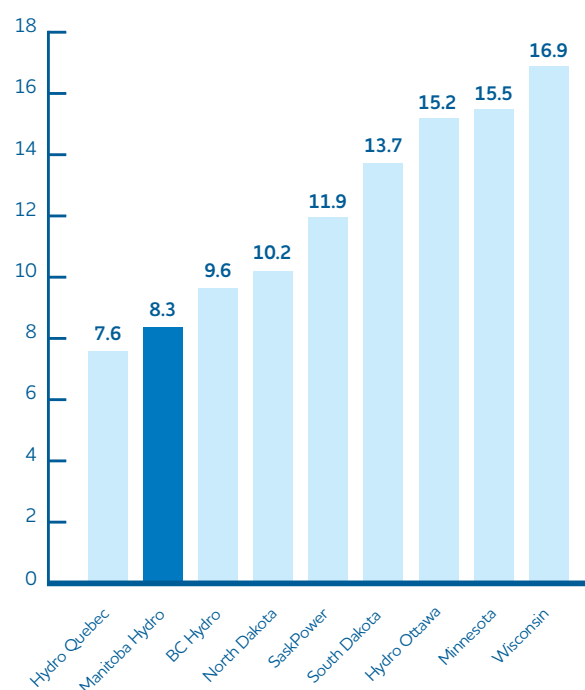
## Electric Expenses

For the year ended March 31

	2024	2023	% change
	<i>millions of dollars</i>		
Finance expense	996	988	0.8
Operating and administrative	708	609	16.3
Depreciation and amortization	614	623	(1.4)
Capital and other taxes	166	157	5.7
Fuel and power purchased	350	138	153.6
Water rentals and assessments	62	84	(26.2)
Other expenses	332	68	388.2
Corporate allocation	12	7	71
Finance income	(55)	(52)	5.8
	<b>3 185</b>	<b>2 622</b>	<b>21.5</b>

## Average Retail Price of Electricity

*cents/kWh (Cdn)*



Source: Excerpts 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.

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 \$996 million in 2023-24, an increase of \$8 million or 0.8% from the previous year. The increase was primarily due to higher interest rates on new and re-financed long- and short-term debt issues and higher short-term debt volumes, partially offset by a decrease in long-term debt volumes due to planned debt maturities. Additional accretion expense on new long-term obligations also contributed to the increase in finance expense. These increases were partially offset by a reduction in foreign exchange losses.

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 2023-24, operating and administrative expenses for electric operations amounted to \$708 million, an increase of \$99 million, or 16.3% compared to 2022-23. The increase in operating and administrative expenses is primarily attributable to higher benefits costs due to adjusting the projected value of Manitoba Hydro's long-term defined benefit pension plan and long-term employee benefit obligations to reflect current market conditions and employee demographics as well as higher wages and salaries primarily due to contracted wage settlements and an increase in full-time equivalent employees (FTE). Manitoba Hydro is increasing its FTE levels in areas such as trades trainees, the customer engagement center, cyber security, engineering and construction. This increase is required to rebuild the core workforce to sustainable levels, meet long-term strategic plans and ensure Manitoba Hydro can continue to provide safe and reliable service and meet customer needs. Inflationary pressures also continue to impact spending levels.

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.

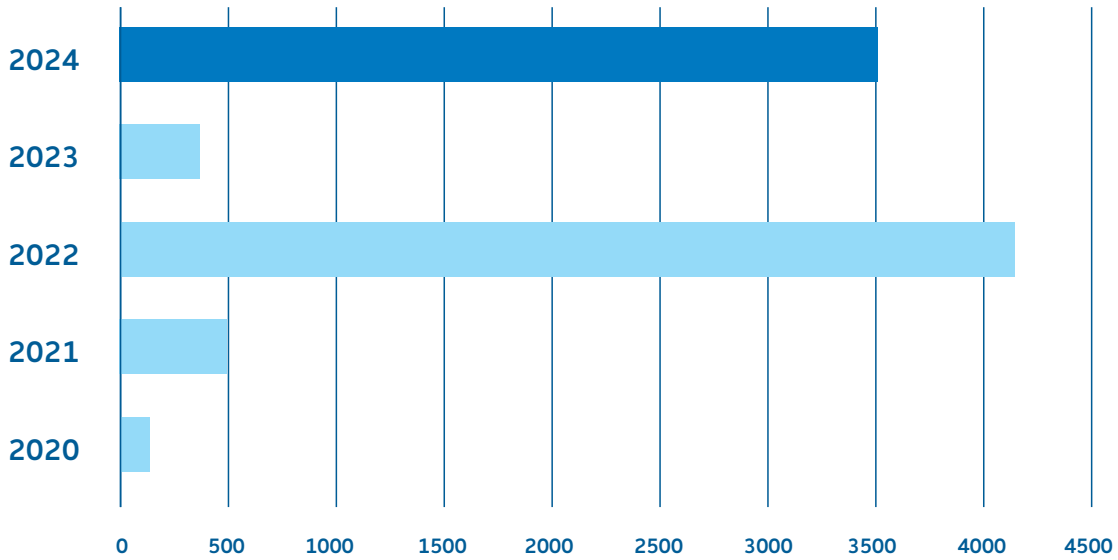
Depreciation and amortization expense amounted to \$614 million in 2023-24, a decrease of \$9 million or 1.4% from the previous year. The decrease was mainly attributable to the cessation of amortization of major computer systems partially offset by new additions to plant and equipment coming into service.

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 \$166 million in 2023-24, an increase of \$9 million or 5.7% compared to the previous year. The change was primarily due to increased capital taxes as a result of higher debt levels related to Manitoba Hydro's increased ownership stake in KHLP as well as higher property taxes associated with the town of Gillam.



### Purchased Opportunity Volumes (GWh)



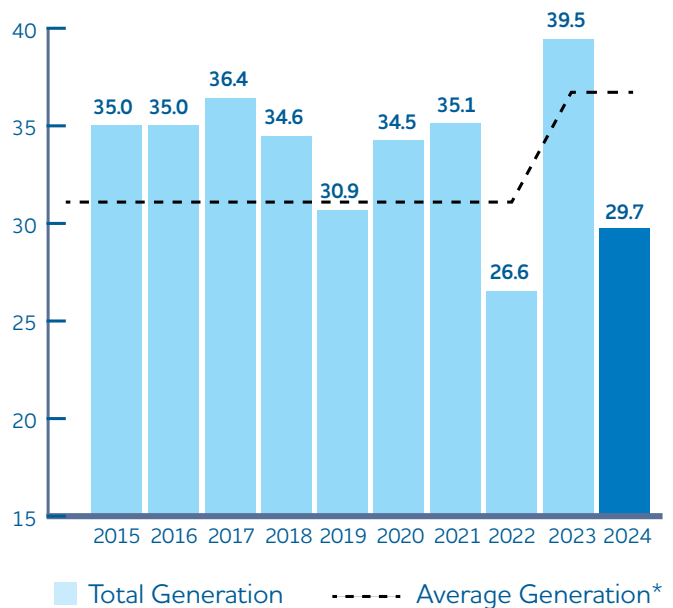
Fuel and power purchased includes purchased electrical energy from external Canadian and U.S. suppliers, wind power purchased from the independently-owned St. Leon and St. Joseph wind farms, transmission charges and fuel for the thermal generating stations and remote diesel sites. Fuel and power purchases 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 \$350 million in 2023-24, an increase of \$212 million or 153.6% from 2022-23. The increase was primarily due to higher opportunity purchases driven by drought conditions in the current year compared to record high water conditions in the prior year as well as increased market prices due to unprecedented congestion at the Manitoba Hydro settlement point in the northern MISO market during a portion of the fiscal year. Opportunity purchase volumes were 3 136 GWh higher or 859.2% than the prior year resulting in an increase of \$116 million.

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.

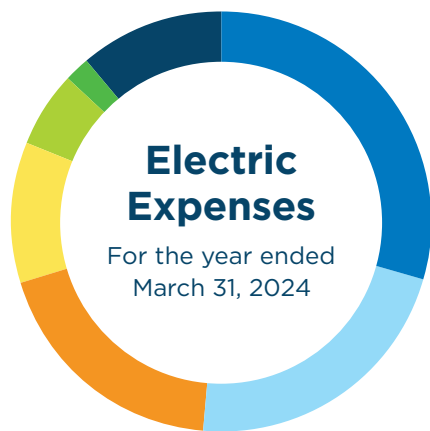
### Hydraulic Generation

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. Average hydraulic generation was updated in 2023 with the full in-service of the Keeyask Generating Station.

Water rentals and assessments amounted to \$62 million in 2023-24 as compared to \$84 million in the prior year, a decrease of 26.2%. The decrease is a result of lower hydraulic generation due to drought conditions. Hydraulic generation amounted to 29.7 billion kilowatt-hours in 2023-24 compared to 39.5 billion kilowatt-hours in the previous year, a decrease of 24.8%.



■ Finance expense (net)	30%
■ Operating and administrative	22%
■ Depreciation and amortization	19%
■ Fuel and power purchased	11%
■ Capital and other taxes	5%
■ Water rentals and assessments	2%
■ Other expenses	11%

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. which is devoted to energy conservation. The majority of these other expenses are deferred and subsequently amortized through net movement in regulatory balances.

Other expenses amounted to \$332 million in 2023-24, an increase of \$264 million or 388.2% compared to the previous year. The increase is largely related to the recognition of the preferred distributions obligation due to the impact of the ownership changes at final closing as a result of the amended JKDA. Excluding the impacts of the amended JKDA, the increase is primarily due to higher DSM program expenditures related to increased customer participation 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 \$149 million was primarily due the deferral of the preferred distributions obligation. This was partially offset by the write-off of the previously deferred terminal losses for the Selkirk and Brandon Unit 5 Generating Stations, completion of the Bipole III deferral amortization, and the impacts of transitioning from Equal Life Group to Average Life Group depreciation methodology.

## Net regulatory deferral balance continuity

	2024	2023	change
	<i>millions of dollars</i>		
Balance April 1	1 180	1 033	
Additions			
Preferred distributions obligation	264	-	264
Demand side management	44	34	10
Site remediation	21	18	3
Ineligible overhead	20	20	-
Loss on disposals	24	10	14
Change in depreciation method	3	53	(50)
Other	20	3	17
Amortization			
Selkirk and Brandon terminal losses	(43)	-	(43)
Bipole III	20	77	(57)
Other	(77)	(68)	(9)
Net movement in regulatory balances	296	147	149
Balance March 31	1 476	1 180	296

## Electric Capital Expenditures

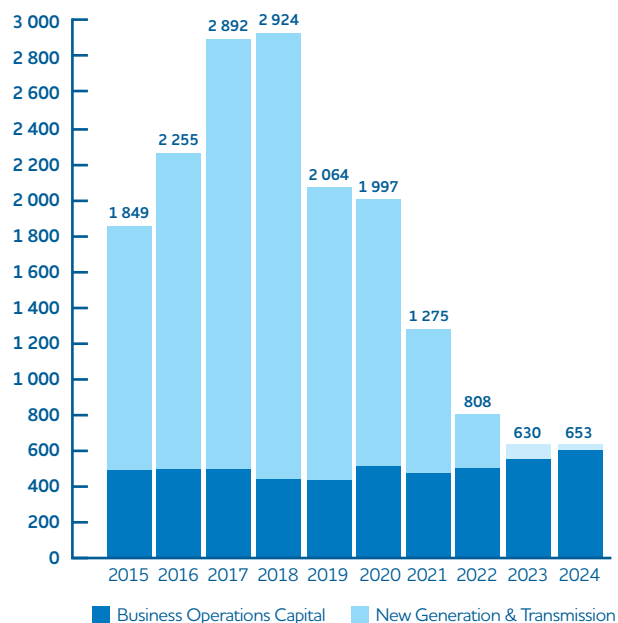
The electric capital expenditure program relates to investments in major new generation and transmission facilities, as well as additions, improvements and replacement of existing infrastructure.

Expenditures for capital construction totaled \$653 million in 2023-24 compared to \$630 million during the previous fiscal year. This includes \$39 million for the development of new major generation and transmission facilities, a decrease of \$60 million when compared to 2022-23. Current year expenditures include \$38 million (2023 - \$95 million) for the Keeyask Generating Station and \$1 million (2023 - \$4 million) for the Manitoba-Minnesota Transmission Project. Amounts include the capitalized interest associated with construction in progress.

Capital expenditures required for additions, improvements and replacements of existing infrastructure amounted to \$614 million, an increase of \$83 million compared to the previous fiscal year. 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. The increase in capital expenditures in fiscal 2023-24 is related in part to increased spending on the Pointe du Bois Renewable Energy Project. The work on this project will increase Pointe du Bois generating station's supply of renewable, dependable electricity and enhance the transmission capacity and reliability in the area. Inflationary pressures have also had a significant impact on overall capital spending levels as increases seen in materials, equipment and services required for Manitoba Hydro's capital projects have been much higher than anticipated and well beyond the general inflationary impacts seen on general costs.

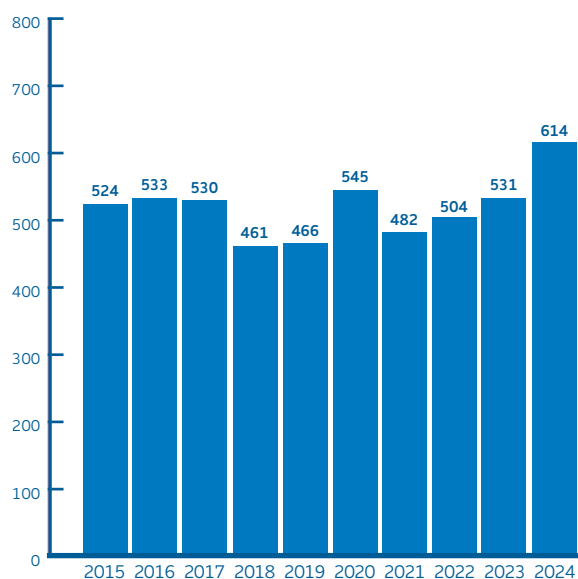
### Total Electric Capital Expenditures

For the year ended March 31  
 millions of dollars



### Business Operations Capital

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 Taskinighap 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 2023-24 of \$9 million compared to \$28 million in 2022-23. Manitoba Hydro's 67% share of the income was \$6 million (2023 - \$19 million) and TPC's 33% share of the income was \$3 million (2023 - \$9 million).

### 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.

During 2023-24, Manitoba Hydro and the four First Nations (Tataskweyak Cree Nation, War Lake, York Factory and Fox Lake) executed a restated and amended Joint Keeyask Development Agreement (JKDA). Following the updates to the JKDA, the KCN elected to convert their common units to preferred units at final closing. The KCN will now receive a preferred distribution, as defined in the amended JKDA, on an annual basis. Manitoba Hydro's common equity ownership of the KHLP increased from 82.5% to 100% at final closing.

The KHLP reported a net loss for 2023-24 of \$329 million (2023 – net income of \$46 million). The KCN's 17.5% share of the net loss up to final closing on July 31, 2023 totaled \$4 million (2023 – net income of \$8 million) and was represented as non-controlling interest on the consolidated statement of income. The share of the net loss attributable to Manitoba Hydro was \$325 million, which represented 82.5% of the net loss up to final closing and 100% thereafter. The increase in KHLP's net loss was primarily driven by the impact of the recognition of the preferred distribution obligation.

## Natural Gas Segment

Centra Gas Manitoba Inc. (Centra) is a wholly-owned subsidiary of Manitoba Hydro. Centra distributes natural gas to 298 639 residential, commercial and industrial customers in Manitoba.

The net loss in the natural gas segment was \$34 million in 2023-24 compared to a net loss of \$18 million in the previous fiscal year. The increase in net loss over the previous year was primarily attributable to lower gross margin due to warmer winter weather as well as higher operating and administrative expenses due to an increase in employee benefit costs and increased spending on customer service and corporate relations programs. Overall, the gross margin, after considering the net movement in PGVAs, was not sufficient to cover non-gas costs.

For the year ended March 31

	2024	2023	change
	<i>millions of dollars</i>		
Gross margin			
Gas revenues	<b>508</b>	657	(149)
Cost of gas sold	<b>333</b>	523	(190)
Gross margin	<b>175</b>	134	41
PGVA	<b>34</b>	(18)	52
Gross margin after net movement in PGVAs	<b>141</b>	152	(11)

## 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 pipeline transportation upstream of Manitoba and pay only for the delivery of natural gas on Centra's distribution system.

Natural gas revenues decreased compared to the prior year despite an 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 2023-24 were \$345 million, excluding the FCC of \$163 million, a decrease of \$166 million from the previous year. The decrease is primarily due to lower gas commodity rates and warmer winter weather. Natural gas deliveries were 2 029 million cubic metres in 2023-24 compared 2 225 million cubic metres in 2022-23.

The breakdown of natural gas revenue is as follows:

### Natural Gas Revenues

For the year ended March 31

	2024	2023	% change
	<i>millions of dollars</i>		
Residential	163	230	(29.1)
Large general service	107	168	(36.3)
Large commercial & industrial	32	52	(38.5)
Small general service	28	43	(34.9)
Interruptible	8	12	(33.3)
Transportation service and other	7	6	16.7
Federal carbon charge	163	146	11.6
Revenue from sale and distribution of natural gas	508	657	(22.7)
Other revenue	2	2	-
	<b>510</b>	<b>659</b>	<b>(22.6)</b>

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. In addition to purchasing and delivering the majority of natural gas consumed by Centra's customers, Centra also made deliveries to customers purchasing gas from natural gas brokers and to transportation service customers.

### Cost of Gas Sold

For the year ended March 31

	2024	2023	change
	<i>millions of dollars</i>		
Cost of gas sold			
Purchased costs	170	377	(207)
PGVA	34	(18)	52
WACOG	204	359	(155)
Federal carbon charge	163	146	17
	<b>367</b>	<b>505</b>	<b>(138)</b>

The cost of gas purchased during 2023-24, was \$170 million, a decrease of \$207 million from the previous year. This decrease was primarily driven by lower market prices as well as lower purchased volumes due to the impact of warmer winter weather. 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 2023-24, the total of actual cost of gas purchased combined with the FCC represents total cost of gas sold of \$333 million compared to \$523 million for 2022-23.

The resulting gross margin after considering the net movement in PGVAs is \$141 million for 2023-24 compared to \$152 million for 2022-23, which is a decrease of \$11 million primarily due to warmer winter weather partially offset by customer usage and growth.

### Natural Gas Rates

In accordance with Centra's quarterly rate-setting methodology, annualized bill impacts for a typical residential customer resulting from Gas Commodity rate changes for natural gas supplied during 2023-24 are as follows:

- May 1, 2023                    9.5% decrease
- August 1, 2023                3.7% decrease
- November 1, 2023            10.0% decrease
- February 1, 2024              5.7% decrease

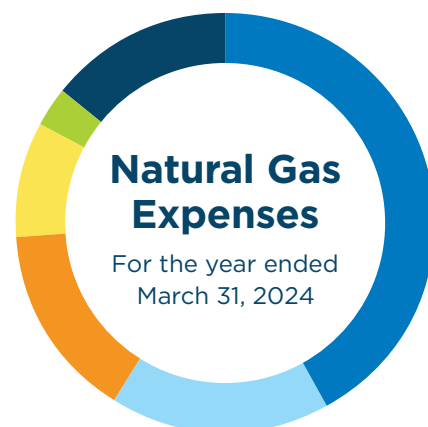
The changes in natural gas rates reflect the fluctuations in market prices for natural gas purchased by Centra. Natural gas prices in North America continued to decrease in 2023-24 and Manitoba Hydro's natural gas customers benefited as a result.

Natural gas prices decreased significantly during the year and the quarterly rate setting process ensures that the cost of gas purchased from the market is passed through directly to customers, without markup or profit. Differences in the actual cost of gas and those charged to customers is eventually refunded to or collected from customers in future rates. The fluctuations in natural gas prices ultimately impact the bills paid by customers, however, these rises and falls do not translate into additional earnings for Centra. The non-gas margin charged on customer bills is the only mechanism for the recovery of operating costs and is meant to provide Centra with sufficient net income to invest in the natural gas delivery system.

Centra also offers a fixed rate service which allows customers to fix their Gas Commodity rates for terms of up to five years. The fixed rate service is offered to residential and commercial customers. At March 31, 2024 there were approximately 140 customers on Centra's fixed rate service. Total natural gas deliveries under this service were approximately 2.2 million cubic metres.

### Natural Gas Expenses

Expenses attributable to the natural gas operations, excluding cost of gas sold, amounted to \$193 million in 2023-24, which was \$21 million higher than the previous year. The increase is primarily due to higher operating and administrative expenses and higher other expenses, partially offset by a reduction in the corporate allocation. Operating and administrative expenses increased primarily due to higher benefits costs as well as increased spending on customer service, corporate relations programs and maintenance requirements. Gas other expenses increased largely due to higher DSM program expenditures due to timing of federal funding and increased customer participation as well as higher site remediation costs associated with the establishment of a new environmental obligation. The corporate allocation was reduced in 2023-24 to reflect the impact of sinking fund investments designated for retiring acquisition debt as well as a modification in the allocation methodology between the electric and natural gas segments.



Operating and administrative	42%
Depreciation and amortization	17%
Finance expense	15%
Capital and other taxes	9%
Corporate allocation	3%
Other expenses	14%

### Natural Gas Expenses

For the year ended March 31

	2024	2023	% change
	<i>millions of dollars</i>		
Operating and administrative	81	73	11.0
Depreciation and amortization	33	31	6.5
Finance expense	29	27	7.4
Capital and other taxes	18	18	-
Other expenses	26	11	136.4
Corporate allocation	6	12	(50.0)
	<b>193</b>	<b>172</b>	<b>12.2</b>

### 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 \$36 million was primarily the result of the change in the PGVA balance due to lower purchased gas costs compared to amounts recovered from customers, partially offset by increased spending on DSM and site remediation.



## 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 \$50 million in 2023-24, an increase of \$4 million compared to the previous fiscal year. Capital spending levels have been impacted by inflationary pressures.

## 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 world-wide, either exclusively or through partnerships. MHI provides research and development services and products to the power system and telecommunication sectors.

**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 previously owned 40% interest in Teshmont Consultants Limited Partnership (TCLP) through its wholly owned subsidiary, Teshmont LP Holdings Ltd. (Teshmont). During 2023-24, Manitoba Hydro wound up Teshmont. Comparative figures include Manitoba Hydro's portion of earnings of TCLP for 2022-23.

The following table provides a summary of the financial results of the subsidiary companies excluding Centra for the fiscal year ended March 31, 2024 compared to the previous fiscal year. The results of Minell and Teshmont (comparatives) are included in Other in the table below:

	MHI		MHUS		Other		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	<i>millions of dollars</i>							
Revenues	38	114	8	7	0	0	46	121
Expenses	25	30	8	7	1	1	34	38
Net income (loss)	13	84	-	-	(1)	(1)	12	83

## Risk Management

Manitoba Hydro is solely responsible for the provision of electricity and natural gas 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 faces risks and uncertainties that is driving the need for a Long-Term Strategy. A Long-Term Strategy will be executed in an evolving energy landscape where the degree and pace of change is unknown. Manitoba Hydro is focused on establishing a comprehensive Enterprise Risk Management (ERM) program to ensure these risks and risks inherent in its business are clearly understood, actively monitored, and effective mitigation plans are put in place to support successful execution of a Long-Term Strategy.

Manitoba Hydro's ERM program is focused on strategically managing Manitoba Hydro's enterprise risks through an integrated, comprehensive, forward-looking 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 holistically across the enterprise, with a common risk language and risk-based tools and processes throughout its decision-making processes. Development and roll-out of the ERM framework continues to be the major focus of ERM program efforts. Next steps and targeted areas of focus include the operationalization of an enterprise-wide risk appetite, tolerance and quantification process at Manitoba Hydro and continuing work on strengthening the understanding of the interdependencies of Manitoba Hydro's top enterprise risks.

### Top Enterprise Risks

Manitoba Hydro faces several risks to the fulfillment of its mission and mandate. Through the ERM program the following summary of top enterprise risks have been identified for Manitoba Hydro and focus has been placed on their effective mitigation. Manitoba Hydro's top risk summary is monitored and updated as required as top risks are not static and will change and evolve over time. There may be additional emerging risks and uncertainties that are presently unknown, or existing risks that are not currently believed to be material, that in the future may adversely affect enterprise performance or financial condition.

RISK	DESCRIPTION	RISK MITIGATIONS
<b>Risk Category: Financial</b> <i>Risk associated with organization's financial stability, predictability of funding, internal controls, financial fraud, and financial management practices</i>		
<b>Drought (low water levels)</b>	Significant and sustained reductions in hydraulic inflows and storage considerably impacts Manitoba Hydro's financial position.	- To reduce the impacts to financial performance, Manitoba Hydro performs ongoing monitoring of water levels, conserves storage, protects import capability, and has a Drought Management Plan.
<b>Export Revenue Uncertainty</b>	Combined uncertainty around hydraulic inflows and export market prices impacts Manitoba Hydro's energy position in the marketplace, export revenue and income statement volatility.	- Hedge opportunity export power volumes to limit portfolio risk exposure.
<b>Financial Resilience</b>	Elevated debt levels, uncertain future rate increases, volatility in net income, and potential inability to meet financial targets may cause unfavourable credit risk issues resulting in further weakness in financial resilience.	- Pursue opportunities to reduce debt in the capital structure over time, pursue rate increases as required and implement effective cost management strategies to allow Manitoba Hydro to operate in a self-sufficient manner.
<b>Access to Capital</b>	Manitoba Hydro is unable to obtain the necessary capital funding to execute on key projects and strategic initiatives such as addressing ageing assets, undertaking system modernizations and/or large capital project opportunities to support accelerated electrification.	- Continue to engage with the provincial government to ensure sufficient access to borrowing authority for low-cost debt financing. - Maintain appropriate reserves for solvency and liquidity. - Engage with the Federal Government regarding opportunities and challenges as they relate to the energy transition and maximize federal support, where appropriate.
<b>Risk Category: Emerging Energy Landscape</b> <i>Risk that is created by the anticipated, but uncertain pace of global shift in the energy landscape, including risks related to strategic choices and strategic execution, that could impede the Enterprise's ability to achieve its strategic objectives</i>		
<b>Energy Transition</b>	An increased focus on reduction of greenhouse gas emissions in energy policy and public/societal drivers may cause a switch from natural gas to electric heating that triggers the significant and expensive expansion of electric infrastructure required to support decarbonization.	- Manitoba Hydro has a defined role in energy policy development discussions as part of a whole of government approach. - Continue to provide information on the potential of interrelated impacts between the electric and gas systems. - Manitoba Hydro completed the Integrated Resource Plan (IRP) in 2023 that considers both new and existing assets in addressing resource requirements and will continue to refresh the plan through the near-term actions and the next IRP.
<b>Clean Electricity Targets</b>	Meeting federal clean electricity or net-zero grid targets could result in potential impacts to Manitoba Hydro's customers (reliability and affordability), operations, financial position, regulatory requirements, and reputation.	- Monitor and engage in energy policy related discussions. - Develop strategies related to government policies and programs impacting energy resources. - Complete GHG assessment of plans and inventory management.
<b>System Load Growth and Modernization</b>	The steady growth approach to system planning does not accommodate large new entrants and/or is misaligned with the realized growth within the new energy landscape. Manitoba Hydro does not have the necessary infrastructure in place to take advantage of new market opportunities and new customers, resulting in lost revenue.	- Monitor the electric load forecast, power resource plan, resource planning assumptions and analysis, and the customer load interconnections process.
<b>Ability to Execute on Long Term Strategy</b>	Failing to execute on initiatives, cultivating mindset, and securing the resources required to maintain our current levels of performance and anticipate the needs of the future.	- Continue to focus on the communication of a Long-Term Strategy, strategic workforce planning, change management, and maturing capabilities related to strategic execution.

RISK	DESCRIPTION	RISK MITIGATIONS
<p><b>Risk Category: Operational</b>  <i>Risk arising from the execution of the organization's business functions defined as the loss resulting from failed internal processes, people, systems or external threats</i></p>		
<p><b>Ageing Assets</b></p>	<p>Manitoba Hydro's growing base of ageing assets continues to impact system reliability, system resiliency, financial revenue, employee/public health and safety, and Manitoba Hydro's ability to meet the energy needs of the province.</p>	<ul style="list-style-type: none"> <li>- 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&amp;M) in addressing those assets.</li> <li>- Manitoba Hydro has completed and will continuously refresh an IRP that considers both new and existing assets in addressing resource requirements.</li> <li>- Operations and maintenance programs and strategies are in place to control asset degradation and respond to asset failures.</li> </ul>
<p><b>HVDC System</b></p>	<p>Due to asset age exacerbated by operational resource challenges, Manitoba Hydro is carrying increased risk on the HVDC system, specifically risk to Bipole availability.</p>	<ul style="list-style-type: none"> <li>- Manitoba Hydro is managing the existing HVDC assets through a maintenance program, identifying and ensuring the availability of spare assets, and troubleshooting forced outages.</li> <li>- Executing for the HVDC Modernization Project.</li> </ul>
<p><b>System Reliability</b></p>	<p>Manitoba Hydro's system reliability may be impacted by various factors including rapid grid transformation, resilience to extreme events, security risks, ageing assets, critical infrastructure interdependencies, etc.</p>	<ul style="list-style-type: none"> <li>- Manitoba Hydro recognizes that a balanced approach is needed to maintain safety, reliability, sustainability, and affordability.</li> <li>- Maintain strong relationships with neighbouring utilities, transmission planners and operators, reliability coordinators, and reliability organizations to ensure the Manitoba systems remain reliable and interconnected with the regional systems.</li> <li>- Influence energy regulation and policy to ensure the Manitoba Hydro system is planned, operated and maintained to comply with all applicable reliability requirements.</li> <li>- Advance system models and new tools for integration.</li> <li>- Ongoing maintenance and testing of Blackstart stations, and annual training.</li> </ul>
<p><b>Supply Chain Disruptions</b></p>	<p>Continued or intensified global macro-economic pressures (including geo-political uncertainty and inflation) continue to significantly challenge Manitoba Hydro to procure materials and services in both a timely and cost-effective manner that could ultimately impact the execution of long-term strategic initiatives and required operational and maintenance activities.</p>	<ul style="list-style-type: none"> <li>- Procure and keep increased inventory levels on hand.</li> <li>- Strengthen internal long-term planning/forecasts with key user groups to ensure supply.</li> <li>- Source inventory from multiple vendors to mitigate long lead times/availability.</li> </ul>
<p><b>Safety Culture</b></p>	<p>Inability to advance an effective safety culture across the enterprise may cause potential impacts to employees, customers, and other interested parties.</p>	<ul style="list-style-type: none"> <li>- Continue to implement the Safety Culture Enhancement Program.</li> </ul>
<p><b>Physical Environment Changes</b></p>	<p>Climate change causes changes to the physical environment, resulting in temperature, precipitation, and water conditions that may fall outside of historical norms. These changes have the potential to impact several aspects of Manitoba Hydro's business including the ability to generate, transmit and distribute electricity, and distribute natural gas.</p>	<ul style="list-style-type: none"> <li>- Manitoba Hydro has a Climate Change, Opportunities, Risks and Adaptation working group to provide direction on comprehensive climate change risk assessments and to explore adaptation options to increase resiliency throughout the enterprise to inform and guide adaptation investment.</li> <li>- Publication of the corporate Climate Change Report.</li> </ul>

RISK	DESCRIPTION	RISK MITIGATIONS
<b>Risk Category: Talent</b> <i>Risk associated with staff acquisition &amp; retention, capacity building, employment/work culture, recruitment, succession planning, and professional development</i>		
<b>Strategic Workforce Management</b>	Ensuring that Manitoba Hydro has the right people, in the right place, at the right time, with the right skills to deliver on the work today and in the future.	<ul style="list-style-type: none"> <li>- Continue Strategic Workforce Planning enterprise initiative along with enhancements to policies, processes, performance management, and training and development.</li> </ul>
<b>Risk Category: Technology</b> <i>Risk associated with the capacity, use, operations and sustainability of information technology systems, including infrastructure and use of technological applications</i>		
<b>Cyber Security (IT/OT Assets)</b>	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, system reliability, financial loss, and damage to reputation.	<ul style="list-style-type: none"> <li>- Manitoba Hydro has an Enterprise Technology Security Program in place that is focused on minimizing cyber-attacks through multiple levels of protection.</li> <li>- Continuous review of key systems and processes and third-party security assessments are undertaken to further improve protection against potential cyber security event(s).</li> </ul>
<b>Risk Category: Social License</b> <i>Risk associated with the perceptions, opinions and experience of customers, interested parties, governments and regulators that could impact public trust and expectations</i>		
<b>Customer Expectations/ Trust Deficit</b>	Customers may not view Manitoba Hydro as a trusted advisor on key matters and investments.	<ul style="list-style-type: none"> <li>- Ongoing Customer Journey Optimization initiative.</li> </ul>

## Financial Outlook

Manitoba Hydro's net income is highly dependent on several uncontrollable factors. One of the most significant is water flow conditions which is monitored and managed daily. Coming out of the drought experienced in 2023-24, system inflows were below average entering the 2024-25 fiscal year. Above average spring precipitation has improved system inflows to begin the fiscal year. 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 2024-25 financial results.

Other key uncontrollable factors that can impact the corporation's net income are inflationary cost pressures and interest rates. The Bank of Canada's recent interest rate hikes have resulted in a downward trend to core inflation, however elements of Manitoba Hydro's core business such as labour wages, the cost to repair and maintain fleet vehicles, construction materials, external construction services, travel and specialized equipment remain elevated putting upward pressure on the corporation's operating and capital costs. Additionally, ongoing supply chain issues have intensified these pressures, creating higher bids for work, increased transportation costs and longer lead times.

Recognizing the need for Manitoba Hydro to refinance approximately \$1 billion in debt per year over the coming years, the gradual interest rate cuts by the Bank of Canada that are expected throughout the 2024 calendar year could have a positive impact for the corporation.

Entering the 2024-25 fiscal year, the volume of natural gas in storage was elevated and natural gas prices were low which tends to have a corresponding impact on electricity spot market prices. A relatively flat electricity spot market price forecast was included in the 2024-25 budget. Spot prices are difficult to predict and can fluctuate for many reasons such as spikes in demand due to extreme weather, very high or very low wind generation, and generation and transmission outages.

Based on spring system inflows and assuming normal precipitation for the remainder of the year, hydraulic generation is projected to be close to the approved budget. However, as summer and fall precipitation levels have material impacts on hydraulic generation and net income, the outlook for 2024-25 will continue to evolve.

### **Savings from the Reduction of the Provincial Guarantee Fee and Water Rental Fee**

On November 23, 2022, the Province of Manitoba announced the reduction of the provincial debt guarantee and water rental fees by 50% effective April 1, 2022. Without this reduction of fees, the net loss attributable to Manitoba Hydro would have been \$325 million (or \$168 million higher) in 2023-24 than the reported net loss of \$157 million.

## Management's Report

For the year ended March 31, 2024

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 IFRS Accounting 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 June 27, 2024.

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 IFRS Accounting Standards. The Independent Auditors' Report outlines the scope of their examination and their opinion.

On behalf of management:



Hal Turner,  
Interim President & Chief Executive Officer



Alastair Fogg  
Vice President and Chief Financial Officer

Winnipeg, Canada  
June 27, 2024





KPMG LLP  
1900 - 360 Main Street  
Winnipeg MB  
R3C 3Z3

Telephone (204) 957-1770  
Fax (204) 957-0808  
www.kpmg.ca

## INDEPENDENT AUDITOR'S 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, 2024, 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 material 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, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

### **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 "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's 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 Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report, and the Annual Report, other than the financial statements and the auditor's report thereon, which is expected to be made available to us after this date.

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.



If, based on the work we have performed on this other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### ***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 Accounting Standards, 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.

### ***Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

*KPMG LLP*

---

Chartered Professional Accountants

Winnipeg, Canada

June 27, 2024

## Consolidated Statement of Income (Loss)

For the year ended March 31

millions of Canadian dollars

	Notes	2024	2023
<b>Revenues</b>			
Domestic			
Electric		1 847	1 903
Gas		505	656
Extraprovincial	5	872	1 131
Other	6	74	145
		<b>3 298</b>	<b>3 835</b>
<b>Expenses</b>			
Finance expense	7	1 042	1 031
Operating and administrative	8	802	694
Depreciation and amortization	9	651	658
Cost of gas sold		333	523
Water rentals and assessments		62	84
Fuel and power purchased	10	348	138
Capital and other taxes	11	184	175
Other expenses	12	374	98
Finance income		(62)	(56)
		<b>3 734</b>	<b>3 345</b>
Net income (loss) before net movement in regulatory balances		<b>(436)</b>	490
Net movement in regulatory balances	20	278	165
<b>Net Income (Loss)</b>		<b>(158)</b>	<b>655</b>
Net income (loss) attributable to:			
<b>Manitoba Hydro</b>		<b>(157)</b>	638
Non-controlling interests	29	(1)	17
		<b>(158)</b>	<b>655</b>

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

## Consolidated Statement of Financial Position

As at March 31

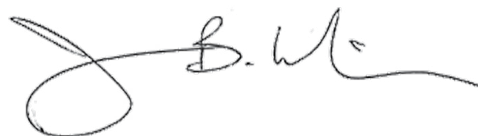
millions of Canadian dollars

	Notes	2024	2023
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	13	780	1 089
Investments	17	14	-
Accounts receivable and accrued revenue	14	506	565
Prepaid expenses		35	31
Inventory	15	163	143
		<b>1 498</b>	<b>1 828</b>
<b>Property, Plant and Equipment</b>			
	16	<b>26 727</b>	26 474
<b>Non-Current Assets</b>			
Long-term investments	17	277	-
Goodwill		107	107
Intangible assets	18	978	998
Loans and other receivables	19	260	553
		<b>1 622</b>	<b>1 658</b>
Total assets before regulatory deferral balance		<b>29 847</b>	29 960
Regulatory deferral balance	20	<b>1 679</b>	1 450
<b>Total assets and regulatory deferral balance</b>		<b>31 526</b>	<b>31 410</b>

On behalf of the Board of Directors:



Ben Graham  
Chair of the Board



Jamie Wilson  
Chair of the Audit & Finance Committee

	Notes	2024	2023
<b>Liabilities and Equity</b>			
<b>Current Liabilities</b>			
Current portion of long-term debt	21	903	1 463
Accounts payable and accrued liabilities	22	456	413
Accrued interest		134	134
Notes payable	23	200	50
Other liabilities	24	177	132
		<b>1 870</b>	<b>2 192</b>
<b>Long-Term Debt</b>			
	21	<b>23 644</b>	23 097
<b>Non-Current Liabilities</b>			
Other non-current liabilities	25	1 127	826
Employee future benefits	26	744	727
Deferred revenue	27	702	637
Provisions	28	50	74
		<b>2 623</b>	<b>2 264</b>
<b>Total liabilities</b>			
		<b>28 137</b>	<b>27 553</b>
<b>Equity</b>			
Retained earnings		3 478	3 650
Accumulated other comprehensive loss		(254)	(305)
<b>Equity attributable to Manitoba Hydro</b>			
		<b>3 224</b>	<b>3 345</b>
Non-controlling interests	29	46	344
<b>Total equity</b>			
		<b>3 270</b>	<b>3 689</b>
<b>Total liabilities and equity before regulatory deferral balance</b>			
		<b>31 407</b>	<b>31 242</b>
Regulatory deferral balance	20	119	168
<b>Total liabilities, equity and regulatory deferral balance</b>			
		<b>31 526</b>	<b>31 410</b>

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	2024	2023
<b>Operating Activities</b>			
Net income (loss)		(158)	655
Net movement in regulatory balances	20	(278)	(165)
Add back:			
Depreciation and amortization	9	651	658
Finance expense	7	1 042	1 031
Finance income		(62)	(56)
Adjustments for non-cash items		251	39
Adjustments for changes in non-cash working capital accounts			
Accounts receivable and accrued revenue		65	(52)
Prepaid expenses		(3)	(8)
Accounts payable and accrued liabilities		45	(39)
Other		21	(25)
Interest received		38	26
Interest paid		(1 005)	(996)
Cash provided by operating activities		607	1 068
<b>Investing Activities</b>			
Additions to property, plant and equipment		(756)	(715)
Additions to intangible assets		(15)	(19)
Contributions received		82	46
Cash paid for long-term investment		(190)	-
Cash paid for mitigation obligations		(58)	(12)
Cash paid for major development obligations		(11)	(18)
Cash paid for transmission rights obligations		(21)	(22)
Other		15	(8)
Cash used for investing activities		(954)	(748)

	Notes	2024	2023
<b>Financing Activities</b>			
Proceeds from long-term debt	21	1 450	837
Retirement of long-term debt	21	(1 463)	(1 148)
Advances from (to) investment entities	19	4	(2)
Contributions from non-controlling interests	29	-	2
Proceeds from short-term borrowings, net	23	150	-
Sinking fund investment withdrawals	17	246	248
Sinking fund investment purchases	17	(346)	(248)
Repayment of lease liabilities		(3)	(3)
Cash provided by (used for) financing activities		38	(314)
Net (decrease) increase in cash and cash equivalents		(309)	6
Cash and cash equivalents, beginning of year		1 089	1 083
<b>Cash and cash equivalents, end of year</b>		<b>780</b>	<b>1 089</b>

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	2024	2023
<b>Net Income (Loss)</b>		<b>(158)</b>	655
<b>Other comprehensive income (loss)</b>			
<b>Items that will not be reclassified to income</b>			
Experience gains on pensions, net of actuarial losses	26	<b>52</b>	167
Asset ceiling remeasurement on pensions	26	<b>(29)</b>	-
<b>Items that will be reclassified to income</b>			
Cash flow hedges - unrealized foreign exchange losses on debt	30 (c)	-	(116)
Unrealized fair market value losses on commodity derivatives	30 (c)	<b>3</b>	(7)
<b>Items that have been reclassified to income</b>			
Cash flow hedges - realized foreign exchange losses on debt	30 (c)	<b>25</b>	34
		<b>51</b>	78
<b>Comprehensive Income (Loss)</b>		<b>(107)</b>	733
Comprehensive income (loss) attributable to:			
<b>Manitoba Hydro</b>		<b>(106)</b>	716
Non-controlling interests		<b>(1)</b>	17
		<b>(107)</b>	733

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, 2022		3 012	(383)	2 629	325	2 954
Net income		638	-	638	17	655
Other comprehensive income		-	78	78	-	78
Comprehensive income		638	78	716	17	733
Contributions	29	-	-	-	2	2
Balance as at March 31, 2023		3 650	(305)	3 345	344	3 689
Net loss		(157)	-	(157)	(1)	(158)
Other comprehensive income		-	51	51	-	51
Comprehensive income (loss)		(157)	51	(106)	(1)	(107)
Acquisition of non-controlling interest	29	(15)	-	(15)	(297)	(312)
<b>Balance as at March 31, 2024</b>		<b>3 478</b>	<b>(254)</b>	<b>3 224</b>	<b>46</b>	<b>3 270</b>

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% (2023 – 67%) common ownership interest in the Wuskwatim Power Limited Partnership (WPLP) and its 100% (2023 – 82.5%) common 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 IFRS Accounting Standards (IFRS).

These consolidated financial statements were approved for issue by the Manitoba Hydro-Electric Board on June 27, 2024.

### (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 (Note 3(b));
- 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 and methodology used (Notes 3(g), (i) and (t), 16 and 18);
- Determination of cash generating unit as it pertains to impairment testing (Note 3(h) and (j));
- Determination of expected credit loss allowance for loans and other receivables (Notes 3(p) and 19);
- 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 non-current 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 Material 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 was effective for financial reporting periods beginning on or after January 1, 2016. The corporation 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 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	1 – 5	years
Ineligible overhead	34	years
Conawapa	30	years
Keeyask in-service deferral	106	years
Loss on retirement or disposal of assets	5 – 58	years
Change in depreciation method	5 – 117	years
Bipole III deferral	5	years
Major capital project deferral	2	years
Change in gas meter depreciation rate	5	years
Impact of 2014 depreciation study	5	years

**(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.

Extrajurisdictional 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 is 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 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, temporary investments, and long-term 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 have maturities of three months or less.

**(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, applicable mitigation costs, 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 basis using the average life group (ALG) procedure applied using the whole-life technique. Generating station components are depreciated over the lesser of the service life of the components and 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, with updates in 2023-24 for the change from equal life group (ELG) to ALG (Note 3(t)).

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 include, 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.

When there is a surplus in a defined benefit plan, the net defined benefit asset is measured at the lower of: a) the surplus in the defined benefit plan, and b) the asset ceiling, determined as the present value of economic benefit available in the form of refunds from the plan or reductions in future contributions, using the applicable discount rate.

Other unfunded non-pension 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.

## (I) 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) Environmental obligation

Environmental obligations arising from a past event are accrued when it is probable that a present legal or constructive obligation will require the corporation to incur environmental expenditures at a future date.

### (vi) 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, and long-term investments 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.

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.

*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. 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.

**(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) 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.

**(t) Change in estimate**

During the year, the corporation reviewed its depreciation techniques and changed its method from the ELG procedure to the ALG procedure following the completion of an IFRS-compliant ALG Depreciation Study. This change, accounted for prospectively as a change in estimate, was implemented following a comprehensive review of the componentization recommended in the IFRS-compliant ALG Depreciation Study including application of a componentization framework and scenario analysis. This resulted in changes to componentization of hydraulic generation dams, dykes and weirs; transmission line conductors and devices; distribution serialized equipment pole mounts; meters; and buildings across functions. The transition from ELG to ALG did not materially affect the overall depreciation and amortization expense, as a \$36 million reduction in depreciation expense was offset by a \$36 million increase in losses on the retirement or disposal of assets. Due to the effects of rate regulation, the end result was a \$36 million increase in net income, as the losses on the retirement or disposal of assets are subsequently deferred through net movement. Given the volatility of plant additions and retirements in future years as well as the impact of regulatory and economic factors that can influence investment decisions, it is impracticable to estimate the future impact of this change on depreciation and amortization expense.

## Note 4 Accounting changes

### (a) Current accounting changes

The following new interpretations and amendments have been applied in preparing these consolidated financial statements.

#### **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 amendment was effective for annual reporting periods beginning on or after January 1, 2023 and has been applied prospectively as applicable. The adoption of the amendment did not have a material impact on the corporation's consolidated financial statements.

#### **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 corporation's consolidated financial statements are prepared in accordance with this amendment which was effective for annual reporting periods beginning on or after January 1, 2023. Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2023 – Significant accounting policies) in certain instances in line with the amendments.

### (b) 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, 2024 and have not been applied in preparing these consolidated financial statements.

#### **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 (the 2020 amendments). 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. In October 2022, the IASB issued further amendments to improve the information a company provides about long-term debt with covenants (the 2022 amendments). The 2020 amendments and the 2022 amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. An entity that applies the 2020 amendments early is required to also apply the 2022 amendments. The amendments are to be applied retrospectively.

### Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued the finalized standard titled IFRS 18 *Presentation and Disclosure in Financial Statements*, which will replace IAS 1 *Presentation of financial statements* and IAS 7 *Statement of cash flows*. The key changes include revised definitions of financial performance, clarity on the distinction between operation and non-operating income and expenses, and improved disclosure of management performance measures. It is effective for annual periods beginning on or after January 1, 2027, with early application 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*, which is likely to become IFRS 20 *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. Since February 2022, the IASB has been redeliberating specific topics such as 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 final standard is expected to be issued in 2025. The corporation is currently awaiting the final IFRS Standard and continues to assess the impact of the current proposal on the corporation's consolidated financial statements.

## Note 5 Extraprovincial revenue

<i>(in millions of Canadian dollars)</i>	2024	2023
Dependable sales	740	711
Opportunity sales	107	372
Other	25	48
	<b>872</b>	<b>1 131</b>

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. = \$1.35 Canadian (2023 – \$1.00 U.S. = \$1.32 Canadian).



## Note 6 Other revenue

<i>(in millions of Canadian dollars)</i>	2024	2023
Consulting, technology and maintenance services	37	45
Customer and developer contributions	15	15
Miscellaneous revenue	22	85
	<b>74</b>	<b>145</b>

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 \$2 million (2023 - \$2 million). Included in miscellaneous revenue in 2022-23 is a one-time compensation payment for the sale of royalty interests of \$69 million.

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

<i>(in millions of Canadian dollars)</i>	2025	2026	2027	2028	2029 and thereafter	Total
Undiscounted lease payments - operating	1	1	1	1	4	8

## Note 7 Finance expense

<i>(in millions of Canadian dollars)</i>	2024	2023
Interest on debt	863	843
Provincial debt guarantee fee	117	118
Accretion	52	39
Interest capitalized	(19)	(21)
Foreign exchange loss	21	32
Other	8	20
	<b>1 042</b>	<b>1 031</b>

The Provincial debt guarantee fee (PGF) during the year was 0.50% of the corporation's total outstanding debt guaranteed by the Province of Manitoba (2023 - 0.50%). Interest was capitalized during the year at a weighted average rate of 4.03% (2023 - 4.27%).

## Note 8 Operating and administrative

<i>(in millions of Canadian dollars)</i>	2024	2023
Salaries and benefits	542	464
External services	174	150
Materials, motor vehicles and supplies	55	54
Other	31	26
	<b>802</b>	<b>694</b>

Additional salaries and benefits are included in other expenses (Note 12) in the amount of \$3 million (2023 – \$3 million).

Included in operating and administrative are expenses relating to short-term leases of \$3 million (2023 - \$2 million), low-value asset leases of less than \$1 million (2023 – less than \$1 million) and variable lease payments not included in the measurement of lease liabilities of \$4 million (2023 - \$5 million).

## Note 9 Depreciation and amortization

<i>(in millions of Canadian dollars)</i>	2024	2023
Depreciation of property, plant and equipment (Note 16)	605	624
Amortization of intangible assets (Note 18)	16	23
Loss on retirement or disposal of property, plant and equipment	30	11
	<b>651</b>	<b>658</b>

## Note 10 Fuel and power purchased

<i>(in millions of Canadian dollars)</i>	2024	2023
Wind purchases	71	76
Power purchases	216	15
Transmission charges	44	40
Thermal fuel purchases	17	7
	<b>348</b>	<b>138</b>

Included in transmission charges above is amortization of transmission rights of \$20 million (Note 18) (2023 - \$20 million). Included in power purchases are gains or losses on financial transmission rights.

## Note 11 Capital and other taxes

<i>(in millions of Canadian dollars)</i>	2024	2023
Corporate capital tax	131	124
Property tax and grants in lieu of tax	40	39
Payroll tax	13	12
	<b>184</b>	<b>175</b>

## Note 12 Other expenses

<i>(in millions of Canadian dollars)</i>	2024	2023
Demand side management expenses	63	43
Consulting, technology and maintenance expenses	16	19
Corporate initiatives and restructuring costs	9	8
Recognition of preferred distributions obligation (Note 25)	264	-
Miscellaneous	22	28
	<b>374</b>	<b>98</b>

Of the total other expenses, \$357 million (2023 – \$65 million) are subsequently deferred in regulatory deferral balances through net movement in regulatory balances (Note 20).

## Note 13 Cash and cash equivalents

<i>(in millions of Canadian dollars)</i>	2024	2023
Temporary investments	484	840
Cash	296	245
Restricted cash	-	4
	<b>780</b>	<b>1 089</b>

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

<i>(in millions of Canadian dollars)</i>	2024	2023
Trade accounts receivable (Note 30(a))	295	379
Accrued revenue	148	152
Other receivables	72	43
Current portion of loans and other receivables (Note 19)	17	18
Taxes receivable	8	8
Fair value of forward contracts (Note 30(c))	6	1
ECL allowance (Note 30(a))	(40)	(36)
	<b>506</b>	<b>565</b>

## Note 15 Inventory

<i>(in millions of Canadian dollars)</i>	2024	2023
Materials and supplies	111	100
Natural gas	39	31
Fuel	13	12
	<b>163</b>	<b>143</b>

Inventory recognized as an expense during the year was \$37 million (2023 – \$101 million). The write-down of inventory during 2024 was \$1 million (2023 – \$2 million). No reversals of write-downs occurred during the year (2023 – nil).

## Note 16 Property, plant and equipment

<i>(in millions of Canadian dollars)</i>	Generation	Transmission lines	Substations	Distribution systems	Other	Construction in progress	Total
<b>Cost or deemed cost</b>							
Balance, April 1, 2022	14 418	3 185	5 921	4 194	1 304	465	29 487
Additions	195	29	39	211	66	195	735
Disposals and/or retirements	(6)	(6)	(36)	(31)	(35)	-	(114)
Assets placed in service*	58	44	44	41	14	(201)	-
Transfers to (from) PP&E	-	-	1	(1)	-	-	-
Balance, March 31, 2023	14 665	3 252	5 969	4 414	1 349	459	30 108
Additions	154	30	43	247	68	354	896
Disposals and/or retirements	(11)	1	(5)	(42)	(43)	-	(100)
Assets placed in service*	51	22	37	55	49	(214)	-
Transfers to (from) PP&E	-	-	(3)	(5)	(13)	-	(21)
<b>Balance, March 31, 2024</b>	<b>14 859</b>	<b>3 305</b>	<b>6 041</b>	<b>4 669</b>	<b>1 410</b>	<b>599</b>	<b>30 883</b>
<b>Accumulated depreciation</b>							
Balance, April 1, 2022	1 001	199	905	666	340	-	3 111
Depreciation expense	219	45	168	119	73	-	624
Disposals and/or retirements	(10)	(2)	(25)	(28)	(36)	-	(101)
Transfers to (from) PP&E	-	-	-	-	-	-	-
Balance, March 31, 2023	1 210	242	1 048	757	377	-	3 634
Depreciation expense	214	45	163	106	77	-	605
Disposals and/or retirements	(6)	-	(1)	(24)	(37)	-	(68)
Transfers to (from) PP&E	-	-	(8)	(1)	(6)	-	(15)
<b>Balance, March 31, 2024</b>	<b>1 418</b>	<b>287</b>	<b>1 202</b>	<b>838</b>	<b>411</b>	<b>-</b>	<b>4 156</b>
<b>Net book value</b>							
Balance, March 31, 2023	13 455	3 010	4 921	3 657	972	459	26 474
<b>Balance, March 31, 2024</b>	<b>13 441</b>	<b>3 018</b>	<b>4 839</b>	<b>3 831</b>	<b>999</b>	<b>599</b>	<b>26 727</b>

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

Included in additions is interest capitalized during construction of \$17 million (2023 – \$18 million).

As at March 31, 2024 “Other” includes right-of-use assets related to leases of land and buildings, information technology equipment and machinery with a net book value of \$9 million (2023 – \$6 million). For the year ended March 31, 2024 the corporation recorded additions of \$5 million (2023 – \$2 million) and depreciation expense of \$2 million (2023 – \$1 million) related to right-of-use assets.

## Note 17 Long-term investments

<i>(in millions of Canadian dollars)</i>	2024	2023
Canadian investments	102	-
U.S. investments	201	-
Discount on purchase of long-term investments	(12)	-
	<b>291</b>	-
Less: current portion	(14)	-
	<b>277</b>	-

In November 2022, Bill 36 - *The Manitoba Hydro Amendment and Public Utilities Board Amendment Act* was granted Royal Assent. As part of Bill 36, the previous requirement for Manitoba Hydro 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 was repealed. While the requirement for minimum annual payments to the sinking fund was repealed, Manitoba Hydro continued to set aside funds to meet debt service costs in fiscal 2023-24. Manitoba Hydro made sinking fund payments during the year totaling \$346 million (2023 – \$248 million). As at March 31, 2024 sinking fund investments totaled \$100 million (2023 – nil) and long-term investments set aside for the purpose of hedging the foreign exchange impact of a long-term obligation totaled \$177 million.

Canadian investments have a weighted average term to maturity of 5 years and an effective yield to maturity of 3.71%. U.S. investments have a weighted average term to maturity of 7 years and an effective yield to maturity of 4.69%.

## Note 18 Intangible assets

<i>(in millions of Canadian dollars)</i>	Computer application development	Land easements	Transmission rights	Under development	Total
<b>Cost or deemed cost</b>					
Balance, April 1, 2022	178	196	801	21	1 196
Additions	4	10	-	5	19
Retirements	(6)	-	-	-	(6)
Assets placed in service*	3	9	-	(13)	(1)
Revaluations	-	-	-	-	-
Transfers	-	-	-	-	-
Balance, March 31, 2023	179	215	801	13	1 208
Additions	4	2	2	8	16
Retirements	(7)	-	-	-	(7)
Assets placed in service*	3	-	-	(3)	-
Revaluations	-	-	-	-	-
Transfers to (from) intangibles	-	-	-	-	-
<b>Balance, March 31, 2024</b>	<b>179</b>	<b>217</b>	<b>803</b>	<b>18</b>	<b>1 217</b>
<b>Accumulated amortization</b>					
Balance, April 1, 2022	120	15	38	-	173
Amortization	20	3	20	-	43
Retirements	(6)	-	-	-	(6)
Balance, March 31, 2023	134	18	58	-	210
Amortization	13	3	20	-	36
Retirements	(7)	-	-	-	(7)
<b>Balance, March 31, 2024</b>	<b>140</b>	<b>21</b>	<b>78</b>	<b>-</b>	<b>239</b>
<b>Net book value</b>					
Balance, March 31, 2023	45	197	743	13	998
<b>Balance, March 31, 2024</b>	<b>39</b>	<b>196</b>	<b>725</b>	<b>18</b>	<b>978</b>

\*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 (2023 – less than \$1 million).

## Note 19 Loans and other receivables

<i>(in millions of Canadian dollars)</i>	2024	2023
Loans to Keeyask investment entities (Note 29)	18	389
Loan to Wuskwatim investment entity (Note 29)	194	184
Contract receivables and other	77	89
ECL allowance (Note 30(a))	(12)	(91)
	277	571
Less: current portion (Note 14)	(17)	(18)
	260	553

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.

On July 31, 2023, the Keeyask investment entities exercised their option to convert their common units to preferred units at final closing in exchange for a future preferred distributions payment stream (Note 25) and settlement of the advances and interest on the construction credit facilities. In return, Manitoba Hydro acquired the common units of the Keeyask investment entities.

During the year, advances were provided to the Keeyask investment entities under the final closing cash credit facilities. These advances plus interest and fees are repayable over a term of 30 years by the KCN through their preferred distributions from the KHLP.



## Note 20 Regulatory deferral balances

<i>(in millions of Canadian dollars)</i>	March 31, 2023	Balances arising in the year	Recovery / reversal	<b>March 31, 2024</b>	Remaining recovery / reversal period (years)
<b>Regulatory deferral debit balances</b>					
Electric					
DSM programs <sup>1</sup>	289	44	(93)	<b>240</b>	1 - 10
Site remediation	64	21	(6)	<b>79</b>	1 - 15
Change in depreciation method	341	3	(6)	<b>338</b>	5 - 117
Deferred ineligible overhead	160	20	(5)	<b>175</b>	27 - 34
Keeyask in-service deferral	86	18	(1)	<b>103</b>	106
Acquisition costs	6	-	(1)	<b>5</b>	7 - 10
Affordable Energy Fund	4	-	-	<b>4</b>	**
Loss on retirement or disposal of assets	77	24	(44)	<b>57</b>	26 - 58
Regulatory costs	4	3	(1)	<b>6</b>	1 - 5
Conawapa	316	-	(13)	<b>303</b>	24
Preferred distributions obligation (Note 25)	-	264	-	<b>264</b>	*
Gas					
DSM programs	51	19	(9)	<b>61</b>	1 - 10
PGVA	13	191	(204)	-	***
Deferred taxes	11	1	(3)	<b>9</b>	5
Site remediation	1	6	-	<b>7</b>	1 - 15
Loss on retirement or disposal of assets	7	5	(4)	<b>8</b>	1 - 5
Change in depreciation method	18	-	-	<b>18</b>	5 - 51
Regulatory costs	2	1	(1)	<b>2</b>	1 - 5
	<b>1 450</b>	<b>620</b>	<b>(391)</b>	<b>1 679</b>	
<b>Regulatory deferral credit balances</b>					
Electric					
DSM deferral	49	-	(49)	-	-
Bipole III deferral	20	-	(20)	-	-
Major capital project deferral	98	-	-	<b>98</b>	2
Gas					
PGVA	-	21	-	<b>21</b>	***
Impact of 2014 depreciation study	1	-	(1)	-	-
	<b>168</b>	<b>21</b>	<b>(70)</b>	<b>119</b>	
Net movement in regulatory balances		<b>599</b>	<b>(321)</b>	<b>278</b>	

<sup>1</sup> 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 at a future regulatory proceeding.

\*\* 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.

<i>(in millions of Canadian dollars)</i>	March 31, 2022	Balances arising in the year	Recovery / reversal	<b>March 31, 2023</b>	Remaining recovery / reversal period <i>(years)</i>
<b>Regulatory deferral debit balances</b>					
Electric					
DSM programs <sup>1</sup>	298	34	(43)	<b>289</b>	1 - 10
Site remediation	52	18	(6)	<b>64</b>	1 - 15
Change in depreciation method	288	53	-	<b>341</b>	*
Deferred ineligible overhead	145	20	(5)	<b>160</b>	28 - 34
Keeyask in-service deferral	86	-	-	<b>86</b>	*
Acquisition costs	6	-	-	<b>6</b>	8 - 11
Affordable Energy Fund	4	-	-	<b>4</b>	**
Loss on retirement or disposal of assets	67	10	-	<b>77</b>	*
Regulatory costs	2	3	(1)	<b>4</b>	1 - 5
Conawapa	329	-	(13)	<b>316</b>	25
Gas					
DSM programs	51	9	(9)	<b>51</b>	1 - 10
PGVA	-	13	-	<b>13</b>	***
Deferred taxes	12	1	(2)	<b>11</b>	6
Site remediation	1	-	-	<b>1</b>	1 - 15
Loss on retirement or disposal of assets	9	2	(4)	<b>7</b>	1 - 5
Change in depreciation method	16	2	-	<b>18</b>	*
Regulatory costs	1	1	-	<b>2</b>	1 - 5
Change in depreciation rate - meters	1	-	(1)	-	1
	<b>1 368</b>	<b>166</b>	<b>(84)</b>	<b>1 450</b>	
<b>Regulatory deferral credit balances</b>					
Electric					
DSM deferral	49	-	-	<b>49</b>	*
Bipole III deferral	97	-	(77)	<b>20</b>	1
Major capital project deferral	98	-	-	<b>98</b>	*
Gas					
PGVA	5	(364)	359	-	***
Impact of 2014 depreciation study	2	-	(1)	<b>1</b>	1
	<b>251</b>	<b>(364)</b>	<b>281</b>	<b>168</b>	
Net movement in regulatory balances		<b>530</b>	<b>(365)</b>	<b>165</b>	

<sup>1</sup> 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 at a future regulatory proceeding.

\*\* 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 and amounts deemed no longer recoverable through rates by order of the PUB. 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 (2023 – \$2 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. Manitoba Hydro has transitioned certain DSM programs to Efficiency Manitoba Inc. (Note 32) and continues to fund these programs. Expenditures related to these programs are included in this deferral balance. By direction of the PUB in Order 101/23, the offsetting DSM deferral account debit and credit balances were written-off in 2023-24.

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

Change in depreciation method represents the cumulative estimated 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 until March 31, 2023, at which time it transitioned from ELG to ALG. Amortization commenced in 2023- 24 through application of regulatory depreciation rates which recover the regulatory deferral balance over the remaining life of the plant, equipment and intangible components contributing to the deferral account balance.

Deferred ineligible overhead is the cumulative annual difference in overhead capitalized for financial reporting purposes under IFRS and overhead capitalized for rate setting purposes.

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. As per Board Order 101/23, the Keeyask in-service deferral is to be amortized over 106 years commencing September 1, 2023.

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. The portion of the account pertaining

to previously deferred terminal losses deemed non-recoverable by the PUB in Order 101/23 was written-off in 2023-24.

Regulatory costs are those incurred as a result of electric and gas regulatory hearings and other regulatory applications and compliance matters.

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

Preferred distributions obligation represents the future preferred distribution payment stream associated with Keeyask (Note 25). The amount and amortization period will be confirmed at a future regulatory proceeding.

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 from April 1, 2015 to March 31, 2019 in depreciation on gas meters between the 20-year rate used for financial reporting purposes and the 25-year rate used for rate-setting purposes.

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

DSM deferral represents the differences between actual and planned spending on electric programs for the 2013 to 2017 fiscal years be recognized as a liability. The cumulative differences have been recorded as a regulatory deferral credit balance with an offsetting balance recorded as a regulatory deferral debit balance. By direction of the PUB in Order 101/23, the offsetting DSM deferral account debit and credit balances were written-off in 2023-24.

Bipole III deferral represents amounts collected from customers during the 2013 to 2017 fiscal years which were set aside to mitigate rate increases when Bipole III came into service.

Major capital project deferral represents amounts collected from customers during the 2020 to 2022 fiscal years which were set aside to aid in mitigating future rate increases when the Keeyask Generating Station and other major capital projects come into service. By direction of the PUB in Order 101/23, the major capital project deferral is to be amortized over 2 years commencing April 1, 2025.

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, and are recovered or refunded through customer rates over a period determined by the PUB.

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.

## Note 21 Long-term debt

<i>(in millions of Canadian dollars)</i>	Advances from the Province	Manitoba Hydro-Electric Board Bonds	Other*	Total
Balance, April 1, 2022	24 588	118	52	24 758
Issues	866	-	(29)	837
Maturities	(1 148)	-	-	(1 148)
Foreign exchange adjustments	116	-	2	118
Amortization of net premiums and transaction costs	-	-	(5)	(5)
<b>Balance, March 31, 2023</b>	<b>24 422</b>	<b>118</b>	<b>20</b>	<b>24 560</b>
Issues	1 512	-	(62)	1 450
Maturities	(1 463)	-	-	(1 463)
Foreign exchange adjustments	2	-	-	2
Amortization of net premiums and transaction costs	-	-	(2)	(2)
	24 473	118	(44)	24 547
Less: current portion	(903)	-	-	(903)
<b>Balance, March 31, 2024</b>	<b>23 570</b>	<b>118</b>	<b>(44)</b>	<b>23 644</b>

\*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 \$1 450 million (2023 – \$837 million). The current year financing was in the form of provincial advances at fixed and floating interest rates.

Included in the current portion of long-term debt are \$903 million (2023 – \$1 463 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 \$59 million (2023 – \$59 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:

(in millions of Canadian dollars)

Years of maturity	Canadian	Canadian yields	U.S.	U.S. yields	2024 Total
2025	453	2.9%	450	4.8%	903
2026	450	5.8%	515	2.3%	965
2027	762	2.4%	332	2.9%	1 094
2028	1 284	2.9%	-	0.0%	1 284
2029	960	3.4%	542	2.2%	1 502
	3 909	3.2%	1 839	2.3%	5 748
2030-2035	3 460	4.4%	-	-	3 460
2036-2040	1 529	4.4%	-	-	1 529
2041-2045	1 881	4.1%	-	-	1 881
2046-2050	4 302	3.4%	-	-	4 302
2051-2055	4 445	3.4%	-	-	4 445
2056-2121	3 226	3.2%	-	-	3 226
	22 752	3.5%	1 839	2.3%	24 591

Included in the above Canadian maturity amounts is one (2023 – 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 (2023 – 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. = \$1.36 Canadian (2023 – \$1.00 U.S. = \$1.35 Canadian).

## Note 22 Accounts payable and accrued liabilities

(in millions of Canadian dollars)

	2024	2023
Trade and other payables	322	285
Employee payroll and benefit accruals	68	60
Taxes payable	60	56
Water rentals and assessments	6	12
	456	413

## Note 23 Notes payable

<i>(in millions of Canadian dollars)</i>	Total
Balance, April 1, 2022	50
Issues	649
Maturities	(649)
Balance, March 31, 2023	50
Issues	2 316
Maturities	(2 166)
<b>Balance, March 31, 2024</b>	<b>200</b>

Notes payable at March 31, 2024 had a weighted average term to maturity of 14 days (2023 – 13 days) and a weighted average rate of 4.95% (2023 – 4.48%). *The Manitoba Hydro Act* grants the corporation the authority to raise money for temporary purposes by way of overdraft, line of credit, or loan, or otherwise upon the credit of the corporation. The Lieutenant Governor in Council has granted authority to the corporation to issue promissory notes upon the credit of the corporation for an amount up to a maximum of \$500 million of principal outstanding at any one time, as well as to borrow money for temporary purposes by way of advances from the Province of Manitoba up to a maximum of \$500 million of principal outstanding at any one time. The corporation was also granted authority to maintain credit facilities up to a maximum of \$250 million of principal outstanding at any one time. Principal and interest for money raised in the corporation's name is guaranteed by the Province of Manitoba.

## Note 24 Other liabilities

<i>(in millions of Canadian dollars)</i>	2024	2023
Current portion of other non-current liabilities (Note 25)	<b>103</b>	102
Fair value of derivative contracts (Note 30)	-	1
Current portion of deferred revenue (Note 27)	<b>17</b>	17
Current portion of provisions (Note 28)	<b>57</b>	12
	<b>177</b>	132

The current portion of other non-current liabilities consists of the current portions of the mitigation liability of \$29 million (2023 – \$28 million), major development liability of \$27 million (2023 – \$32 million), transmission rights liability related to the Great Northern Transmission Line of \$21 million (2023 – \$21 million), perpetual obligation to the City of Winnipeg for the acquisition of Winnipeg Hydro of \$16 million (2023 – \$16 million), refundable advances from customers of \$4 million (2023 – \$4 million), preferred distributions obligation of \$4 million (2023 – nil) and the lease liability of \$2 million (2023 – \$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

<i>(in millions of Canadian dollars)</i>	2024	2023
Mitigation liability	204	160
Major development liability	186	190
Preferred distributions obligation	272	-
Perpetual obligation	215	215
Transmission rights liability	200	215
Refundable advances from customers	100	95
Fair value of long-term derivative contracts (Note 30)	41	44
Lease liability	9	7
Other	3	2
	<b>1 230</b>	928
Less: current portion (Note 24)	<b>(103)</b>	(102)
	<b>1 127</b>	826

### 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 \$116 million during the year (2023 – \$32 million). Payments made during the year totaled \$67 million (2023 – \$27 million).

In recognition of future mitigation payments, the corporation has a liability recorded of \$204 million (2023 – \$160 million). The net increase in the liability is primarily the result of new agreements signed during the year, including the new revitalization agreement signed with the Manitoba Metis Federation, net of payments made. 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 \$148 million for which water power rental charges were fixed until March 31, 2001. The obligation outstanding as at March 31, 2024 totaled \$9 million (2023 – \$9 million).

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

### **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 \$186 million (2023 – \$190 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 \$12 million (2023 – \$22 million).

The discount rates used to determine the present value of the major development obligations range from 2.95% to 5.05%.

### **Preferred distributions obligation**

On July 31, 2023, Manitoba Hydro and the four Keeyask Cree Nations (KCN), as limited partners of the Keeyask Hydropower Limited Partnership, executed a restated and amended Joint Keeyask Development Agreement (JKDA). The preferred distributions obligation represents the estimated future preferred distribution payment stream as a result of the Keeyask investment entities' decision to convert their common units to preferred units under the amended JKDA. The first payment is expected to be made in August 2024.

The discount rate used to determine the present value of the preferred distributions obligation was 4.65%.

### **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 (Note 18) obtained as a result of the in-service of the Great Northern Transmission Line.

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 \$9 million (2023 - \$7 million) relates primarily to leases for a subsidiary company head office, land, buildings, technology equipment and machinery.

In addition to the \$7 million (2023 - \$7 million) cash outflow recorded in operating and administrative expenses (Note 8), there is a \$2 million (2023 - \$1 million) cash outflow for principal and interest of lease liabilities.

## Note 26 Employee future benefits

<i>(in millions of Canadian dollars)</i>	2024	2023
Net pension liability	472	469
Other employee future benefits liability	272	258
	<b>744</b>	<b>727</b>

### 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 \$38 million in contributions to this defined benefit plan in fiscal 2025.

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 \$3 million in contributions to this defined benefit plan in fiscal 2025.

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, 2022. The corporation does not expect to make any special payments to these defined benefit plans in fiscal 2025. 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, 2023. The next actuarial valuations for all plans will occur as at December 2024.

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:

<i>(in millions of Canadian dollars)</i>	Manitoba Hydro Plan		EHBP		Centra curtailed pension plans		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Plan assets at fair value</b>								
Balance at beginning of year	1 065	1 085	43	44	135	139	1 243	1 268
Return on assets	105	22	5	(2)	13	3	123	23
Employer contributions	35	34	2	2	-	-	37	36
Benefit payments and refunds	(81)	(76)	(1)	(1)	(8)	(7)	(90)	(84)
	<b>1 124</b>	<b>1 065</b>	<b>49</b>	<b>43</b>	<b>140</b>	<b>135</b>	<b>1 313</b>	<b>1 243</b>
<b>Pension obligation</b>								
Balance at beginning of year	1 560	1 705	49	53	103	110	1 712	1 868
Interest cost	76	68	2	2	5	4	83	74
Current service cost	38	45	2	3	-	-	40	48
Benefit payments and refunds	(81)	(76)	(1)	(1)	(8)	(7)	(90)	(84)
Actuarial losses (gains) arising from changes in financial assumptions	6	(182)	1	(8)	4	(4)	11	(194)
	<b>1 599</b>	<b>1 560</b>	<b>53</b>	<b>49</b>	<b>104</b>	<b>103</b>	<b>1 756</b>	<b>1 712</b>
Asset ceiling remeasurement	-	-	-	-	(29)	-	(29)	-
Net pension (liability) asset	<b>(475)</b>	<b>(495)</b>	<b>(4)</b>	<b>(6)</b>	<b>7</b>	<b>32</b>	<b>(472)</b>	<b>(469)</b>

The total net experience gains on all pension fund assets for the fiscal year ended March 31, 2024 was \$63 million (2023 – losses of \$27 million). The return on pension fund assets for the MHPF for the fiscal year ended March 31, 2024 was 10.8% (2023 – 2.9% return). The return for the Centra curtailed plan fund assets for the year ended March 31, 2024 was 10.7% (2023 – 2.9% return). The weighted average term to maturity on fixed income investments is 10.1 years (2023 – 10.1 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, 2023, the CSSF earned a positive rate of return of 10.9% (2022 – 5.6% negative rate of return) on fund assets.

The most recent actuarial valuations for the pension plans for going concern funding purposes were prepared as at December 31, 2022 at which date the Manitoba Hydro Plan was 84% and the EHBP was 96% funded. Although Manitoba Hydro is required to report on the funded status of these plans, the Manitoba Hydro Plan and EHBP under The Civil Service Superannuation Act are exempt from the funding and solvency test funding requirements of The Pension Benefits Act. The Centra curtailed pension plans are subject to solvency testing for funding purposes with the latest valuation taking place as at December 31, 2022. The Centra Salaried, Union and Rural plans were 120%, 135% and 134% funded, respectively, at that date. With the plan assets sufficient to cover the accrued liabilities on a solvency basis, the next review date is not required until three fiscal years after the last review date.

The corporation has recognized experience and actuarial losses on pensions totaling \$102 million (2023 - \$155 million) and remeasurements due to the effect of the asset ceiling on the Centra assets of \$29 million (2023 - nil) in AOCI as at March 31, 2024.

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

<i>(in millions of Canadian dollars)</i>	Manitoba Hydro Plan		EHBP		Centra curtailed pension plans	
	2024	2023	2024	2023	2024	2023
Current service cost	<b>38</b>	45	<b>2</b>	3	-	-
Interest on assets	<b>(54)</b>	(46)	<b>(2)</b>	(2)	<b>(7)</b>	(6)
Interest on obligation	<b>76</b>	68	<b>2</b>	2	<b>5</b>	4
Administrative fees	<b>4</b>	4	-	-	<b>1</b>	1
	<b>64</b>	71	<b>2</b>	3	<b>(1)</b>	(1)

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 (2023 - \$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.

## 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	
	2024	2023	2024	2023
Equities	55%	53%	55%	53%
Bonds and debentures	16%	16%	16%	16%
Real estate	12%	14%	12%	14%
Infrastructure	10%	10%	10%	10%
Private credit	6%	6%	6%	6%
Short-term investments	1%	1%	1%	1%
	100%	100%	100%	100%

The composition and fair value of the pension plan assets as at March 31 are as follows:

MHPF <i>(in millions of Canadian dollars)</i>	2024				2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash	1	-	-	1	6	-	-	6
Short-term	-	20	-	20	-	14	-	14
Fixed income	-	181	-	181	-	171	-	171
Equities	503	81	-	584	527	78	-	605
Real estate	-	-	136	136	-	-	151	151
Private equity	-	-	30	30	-	-	20	20
Private credit	-	-	60	60	-	-	60	60
Infrastructure	-	-	109	109	-	-	34	34
Forwards	-	-	-	-	-	-	-	-
Accruals	-	-	-	3	-	-	-	3
	504	282	335	1 124	533	263	265	1 065

See note 30 for a description of the hierarchy levels.

Centra Gas <i>(in millions of Canadian dollars)</i>	2024				2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash	-	-	-	-	1	-	-	1
Short-term	-	3	-	3	-	2	-	2
Fixed income	-	22	-	22	-	22	-	22
Equities	62	10	-	72	67	10	-	77
Real estate	-	-	17	17	-	-	19	19
Private equity	-	-	4	4	-	-	2	2
Private credit	-	-	8	8	-	-	8	8
Infrastructure	-	-	14	14	-	-	4	4
	62	35	43	140	68	34	33	135

See note 30 for a description of the hierarchy levels.

## Assumptions

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

	2024	2023
Discount rate - pensions MH	4.90%	4.88%
Discount rate - pensions CG	4.85%	4.83%
Discount rate - other benefits	4.73 - 4.91%	4.75 - 4.91%
Rate of compensation increase, including merit and promotions	0.00 - 4.44%	0.00 - 3.04%
Long-term inflation rate	2.20%	2.30%

## Sensitivity of assumptions

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

(in millions of Canadian dollars)

Assumption	Change in assumption	Impact on Manitoba Hydro Plan	Impact on EHBP	Impact on Centra curtailed pension plans
Discount rate	+ 0.50%	(93)	(4)	(5)
	- 0.50%	104	5	5
Inflation rate	+ 0.10%	1	-	-
	- 0.10%	(1)	-	-
Wage rate	+ 0.10%	3	-	-
	- 0.10%	(3)	-	-

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.

## 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:

(in millions of Canadian dollars)	2024	2023
Balance at beginning of year	258	282
Interest cost	8	8
Current service cost	14	9
Benefit payments	(24)	(23)
Actuarial loss from changes in financial assumptions	13	-
Remeasurement loss (gain) from changes in financial assumptions	3	(18)
Benefits liability	272	258

### 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 noncash benefits, employer contributions to the corporation's post-employment defined pension plan and other post-employment benefits.

Key management personnel compensation is as follows:

<i>(in millions of Canadian dollars)</i>	2024	2023
Salaries and other short-term employee benefits	4	4
Post-employment benefits	1	-
	<b>5</b>	<b>4</b>

### Note 27 Deferred revenue

<i>(in millions of Canadian dollars)</i>	2024	2023
Contributions in aid of construction	667	635
Government grants	47	14
Deferred revenue	5	5
	<b>719</b>	<b>654</b>
Less: current portion (Note 24)	(17)	(17)
	<b>702</b>	<b>637</b>

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:

<i>(in millions of Canadian dollars)</i>	2025	2026	2027	2028	2029	2030 and thereafter	Total
Contributions from customers and developers	14	14	14	14	14	597	667



## Note 28 Provisions

<i>(in millions of Canadian dollars)</i>	Mitigation provisions	Asset retirement obligations	Environmental Obligations	Affordable Energy Fund	Legal and other provisions	Total
Balance, April 1, 2022	33	18	-	4	53	108
Provisions made	-	-	-	-	9	9
Provisions used	-	-	-	-	(3)	(3)
Accretion	1	-	-	-	-	1
Revaluations	(7)	-	-	-	(22)	(29)
<b>Balance, March 31, 2023</b>	<b>27</b>	<b>18</b>	<b>-</b>	<b>4</b>	<b>37</b>	<b>86</b>
Provisions made	-	-	6	-	12	18
Provisions used	-	(1)	-	-	(4)	(5)
Accretion	1	-	-	-	-	1
Revaluations	-	(1)	-	-	8	7
<b>Balance, March 31, 2024</b>	<b>28</b>	<b>16</b>	<b>6</b>	<b>4</b>	<b>53</b>	<b>107</b>

	2024	2023
Analyzed as:		
Current (Note 24)	57	12
Non-current	50	74
	<b>107</b>	<b>86</b>

### 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 4.55% to 4.65% (2023 – 4.35% to 4.50%).

### Asset retirement obligations

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 less than \$1 million (2023 – \$1 million), which is expected to be incurred by 2025.

The corporation recognizes an asset retirement obligation 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 (2023 – \$17 million), 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 4.18% (2023 – 3.30% to 3.66%).

### Environmental obligations

A provision has been recognized for the site remediation of a contaminated site associated with the natural gas segment. The estimated undiscounted cash flows required to settle the environmental obligation are approximately \$7 million (2023 – nil), which is expected to be incurred by 2029. The discount rate used to determine the present value of environmental obligations was 4.00%.

### 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 (2023 – 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

<i>(in millions of Canadian dollars)</i>	2024	2023
Wuskwatim Power Limited Partnership		
Taskinigahp Power Corporation	46	43
Keyask Hydropower Limited Partnership		
Cree Nation Partners Limited Partnership	-	181
Fox Lake Cree Nation Keyask Investments Inc.	-	60
York Factory First Nation Limited Partnership	-	60
	-	301
	46	344

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 \$46 million (2023 – \$43 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 2023-24 is \$3 million (2023 – \$9 million).

In accordance with the partnership agreements, Manitoba Hydro provides debt financing to TPC for investment in WPLP (Note 19). As at March 31, 2024, Manitoba Hydro has provided advances to TPC of \$88 million (2023 – \$88 million). In addition, Manitoba Hydro provides advances on future WPLP distributions to NCN. As at March 31, 2024, Manitoba Hydro has provided advances to NCN of \$8 million (2023 – \$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 up to 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 four First Nations are referred to as the Keeyask Cree Nations (KCN). The generating station was placed into service during the 2020-21 and 2021-22 fiscal years.

During the year, Manitoba Hydro and the KCN executed a restated and amended JKDA. Following the updates to the JKDA, the KCN elected to convert their common units to preferred units at final closing on July 31, 2023 in exchange for a future preferred distribution payment stream. This led to the increase of Manitoba Hydro's common ownership interest in the KHLP from 82.5% to 100%, facilitated by the settlement of the KCN equity loans and the establishment of a long-term obligation for preferred distributions.

Prior to the KCN's conversion of their common units to preferred units at final closing based on their invested capital, 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 was represented as a non-controlling interest within the equity section of the consolidated statement of financial position. With the acquisition of the 17.5% common equity ownership from the KCN at final closing, the non-controlling interest at March 31, 2024 has been reduced to zero (2023 - \$301 million). The net loss of the KHLP attributable to the non-controlling interests until final closing totaled \$4 million (2023 – income of \$8 million).

In accordance with the partnership agreements, Manitoba Hydro provides debt financing to CNPLP, FLCNKII and YFFNLP (Note 19). As at March 31, 2024, Manitoba Hydro has provided advances to CNPLP of \$14 million and YFFNLP of \$4 million related to the final closing credit facilities. These advances plus interest are repayable over a term of 30 years by CNPLP and YFFNLP through their preferred distributions from the KHLP. As at March 31, 2023, Manitoba Hydro had provided advances to CNPLP of \$186 million, FLCNKII of \$62 million and YFFNLP of \$62 million related to the construction credit facilities. These advances and interest were settled when the KCN converted their common units to preferred units at final closing.

At any time after the supplemental final closing date (as defined in the amended JKDA), any Keeyask investment entity that holds preferred units can put all their units back to Manitoba Hydro for an amount equal to their final closing cash paid, adjusted annually for inflation. Notice of the intention to exercise the put option must be sent to the other Keeyask investment entities to determine if they will purchase the proportion of units being sold within a thirty day time period before Manitoba Hydro acquires the units.

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

<i>(in millions of Canadian dollars)</i>	<b>2024</b>	2023
<b>WPLP</b>		
Current assets	<b>113</b>	98
Non-current assets	<b>1 416</b>	1 425
Current liabilities	<b>24</b>	23
Non-current liabilities	<b>1 366</b>	1 369
Revenue	<b>103</b>	125
Net income	<b>8</b>	28
<b>KHLP</b>		
Current assets	-	95
Non-current assets	-	7 449
Current liabilities	-	121
Non-current liabilities	-	5 701
Revenue*	<b>89</b>	364
Net income (loss)*	<b>(21)</b>	46

\* Represents financial results for KHLP at final closing, July 31, 2023

## 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:

<i>(in millions of Canadian dollars)</i>	Level	2024		2023	
		Carrying value	Fair value	Carrying value	Fair value
<b>Amortized cost</b>					
Cash and cash equivalents	*	780	780	1 089	1 089
Accounts receivable and accrued revenue	*	489	489	547	547
Loans and other receivables (including current portion)	2	277	266	571	575
Long-term investments (including current portion)	1	291	295	-	-
<b>Other financial liabilities</b>					
Accounts payable and accrued liabilities	*	456	456	413	413
Notes payable	*	200	200	50	50
Long-term debt (including current portion)	2	24 547	22 419	24 560	23 145 **
Mitigation liability (including current portion)	2	204	232	160	199
Major development liability (including current portion)	2	186	190	190	206
Preferred distributions obligation (including current portion)	2	272	252	-	-
Perpetual obligation (including current portion)	2	215	326	215	347
Transmission rights liability (including current portion)	2	200	168	215	186

\*carried at values that approximate fair value

\*\*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 and liquidity risks 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 cash and banks, temporary investments, pension fund investments, and long-term investments. The corporation limits its exposure to credit risk by only investing in government-guaranteed bonds, highly rated investments and well-diversified investment portfolios. Long-term investments (comprised of Canadian and U.S. denominated highly rated fixed income instruments) are held to collect contractual cash flows and are measured at amortized cost using the effective interest rate method. The credit profile, currency, magnitude, and maturities have been selected to broadly align with the timing and amounts of expected payments on liabilities related to debt instruments held, as well as payments for the transmission rights liability. The investment income for the year related to the Canadian investments was \$1 million (2023 – nil) and the investment income for the year related to the U.S. investments was \$3 million (2023 – nil).

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:

<i>(in millions of Canadian dollars)</i>	Manitoba	Extraprovincial	ECL allowance	<b>2024</b>	2023
Under 30 days	176	20	(1)	<b>195</b>	268
31 to 60 days	19	-	(1)	<b>18</b>	24
61 to 90 days	10	-	(1)	<b>9</b>	12
Over 90 days	70	-	(37)	<b>33</b>	39
Total accounts receivable	275	20	(40)	<b>255</b>	343

The ECL allowance for trade receivables 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:

<i>(in millions of Canadian dollars)</i>	<b>2024</b>	2023
Balance, April 1	<b>36</b>	35
Loss allowance	<b>11</b>	9
Write-offs	<b>(8)</b>	(9)
Recoveries	<b>1</b>	1
Balance, March 31	<b>40</b>	36

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 2023-24, the corporation adjusted the ECL allowance to \$12 million (2023 – \$91 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 carrying amounts of long-term investments and their maturity profile as at the consolidated statement of financial position date:

<i>(in millions of Canadian dollars)</i>	Carrying value	2025	2026	2027	2028	2029	2030 and thereafter
Long-term investments							
Canadian investments	100	-	-	-	-	-	100
U.S. investments	191	14	12	12	12	22	119
	291	14	12	12	12	22	219

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:

<i>(in millions of Canadian dollars)</i>	Carrying value	2025	2026	2027	2028	2029	2030 and thereafter
Financial liabilities							
Accounts payable and accrued liabilities	456	456	-	-	-	-	-
Notes payable	200	200	-	-	-	-	-
Long-term debt*	24 681	1 885	1 922	2 000	2 154	2 335	33 247
Mitigation liability	204	29	18	18	18	15	503
Major development liability	186	28	10	10	9	9	564
Preferred distributions obligation	272	4	8	8	8	8	2 038
Perpetual obligation	215	16	16	16	16	16	16 **
Transmission rights liability	200	21	20	19	18	17	140
Lease liability	9	2	2	2	1	1	3
	26 423	2 641	1 996	2 073	2 224	2 401	36 511

\* 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, 2024, unrealized foreign exchange translation gains of less than \$1 million (2023 – losses of \$116 million) were recognized in OCI and net losses of \$27 million (2023 – \$34 million) were reclassified from OCI into net income.

The following table summarizes the corporation's hedging instruments as at March 31, 2024:

<i>(in millions of Canadian dollars)</i>	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:				Long-term	
U.S. debt	1 839	-	1 839	debt	78
Dual currency bond interest payments	17	-	-	-	4

The following table summarizes the corporation's hedging instruments as at March 31, 2023:

<i>(in millions of Canadian dollars)</i>	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:				Long-term	
U.S. debt	2 110	-	2 110	debt	101
Dual currency bond interest payments	25	-	-	-	6

The accumulated amount of fair value adjustments on the corporation's hedged item (forecast export revenues) recognized in AOCI as at March 31, 2024 was \$82 million (2023 - \$107 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. The fair value of these forward contracts of \$3 million is included in accounts receivable and accrued revenue (2023 – \$1 million included in other liabilities) and classified as Level 2 fair value measurements. The notional amount related to these forward contracts is \$488 million (2023 – \$274 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, 2024, a change in the Canadian dollar of plus (minus) \$0.10 relative to the U.S. dollar would decrease (increase) net income by \$4 million (2023 – \$3 million), while OCI would increase (decrease) by \$133 million (2023 – \$156 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, 2024, an increase or decrease of 1% in the interest rate would reduce or increase net income, respectively, by \$2 million (2023 – \$6 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, 2024, the corporation has unsettled commodity derivative contracts with a fair value of \$3 million included in receivables (2023 – \$1 million) and \$41 million included in other non-current liabilities (2023 – \$44 million). The derivative financial instruments are classified as Level 2 fair value measurements. For the year ended March 31, 2024, unrealized fair market value losses on fixed-price commodity derivatives of \$2 million (2023 – \$7 million) were recognized in OCI and \$1 million (2023 – less than \$1 million) of hedge ineffectiveness was reclassified from OCI to net income. As at March 31, 2024, the corporation has recognized fair market value losses on fixed-price commodity derivatives totaling \$41 million (2023 – \$43 million) in AOCI.

(d) **Climate change risk**

Manitoba Hydro's business is sensitive to weather and climate, which is projected to change in the future. Climate change risks and opportunities can be characterized as either Physical (such as increasing temperature and changing precipitation patterns) or Transitional (such as changes in policy, technology, and markets) as society shifts to a lower carbon economy. Potential impacts associated with Physical risk include changes in hydropower generation, electrical and natural gas demand, infrastructure design, and daily operations which are largely linked to environmental conditions such as temperature, wind speed, precipitation, floods, hydrologic drought, and wildfire. Potential impacts associated with Transitional risk include restrictions on the use of fossil-fuel fired electricity generation, changes in technology for producing and delivering energy, increased electrical demand (coincident with decreased natural gas demand) due to decarbonization and carbon pricing, and changes in the market cost of electricity.

Quantifying financial aspects of climate change impacts can be complex due to several factors. Acute weather events (such as a widespread snowstorm) can result in a large financial impact; however, natural variability in the climate system creates challenges in attributing individual events to climate change. In contrast, chronic changes in the climate system (such as slow onset temperature increase) may be more easily attributed to climate change but result in financial impacts that span multiple fiscal years. Additional complexities include uncertainty in future climate projections, investment in adaptation measures to increase resilience, policy uncertainty, technological uncertainty, and accounting for opportunities that may arise as a result of climate change. Manitoba Hydro continues to monitor its exposure to these risks and the related financial impact.

## 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. Under enacted Bill 36 legislation of *The Manitoba Hydro Amendment and Public Utilities Board Amendment Act*, the rates charged by Manitoba Hydro are to provide sufficient revenues to enable the corporation to achieve a debt to capitalization ratio of 80% by March 31, 2035 and 70% by March 31, 2040. However, Bill 37, *The Budget Implementation and Tax Statutes Amendment Act, 2024*, was introduced and includes a removal of the targets. The Bill is still pending approval. Manitoba Hydro is currently in the process of conducting a financial target review.

The corporation defines its debt to capitalization ratio as follows:

<i>(in millions of Canadian dollars)</i>	2024	2023
Long-term debt (Note 21)	23 644	23 097
Less: Sinking fund investments (Note 17)	(102)	-
Current portion of long-term debt (Note 21)	903	1 463
Notes payable (Note 23)	200	50
Less: Cash and cash equivalents (Note 13)	(780)	(1 089)
Net debt	23 865	23 521
Retained earnings	3 478	3 650
Accumulated other comprehensive loss	(254)	(305)
Contributions in aid of construction (Note 27)	667	635
Bipole III deferral (Note 20)	-	20
Major capital deferral (Note 20)	98	98
Non-controlling interest (Note 29)	46	344
Total capitalization	4 035	4 442
Debt to capitalization ratio	85.5%	84.1%

Manitoba Hydro issues debt for its capital requirements under the authority of *The Manitoba Hydro Act*, *The Appropriation Act* and *The Financial Administration Act*. *The Manitoba Hydro Act* grants the corporation the power to issue up to \$500 million of short-term promissory notes guaranteed by the provincial government. Manitoba Hydro submits annual requests under *The Appropriation 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 \$117 million (2023 – \$118 million) for the year was 0.50% (2023 – 0.50%) 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 \$1.67 per MWh (2023 – \$1.67 per MWh) totalling \$51 million (2023 – \$71 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 \$1 635 million (2023 – \$1 721 million) that relate to future purchases of wind generated electricity, 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 2040 and natural gas purchases which expire in 2040. In addition, other outstanding commitments principally for construction are approximately \$2 001 million (2023 – \$1 995 million).

As at March 31, 2024, total future minimum lease payments committed under property leases without a right-of-use asset and corresponding lease liability amounted to \$5 million (2023 – \$1 million).

Due to the size, complexity and nature of Manitoba Hydro's operations, various legal, environmental 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, 2024, there is an outstanding guarantee totaling \$40 million (2023 – \$40 million) which matures October 31, 2025. Letters of credit in the amount of \$105 million (2023 – \$77 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.

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). During the year, the corporation wound up Teshmont following TCLP's sale of its operating assets back in 2020. The comparative figures include Teshmont's earnings for 2022-23.

## Segmented results

Results by operating segment for the years ended March 31, 2024 and 2023 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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<i>(in millions of Canadian dollars)</i>										
<b>Revenues</b>										
External revenue	2 753	3 065	508	657	37	113	-	-	3 298	3 835
Intersegment revenue	-	-	2	2	9	8	(11)	(10)	-	-
	2 753	3 065	510	659	46	121	(11)	(10)	3 298	3 835
<b>Expenses</b>										
Finance expense	996	988	29	27	-	(1)	17	17	1 042	1 031
Operating and administrative	708	609	81	73	17	15	(4)	(3)	802	694
Depreciation and amortization	614	623	33	31	3	3	1	1	651	658
Cost of gas sold	-	-	333	523	-	-	-	-	333	523
Water rentals and assessments	62	84	-	-	-	-	-	-	62	84
Fuel and power purchased	350	138	-	-	-	-	(2)	-	348	138
Capital and other taxes	166	157	18	18	-	-	-	-	184	175
Other expenses	332	68	26	11	21	25	(5)	(6)	374	98
Finance income	(55)	(52)	-	-	(7)	(4)	-	-	(62)	(56)
Corporate allocation	12	7	6	12	-	-	(18)	(19)	-	-
	3 185	2 622	526	695	34	38	(11)	(10)	3 734	3 345
Net income (loss) before net movement in regulatory deferral balances	(432)	443	(16)	(36)	12	83	-	-	(436)	490
Net movement in regulatory deferral balances	296	147	(18)	18	-	-	-	-	278	165
<b>Net Income (Loss)</b>	<b>(136)</b>	<b>590</b>	<b>(34)</b>	<b>(18)</b>	<b>12</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>(158)</b>	<b>655</b>
Net income (loss) attributable to:										
<b>Manitoba Hydro</b>	<b>(135)</b>	<b>573</b>	<b>(34)</b>	<b>(18)</b>	<b>12</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>(157)</b>	<b>638</b>
Non-controlling interests	(1)	17	-	-	-	-	-	-	(1)	17
	(136)	590	(34)	(18)	12	83	-	-	(158)	655
Total assets before regulatory deferral balances	29 157	29 343	827	844	117	202	(254)	(429)	29 847	29 960
Total regulatory deferral debit balances	1 574	1 347	105	103	-	-	-	-	1 679	1 450
Total liabilities	27 593	27 086	763	764	23	20	(242)	(317)	28 137	27 553
Total regulatory deferral credit balances	98	167	21	1	-	-	-	-	119	168
Retained earnings	3 248	3 398	27	61	93	181	110	10	3 478	3 650

# Financial Statistics

For the year ended March 31

<i>(in millions of Canadian dollars)</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Revenues</b>										
Domestic Electric	1 847	1 903	1 834	1 714	1 702	1 707	1 464	1 419	1 399	1 424
Gas	505	656	542	416	388	365	343	342	353	427
Extraprovincial	872	1 131	585	611	468	430	437	460	415	384
Other	74	145	79	80	71	74	86	106	91	81
	<b>3 298</b>	<b>3 835</b>	<b>3 040</b>	<b>2 821</b>	<b>2 629</b>	<b>2 576</b>	<b>2 330</b>	<b>2 327</b>	<b>2 258</b>	<b>2 316</b>
<b>Expenses</b>										
Finance expense	1 042	1 031	1 068	846	838	778	641	645	620	551
Operating and administrative	802	694	660	608	579	576	586	608	614	614
Depreciation and amortization	651	658	605	563	512	496	430	402	394	378
Cost of gas sold	333	523	405	277	238	212	196	183	181	266
Water rentals and assessments	62	84	101	128	126	113	126	131	126	125
Fuel and power purchased	348	138	394	184	98	136	130	132	117	129
Capital and other taxes	184	175	179	167	163	155	146	135	123	115
Other expenses	374	98	91	80	104	130	548	104	114	77
Finance income	(62)	(56)	(24)	(24)	(43)	(31)	(23)	(17)	(23)	(26)
	<b>3 734</b>	<b>3 345</b>	<b>3 479</b>	<b>2 829</b>	<b>2 615</b>	<b>2 565</b>	<b>2 780</b>	<b>2 323</b>	<b>2 266</b>	<b>2 229</b>
Net income (loss) before net movement in regulatory balances	(436)	490	(439)	(8)	14	11	(450)	4	(8)	87
Net movement in regulatory balances	278	165	180	125	85	107	479	55	47	38
<b>Net Income (Loss)</b>	<b>(158)</b>	<b>655</b>	<b>(259)</b>	<b>117</b>	<b>99</b>	<b>118</b>	<b>29</b>	<b>59</b>	<b>39</b>	<b>125</b>
Net income (loss) attributable to:										
Manitoba Hydro	(157)	638	(248)	119	99	121	37	71	49	136
Non-controlling interests	(1)	17	(11)	(2)	-	(3)	(8)	(12)	(10)	(11)
	<b>(158)</b>	<b>655</b>	<b>(259)</b>	<b>117</b>	<b>99</b>	<b>118</b>	<b>29</b>	<b>59</b>	<b>39</b>	<b>125</b>
<b>Assets</b>										
Property, plant and equipment	26 727	26 474	26 376	26 023	25 190	23 627	21 979	19 757	17 208	15 222
Sinking fund investments	-	-	-	-	-	-	-	-	-	114
Current and other assets	3 120	3 486	3 394	3 438	2 937	2 672	2 146	2 015	2 085	1 821
Regulatory deferral debits	1 679	1 450	1 368	1 254	1 179	1 132	1 044	566	486	410
	<b>31 526</b>	<b>31 410</b>	<b>31 138</b>	<b>30 715</b>	<b>29 306</b>	<b>27 431</b>	<b>25 169</b>	<b>22 338</b>	<b>19 779</b>	<b>17 567</b>
<b>Liabilities and Equity</b>										
Long-term debt	23 644	23 097	23 617	23 065	21 950	21 303	18 200	16 102	14 201	12 303
Current and other liabilities	3 791	3 819	3 709	3 731	3 744	2 686	3 671	3 157	2 799	2 603
Deferred revenue	702	637	607	579	549	522	769	642	535	459
Regulatory deferral credits	119	168	251	317	367	405	76	77	52	23
Non-controlling interests	46	344	325	323	302	254	205	170	140	120
Retained earnings	3 478	3 650	3 012	3 260	3 141	3 042	2 936	2 899	2 828	2 779
Accumulated other comprehensive income (loss)	(254)	(305)	(383)	(560)	(747)	(781)	(688)	(709)	(776)	(720)
	<b>31 526</b>	<b>31 410</b>	<b>31 138</b>	<b>30 715</b>	<b>29 306</b>	<b>27 431</b>	<b>25 169</b>	<b>22 338</b>	<b>19 779</b>	<b>17 567</b>
<b>Cash Flows</b>										
Operating activities	607	1 068	135	248	327	82	(229)	508	489	438
Financing activities	38	(314)	599	1 067	1 647	2 244	2 868	1 866	2 120	1 569
Investing activities	(954)	(748)	(793)	(1 099)	(1 948)	(2 068)	(2 643)	(2 682)	(2 148)	(1 655)
<b>Financial Indicators</b>										
Debt to capitalization ratio <sup>1</sup>	86%	84%	86%	86%	86%	86%	85%	84%	83%	83%

<sup>1</sup> The calculation for the debt to capitalization ratio is disclosed in Note 31 of the consolidated financial statements.



# Operating Statistics

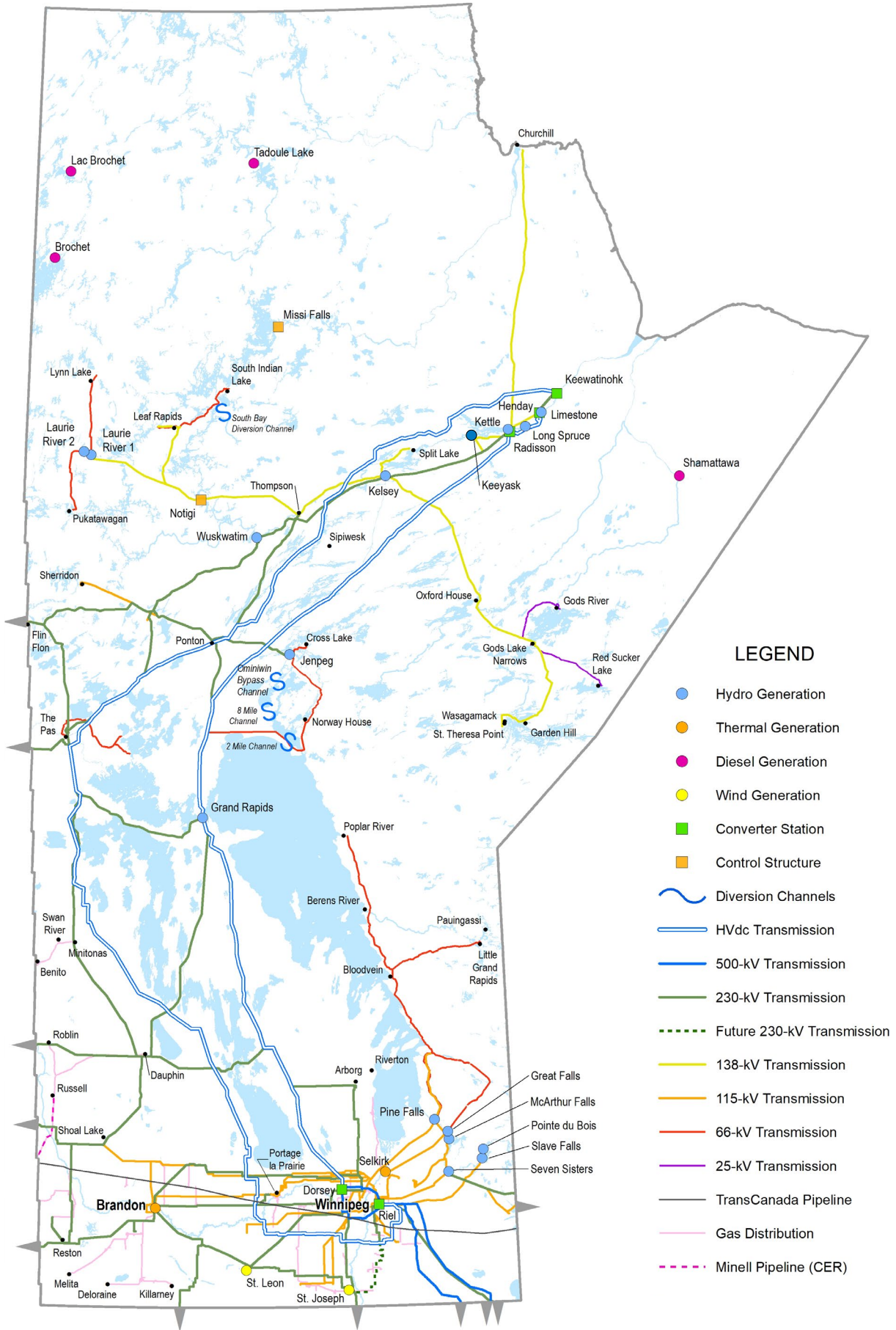
For the year ended March 31

For the year ended March 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Electric System Capability</b>										
Capability (000 kW)	6 121	6 054	5 860	5 608	5 615	5 561	5 648	5 679	5 680	5 691
Manitoba firm peak demand (000 kW)	4 573	4 761	4 785	4 888	4 692	4 911	4 735	4 801	4 460	4 688
Percent change	(3.9)	(0.5)	(2.1)	4.2	(4.5)	3.7	(1.4)	7.6	(4.9)	(0.7)
<b>Electric System Supply</b>										
Total energy supplied (millions of kWh)										
Generation	29 799	39 534	26 628	35 189	34 542	30 928	34 613	36 433	34 990	35 044
Isolated systems	16	17	17	16	15	15	14	15	14	15
	29 815	39 551	26 645	35 205	34 557	30 943	34 627	36 448	35 004	35 059
<b>Electric Load at Generation (millions of kWh)</b>										
Integrated system	25 034	26 064	25 711	24 706	25 097	25 750	25 644	25 144	24 566	25 399
Isolated system	16	17	17	16	15	15	14	15	14	15
	25 050	26 081	25 728	24 722	25 112	25 765	25 658	25 159	24 580	25 414
Percent change	(4.0)	1.4	4.1	(1.6)	(2.5)	0.4	2.0	2.4	(3.3)	(0.4)
<b>Electric System Deliveries (millions of kWh)</b>										
Energy delivered in Manitoba										
Residential	7 836	8 203	8 226	8 019	7 695	8 001	7 636	7 250	7 181	7 788
Commercial / Industrial	14 160	14 464	14 347	13 682	14 307	14 769	14 869	14 716	14 473	14 670
	21 996	22 667	22 573	21 701	22 002	22 770	22 505	21 966	21 654	22 458
Extraprovincial	8 382	13 325	6 205	10 908	9 629	6 267	9 448	11 272	10 281	9 811
	30 378	35 992	28 778	32 609	31 631	29 037	31 953	33 238	31 935	32 269
<b>Gas Deliveries (millions of cubic metres)</b>										
	2 029	2 225	2 111	2 059	2 147	2 229	2 048	1 986	1 846	2 071
<b>Electric Customers</b>										
Residential	548 977	542 268	535 212	528 391	521 498	515 354	509 465	503 167	497 699	492 275
Commercial / Industrial	75 085	74 021	73 342	72 600	71 992	71 441	70 797	70 271	69 935	69 594
	624 062	616 289	608 554	600 991	593 490	586 795	580 262	573 438	567 634	561 869
<b>Gas Customers</b>										
	298 639	296 138	293 256	290 502	287 714	284 996	281 990	279 268	276 858	274 817
<b>Full Time Equivalent (FTE)<sup>1</sup></b>										
	5 362	5 143	4 962	4 954	5 393	5 475	5 998	6 411	6 410	6 483

<sup>1</sup> FTEs include all permanent, seasonal and part-time staff, as well as employees of subsidiaries. It is derived by calculating total straight time hours paid in the year divided by 1 916 hours per FTE

# Major Electric & Natural Gas Facilities



## Sources of Electrical Energy Generated & Purchased

For the year ended March 31

<b>Nelson River</b>	<b>72.81 %</b>	<b>Saskatchewan River</b>	<b>2.37 %</b>	<b>Thermal</b>	<b>.36 %</b>
<b>Billion kWh generated</b>	<b>24.9</b>	<b>Billion kWh generated</b>	<b>0.8</b>	<b>Billion kWh generated</b>	<b>0.1</b>
Limestone	19.83 %	Grand Rapids	2.37 %	Brandon	0.36 %
Kettle	18.98 %			Selkirk	0.00 %
Long Spruce	15.63 %	<b>Laurie River</b>	<b>0.06 %</b>		
Keeyask	10.71 %	<b>Billion kWh generated</b>	<b>0.0</b>	<b>Purchases (excl. wind)</b>	<b>10.25 %</b>
Kelsey	5.74 %	Laurie River 1	0.05 %	<b>Billion kWh purchased</b>	<b>3.5</b>
Jenpeg	1.93 %	Laurie River 2	0.02 %		
				<b>Wind</b>	<b>2.47 %</b>
<b>Winnipeg River</b>	<b>7.86 %</b>	<b>Burntwood River</b>	<b>3.82 %</b>	<b>Billion kWh purchased</b>	<b>2.5</b>
<b>Billion kWh generated</b>	<b>2.7</b>	<b>Billion kWh generated</b>	<b>1.3</b>		
Seven Sisters	2.31 %	Wuskwatim	3.82 %		
Great Falls	1.88 %				
Pine Falls	1.52 %				
Pointe du Bois	0.22 %				
Slave Falls	1.02 %				
McArthur	0.91 %				

## Manitoba Hydro Generating Stations & Capabilities

### Interconnected Capabilities

Station	Location	Number of units	Net Capability (MW)
<b>Hydraulic</b>			
Great Falls	Winnipeg River	6	137.0
Seven Sisters	Winnipeg River	6	168.0
Pine Falls	Winnipeg River	6	88.0
McArthur	Winnipeg River	8	55.0
Pointe du Bois	Winnipeg River	16	32.0
Slave Falls	Winnipeg River	8	60.0
Grand Rapids	Saskatchewan River	4	480.0
Keeyask	Nelson River	7	635.0
Kelsey	Nelson River	7	286.0
Kettle	Nelson River	12	1 220.0
Jenpeg	Nelson River	6	82.0
Long Spruce	Nelson River	10	1 000.0
Limestone	Nelson River	10	1 400.0
Laurie River (2)	Laurie River	3	10.0
Wuskwatim	Burntwood River	3	209.0
<b>Thermal</b>			
Brandon		2	247.0
Selkirk*		2	0.0

### Isolated Capabilities

<b>Diesel</b>			
Brochet			2.6
Lac Brochet			2.1
Shamattawa			4.5
Tadoules Lake			2.3

**Total Generating Capability** **6 121**



Manitoba Hydro Place  
360 Portage Avenue  
Winnipeg, Manitoba, Canada  
R3C 0G8

[www.hydro.mb.ca](http://www.hydro.mb.ca)  
[corporatecommunications@hydro.mb.ca](mailto:corporatecommunications@hydro.mb.ca)  
204-360-3311

