

Manitoba Hydro Undertaking #80

File in confidence with the Board the present value analysis by ICF, updated to include ICF revised gas costs as found in MH Ex. 60. Update the calculation to use the capital expenditure forecast information from the 2010 CEF for Keeyask and Wuskwatim capital costs.

As discussed in Undertaking #78 the reduction in customers' electricity bills of \$153 million on a present value basis by 2041 represents only a portion of the total benefits of the sale scenario compared to the no-sale scenario. Therefore, an update of this analysis with revised gas prices and updated capital cost does not provide meaningful information on the total benefits of the sale scenario.

Manitoba Hydro is not able to translate the ICF revised gas price forecast into a set of electricity prices. As noted in the response to CAC/MSOS/MH II-41(a) and as described in the response PUB/MH I-156(a), Manitoba Hydro's electricity export price forecast is prepared using information from several external price forecast consultants who each have their own electricity price forecast models, assumptions and internal estimates for a number of factors. These factors include, but are not limited to, thermal fuel forecasts (coal and natural gas), future load growth forecasts, capital costs and required rates of return, generation retirements and additions, power market rules, future legislative regulations including greenhouse gases, SO_x, NO_x, and mercury and renewable portfolio standard requirements, and characteristics of the existing generation fleet.

As indicated on Transcript pages 3807 to 3810, Manitoba Hydro obtains five external export price forecasts which incorporate each particular forecaster's view of the various pricing factors including each forecaster's natural gas forecast. In preparing the price forecasts, the price forecasting consultants incorporate their assumptions and internal estimates for the various pricing factors into their proprietary electricity price forecast models. Manitoba Hydro does not have access to these proprietary price forecast models and hence can not create alternative forecasts using alternative values of any of the pricing factors. Consequently, the Corporation is not able to prepare an export revenue and financial forecast based on gas prices put forward recently by ICF.