

MANITOBA HYDRO**2012/13 & 2013/14 ELECTRIC GENERAL RATE APPLICATION****UNDERTAKING PROVIDED BY: T. MILES**

Manitoba Hydro Undertaking #37

Using Pointe du Bois as an example, what kind of premium would be paid for reconstructing on the same site as a generating station that was previously constructed.

Response:

Typically it would be more costly to restore/renovate than to rebuild at an existing site. Using Pointe du Bois as an example, the premium for renovating rather than rebuilding would likely be in the order of 10 to 30 percent. However the options will be thoroughly evaluated at the point the decision must be made.

In general, the costs and value of hydro-electric facilities are very dependent on the specific characteristics of the site. Specific characteristics of a site can include: foundation conditions, access to the site, physical layout, construction challenges such as ice, northern versus southern construction, water flow variability, social and environmental constraints, and licence or permit requirements.

Whether or not there is a premium or additional cost associated with reconstructing on an existing site will depend to a large degree on the competency and suitability of key civil structures at the time of reconstruction and site specific characteristics including reservoir and river management constraints. The amount of incremental costs to decommission existing works and any additional effort and/or construction limitations and inefficiencies related to working around existing infrastructure or in a developed area (netted against both the costs savings of reusing existing infrastructure and the value of electricity produced during a reconstruction project, if any) are also key factors.

In addition to costs, it is expected that overall social and environmental benefits and impacts would be major considerations in any resource decision including rebuilding on an existing site.