

**MANITOBA HYDRO**

**2012/13 & 2013/14 ELECTRIC GENERAL RATE APPLICATION**

**UNDERTAKING PROVIDED BY: V.WARDEN**

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**Manitoba Hydro Undertaking # 38**

Provide the details of the depreciation calculations for Wuskwatim, without salvage, applying the ASL without salvage and ELG without salvage rates used in response to MIPUG Pre-Ask #5, including the known expenditures to date and a best estimate of the expenditures still to be incurred.

**Response:**

With respect to the 2013 and 2014 test years, for the purposes of calculating the depreciation expense for Wuskwatim, Manitoba Hydro has used ASL with net salvage depreciation rates consistent with all depreciable groups for those years.

Commencing in fiscal 2015, the following table provides the annual depreciation expense for the Wuskwatim Generating Station calculated using the ASL Without Net Salvage and the ELG Without Net Salvage depreciation rates provided in the response to MIPUG Pre-Ask #5.

The depreciation figures shown were calculated using actual capital expenditures to November 30, 2012 plus projected costs to complete the remaining work associated with the generating station.

As indicated in pages 1989 – 1991 of the transcript, Mr. Kennedy confirmed that the ASL without net salvage results shown in the following table would not satisfy the requirements of IFRS, and as such, would not be implemented.

**MANITOBA HYDRO  
 WUSKWATIM GENERATING STATION  
 DEPRECIATION EXPENSE**

**Based on Actual Spending to November 30, 2012 plus Projected Cost to Complete**

<b>Depreciable Work</b>	<b>ASL Without Net Salvage</b>			<b>ELG Without Net Salvage</b>		
	<b>Rate (%)</b>	<b>2015</b>	<b>2016 &amp; Future</b>	<b>Rate (%)</b>	<b>2015</b>	<b>2016 &amp; Future</b>
<b>Generating Station</b>						
Dams, Dykes & Weirs	0.80	\$ 1,246	\$ 1,246	0.87	\$ 1,355	\$ 1,355
Powerhouse	0.80	4,811	4,811	0.87	5,231	5,231
Spillway	1.33	1,265	1,265	2.06	1,959	1,959
Water Control Systems	2.00	2,118	2,118	2.07	2,192	2,192
Roads & Site Improvements	2.00	1,727	1,792	2.36	2,041	2,128
Turbines & Generators	1.54	2,477	2,477	1.65	2,654	2,654
Governors & Excitation System	2.00	105	105	2.13	112	112
A/C Electrical Power Systems	2.00	1,180	1,180	2.36	1,392	1,392
Instrumentation, Control & D/C Systems	4.35	479	479	5.50	1,954	1,954
Auxiliary Station Processes	2.50	1,555	1,620	3.33	2,071	2,158
Support Buildings	1.54	689	970	1.82	813	1,146
Support Building Renovations	5.00	3	12	5.00	3	12
Other Components *		327	303		321	275
<b>Total Generating Station</b>		<b>\$ 17,982</b>	<b>\$ 18,378</b>		<b>\$ 22,098</b>	<b>\$ 22,568</b>
<b>Less: Non-Controlling Interest</b>		<b>(5,759)</b>	<b>(5,890)</b>		<b>(7,077)</b>	<b>(7,232)</b>
<b>Manitoba Hydro Portion</b>		<b>\$ 12,223</b>	<b>\$ 12,488</b>		<b>\$ 15,021</b>	<b>\$ 15,336</b>

\* Includes other WPLP Partnership assets associated with the Generating Station, such as motor vehicles, furniture & equipment.