
ELECTRIC GENERAL RATE APPLICATION 2015**Informal Manitoba Hydro Undertaking #1**

Reconcile the capital costs for the Great Northern Transmission Line of \$507 million found on page 126 of the PUB's NFAT Report and \$542 million discussed during oral examination.

Response:

The US \$507 million (2013 dollars) capital cost for the Great Northern Transmission Line (GNTL) found on page 126 of the PUB's NFAT Report reflects the mid-point estimate that Minnesota Power determined in 2013 to include in its October 2013 application for a Certificate of Need with the Minnesota Public Utilities Commission. In August 2014, Minnesota Power submitted a revised capital cost estimate for the Great Northern Transmission Line of US \$676 million (2013 dollars) as an update for this same Certificate of Need application. The revised capital cost estimate increased by approximately US \$169 million compared the initial US \$507 million estimate, primarily as a result of including additional funds for timber matting (US \$82 million) and contingency (US \$69 million).

The CAD \$542 million capital cost estimate for the GNTL discussed during oral examination reflects the funding obligation that 6690271 Manitoba Ltd. has for 54% of the capital costs of the GNTL. The CAD \$542 million capital cost estimate was included in IFF14 and is broken down in Table 1 below.

Table 1- IFF14 GNTL capital cost breakdown of \$542 million estimate (in millions).

54% of US \$676M GNTL capital cost estimate	US\$ 365
Escalation	US\$ 51
Foreign Exchange (US to CAD)	CAD\$ 36
Capitalized Interest Costs	CAD\$ 68
6690271 MB Ltd Cost- Professional Fees & Internal Labour	CAD\$ 22
Total	CAD\$ 542