

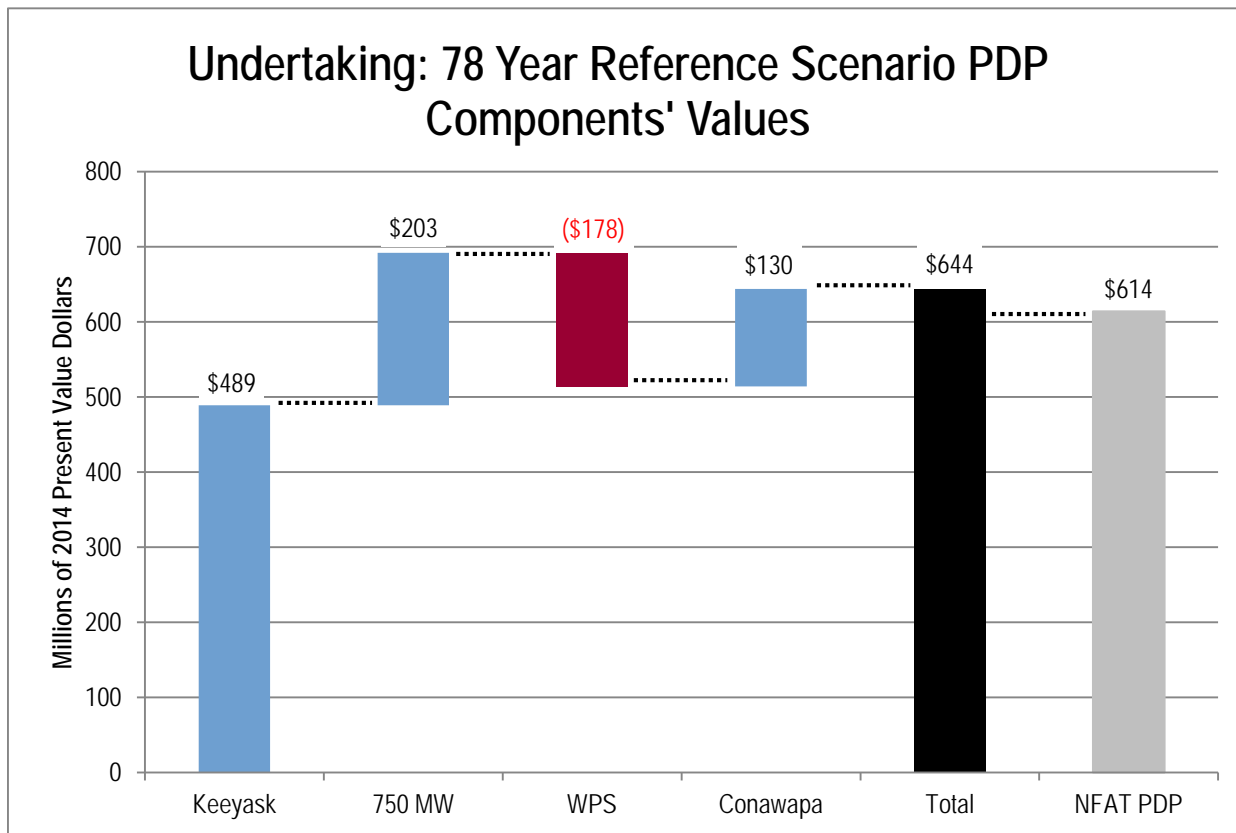
NEEDS FOR AND ALTERNATIVES TO (NFAT)

La Capra Associates Undertaking # 108

La Capra to redo Figure 9-99U

Response:

A revision of Figure 9-99U is included below. This version removes the 250MW transmission incremental cost. These values are MH 2012 Reference Case Assumptions with updated capital costs for Keeyask and Conawapa.



UPDATED Figure 9-99U: Value of PDP Components – 78 Year NPV vs. All Gas

The component blocks were created using the follow comparisons.

Component	Change Case	Base Case	Value
Keeyask	2- K22/Gas	1- All Gas	\$ 489
750 MW	6- K19/Gas31/750MW/MP250*	2- K22/Gas	\$ 203
WPS*	5- K19/Gas25/750MW WPS & no WPS Inv	6- K19/Gas31/750MW	\$ (178)
Conawapa*	14- K19/C25/750MW WPS & no WPS Inv	5- K19/Gas25/750MW WPS & no WPS Inv	\$ 130
Total			\$ 644

*All of these plans have the MP250 Contract included

La Capra Associates notes that the economics of the WPS Sale represented in this analysis implies that the WPS Sale is expected to increase net costs to MH (by \$178 million), This is when the WPS Sale is added to a system without Keeyask and Conawapa, thus requiring a change in thermal generating capacity, and if MH still needs to make the investment in the US-side transmission line that at one time WPS was expected to make. The original 9-99U contained within the Addendum showed the WPS contract to have a benefit (i.e., lowers MH costs) of \$6 million. The difference of \$184 million is the present value of the investment in the US side of the 750 MW transmission project that at one time WPS was expected to make.