
NEEDS FOR AND ALTERNATIVES TO (NFAT)**Manitoba Hydro Undertaking #48**

Manitoba Hydro to indicate the impact of proceeding with the Preferred Plan, and then switching from the Preferred Plan to Pathway 5 in the end of 2017.

Response:

Based on the projected expenditures the response to PUB/MH I-238c, the total actual and projected expenditures, including escalation and interest, are approximately \$650 million (in nominal dollars) to the end of 2016/17. Although it is likely that these expenditures would be reduced due to a slowdown in Conawapa expenditures in anticipation of the likelihood of not proceeding with Conawapa, this assumes there was no such slowdown.

If at the end of 2016/17 the Conawapa Generating Station was deferred, the Corporation would continue to regard the facility as a potential resource option and would periodically assess whether the costs incurred to date would continue to provide future benefit. Costs which continue to provide future benefit would continue to be deferred and costs which do not provide future benefit would be required to be expensed.

If a simplifying assumption is made, similar to the All Gas development plan, where the costs incurred to the end of 2016/17 are amortized over an 18 year period and the debt/equity ratio of 75:25 is achieved by 2032, the impact on rates is approximately an additional 0.07% per year to 2032.