

**NEEDS FOR AND ALTERNATIVES TO (NFAT)****Manitoba Hydro Undertaking #54**

Manitoba Hydro to update the table on pg. 52 of the MIPUG Book of Documents for Manitoba Hydro's projected net debt balances and the new increased capital costs in Keeyask & Conawapa.

**Response:**

The following revised table provides the projected balance of Manitoba Hydro net debt at the highest point in the period to 2032, along with the corresponding fiscal year in which the projected balance occurs. As requested, net debt is the sum of the long-term (including the current portion) and short-term debt balances less sinking fund assets, short-term investments and debt attributed to the gas operations.

The projected net debt balances incorporating the March 10, 2014 updated estimates for Keeyask and Conawapa capital costs are not available at this time; however, this undertaking will be revised as those net debt balances become available.

		REF-REF-REF		REF-REF-HIGH		IFF13	
		2012 Assumptions		2012 Assumptions		2013 Assumptions	
Plans		Keeyask 19/20 - \$5.7 B Conawapa 25/26 - \$9.3 B Appendix 11.4		Keeyask 19/20 - \$6.3 B Conawapa 25/26 - \$10.4 B Appendix 11.4		Keeyask 19/20 - \$6.2 B Conawapa 26/27 - \$10.5 B MH13/CEF13	
Pthwy	Reference						
		Peak Net Debt Balance *	Fiscal Year	Peak Net Debt Balance *	Fiscal Year	Peak Net Debt Balance *	Fiscal Year
1	1 - All Gas	\$15.5	2030	\$15.8	2030	n/a	n/a
2	2 - K22 Gas	\$19.4	2024	\$20.0	2024	n/a	n/a
3	4 - K19 Gas 250 MW	\$19.4	2024	\$20.0	2024	n/a	n/a
4	6 - K19 Imp Gas 750 MW	\$19.9	2022	\$20.6	2022	n/a	n/a
5	Preferred Development Plan	\$27.0	2026	\$28.4	2026	\$29.6	2028

\* Peak Net Debt Balance over the 2012/13 to 2031/32 time period

**NOTES** (as described in the NFAT filing Chapter 11):

1. In the medium term, while net debt levels are the highest with the development plans that include both Keeyask and Conawapa generating stations, as these plans have the overall highest capital investment, they also have the highest fixed asset and retained earnings. [Chapter 11, page 23]
2. Net debt levels converge towards the end of the study period for all development plans. [Chapter 11, page 23]
3. The All Gas plan has the greatest variability in net debt by the end of the study period compared to all other development plans, primarily due to the requirement for capital re-investment in gas resources. [Chapter 11, page 13]