Manitoba Hydro

NEEDS FOR AND ALTERNATIVES TO (NFAT)

Manitoba Hydro responses to CAC Exhibit 51

References: MH Exhibit #109 and MH Exhibit #95, Slides 107 & 108

1. Using a format similar to that in CAC/MH I-3 b) and CAC/MH I-10 –

b) Please reconcile the $6.36 B 2014 Updated Base Cost for Conawapa in Exhibit #95 with the $6.42 B (including sunk costs) reported in Exhibit #109

Response:

MH Exhibit #109 shows the change in the Control Budget that is used in the capital expenditure forecast (CEF) and in the integrated financial forecast (IFF). MH Exhibit #95 shows the change in the reference Base Cost (including sunk costs) between the 2012 estimates and the 2014 update (expressed in 2013 dollars).

The Control Budget presented in MH Exhibit #109 includes a labour reserve which was derived based on a deterministic approach. Conversely, the labour reserve for the economic uncertainty analysis was based on a probabilistic approach. This was described during the NFAT proceedings.

The reference Base Cost presented in MH Exhibit #95 includes interest on spent dollars and also includes the costs associated with the generation outlet transmission (GOT).

See the table below for a comparison of differences between the two numbers. The light grey shaded cells in the table are added to derive the numbers being compared.

Conawapa Comparison of Exhibit #109 and Exhibit #95		
	Exhibit #109	Exhibit #95
Purpose of Table	To show change in control budget	To show changes between 2012 and 2014 reference Base Cost estimates including sunk costs
Generating Station		
Point Estimate	4.93	4.93
Contingency	0.46	0.46
Labour Reserve	0.52	0.36
Escalation Reserve	0.32	0.31
Total Base Dollars (Excluding Spent to Date)	6.22	6.06
Spent to Dec. 31/13 (without interest)	0.21	0.21
Interest on Spent Dollars		0.08
GOT		
Spent to Date		0.00
Base Estimate		0.01
Sum of Grey Shaded Cells	6.43	6.36