
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 –**
 - d) Please reconcile the \$10.4 B 2014 Updated In-Service Cost for Conawapa in Exhibit #95 with the \$10.7 B values 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 In-service Cost between the 2012 estimates and the 2014 update.

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 reference in-service cost was based on a probabilistic approach. This was described during the NFAT proceedings.

The smaller labour reserve used in the reference in-service cost resulted in lower future interest and escalation.

See the table below for a comparison of differences between the two numbers.

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 In-Service Cost estimates
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
Escalation @ CPI	1.19	1.16
Future Capitalized Interest	2.94	2.89
Interest on Spent Dollars	0.08	0.08
GS In-Service Cost	10.6	10.4
Interest on MH Equity	N/A	N/A
GOT		
Spent to Date	0.00	0.00
Base Estimate	0.01	0.01
Escalation	0.00	0.00
Capitalized Interest	0.00	0.00
GOT In-Service Cost	0.0	0.0
Total In-Service Cost	10.7	10.4