
NEEDS FOR AND ALTERNATIVES TO (NFAT)

Reference: GAC April 25 Pre-Asks of Manitoba Hydro – Question 1

Update the graph and commentary from Appendix 12-2 of Manitoba Hydro's 2010-2012 GRA filing, Section 1.2.2.

Response:

Appendix 12-2 of Manitoba Hydro's 2010-2012 GRA filing Section 1.2.2 is a confidential Independent Review of Manitoba Hydro Export Power Sales and Associated Risks report prepared by ICF International.

In particular, Section 1.2.2 reviews the adequacy of price that Manitoba Hydro derives from both long term and short term export sale transactions. Exhibit 1-6 compares the contract prices with historical MISO On-peak spot power prices. When ICF's report was issued, Manitoba Hydro's contract sales of NSP 375-500 MW, MP 250 MW and WPS 150-500MW sales were term sheets. Since that time all of these term sheets have been executed as Power Sale Agreements.

Manitoba Hydro confirms that the contracts referenced in ICF's report and in Manitoba Hydro's preferred development plan of NSP 375/325 MW, MP 250 MW and WPS 100 MW and 308 MW all have fixed contract prices that are similar to the term sheets and are consistent with ICF's report conclusions of Section 1.2.2.

The following chart is Manitoba Hydro's update of ICF's Exhibit 1-6 in 2013 \$'s which confirms the pricing on the signed Power Sales Agreements are greater in comparison to the MISO historical Minnesota Hub on-peak spot power prices.

