

MANITOBA HYDRO
2010/11 & 2011/12 GENERAL RATE APPLICATION

CAPITAL EXPENDITURES

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CAPITAL EXPENDITURES

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6.0 OVERVIEW

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Tab 6 summarizes the Capital Expenditure Forecast (CEF09-1), a copy of which is included as Appendix 6.1.

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The Capital Expenditure Forecast (“CEF”) is a projection of Manitoba Hydro’s capital expenditures for new and replacement facilities to meet the electricity requirements in the Province of Manitoba as well as expenditures required to meet firm sale commitments outside the Province. Expenditures included in the CEF provide for an ongoing safe and reliable supply of energy in the most efficient and environmentally sensitive manner.

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In constructing and maintaining its capital facilities, Manitoba Hydro adheres to the principles of sustainable development. For example, the Corporation is committed to reduce the net emissions from its own facilities and to contribute towards global emission reductions through the export of renewable electricity. Manitoba Hydro exceeded its past voluntary commitment to reduce its average net greenhouse gas (“GHG”) emissions from 1991 to 2007 to 6% below 1990 levels. Manitoba Hydro also has a separate contractual commitment under its participation in the Chicago Climate Exchange (“CCX”) to progressively reduce its generation related emissions until 2010. The Corporation is in full compliance with the CCX target.

Manitoba Hydro has one of the most aggressive Demand Side Management (“DSM”) programs in North America. The target to be achieved by 2025 is for electrical savings of 915 MW and 3,271 GW.h, and natural gas savings of 172 million cubic meters. In total, Manitoba Hydro’s DSM programs are expected to result in greenhouse gas emission reductions of nearly 2.5 million tonnes annually by 2025.

For the most part, CEF09-1 represents an update of programs and projects approved under CEF08-1. Market conditions with respect to construction and material costs, as well as revisions to project schedules are responsible for the majority of the forecast changes.

1 **6.1 CAPITAL EXPENDITURE FORECAST CEF09-1**

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3 Table 6.1.1 below depicts the major electric capital projects included in CEF09-1 and
4 expenditures in the current (2009/10) and next two fiscal years and also shows the
5 cumulative total in the capital forecast to 2019/20.
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7 **Table 6.1.1**
8 **Summary of Electric Capital Expenditure Forecast CEF09-1**
9 **(\$ in Millions)**
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	2009/10	2010/11	2011/12	Cumulative to 2019/20*
Major New Generation and Transmission	823.3	731.6	636.3	12 826.7
New Head Office	14.8	-	-	14.8
Corporate Relations	5.3	5.4	-	10.7
Power Supply	139.5	161.4	157.2	1 184.6
Transmission	77.5	86.0	86.9	712.6
Customer Service & Distribution	158.1	177.8	176.3	1 586.4
Customer Care & Marketing	2.5	6.5	8.0	59.5
Finance & Administration	49.2	46.9	46.7	545.7
Capital Increase Provision	-	-	-	432.8
Target Adjustment	(203.2)	(168.8)	(116.9)	(817.7)
TOTAL ELECTRIC	1 067.0	1 046.8	994.5	16 556.1

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12 * Excludes capital expenditures prior to 2009/10

1 Table 6.1.2 below summarizes the significant Major New Generation and Transmission
 2 capital projects.

Table 6.1.2
Major New Generation and Transmission Capital Expenditure Forecast CEF09-1
(\$ in Millions)

	2009/10	2010/11	2011/12	Cumulative to 2019/20*
Wuskwatim - Generation	364.4	275.3	105.1	756.8
Wuskwatim - Transmission	90.1	30.5	18.9	139.5
Keeyask - Generation	82.9	135.2	232.2	4 208.8
Conawapa - Generation	60.4	60.4	75.0	3 569.2
Kelsey Improvement & Upgrades	45.1	6.8	0.5	52.5
Kettle Improvements & Upgrades	11.1	18.4	6.6	74.8
Pointe du Bois - Generation	13.8	14.8	15.5	790.9
Pointe du Bois - Transmission	9.0	26.3	10.4	83.2
Bipole 3	16.6	21.4	36.7	2 220.4
Riel 230/500 kV Station	36.1	58.4	79.6	262.0
Demand Side Management	40.3	43.0	42.5	356.5
Other	53.5	41.1	13.3	312.1
TOTAL	823.3	731.6	636.3	12 826.7

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 5 * Excludes capital expenditures prior to 2009/10

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 7 **6.2 DEBT MANAGEMENT STRATEGY**

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 9 Manitoba Hydro's Debt Management Strategy is included as Appendix 6.2.