



P.O. Box 815 • Winnipeg Manitoba Canada • R3C 2P4  
Telephone / N° de téléphone : (204) 474-3641 • Fax / N° de télécopieur : (204) 453-5359  
khunter@hydro.mb.ca

MAIL ROOM  
BULE DE COUNTE

NEB / ONE

February 15, 2006

Mr. M.L. Mantha  
Secretary  
National Energy Board  
444 - Seventh Avenue S.W.  
Calgary AB T2P 0X8

Dear Mr. Mantha:

**COMMENTS ON THE PROPOSED AMENDMENTS TO THE NATIONAL ENERGY BOARD COST RECOVERY REGULATIONS**

Manitoba Hydro offers the following comments in regard to the proposed amendments to the *National Energy Board Cost Recovery Regulations* for Electricity Cost Recovery as presented by the Board at the January 19, 2006 Information Session in Toronto:

- Overall, the proposed amendments are an improvement from the current electricity sector cost recovery methodology, and Manitoba Hydro supports the proposed amendments.
- Based on a simplified analysis of imports and exports over the years 2001 thru 2005, Manitoba estimates the total cost shifting over this five year period, on a provincial basis would be as follows:

	Total Board Fees – Old Methodology	Total Board Fees – New Methodology	Savings (Increase)
British Columbia	3,957,823	4,736,584	(778,761)
Manitoba	4,467,549	3,810,801	656,748
Ontario	3,435,022	4,640,747	(1,205,725)
Quebec	6,489,274	5,373,328	1,115,946
New Brunswick	1,225,218	779,416	445,802

Manitoba Hydro notes that the overall costing shifting is minor, especially considering the above figures are over a five year period. Manitoba Hydro also notes that there are significant net savings to the provinces of Quebec and New Brunswick, even though the transmission providers in those provinces have vigorously objected to the changes. The increase to Ontario is a result of the significant imports of this province – without which Ontario would have had major blackout(s) and clearly has received significant benefit from.

2/15/2006  
M.L. Mantha

- Manitoba Hydro notes that the levy on newly regulated international power lines of 0.2% of project capital costs is a nominal charge unlikely to result in recovery of the costs of reviewing complex transmission projects.
- Manitoba Hydro notes that there is no methodology to recovery costs of rejected applications such as the expensive Summas II case. We understand this would require legislative changes and would support such changes.
- As the result of the new methodology, Manitoba Hydro estimates that its share of Board fees will drop from 22% under the current methodology, assessed to the exporter, to 18%, assessed to the transmission provider. Manitoba Hydro still finds it difficult to understand how a province with only 4% of the Canadian population is incurring 18% of Board costs.

If you have any concerns regarding this contract, please do not hesitate to contact me.

Yours truly,

A handwritten signature in black ink, appearing to read "Kelly Hunter", with a long horizontal flourish extending to the right.

K.J. (Kelly) Hunter, P Eng., MBA  
Market Access Officer  
Export Power Marketing  
Power Sales & Operations  
Power Supply