



**April 8, 2011**

## **McFadyen's Crazy Numbers Won't Fool Manitobans**

**A** Brandon Sun editorial of April 2, 2011 (“So what’s the real cost of Bipole III?”) reports that, in his announcement of the revised estimate of \$3.28 billion, Bob Brennan, president and CEO of Manitoba Hydro said he “does not like all these crazy numbers floating around...It’s just not good for us.” The editor conceded Brennan’s point and noted that “taxpayers and voters don’t much like it either.”

As the Sun editorial implies, the ‘crazy numbers’ originate with Hugh McFadyen’s Tories, so we contend that taxpayers should be annoyed with them, not Hydro.

When CCPA published our first piece on this issue (“Taking Stock Of The Bipole III Debate” - September, 2010), the PCs claimed that the cost difference between the west side route approved by Manitoba Hydro and the east side route preferred by the PCs was \$1.75 billion (which the PCs said amounted to \$7,000 per family). The PCs never explained how these numbers were determined, nor did they explain that this fictional cost would, if it existed, have to be amortized over the 50-year life span of the project.

McFadyen subsequently repeated these numbers in a statement to the First Nations Voice in February 2011.

It is we believe interesting and important that the East Side Coalition which favours the east side route has distanced itself from the PC’s estimates. Instead, the Coalition is using \$1.01 billion for the total cost and \$4,215 per family, numbers which we believe are also on the high side despite the fact that they are just 60 per cent of the PC numbers.

But this is not the end of the story.

Manitoba Hydro released its revised estimate of the total costs of project on March 31, 2011. A panel of independent experts who were tasked with preparing an objective and accurate estimate compiled these updated numbers. The revised estimate raised the total cost from \$2.24 billion to \$3.28 billion. Brennan said that the higher estimate was attributable to “higher costs for two converter stations, the wires themselves and design changes required to meet new reliability standards.” He also noted that the estimate included “contingencies built in to account for unforeseen circumstances that could affect the cost during



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## *FAST FACTS continued ...*

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construction.” The cost increases — which will be incurred regardless of which route is taken — are broken down as follows:

- The cost of the west side Bipole III transmission line increased from \$1.08 billion to \$ 1.26 billion.
- The cost of the 2 HVdc converter stations increased from \$1.16 billion to \$1.83 billion.
- The collector and electrode lines will cost \$191 million (old cost not available).

The very next day, on April 1, a mail out from McFayden’s Tories was delivered claiming that the difference in the cost of the west side route vs. the east side route was now \$2.94 billion in total and \$11,748 per family - an increase of 68 per cent over the numbers they were using in February. Nowhere do they mention the new numbers arrived at by the independent panel of experts.

These new PC numbers are absurd and irresponsible. The question is: why would McFayden’s Tories circulate such obviously ‘crazy numbers’? The only answer we can think of is that it is not their intention to inform and educate citizens. On the contrary, their purpose seems to be to create mischief by scaring people into thinking that they are in for a big hit on their Hydro bill.

Back in February the McFadyen Tories claimed that the difference in the cost of the west side route vs. the east side route for the Bipole III transmission line was \$1.75 billion. But this amount was greater than the at-the-time estimated \$1.08 billion line cost of a west side route. Now the estimated cost for the transmission line has been bumped up to \$1.26 billion, and the Tories are claiming that going down the east side would save

\$2.9 billion - which is almost as much as the revised total estimate of \$3.28 billion for the entire project.

Clearly, the McFadyen Tories have a very low opinion of the capacity of Manitoba citizens to separate the wheat from the chaff.

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