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2009 10 28

Our file #00105-07311-0007_00

Mr. S.D. Topping, P.Eng. Executive Director Regulatory & Operational Services Manitoba Water Stewardship Box 11, 200 Saulteaux Cresc. Winnipeg MB R3J 3W3

Dear Mr. Topping:

Re: SEVEN SISTERS WATER POWER LICENCE - FIRST RENEWAL

We are providing an update on the status of the Seven Sisters Generating Station licence renewal. We will continue to work with your Department on the Seven Sisters Water Power Act Licence as part of our ongoing effort to address this outstanding Water Power licence.

Manitoba Hydro continues to operate the generating station in compliance with the Final Licence dated 1966 06 03 which expired in 1981.

Significant rehabilitation was undertaken between 1979 and 1983 as authorized in a 1979 06 13 letter. This included building a new non-overflow dam, concrete repairs to the north, south and centre sluiceway piers as well as several spillway piers and rollways.

The initial capacity of each of the six units was 37,500 horsepower. Units 1 to 4 were refurbished with increased capacity as shown in the following table.

| Unit Number | Year of refurbishment | Nameplate rating in horsepower |
|-------------|-----------------------|--------------------------------|
| 1 | 1993 | 42,000 |
| 2 | 1992 | 41,260 |
| 3 | 1994 | 40,900 |
| 4 | 1998 | 43,000 |

Manitoba Hydro's Dam Safety Program is based on the Canadian Dam Association Guidelines. Both concrete and earth structures continue to be inspected at regular intervals for any anomalies or deficiencies. Routine inspections by Manitoba Hydro staff are performed biweekly for the earth structures and bi-monthly for the concrete structures, including the Mr. S.D. Topping, P.Eng. 2009 10 28 Page 2

spillway. Intermediate inspections of all water retaining structures are performed by specialists from Manitoba Hydro's Engineering Services Division annually. A Dam Safety Review (DSR) inspection of all the primary structures was performed by Klohn-Crippen in 1998. Their comments on the condition were generally that these were in good condition. No comment was made on the powerhouse as this was not inspected in detail. Manitoba Hydro completed a review in 2004 to ensure that appropriate repairs and maintenance continue to be performed. The next external review is planned for 2010. As part of the Water Power Act licence renewal process, we will be providing a condition assessment report of the generating station and its associated structures.

Manitoba Hydro intends to acquire additional lands along the Lee River/Pinawa Channel so that the downstream end of the licence area on this waterway will terminate at the decommissioned Pinawa Generating Station. The severance line shown on drawing 21-4-1050 (licensee's drawing no 0108-E-0223), referenced in the Final Licence, defines the licence area for this generating station. We intend to produce new severance line drawings that will provide additional detail to incorporate the proposed expansion of the severance area. As lands are acquired we will request that they be included as part of the area defining the Seven Sisters licence.

Our next steps include:

- · Land acquisition and licence area updating
- Structural report preparation
- Review of licence compliance
- Development of a licence implementation guide
- Tour of the facility (can be arranged at your convenience)

We look forward to working in collaboration with you and your staff on the renewal of this licence.

Please call me at 360-3018 if you need additional information.

Original signed W.V. Penner

W.V. Penner, P.Eng. Manager Hydraulic Operations Department

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