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1) SDT for initial
2) File(s): ED - 11/16
ED -

2010 06 23

Our file: 00111-07311-0008_00

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

Dear Mr. Topping:

Re: **Kelsey Water Power Act Licence - Proposed Amendment**

Manitoba Hydro hereby requests a Third Amending Licence for Kelsey Generating Station under the provisions of the Water Power Regulation being Manitoba Regulation 25/88R. This request includes amendments to the Final Licence, the Licence Amending the Final Licence and Second Amending Licence. The particulars of the request are outlined in the attached document entitled "Application by Manitoba Hydro for a Third Amending Licence for Kelsey Site, Nelson River - June 2010".

The Province of Manitoba issued the Final Licence for the Kelsey site in 1966. The First Amending Licence was issued in 1971 and the Second Amending Licence was issued in 1983.

The purpose of this amendment is to include the additional capacity from the ReRunning Project in the licence as per Section 68 of the Water Power Regulation. The licence requires renewal in the next five years. During the upcoming renewal licensing process Manitoba Hydro intends to address the licence area, monitoring, dam safety and licence compliance.

Manitoba Hydro has corresponded with the Province since 2002 on the planned maintenance and rehabilitation work that included the replacement of turbines and generators. Manitoba Hydro has worked on addressing informational requests from the Province and Fisheries and Oceans Canada (DFO) since that time.

The Kelsey ReRunning project is important to Manitoba Hydro generation and transmission investments. It provides significant additional generation within the confines of an existing hydropower station.

A Supporting Document is enclosed providing information on licence background, project components, system upgrades, studies and agreements.

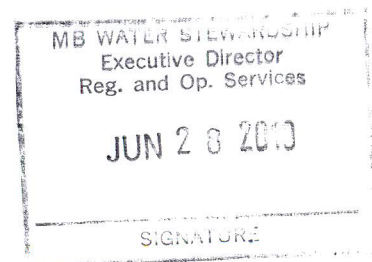
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Should you have any inquires on this matter or additional process requirements, please contact me at 360-3018.

Yours truly,

Original signed by W.V. Penner, P.Eng.

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



APPLICATION
BY MANITOBA HYDRO
FOR A THIRD AMENDING LICENCE
FOR
KELSEY SITE, NELSON RIVER
JUNE 2010

This application is made pursuant to the provisions of the Water Power Act, C.C.S.M. Chapter W60.

Manitoba Hydro hereby applies for a Third Amending Licence for the Kelsey Site on the Nelson River.

The following information is provided in accordance with the requirements of Section 3 of the Water Power Regulations, being Manitoba Regulation 25/88 R and amendments thereto.

- a) Applicant: Manitoba Hydro
- b) Address: 360 Portage Avenue, Winnipeg, Manitoba
Mailing Address: P.O. Box 815, Winnipeg, Manitoba, R3C 2P4
Occupation: Electric Utility
- c) Amendments are requested as follows:
 - 1. That in the Final Licence dated March 10, 1966 under Article 2, "42,000 horsepower capacity" be deleted and replaced by "60,500 horsepower capacity"
 - 2. That in the Licence Amending the Final Licence dated April 29, 1971 and the Second Amending Licence dated April 8, 1983 all instances of "42,000 horsepower capacity" be deleted and replaced by "60,500 horsepower capacity" and all instances of "forty-two thousand (42,000) horsepower" be deleted and replaced by "sixty thousand five hundred (60,500) horsepower".

The aforementioned amendments are requested to authorize the capacity improvements that have been and will be undertaken at the Kelsey Site on the Nelson River.

A synopsis of the licence background, project components, upgrades, studies and agreements is discussed in the enclosed Supporting Document.