



Building the Foundation for Progress and Success

Year in Review

2007-2008



For the year ended March 31, 2008



WUSKWATIM
Power Limited Partnership



*Construction of Stage 1B upstream
cofferdam. (A cofferdam is a large,
watertight enclosure which diverts the
water flow creating the dry conditions
needed for building a generating station.)*



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For the Wuskwatim Power
Limited Partnership

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WUSKWATIM

Power Limited Partnership

THIS MARKS THE FIRST TIME IN MANITOBA AND CANADA THAT A FIRST NATION AND AN ELECTRIC UTILITY HAVE ENTERED INTO A FORMAL PARTNERSHIP ARRANGEMENT TO DEVELOP A HYDROELECTRIC PROJECT

Located on the Burntwood River in northern Manitoba, the Wuskwatim Generating Station is being developed by Wuskwatim Power Limited Partnership (WPLP), a legal entity involving Manitoba Hydro and the Nisichawayasihk Cree Nation (NCN). This marks the first time in Manitoba and Canada that a First Nation and an electric utility have entered into a formal partnership arrangement to develop a hydroelectric project. Manitoba Hydro is providing construction and management services to WPLP in accordance with the Project Development Agreement (PDA) signed in June 2006.

Message *from the Chair*

The Wuskwatim Power Limited Partnership (WPLP) is pleased to present its Year in Review for the 2007-08 fiscal year. The past 12 months have seen significant progress take place on the Wuskwatim Generation Project in many areas. This included ongoing work on the access road, the virtual completion of the project's main camp, construction of the upstream and downstream cofferdams, excavation of the locations for the powerhouse, spillway and construction by-pass channel, completion of the power sub-station and transmission facilities and a significant portion of the clearing and construction for the transmission line from Wuskwatim to Herblet Lake. A number of ceremonies were held at key construction milestones over the past year to demonstrate respect for – and mitigate the effects of the project on – the local culture.

During the last fiscal year, a peak of 400 workers were employed on the project, with Aboriginal workers making up an average of two-thirds of the workforce. Aboriginal workers continue to be trained for future employment on Wuskwatim and other planned northern Hydro projects.

As can be expected on any major construction project, the year was not without challenges, including unexpected construction delays and a contract tender that generated only one bid. In an effort to exercise more control over costs and schedules, and to make the tendering process more attractive to potential bidders, Manitoba Hydro, acting as Project Manager, divided the originally planned work into a number of smaller construction contracts. This allowed work on the Stage 1 cofferdams to begin over the winter, with a \$25 million contract to Peter Kiewit & Sons.

The extensive environmental and social monitoring programs continued to gather data and a separate document published by WPLP, the "Wuskwatim Monitoring Overview 2007-08", details these activities and the results obtained so far.

With construction of the generating station itself starting this year, we look forward to moving ahead on this precedent-setting project and continuing to set the standard for effective and locally-sensitive resource development in Manitoba and across Canada.

Sincerely,



Ken R. F. Adams, P.Eng.
 Chair of the general partner of Wuskwatim Power Limited Partnership
 (5022649 Manitoba Ltd.)

Directors of the general partner of WPLP (L to R)

- Jimmy Hunter-Spence (NCN)
- Lyn Wray (Manitoba Hydro)
- Ken Adams (Manitoba Hydro)
- Ed Wojczynski (Manitoba Hydro)
- Vince Warden (Manitoba Hydro)
- Marcel Moody (NCN)



2007-2008 *Year in Review*



Wuskwatim Monitoring Open House in Nelson House, Manitoba in the fall of 2007.



Construction camp near Wuskwatim Lake.

Manitoba has a large, self-renewing supply of waterpower and has developed many hydroelectric generating stations to provide power to its citizens. The last generating station built in the province was Limestone on the Nelson River, completed in 1992. To assist in meeting Manitoba's future domestic energy needs and to take advantage of profitable export sales, the Wuskwatim Generation Project is currently under construction in northern Manitoba.

Wuskwatim Power Limited Partnership (WPLP), a partnership involving Manitoba Hydro and Nisichawayasihk Cree Nation (NCN), is responsible for the development, operation and maintenance of the 200-megawatt Wuskwatim Generation Project being built on the Burntwood River in northern Manitoba. The project is located in NCN's traditional territory downstream of Wuskwatim Lake at Taskinigup Falls. Wuskwatim marks the beginning of a new era of developing clean, renewable hydroelectric power resources. This is the first time in Manitoba and Canada that a First Nation and an electric utility have entered into such a comprehensive equity partnership arrangement to develop a generating station.

The path to this precedent-setting partnership began many years ago. NCN and Manitoba Hydro spent nearly a decade discussing, planning and undertaking the environmental studies and regulatory processes for the \$1.3-billion Wuskwatim Generation Project. Senior Manitoba Hydro officials and NCN's Chief and Council signed the Project Development Agreement (PDA) in June 2006 and construction commenced in August 2006.

Through its wholly-owned corporation, Taskinigahp Power Corporation (TPC), NCN has the opportunity to own up to 33 percent of the Wuskwatim Generating Station. TPC made an initial investment of \$1 million in 2006 and has until the completion of construction, anticipated in 2012, to confirm the balance of its equity investment.

Pursuant to the PDA, Manitoba Hydro has been contracted to construct, manage, operate and maintain the Wuskwatim Generating Station. The business affairs of WPLP are carried out by a general partner (GP), 5022649 Manitoba Ltd., a wholly owned Manitoba Hydro subsidiary. The GP is governed by a Board of Directors, which consists of four Manitoba Hydro and two NCN representatives.

Significant progress was made on the Wuskwatim project during the past year. Primary activities included construction of the all-weather access road to the main dam site, establishing and operating construction camps, and commencing work on the excavation and cofferdams.

Approximately 2.2 million cubic metres of granular material was excavated and placed on the 48-kilometre access road that runs from Provincial Road 391 to the station site on the Burntwood River, 45 kilometres southwest of Thompson. At year end, the main construction camp was nearing completion, including: housing for over 600 workers, a water treatment plant and associated infrastructure, an ambulance and fire building, and a kitchen/dining complex. Progress on the recreation facility and cultural area continued.

An earthworks contract commenced late in 2007, which included the excavation of approximately 525,000 cubic metres of materials from the spillway channel and principal structures area and the completion of the rockfill portions of the Stage 1 upstream and downstream cofferdams in the river.

Environmental, social and economic monitoring continued and is being conducted in accordance with the limits, terms and conditions of regulatory approvals issued by provincial and regulatory agencies. Monitoring on the Burntwood River took place in the open-water season of 2007 and provided the last year of baseline information before construction began in the waterway this winter. During installation of the cofferdams, monitoring of sediment levels in the river demonstrated that water quality was not significantly affected.

Acting in its capacity as Project Manager, Manitoba Hydro successfully negotiated agreements with General Electric Canada to accelerate the station's turbine and generator contracts. Additionally, Manitoba Hydro engaged in discussions with various contractors to undertake the next phase of the construction work.

APPROXIMATELY
2.2 MILLION CUBIC
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48-KILOMETRE ACCESS
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FROM PROVINCIAL
ROAD 391 TO THE
STATION SITE



APPROXIMATELY 35 PERCENT OF CLEARING AND CONSTRUCTION WORK FOR THE TRANSMISSION LINE FROM WUSKWATIM TO HERBLET LAKE WAS COMPLETED

Project employment peaked at just over 400 workers and throughout the past year an average of two-thirds of the workers were Aboriginal.

NCN performed several on-site ceremonies at key construction milestones to demonstrate respect for and to mitigate the effects of the project construction on local culture – a first in the history of Manitoba Hydro’s major construction projects.

WPLP continues to maintain a project in-service date of 2012.

The following is a summary of project results achieved during 2007 - 2008:

Access Road Construction

- Continued construction on the 48-kilometre access road running from Provincial Road 391 to the station site on the Burntwood River.
- Excavated and placed approximately 2.2 million cubic metres of granular material.
- Provided year-round, all-weather access to the construction site.

Site Infrastructure Construction

- Completed approximately 90 percent of the main construction camp including:
 - Housing for over 600 workers
 - Water treatment plant and associated infrastructure
 - Ambulance and fire building
 - Kitchen/dining complex
 - Recreational facilities.
- Completed the sub-station to serve the construction site and the 230 kV transmission line from Birchtree to Wuskwatim in June 2007.
- Completed approximately 35 percent of clearing and construction work for the transmission line from Wuskwatim to Herblet Lake.



Inspection of excavation at spillway channel.

Major Contracts

Manitoba Hydro, acting as Project Manager:

- Awarded contracts for:
 - Supply and installation of intake gates, guides and hoists
 - Supply and installation of spillway gates, guides, hoists, bridge and towers
 - Generator step-up transformers
 - Draft tube gates
 - Supply of intake bulkhead gates.
- Divided construction work into three parts: Earthworks; Excavation and Aggregate Manufacturing Contract and; the General Civil Works Contract.
- Commenced the initial excavation work.
- Issued and closed tender on Excavation and Aggregate Manufacturing Contract.
- Issued Expression of Interest and prequalified bidders for the General Civil Works contract tender (tender sent out in April, 2008).

Project Monitoring

Manitoba Hydro acting as management service provider:

- Conducted analyses of project employment, labour income, purchases and other

economic indicators for the second year of construction activities.

- Conducted an indirect business opportunities survey in Thompson and Nelson House to determine indirect and induced impacts on local businesses.
- Implemented a Total Suspended Solids (TSS) monitoring program designed for real-time sediment monitoring during cofferdam construction. Two downstream monitoring locations were established. There were a few short-term increases at the site immediately downstream of construction and no increases in turbidity at the second site further downstream. Results were sent daily to the Department of Fisheries and Oceans.

NCN and Manitoba Hydro:

- Jointly developed the framework for a Worker-Family Survey to monitor Project impacts on NCN project workers and their families, to be implemented in the 2008/09 fiscal year.

NCN:

- Conducted seven cross-cultural awareness training workshops, attended by a total of 88 workers and 15 supervisory and management staff.
- Implemented retention-support programs aimed at keeping Aboriginal workers



Total Suspended Solids (TSS) monitoring location at Opegano Lake.



NCN Cultural Coordinator presents information at the Wuskwatim Monitoring Open House.



employed on the Project, and to ensure that sensitivity and respect for local culture is demonstrated throughout construction.

- NCN members provided Ethinewin, the traditional knowledge and collective wisdom of the Nisichawayasihk people, to ensure appropriate protection of the aquatic and terrestrial environments.

Aboriginal Participation

- Employment peaked at just over 400 workers throughout the year, an average of two-thirds of the workers were Aboriginal.
- Over \$40 million was spent on goods and services purchased from Northern Manitoba Aboriginal businesses.
- Constructed a sweat lodge on the shores of Wuskwatim Lake.
- NCN performed various cultural ceremonies:
 - Spring ceremony
 - Two spiritual ceremonies
 - Main camp ceremony
 - NCN assisted Manitoba Indigenous Games with sweat lodge ceremony at Wuskwatim
 - Two blessing ceremonies
 - Transmission-line ceremony.

Safety

- Experienced 31 lost-time injuries resulting in 230 days lost.
- Implemented a comprehensive Safety & Health Program setting out the safety management strategy to be adopted by employees and contractors.



Boat rescue team near rescue-boat shelter.



Construction of a sweat lodge near Wuskwatim Lake.



Constructing the ramp to begin the construction of upstream cofferdams.

Financial *Report*

PARTNERSHIP ASSETS, LIABILITIES AND EQUITY (as at March 31)

(in thousands of dollars)	2008	2007
ASSETS		
Construction in Progress - Generating Station	339,176	192,762
- Transmission line	97,625	39,989
Other Assets	3,528	1,334
	440,329	234,085
LIABILITIES AND EQUITY		
Long-Term Debt	319,394	170,749
Other Liabilities	47,102	19,003
Equity	73,833	44,333
	440,329	234,085

PARTNERS' CAPITAL (as at March 31, 2008)

	Units	%	Capital (in thousands of dollars)
General Partner ¹	7.383	.01	7
Manitoba Hydro	49,460.950	66.99	49,461
Taskinigahp Power Corporation	24,365.000	33.00	24,365
	73,833.333	100.00	73,833

FINANCING AND INVESTING ACTIVITIES (for the year ended March 31)

(in thousands of dollars)	2008	2007
FINANCING ACTIVITIES		
Proceeds from issue of units of WPLP	29,500	44,323
Net proceeds from long-term debt	148,645	170,749
	178,145	215,072
INVESTING ACTIVITIES		
Generating Station	117,504	176,389
Transmission line	59,765	37,364
Other	874	1,275
	178,143	215,028

¹ The business affairs of WPLP are carried out by a general partner (GP), 5022649 Manitoba Ltd., a wholly-owned Manitoba Hydro subsidiary.



Aerial photo of camp site, start-up camp (left), main camp (right), and Wuskwatim Lake in the background.





WUSKWATIM

Power Limited Partnership

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