



Year in Review 2008-2009

MOVING FORWARD

INCREASING MOMENTUM

For the year ended March 31, 2009



WUSKWATIM

Power Limited Partnership



08-09

MOVING FORWARD

INCREASING MOMENTUM

Wuskwatim Power

Limited Partnership

2008-2009 Year in Review

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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

Wuskwatim Power Limited Partnership (WPLP) is pleased to present its Year in Review for the 2008-2009 fiscal year. This past year, a major project milestone was reached with the award of the general civil construction work to the O'Connell-Neilson-EBC (O-N-E) Partnership in late fall 2008. O-N-E has since mobilized at site, and all contractors have agreed to advance the project in-service date to late-2011.

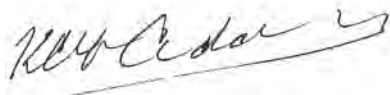
This year saw considerable construction progress on the Wuskwatim Generation Project. Construction activities focused primarily on the excavation of the powerhouse and spillway areas, which were completed in February 2009. Civil work on the powerhouse and spillway will begin in 2009 and continue until 2012. The main infrastructure contracts were also completed this year, which means the construction camp and support facilities, including recreational facilities and a cross-cultural area, are complete and fully operational. To provide a summary of construction activities, WPLP produced its inaugural Construction Update 2006 - 2008 film for the Wuskwatim project. The film provides video documentation of the construction project, and both English and Cree versions are available on the WPLP Web site at www.wuskwatim.ca.

During the past year, project employment peaked at over 400 workers. WPLP is very proud that Aboriginal workers continue to make up a large percentage of the project workforce – since the start of construction almost 60 percent of project hires have been Aboriginal. In addition, Aboriginal people continue to be trained for future employment on Wuskwatim and other planned northern Hydro projects.

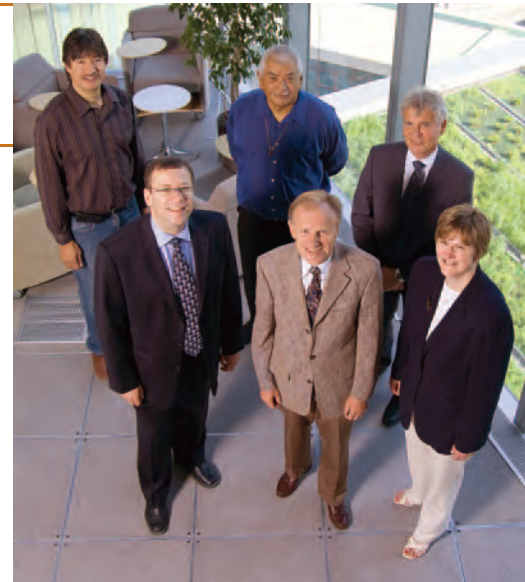
Cross-cultural training sessions, cultural ceremonies and counseling services, managed and provided by NCN, continue to be available to all employees. Several cross-cultural workshops and traditional ceremonies took place throughout the year to respect the effects of the project on the local Aboriginal culture. Environmental, social and economic monitoring also continued – details and results of these activities are available in the WPLP publication *Wuskwatim Monitoring Overview 2008-09. Ethinesewin*, the traditional knowledge and wisdom of the Nisichawayasihk people, and conventional scientific analysis continue to be used equally as part of these overall monitoring activities.

WPLP is proud of this precedent-setting project and excited about the year ahead. The start of major civil work on the generating station's spillway and powerhouse marks a new phase of project construction and will generate a lot of project activity over the next 12 months.

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

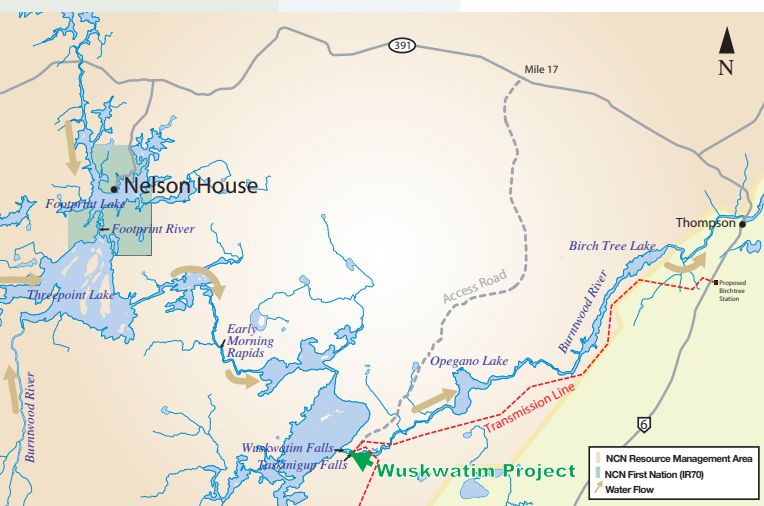
Back (L to R)

- Marcel Moody (NCN)
- Jimmy Hunter-Spence (NCN)
- Vince Warden (Manitoba Hydro)

Front (L to R)

- Darren Rainkie (Manitoba Hydro)
- Ken Adams (Manitoba Hydro)
- Joanne Flynn (Manitoba Hydro)

INTRODUCTION AND BACKGROUND



The province of Manitoba with a large, self-renewing supply of waterpower has developed many hydroelectric generating stations to provide electrical energy to its citizens. Limestone on the Nelson River, completed in 1992, was the last generating station built in Manitoba. The

Wuskwatim Generation Project now under construction on the Burntwood River in northern Manitoba will add to Manitoba's energy-generation assets and help meet Manitoba's future domestic needs and take advantage of profitable export sales.

Wuskwatim Power Limited Partnership (WPLP), involving Nisichawayasihk Cree Nation (NCN) and Manitoba Hydro, is responsible for the development, operation and maintenance of the 200-megawatt Wuskwatim Generation Project. The project is located in NCN's traditional territory downstream of Wuskwatim Lake at Taskinigung 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, Taskinigaahp Power Corporation (TPC), NCN currently owns 33 percent of the Wuskwatim Generating Station. TPC has until the completion of construction, anticipated to be late-2011, to decide whether or not it wants to retain this level of ownership.

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 two NCN and four Manitoba Hydro representatives.

08-09

YEAR IN REVIEW

CONSTRUCTION ON THE WUSKWATIM PROJECT OVER THE LAST TWELVE MONTHS CENTERED ON THE EXCAVATION OF THE POWERHOUSE AND SPILLWAY AREAS, AND THE COMPLETION OF ALL INFRASTRUCTURE CONTRACTS.



Rock bolt drilling operation on rock face.

This year, a major project milestone was reached with the November 2008 signing of the General Civil Works contract with O'Connell-Neilson-EBC (O-N-E) Partnership. The General Civil Work at Wuskwatim includes building the powerhouse and spillway, earth dams and dykes, rock excavation and the maintenance of roads and cofferdams. A key feature of this contract is a schedule that advances the in-service date of the generating station from 2012 to late-2011.

Considerable construction progress has taken place on the Wuskwatim project over the last twelve months. Construction activities have centered on the excavation of the powerhouse and spillway areas, and the completion of all infrastructure contracts. The civil work conducted during this period included the excavation of approximately 1.2 million cubic metres of overlying soil and bedrock for the principal structures and channels. A portion of the coarse and fine aggregate for concrete production has also been manufactured and stockpiled.

At year-end, the main construction camp and support facilities, including recreational facilities and a cross-cultural area, were fully operational. The camp provides accommodation for over 700 workers, and includes water and sewage treatment plants, ambulance and fire buildings and a kitchen and dining complex.

Environmental, social and economic monitoring continued and is being conducted in accordance with monitoring plans approved by provincial and federal regulatory agencies. A wide range of monitoring was conducted on the Burntwood River in the open water season of 2008 and the winter of 2009 to determine the impact of cofferdam construction, which occurred in both the winter and summer of 2008. Sediment levels were monitored and measures were taken to ensure that water quality was not affected during in-stream cofferdam construction.



Water quality testing in isolated pond prior to discharging the water.



SINCE THE START OF CONSTRUCTION, JUST UNDER 60 PERCENT OF PROJECT HIRES HAVE BEEN ABORIGINAL AND IN THE PAST YEAR OVERALL PROJECT EMPLOYMENT PEAKED AT OVER 400 WORKERS.



Several on-site ceremonies have been performed by NCN at key milestones to show respect for and mitigate the effects of project construction on local culture.

Since the start of construction, just under 60 percent of project hires have been Aboriginal and in the past year overall project employment peaked at over 400 workers. WPLP has also spent \$100.6 million on goods and services purchased from Northern Manitoba Aboriginal businesses.

The following is a summary of results achieved during 2008-09.

Construction Camp

The main construction camp was substantially completed including:

- Housing for over 700 workers
- A water treatment plant and associated infrastructure
- A Cultural Centre for cultural awareness training and counselling services
- An ambulance and fire building
- A kitchen and dining complex
- Recreational facilities
- A chapel.

Structures Excavation

Significant progress was made on structures excavation including:

- Completion of excavation of approximately 1,178,000 cubic metres of overlying soil and bedrock materials
- Completion of excavation, by February 2009, for the principal structures in two phases: Phase one, finished in spring 2008, involved removal of approximately 650,000 cubic metres of overlying soil and bedrock; and Phase two, finished during summer and winter 2008, involved removal of a further



(top) The Wuskwatim Construction Camp, completed this year, is capable of housing over 700 project workers. Located adjacent to Wuskwatim Lake, it has many services and amenities.

(middle) Project workers enjoy a friendly game of foosball in the well-equipped recreation centre that includes a fitness centre and a full-size gymnasium.

(lower) View of the generating station site being prepared for construction.



Construction workers suspended on rock face in spillway channel attach wire netting to secure loose rock.

525,000 cubic metres of bedrock from the areas of principal structures and channels

- Completion of stage-one construction of upstream and downstream cofferdams, in parallel with excavation
- Manufacture and stockpiling of a portion of the coarse and fine aggregate for concrete production.

Major Contracts

Manitoba Hydro, acting as Project Manager:

- Awarded contracts for:
 - Excavation and Aggregate Manufacturing
 - General Civil Works (GCW)
 - Supply of Station Service Transformers
 - Supply of Generator Circuit Breakers
 - Supply of Isolated Phase Bus
 - Supply and Installation of Powerhouse Crane
 - Supply and Installation of Intake Gantry and Draft Tube Cranes
 - Supply of Spillway Stoplogs
 - Supply of Intake Trashracks
 - Provision of Inspection Services for Turbine Generators
 - Provision of Inspection Services for Mechanical Contracts

- Issued tender for Supply and Installation of Electrical and Mechanical Systems and Services
- Completed Excavation and Aggregate Manufacturing Contract in early March 2009.

Project Monitoring

Manitoba Hydro acting as management service provider:

- Conducted analyses of project employment, labour income, purchases and other economic indicators for the third year of construction activities
- Monitored water quality before, during and after in-stream construction activities. The results were within the Manitoba water quality guidelines indicating construction had no adverse effect on water quality in the Burntwood River
- Conducted a fish salvage in the ponded area created by the upstream cofferdam before it was dewatered, as required by the Department of Fisheries and Oceans. Fish were captured and released into the Burntwood River
- Conducted an archaeological investigation on the newly exposed shoreline when the above-mentioned ponded area was dewatered. Artifacts recovered included pottery shards, pipestems and arrowheads. These artifacts are believed to have been transported to this area and deposited by the river.



Archaeologists conduct heritage resource monitoring.



In November 2008, a presentation on project-related environmental monitoring was made to Grades 5 to 12 students at the Otetiskiwin Kiskinwamahtowekamik School in Nelson House.



Project workers attending a Cross-cultural Awareness training session to promote better understanding among workers.



Elder Sam Dysart explains an aspect of environmental monitoring to a student at the November 2008 presentation at Otetiskiwin Kiskinwamahtowekamik School in Nelson House.

NCN and Manitoba Hydro, jointly:

- Initiated a Worker-Family Survey to monitor project impacts on NCN project workers and their families.

NCN, under contract and as part of the project:

- Conducted 20 cross-cultural awareness training workshops since the start of construction, which have been attended by a total of 316 workers – during 2009-2010, the number of workshops will increase significantly to accommodate an expansion in the construction workforce
- Performed several ceremonies and sweats since the start of construction, including most recently a ceremony to acknowledge the Spirit Keepers of the Wuskwatim Land and Water
- Implemented culturally appropriate, retention-support programs aimed at keeping Aboriginal workers employed on the project and ensuring that sensitivity and respect for local culture is present throughout construction
- Involved Elders and youth in the sharing of *Ethinesewin*, the traditional knowledge and wisdom of the Nisichawayasihk people, to ensure appropriate protection of the aquatic and terrestrial environments.

Aboriginal Participation

Achievements in Aboriginal participation on the project included:

- Project employment levels that peaked at just over 400 workers during the year with approximately 60 percent of project hires identified as Aboriginal since the start of construction
- Expenditure of nearly \$39 million during the past year on goods and services purchased from Northern Manitoba Aboriginal businesses for a total of \$100.6 million spent with Northern Manitoba Aboriginal businesses since the project began

- Providing cross-cultural awareness training sessions conducted by NCN-trained facilitators with the involvement of NCN Elders
- Conducting site ceremonies at key milestones using NCN Spiritual/Traditional Citizens to show respect for local culture and traditions
- Using Talking Stick Circles where appropriate, as a method to resolve conflict in the workplace as part of the Employee Retention Measures
- Making project-related environmental monitoring presentations to grades 5 to 12 students at the Otetiskiwin Kiskinwamahtowekamik school in Nelson House.

Transmission Project

Manitoba Hydro is responsible for the construction of the Transmission Project.

Accomplishments during the year included:

- Completion of transmission-line construction from Birchtree to Wuskwatim
- Continuing transmission-line construction from Wuskwatim to Herblet Lake – expected to be complete by March 2010
- Starting clearing of the transmission-line right-of-way from Herblet Lake to Ralls Island, which will be completed over the 2009/10 winter season
- Beginning installation of buildings at Birchtree and Wuskwatim switching stations, with the Birchtree station building expected to be complete by July 2009 and the Wuskwatim station building completed by September 2009.

Safety

Safety-related issues during the year included:

- 17 lost-time injuries resulting in 143 days lost
- Provision of a comprehensive site-specific safety orientation for all employees.

Workers using compressed air to remove loose rock and debris in excavation area.



Rock drilling operations in preparation for blasting in the excavation area.

FINANCIAL REPORT

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

(in thousands of dollars)	2009	2008
ASSETS		
Construction in progress – generating station	507,919	339,176
Construction in progress – transmission line	172,507	97,625
Other assets	18,335	3,528
	698,761	440,329
LIABILITIES AND EQUITY		
Long-term debt	542,917	319,394
Other liabilities	36,594	47,102
Equity	119,250	73,833
	698,761	440,329

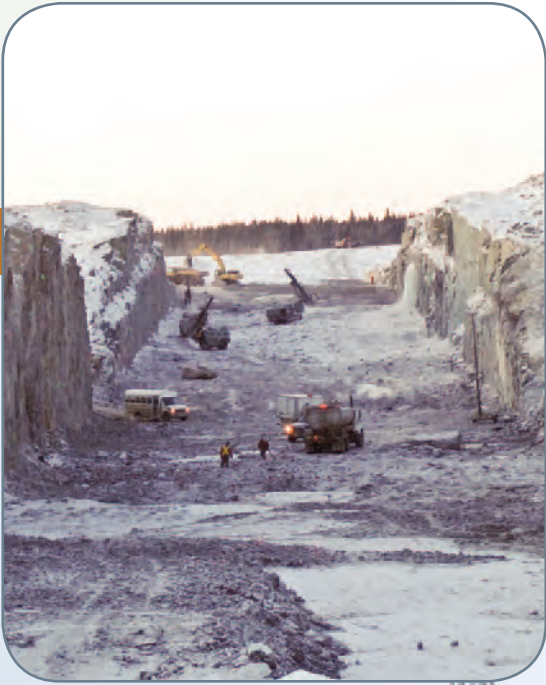
PARTNERS' CAPITAL (as at March 31, 2009)

	Units	%	Capital (in thousands of dollars)
General Partner ¹	11.925	.01	12
Manitoba Hydro	79,885.575	66.99	79,886
Taskinigahp Power Corporation	39,352.500	33.00	39,352
	119,250.000	100.00	119,250

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

(in thousands of dollars)	2009	2008
FINANCING ACTIVITIES		
Proceeds from issue of units of WPLP	45,417	29,500
Net proceeds from long-term debt	223,523	148,645
	268,940	178,145
INVESTING ACTIVITIES		
Generating station	181,887	117,504
Transmission line	86,278	59,765
Other	774	874
	268,939	178,143

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

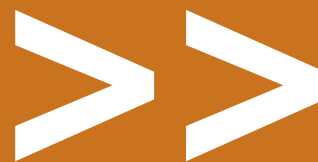


Rock excavation activities in the spillway channel.



Northern Manitoba winters present harsh conditions for project workers, but some operations like clearing the right of way for transmission lines must be done in winter when the ground is frozen to prevent unnecessary disturbance.





WUSKWATIM

Power Limited Partnership

www.wuskwatim.ca

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