



The Board of Manitoba Hydro was pleased to see favourable water conditions continue throughout the 2007-08 fiscal year and the corporation's resulting achievement in net revenues, including near record levels of export electricity sales. This performance further strengthened the corporation's financial position and its well-deserved status as an important component of the provincial economy. It is also a testament to the foresight and timely decisions of those charged with meeting Manitoba's energy needs.

In the past year, the Board noted the corporation's continued progress in a number of strategic areas that will ensure this province's energy resources continue to benefit future generations.

The impressive new downtown headquarters of Manitoba Hydro is nearing completion and will be a striking addition to Winnipeg's skyline when completed later this year. The world-class, energy-efficient building will serve as a tangible example of Manitoba Hydro's most important values and objectives.

Manitoba Hydro and the Nisichawayasihk Cree Nation (NCN) continued working as partners on the Wuskwatim Generating Station project. This unique business arrangement provides for NCN's involvement in all aspects of development—from construction to the project's ongoing environmental monitoring activities. It also gives NCN the opportunity to create a long-term source of revenue by investing in ownership of up to 33 per cent of the station. The Board was also pleased by the Canadian Electricity Association's decision to recognize this precedent-setting partnership with their Environmental Stewardship Award in February 2008.

Progress was also made this year in discussions to finalize a joint agreement with the Tataskweyak Cree Nation, War Lake First Nation, York Factory First Nation, and the Fox Lake Cree Nation that will set out their participation in developing the proposed Keeyask Generating Station. In addition, Manitoba Hydro reached an agreement with the Shamattawa First Nation with respect to their participation in planning activities related to the proposed Conawapa Generating Station. Process agreements have already been signed with the other First Nations in the vicinity of the project.

The Board supported the decisions made in the past year to ensure the continued reliability and affordability of the province's electricity supply. In particular, the decision to pursue construction of the Bipole III transmission line is critical to ensuring the timely completion of this vital link needed to enhance system reliability. The exact route of the line will be determined after an extensive environmental assessment and public consultation process.

The corporation also continued to support the province's alternative energy industry. Significant progress was made over the past year pursuing the addition of another 300 megawatts of wind to Manitoba Hydro's energy supply mix. A new program promoting the installation of geothermal systems in commercial buildings was introduced, complementing a successful residential program that has seen Manitoba become the geothermal industry leader in Canada.

The Board was pleased to see additions to the corporation's wide range of energy services and programs, including enhancements to the Power Smart Residential Loan Program and a new Lower Income Energy Efficiency Program that improves accessibility to various services. Power Smart programs continue to benefit Manitobans by providing energy savings and increased comfort while also enabling increased electricity exports that benefit the environment and the province's economy.

I would like to express my sincere appreciation for the contributions of my fellow Board members in the last year and thank Bob Brennan and all the employees at Manitoba Hydro for their continued work on behalf of all Manitobans.



Victor H. Schroeder, QC
Chairman
The Manitoba Hydro-Electric Board