



SAFETY  
CUSTOMERS  
ABORIGINAL RELATIONS  
FINANCIAL STRENGTH

THE CORPORATE STRATEGIC PLAN 2009/10 • MANITOBA HYDRO'S VISION OF THE FUTURE

EXPORT POWER  
MOTIVATED WORKFORCE  
ENVIRONMENT  
CORPORATE CITIZEN  
BUSINESS DEVELOPMENT  
ENERGY CONSERVATION



INTRODUCTION

I have the privilege of presenting Manitoba Hydro’s Corporate Strategic Plan (CSP) for 2009-10. The CSP is the principal means by which the corporation sets out its priorities as we strive to achieve our vision to be the best utility in North America.

By recognizing what we have achieved to date and identifying new challenges to be overcome, the CSP provides and communicates direction for all levels of the organization as we work to meet the needs and expectations of our customers for the benefit of all Manitobans. Our CSP continues to be well aligned with the overall priorities of the Manitoba government. Development of Manitoba’s abundant renewable hydropower resources and emerging energy systems helps achieve a cleaner and healthier environment, while expansion of hydropower exports and energy conservation helps to moderate rates for our Manitoba customers.

Last year our national leadership in energy conservation was highlighted by the move into our newly constructed head office, Manitoba Hydro Place, which is a world class model for energy efficiency and sustainability. As well, Manitoba Hydro and the Province of Manitoba received an award from the Canadian Energy Efficiency Alliance for being the top-ranked province in Canada for energy efficiency and for promoting the wise use of energy in the marketplace. The awarding of the general civil construction contract for the Wuskwatim Generating Station was a milestone achievement in the expansion of our capacity to generate clean, renewable power.

Looking forward, there will continue to be challenges to be overcome. The CSP provides a focus for the efforts and energies of our highly dedicated and skilled employees who continue to be the foundation of our success. I look forward to the exciting times ahead and I am confident that working together we will achieve our shared vision.

**Bob Brennan, FCA**  
President and Chief Executive Officer

VISION

To be the best utility in North America with respect to safety, rates, reliability, customer satisfaction, and environmental leadership, and to always be considerate of the needs of customers, employees, and stakeholders.

MISSION

To provide for the continuance of a supply of energy to meet the needs of the province and to promote economy and efficiency in the development, generation, transmission, distribution, supply, and end use of energy.

OPERATING PRINCIPLES

Work together for the success of the organization as a whole, recognizing that all our activities are interrelated.

Establish long-term cooperative relationships with all employees, customers, suppliers, and other stakeholders aimed at achieving our shared Vision.

Create a working environment that removes barriers to safe and effective performance and which fosters mutual respect, trust, and open communication.

Provide opportunities for all employees to develop their full potential, recognizing people’s inherent desire to do their best.

Measure outcomes, develop an understanding of the causes of variation from planned performance, and take appropriate action.

Practise continuous improvements through ongoing coaching, learning, and innovation focused on the needs and wants of internal and external customers.

GOALS

Improve safety in the work environment.

Provide customers with exceptional value.

Be a leader in strengthening working relationships with Aboriginal peoples.

Improve corporate financial strength.

Maximize export power net revenues.

Attract, develop, and retain a highly motivated workforce that reflects the demographics of Manitoba.

Be proactive in protecting the environment and the leading utility in promoting sustainable energy supply and service.

Be an outstanding corporate citizen.

Proactively support agencies responsible for business development in Manitoba.

Be a national leader in implementing cost-effective energy conservation and emerging energy systems.



# IMPROVE SAFETY IN THE WORK ENVIRONMENT



“Manitoba Hydro has an excellent safety record,” said Vince Warden at the Canadian launch of North American Occupational Safety and Health Week. “But we won’t be satisfied until we’ve reached our goal of zero workplace incidents.”



## STRATEGIES

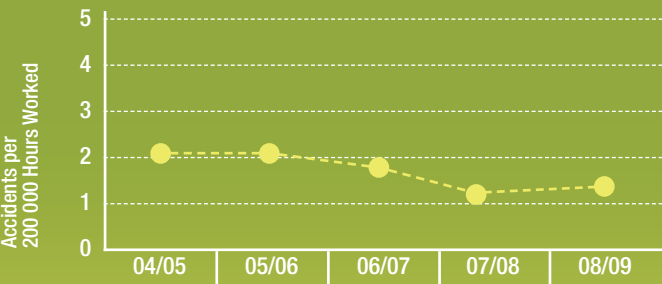
- Imbed safety culture in all corporate activities
- Reinforce management, supervisory, and worker accountability for a safe and healthy workplace
- Implement safety reporting protocols that incorporate thorough investigation and timely communication of all safety-related incidents

## MEASURES

## TARGETS

High-risk incidents	0
Accident severity rate	< 16 days per 200 000 hours worked
Accident frequency rate	< 0.80 accidents per 200 000 hours worked

## ACCIDENT FREQUENCY RATE



TARGET: < 0.80 Accidents

## ACCIDENT SEVERITY RATE



TARGET: < 16 Days

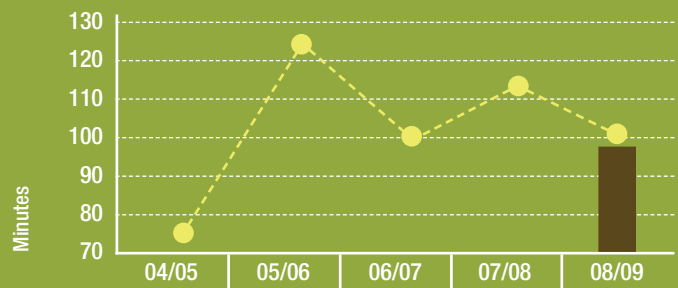
Opposite page: Dean McBride helped create a device used to lift power lines when moving houses or oversized machinery. The device attaches to Hydro’s existing hotsticks and is much safer and easier to use than the previous practice of taping bended tie-wire to hotsticks. These attachments will be implemented in all of Hydro’s customer service areas.



# PROVIDE CUSTOMERS WITH EXCEPTIONAL VALUE

## SYSTEM AVERAGE INTERRUPTION DURATION

ELECTRIC OPERATIONS

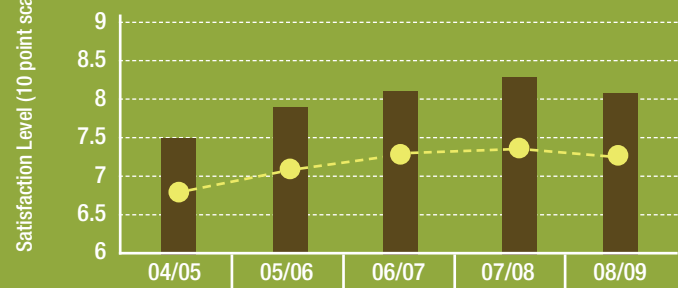


TARGET: ≤ 92 Minutes (5-year avg. 2006 — 2010)

— Fiscal year end actual — Fiscal 5-year avg.

## CEA CUSTOMER SERVICE INDEX

CUSTOMER SATISFACTION LEVEL



TARGET: Best in Canada

— Manitoba Hydro — CEA Composite

## NATURAL GAS MARKET SHARE

VOLUME OF COMMODITY SALES



TARGET: ≥ 60%



## STRATEGIES

- Review and update marketing plans for 2009/10, including energy options
- Provide alternative natural gas commodity pricing products
- Continue to deliver effective and innovative public safety programs that target electricity and natural gas safety issues
- Develop and implement initiatives which reinforce employee understanding of the impact their work has on customer needs
- Implement a plan to improve the reliability of the transmission and distribution systems
- Continue to implement new North America Electric Reliability Corporation (NERC) standards

## MEASURES

Retail rates: electricity	Lowest in North America
Retail distribution rates: natural gas	Among the lowest in North America
System average interruption duration	≤ 92 minutes
System average interruption frequency	≤ 1.3 per year
Canadian Electricity Association (CEA) Customer Service Index	Best in Canada
Public contacts – natural gas and electric	20% injury reduction
Natural gas market share	≥ 60% of commodity sales

Opposite page: Manitoba Hydro works in cooperation with rural communities to host farm safety day camps. In 2008, over 2,000 students attended the day camps which increase awareness of possible electrical hazards when working and playing on the farm.





# BE A LEADER IN STRENGTHENING WORKING **RELATIONSHIPS** WITH **ABORIGINAL** PEOPLES

## ABORIGINAL RELATIONS

### STRATEGIES

- Resolve and manage ongoing obligations from past development
- Continue initiatives to recruit, develop and retain Aboriginal employees
- Promote and pursue business relationships with Aboriginal companies

### MEASURES

Percentage of impacted Aboriginal communities with a workable management framework

### TARGETS

100%

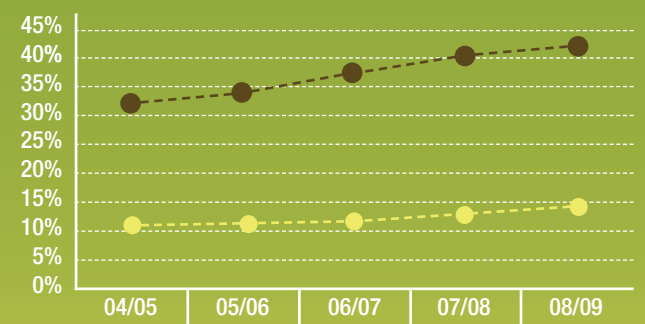
Percentage Aboriginal employment

- Corporate overall
- Northern
- Management
- Professional

16%  
45%  
6%  
6%



### PERCENTAGE ABORIGINAL EMPLOYMENT



**TARGET:** Corporate Overall: 16%  
Northern: 45%

—●— Corporate Overall    —●— Northern

Featured on billboards for Red River College's advertising campaign because of his work at Manitoba Hydro in employment equity, Joe Thompson strives to be a role model in his community.

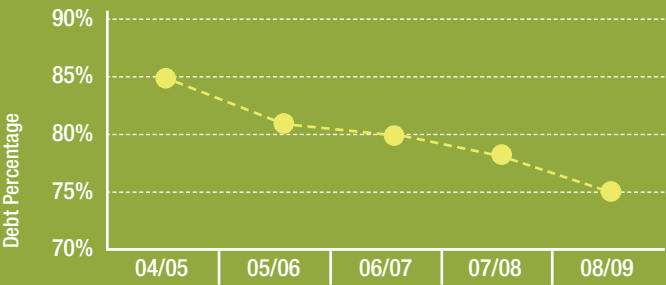
Opposite page, top: Bob Brennan, Manitoba Hydro's President & CEO, and Chief Duke Beardy of the Tataskweyak Cree Nation (TCN) signed an agreement in January 2009 which will contribute to an effective and efficient ongoing working relationship.



# IMPROVE CORPORATE FINANCIAL STRENGTH

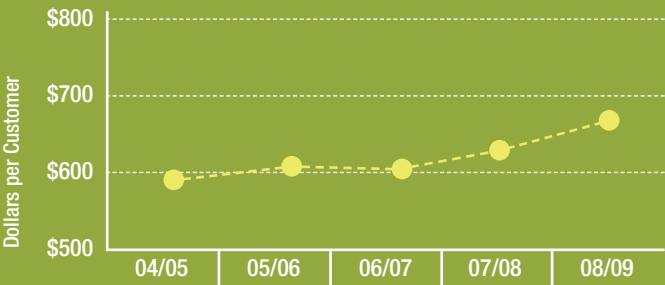
## FINANCIAL STRENGTH

DEBT/EQUITY RATIO



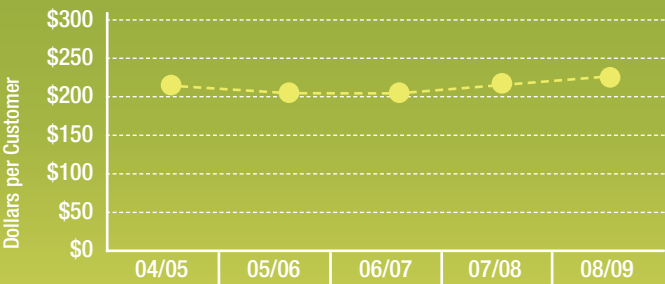
TARGET: 75%

OM&A COST PER ELECTRIC CUSTOMER



TARGET: \$673 per Customer by March 2010

OM&A COST PER NATURAL GAS CUSTOMER



TARGET: \$223 per Customer by March 2010

### STRATEGIES

- Continue to reduce the relative proportion of debt to fixed assets
- Leverage technology to reduce costs
- Strengthen long-term financial structure while maintaining energy price stability
- Develop corporate and business unit performance measures
- Improve capital investments decision support process
- Improve capital expenditure reporting and accountability

### MEASURES

Interest coverage

Debt/equity ratio

Capital financing ratio

Operation Maintenance and Administration (OM&A) Cost per customer – electric

OM&A Cost per customer – natural gas

### TARGETS

> 1.2

75/25

> 1

\$673 per customer (March 2010)

\$223 per customer (March 2010)

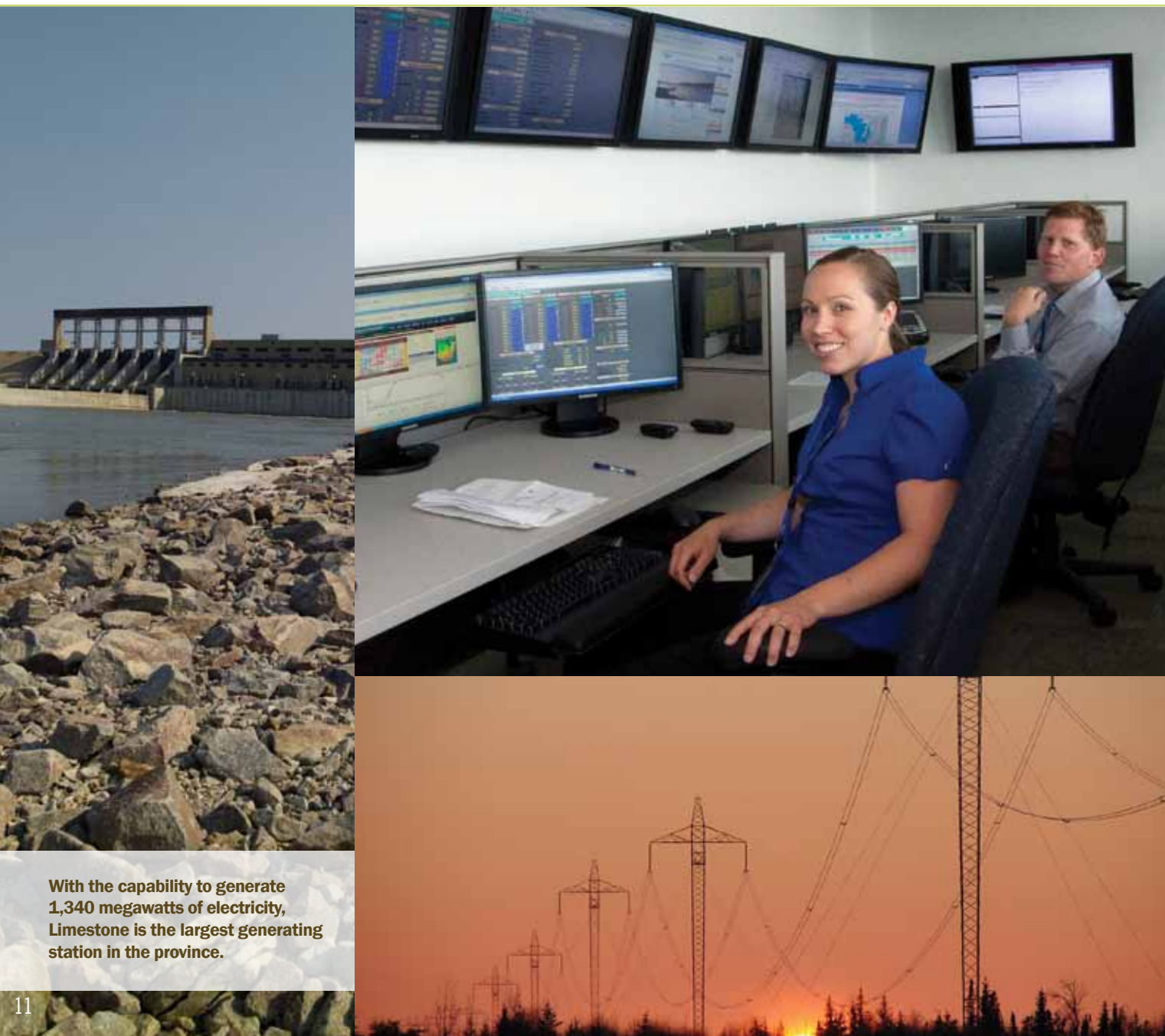


Opposite page: The spillway channel was the site of the first concrete pour at Wuskwatim Generating Station in May 2009. Over 7,000 tonnes of reinforcing steel will be used during the station's construction. When completed, the station will have a 200-megawatt capacity. Building Wuskwatim in advance of the electricity need within the province provides energy to export for additional revenues.





# MAXIMIZE EXPORT POWER NET REVENUES



With the capability to generate 1,340 megawatts of electricity, Limestone is the largest generating station in the province.

## STRATEGIES

- Aggressively pursue a balanced portfolio of export sales
- Aggressively pursue cost effective supply-side initiatives and power purchases
- Continue being a Canadian leader in U.S. market access
- Expand the transmission capacity and protect transmission rights to support access to extra-provincial and U.S. export markets
- Influence national and international industry restructuring and maintain flexibility to adapt
- Promote new hydro and/or transmission as part of the solution to climate change
- Actively participate in the development of regulatory frameworks for electricity reliability standards
- Aggressively pursue Demand Side Management

## MEASURES

Firm energy available for export

## TARGETS

- 2 900 GWh/yr by 2011/12
- 5 800 GWh/yr by 2019/20
- 10 700 GWh/yr by 2023/24

Opposite page, top: Manitoba Hydro's Power Trading department uses a multitude of web-based services and industry specific software to track and analyze export market data to execute transactions in the United States and Canada.

Opposite page, bottom: Manitoba Hydro is one of the largest exporters of electricity in Canada.

ATTRACT, DEVELOP, AND RETAIN A HIGHLY **MOTIVATED WORKFORCE** THAT REFLECTS THE DEMOGRAPHICS OF MANITOBA



MOTIVATED WORKFORCE



STRATEGIES

- Promote Manitoba Hydro as an employer of choice
- Provide a work environment that allows employees to have a balanced approach to family, work, and community
- Continue to implement programs to enhance employees’ technical, leadership and business skills
- Continue initiatives to recruit, develop and retain the best available employees

MEASURES

TARGETS

Percentage of non-entry positions filled by external applicants

Range 8% – 12%

Percentage of designated group members in Manitoba Hydro workforce

- Women
- Women in management
- Women professionals
- Persons with a disability
- Visible minorities

26%  
17%  
34%  
6%  
6%

Opposite page: Through Manitoba Hydro’s support of the Internationally Educated Engineers Qualification (IEEQ) program at the University of Manitoba, skilled immigrant engineers, like Eddy Lezen, originally from Argentina, are putting their expertise to use within the corporation.



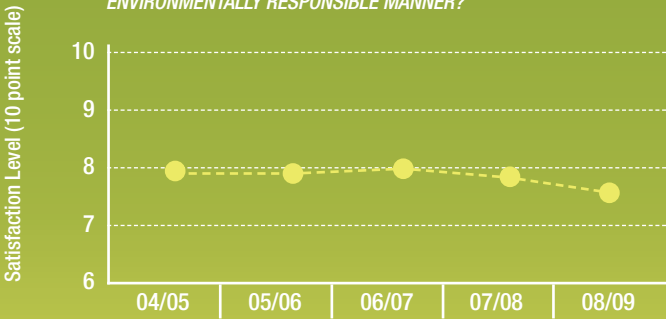


Manitoba Hydro provides funding for studies to maintain and enhance lake sturgeon populations in Manitoba. PhD student Cheryl Klassen releases young sturgeon into Numao Lake.



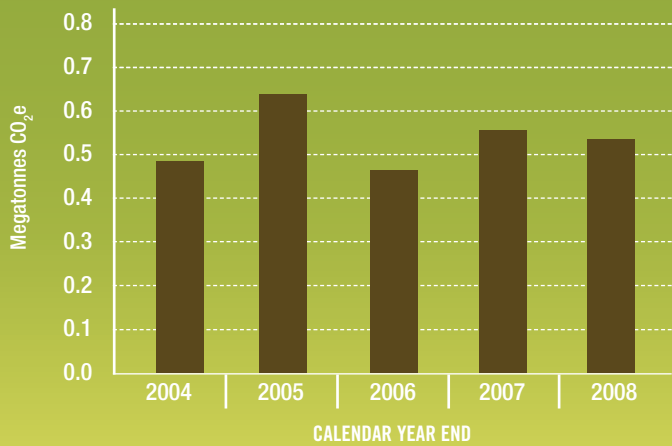
CORPORATE CITIZEN INDEX  
ENVIRONMENTAL COMPONENT

HOW SATISFIED ARE YOU THAT MANITOBA HYDRO OPERATES IN AN ENVIRONMENTALLY RESPONSIBLE MANNER?



TARGET: ≥ 8.4

GREENHOUSE GAS EMISSIONS



TARGET: < 0.520 — Annual Gross Emissions

STRATEGIES

- Continue ISO 14001 Environmental Management System registration
- Communicate Manitoba Hydro's environmental performance and achievements
- Provide input to the development of new environmental regulatory requirements and implement best management practices to address emerging environmental concerns
- Participate in the development of climate change policies and mechanisms
- Promote new hydro and/or transmission as part of the solution to climate change
- Conduct environmental research and monitoring programs that address both public expectations and the impact of climate change on hydrological resources
- Promote employee understanding of the potential interaction of their job and the corporation's activities with the environment

MEASURES

TARGETS

Environmental component of CEA Customer Service Index	≥ 8.5
Manitoba Hydro Corporate Citizenship Index – environmental component	≥ 8.4
Greenhouse gas emissions	< 0.520 megatonnes

Opposite page, left: Ed Bella uses an electronic handheld device to enter information about a hydro pole which is linked to the barcode on the pole. The detailed computerized records save paper and provide a more accurate schedule and maintenance plan which can extend the life of the poles by an extra 15 years or more.



# BE AN OUTSTANDING CORPORATE CITIZEN

## STRATEGIES

- Continue to take a leadership role in community activities and support programs
- Encourage and support staff participation in community activities
- Continue to deliver effective and innovative public education and safety programs

## MEASURES

- CEA Public Attitude Index
- Manitoba Hydro Corporate Citizenship Index

## TARGETS

- ≥ 8.5
- ≥ 8.2



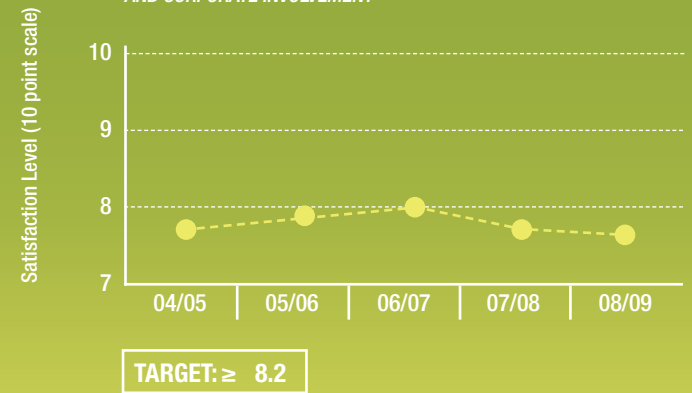
Manitoba Hydro staff deliver over 300 safety presentations to schools around the province each year.



Louie gets a hug at Manitoba Hydro's Customer Appreciation Day in Lynn Lake.

## CORPORATE CITIZEN INDEX

COMPOSITE OF AVERAGE CUSTOMER SATISFACTION WITH PUBLIC SAFETY, ENVIRONMENTAL BEHAVIOUR, AND CORPORATE INVOLVEMENT



Opposite page, right: Barbara Bertrand fields questions at Manitoba Hydro's 'Beware' display, which features a spinning wheel of photos. The photos can be changed, depending on the event, to focus on different themes such as workplace, home, or seniors' safety. "The wheel initiates discussion," said Barbara. "We can look at what's dangerous or what's being done right in each photo."





PROACTIVELY SUPPORT AGENCIES RESPONSIBLE FOR **BUSINESS DEVELOPMENT** IN MANITOBA



**STRATEGIES**

- Be proactive in working with economic development agencies to maximize wealth and jobs in Manitoba for each new megawatt of industrial demand
- Assist industrial developers to optimize the use of existing infrastructure

**MEASURE**

Agency satisfaction

**TARGET**

100% satisfied

**BUSINESS DEVELOPMENT**

Opposite page: Manitoba Hydro Energy Services Advisor Richard Fraser (left) and Allan Faurschou, Engineer at Cangene Corporation, in front of the newly renovated Cangene facility. A number of Manitoba Hydro departments worked closely with Cangene to help improve their costs and competitiveness during expansions. Effective solutions to energy needs help businesses remain competitive in their marketplace.



# BE A NATIONAL LEADER IN IMPLEMENTING COST-EFFECTIVE **ENERGY CONSERVATION** AND EMERGING ENERGY SYSTEMS



## ENERGY CONSERVATION



Manitoba Hydro partnered with Natural Resources Canada to offer a rebate to homeowners who purchase and install a solar water heating system.

The largest geothermal system in Manitoba is the heart of Manitoba Hydro Place. It provides 60 per cent of the building's heating requirements and 100 per cent of the air conditioning.

### STRATEGIES

- Aggressively develop, implement, and promote Power Smart programs
- Transition to a rate structure that delivers more transparent price signals to encourage the efficient use of energy
- Work with potential independent power producers, technology suppliers, customers and others to encourage development of economic emerging energy systems
- Continue to research and monitor technological and economic developments in all energy-related technologies
- Integrate wind energy in a cost-effective manner while considering other relevant criteria

### MEASURES

Demand Side Management (DSM) – electric energy saved

DSM – electric capacity saved (at winter peak)

DSM – natural gas energy saved

Alternative capacity installed (or delivered)

### TARGETS

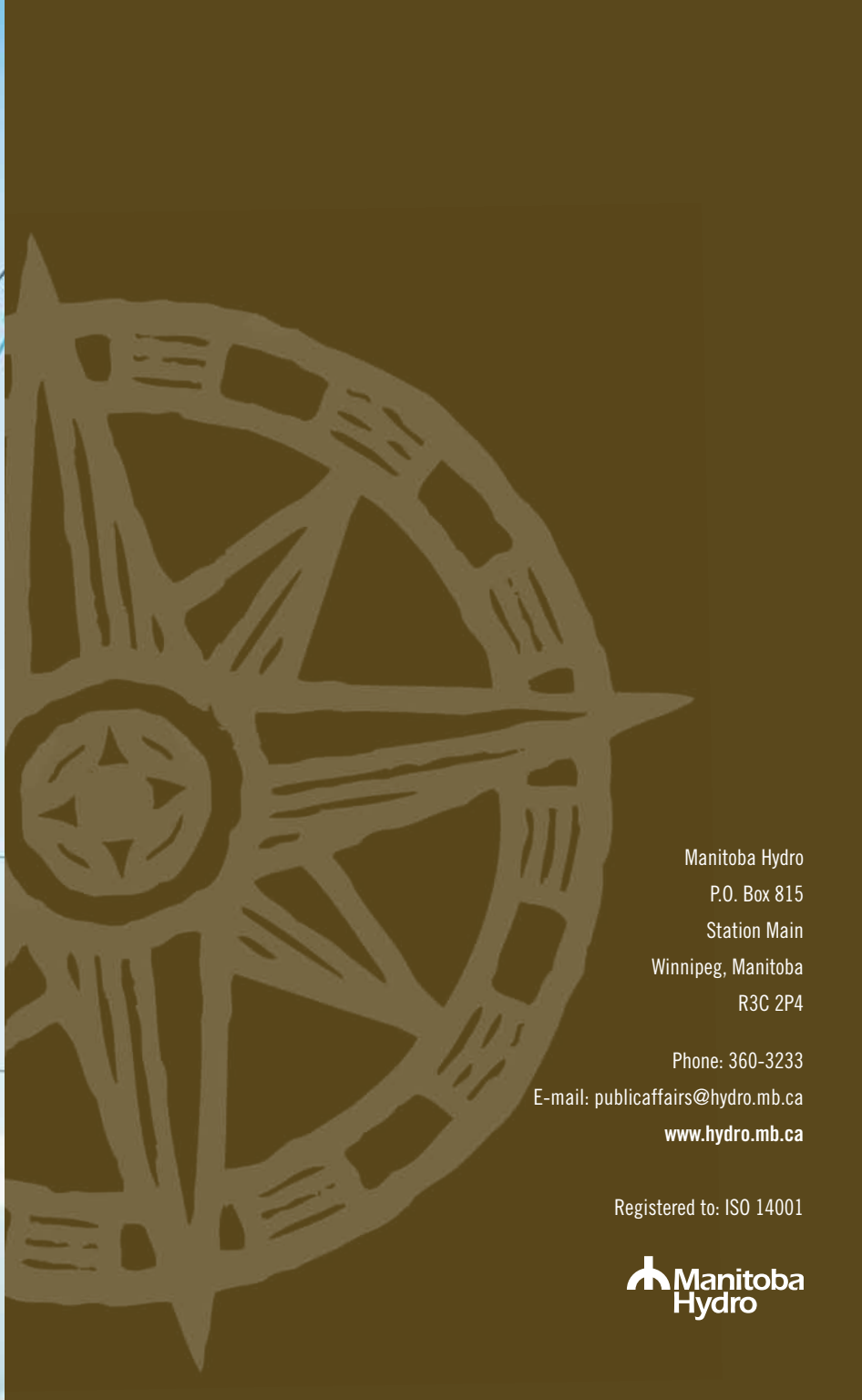
1 680 gigawatt-hours (GWh) per year by March 2010  
2 695 GWh per year by 2017/18

632 megawatts (MW) by March 2010  
848 MW by 2017/18

45 million cubic metres per year by March 2010  
101 million cubic metres per year by 2017/18

400 MW by 2011

Opposite page, top: Manitoba Hydro introduced the Bioenergy Optimization Program to encourage agricultural and industrial customers to use their readily available, low cost sources of biomass such as waste wood, crop residues and livestock manure as a fuel for heat and power.



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