



SAFETY
CUSTOMERS
ABORIGINAL RELATIONS
FINANCIAL STRENGTH

THE CORPORATE STRATEGIC PLAN 2010/11 • MANITOBA HYDRO'S VISION OF THE FUTURE

EXPORT POWER
MOTIVATED WORKFORCE
ENVIRONMENT
CORPORATE CITIZEN
BUSINESS DEVELOPMENT
ENERGY CONSERVATION



According to Rob McLennan (Long Spruce Generating Station) who took this shot, one of the perks of working night-shift at a generating station is having a view like this right out the window. Long Spruce Generating Station's outgoing transmission lines and switchyard building can be seen in the background.



INTRODUCTION

The Corporate Strategic Plan (CSP) is the primary tool for the Executive and Board of Manitoba Hydro to set, communicate and drive corporate priorities and strategic performance within the organization. It synthesizes the corporation's goals and strategies which encompass the priorities of stakeholders, the changing expectations of customers and the evolving trends in North American energy markets.

The CSP is cascaded into the plans of business units, divisions and departments. More detailed strategies and action plans are developed to support the CSP and define how each area will contribute to Manitoba Hydro's goals and strategies.

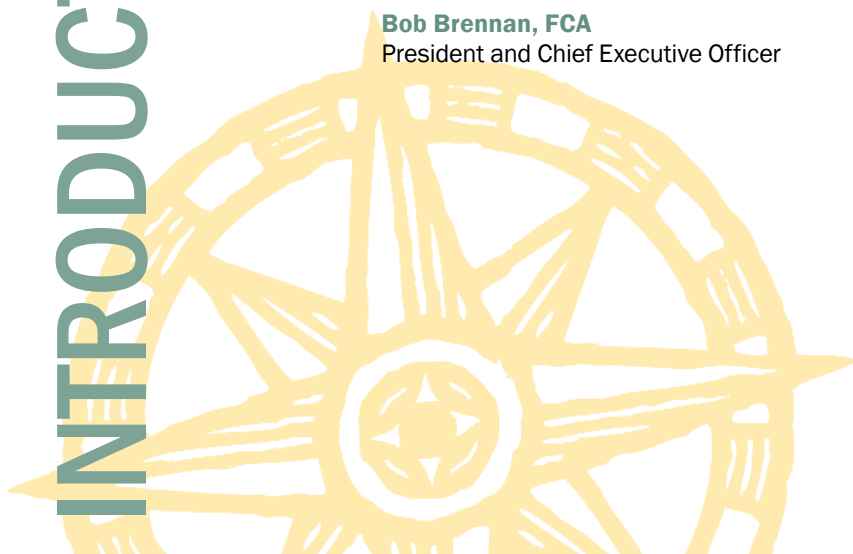
The CSP is reviewed annually and updated to reflect progress and the changing external environment. Changes to the 2010/11 CSP reflect input from Executive discussions and Division Manager focus groups, the Senior Management Strategic Planning Session, and ongoing review by the Corporate Planning Department.

I am confident that our dedicated employees will meet the challenge of implementing this plan and continue to move Manitoba Hydro forward to achieve our goals.



Bob Brennan, FCA
President and Chief Executive Officer

INTRODUCTION



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 effective performance and which fosters mutual respect, trust, and open communication.

Promote a safety focused culture in which all employees support and demonstrate safe work behaviours.

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.

Strengthen working relationships with Aboriginal peoples.

Maintain a strong financial structure.

Extend and protect access to North American energy markets and profitable export sales.

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

Protect the environment in everything that we do.

Promote cost effective energy sustainability, conservation and innovation.

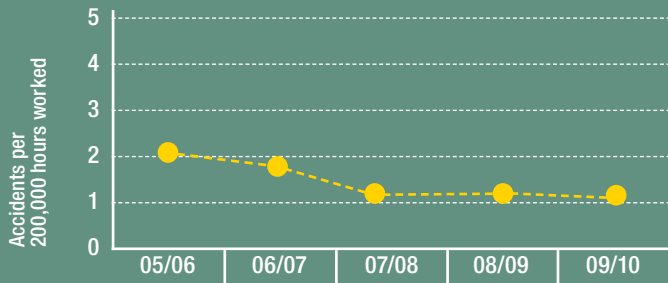
Be recognized as an outstanding corporate citizen and a supporter of economic development in Manitoba.



Employees from Pointe du Bois Operations celebrate a year with zero lost time incidents.

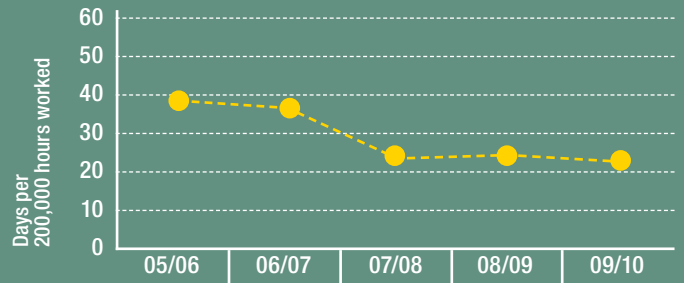


ACCIDENT FREQUENCY RATE



TARGET: < 0.80 Accidents

ACCIDENT SEVERITY RATE



TARGET: < 16 Days

IMPROVE SAFETY IN THE WORK ENVIRONMENT



SAFETY

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

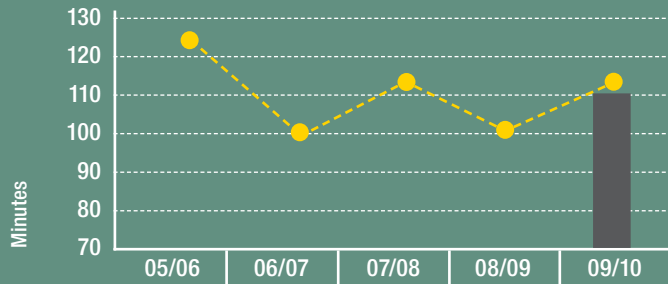
Accident frequency rate

< 0.80 accidents per
200,000 hours worked

Opposite page: Robert Nolette (Notre Dame Gas Distribution Maintenance) wears the appropriate personal protective equipment and uses the proper tools while working on a relocation of service. Manitoba Hydro was recognized as a national leader in industry safety when the Canadian Gas Association awarded the corporation the best annual safety record among natural gas distribution companies in Canada.

SYSTEM AVERAGE INTERRUPTION DURATION

ELECTRIC OPERATIONS

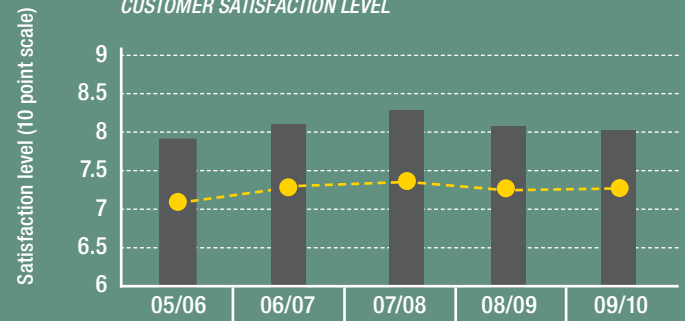


TARGET: ≤ 92 Minutes (5-year avg. 2007 – 2011)

● Fiscal year end actual ■ Fiscal 5-year avg.

CEA CUSTOMER SERVICE INDEX

CUSTOMER SATISFACTION LEVEL



TARGET: Best in Canada

■ Manitoba Hydro ● CEA Composite



PROVIDE CUSTOMERS WITH EXCEPTIONAL VALUE



CUSTOMERS

STRATEGIES

- Maintain high system reliability by building, upgrading and maintaining transmission and distribution
- Continue to offer innovative options to customers
- Reinforce employee understanding of the impact their work has on customer needs
- Demonstrate to stakeholders that appropriate rate increases are necessary for future price stability
- Effectively implement North American Electric Reliability Corporation (NERC) requirements

MEASURES

TARGETS

System average interruption duration	≤ 92 minutes
System average interruption frequency	≤ 1.3 per year
Canadian Electricity Association (CEA) Customer Service Index	Best in Canada
Retail electricity rates	Lowest in North America
Retail natural gas distribution rates	Among the lowest in North America

Opposite page: Manitoba Hydro promotes a variety of Power Smart* programs and incentives which help Manitobans live more comfortably, reduce their energy consumption and save money. These measures also help keep energy rates for Manitoba customers among the lowest in North America.

*Manitoba Hydro is the licensee of the Trademark and Official Mark.

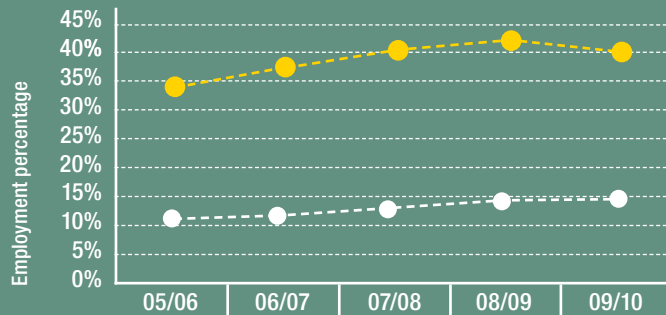


One of this year's recipients of the Generating Futures Scholarships, Noelle Vialoux, stands with Bob Brennan (President & CEO). The \$10,000 scholarships are available to Manitoba's Aboriginal students registered in programs that will prepare them for employment with Manitoba Hydro.



Norman Chief Memorial Dancers perform in the gallery of Manitoba Hydro Place before the Spirit of the Earth Awards ceremony.

PERCENTAGE ABORIGINAL EMPLOYMENT



TARGET: Corporate overall: 16%
Northern: 45%

● Corporate Overall ● Northern





WORKING RELATIONSHIPS WITH ABORIGINAL PEOPLES

STRATEGIES

- Continue to address the effects of Manitoba Hydro's operations on Aboriginal communities
- Continue initiatives to recruit, develop and retain Aboriginal employees
- Promote and pursue business relationships with Aboriginal companies

MEASURES

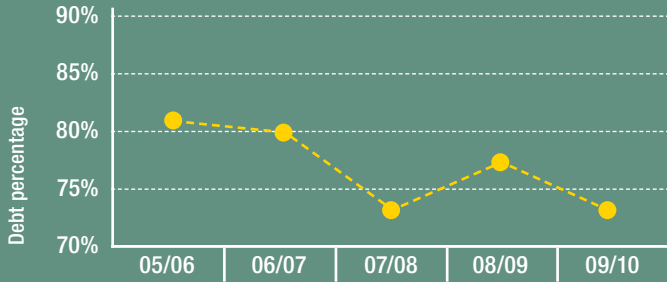
TARGETS

Percentage of impacted Aboriginal communities with a workable management framework	100%
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Percentage Aboriginal employment	
• Corporate overall	16%
• Northern	45%
• Management	6%
• Professional	7%

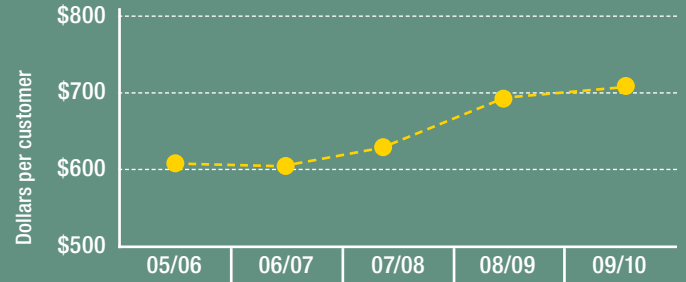
Opposite page, bottom left: George Campbell, Chair of the Spirit of the Earth Advisory Panel, presents a Manitoba Hydro sponsored Spirit of the Earth Award to Sonny Lavallee of the Northern Manitoba Trappers' Festival. These awards promote projects or activities that exemplify a commitment to environmental awareness and the culture and history of Aboriginal peoples.

DEBT/EQUITY RATIO



TARGET: 75%

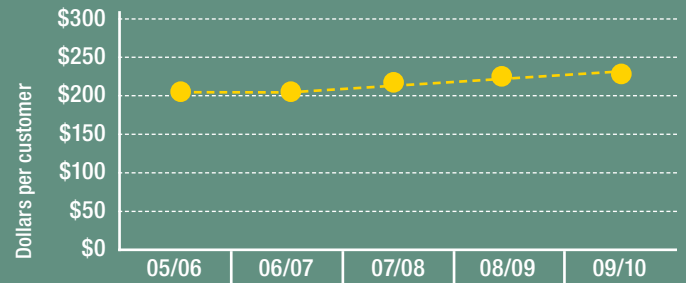
OM&A COST PER ELECTRIC CUSTOMER



TARGET: \$708 per customer by March 2011



OM&A COST PER NATURAL GAS CUSTOMER



TARGET: \$230 per customer by March 2011



MAINTAIN A STRONG FINANCIAL STRUCTURE

FINANCIAL STRENGTH

STRATEGIES

- Control the growth of debt in relation to assets, recognizing the impact of new plant coming into service
- Leverage technology to reduce costs
- Continue to invest in new generation and transmission which will enable profitable exports and imports
- Develop and implement a corporate-wide process for prioritizing capital requirements including enhanced use of business case analysis
- Implement and track sustainable initiatives to reduce growth in OM&A costs
- Maintain regular reasonable rate increases
- Conduct system operations to optimize net export revenues

MEASURES

TARGETS

Interest coverage	> 1.2 except during years of major investment
Debt/equity ratio	Maximum 75% debt except during years of major investment
Capital coverage	> 1.2
Operation Maintenance and Administration (OM&A) cost per customer – electric	\$708 per customer (March 2011)
OM&A cost per customer – natural gas	\$230 per customer (March 2011)

Opposite page: The 200 megawatt Wuskwatim Generating Station under construction on the Burntwood River near Thompson is being developed by Wuskwatim Power Limited Partnership, a legal entity involving Manitoba Hydro and Nisichawayasihk Cree Nation. The first unit is expected to be producing electricity by the end of 2011 – three years ahead of its requirement for Manitoba needs. The surplus energy can be exported to produce additional revenues which will help keep electricity rates low in Manitoba.

EXTEND AND PROTECT ACCESS TO NORTH





AMERICAN ENERGY MARKETS AND PROFITABLE EXPORT SALES

EXPORTS AND INTERCONNECTIONS

STRATEGIES

- Pursue a balanced portfolio of export sales in the U.S. and Canada
- Expand transmission capacity and protect transmission rights to support access to U.S. and extra-provincial export and import markets
- Participate nationally and internationally to facilitate opportunities for Manitoba Hydro to export electricity
- Promote new hydro and/or transmission as part of the solution to climate change
- Participate in the development of regulatory and industry frameworks for electricity
- Pursue Demand Side Management and customer self-generation

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: A significant power purchase agreement with Xcel Energy in Minneapolis, announced in May 2010, will help support low rates for all Manitobans and will benefit export customers with a reliable, low-carbon source of power. Rene Fourneau (Customer Contact Centre) captured this spectacular sunset shot of transmission towers near Anola.

ATTRACT, DEVELOP, AND RETAIN A HIGHLY SKILLED AND MOTIVATED

This year Manitoba Hydro held its 10th Annual Lineman Rodeo. It promotes safety, proper work practices, job planning and team spirit through friendly competition, with events like the egg climb as shown below.



Lyn Wray is Vice-President of the Corporate Planning and Strategic Analysis business unit.





WORKFORCE THAT REFLECTS MANITOBA'S DEMOGRAPHICS

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 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%

18%

35%

6%

6%

Opposite page, bottom right: Manitoba Hydro's Employee Learning and Development Department offers over 35 classroom courses and 100 computer based training courses in a wide range of subject areas with new topics being added on a regular basis. During the 2009/10 fiscal year 1,600 employees attended classroom training and over 5,000 employees accessed online training.

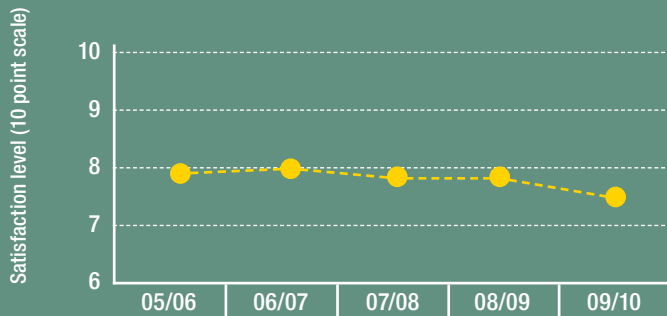


Manitoba Hydro Place was named one of the top 10 examples of sustainable architecture and green design solutions for 2010. The design team for the award-winning head office is pictured in the building's south atrium.



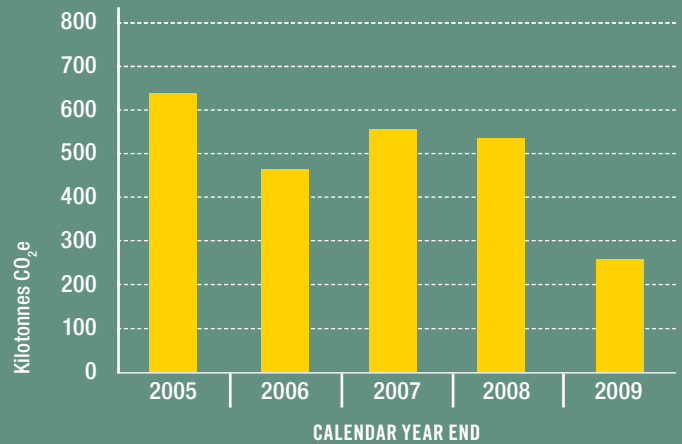
CORPORATE CITIZENSHIP INDEX ENVIRONMENTAL COMPONENT

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



TARGET: ≥ 8.4

GREENHOUSE GAS EMISSIONS



TARGET: < 520

— Annual Gross Emissions

PROTECT THE ENVIRONMENT IN EVERYTHING THAT WE DO



ENVIRONMENT

STRATEGIES

- Prevent or mitigate adverse environmental impacts of Manitoba Hydro's activities
- Strengthen and streamline the Environmental Management System, maintaining ISO 14001 standards
- Continue to develop and monitor appropriate measures, with feedback mechanisms for ongoing improvement
- Communicate environmental performance
- 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
- Conduct or support environmental research, monitoring and educational programs relevant to Manitoba Hydro's operations
- Promote employee understanding of the potential interaction of their job and the corporation's activities with the environment

MEASURES

TARGETS

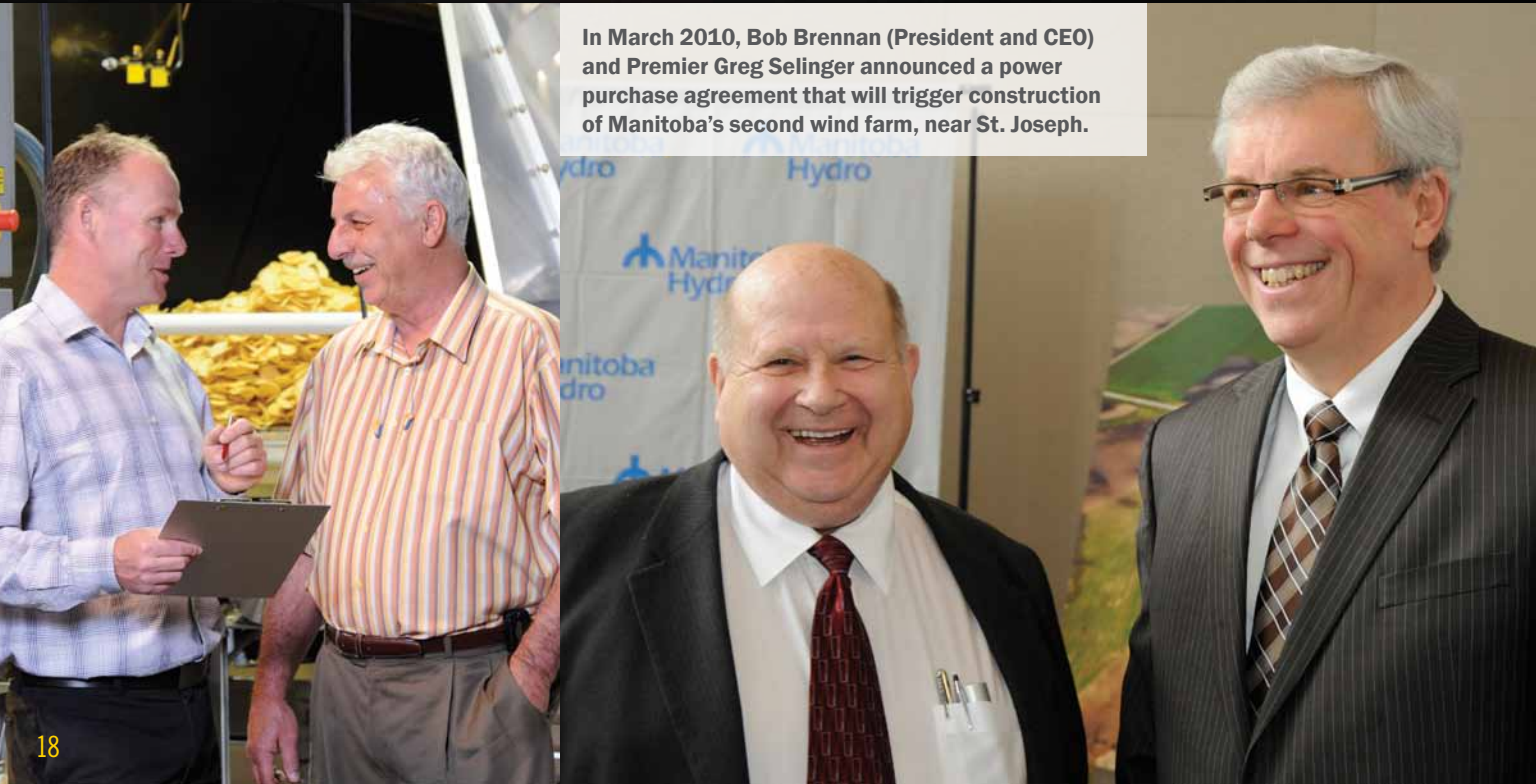
Percent of electricity generated in Manitoba that is renewable	> 99%
Environmental component of CEA Customer Service Index	≥ 8.5
Corporate Citizenship Index – environmental component	≥ 8.4
Greenhouse gas emissions	< 520 kilotonnes/yr (6% below 1990 levels)
Maintain EMS ISO 14001 registration	Registration maintained

Opposite page, left: Manitoba Hydro is collaborating with ArcticNet to study potential effects of the proposed Conawapa Generating Station on habitat in the Nelson River estuary at Hudson Bay. The extensive oceanographic monitoring will improve understanding of tides, temperature, salinity, sediment, currents, waves and ice conditions within the estuary.

PROMOTE COST EFFECTIVE



This shot of the sunset over St. Leon's wind farm was taken by Dale Giesbrecht (Apparatus Maintenance East).



In March 2010, Bob Brennan (President and CEO) and Premier Greg Selinger announced a power purchase agreement that will trigger construction of Manitoba's second wind farm, near St. Joseph.



ENERGY SUSTAINABILITY, CONSERVATION AND INNOVATION

STRATEGIES

- Aggressively develop, implement and promote Power Smart programs
- Transition to a rate structure that delivers more transparent price signals to encourage energy efficiency
- Work with potential independent power producers, technology suppliers, customers and others to review and 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 manner consistent with cost effectiveness and public policy

MEASURES

TARGETS

Demand Side Management (DSM) – electric energy saved

1,995 gigawatt-hours (GWh) per year by March 2011

2,787 GWh per year by 2017/18

DSM – electric capacity saved (at winter peak)

609 megawatts (MW) by March 2011

794 MW by 2017/18

DSM – natural gas energy saved

52 million cubic metres per year by March 2011

137 million cubic metres per year by 2017/18

Opposite page, far left: For the past two years, Manitoba Hydro Energy Services Advisor Scott Hopkins (left) has been working with Old Dutch Foods Ltd. plant manager Bill Bashucky to help install a variety of power saving measures at their Manitoba plant. Providing assistance and resources to improve energy efficiency saves Manitoba industry and business money, reduces their carbon footprint, conserves a resource that can be exported and can even result in better products.

BE RECOGNIZED AS AN OUTSTANDING CORPORATE CITIZEN



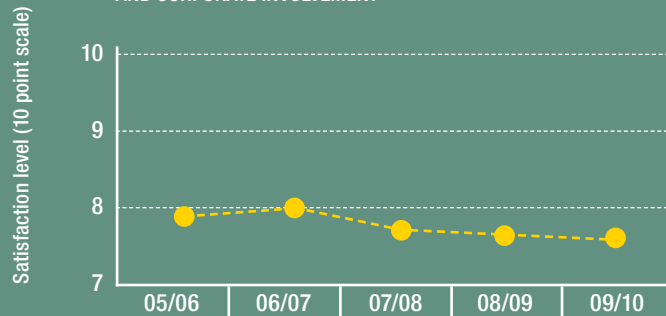
By acting on Manitoba Hydro's recommendations, Hudson Bay Mining and Smelting is saving substantial operating costs and reducing greenhouse gas emissions. Photo by Brian Pieters.

Manitoba Hydro is a proud supporter and title sponsor of the Power Smart Manitoba Games, an amateur sporting event which can help Manitoba youth develop essential skills like leadership and teamwork.



CORPORATE CITIZENSHIP INDEX

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



TARGET: ≥ 8.2



AND A SUPPORTER OF ECONOMIC DEVELOPMENT IN MANITOBA

STRATEGIES

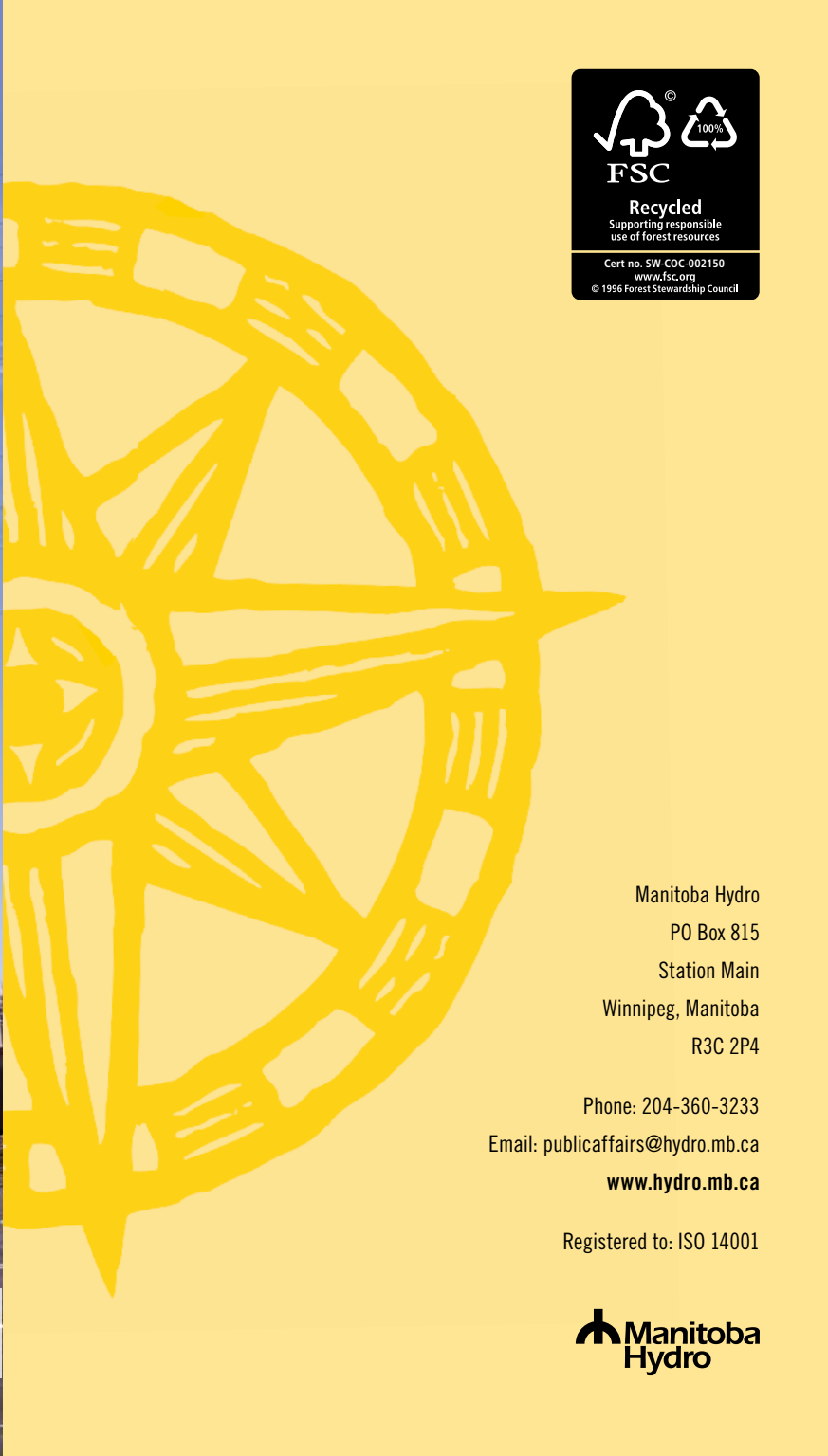
- Effectively communicate Manitoba Hydro's performance and plans as a utility and as a corporate citizen
- Continue to take a leadership role in community activities and support programs
- Encourage and support staff participation in community activities
- Continue to deliver effective and innovative public education and safety programs
- Proactively work 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

MEASURES

TARGETS

CEA Public Attitude Index	≥ 8.5
Manitoba Hydro Corporate Citizenship Index	≥ 8.2
Public contacts – natural gas and electric	20% injury reduction
Economic Development Agency satisfaction	100% satisfied

Opposite page, top left: Don Lewis (Winnipeg East) gives safety presentations to students throughout Manitoba. All elementary schools in the province have access to Manitoba Hydro's safety presentations with the goal to eliminate electrical and natural gas injuries and fatalities.



Seven Sisters Generating Station is Manitoba Hydro's largest producer of electricity on the Winnipeg River.

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