



Proposal for the purchase of Winnipeg Hydro by Manitoba Hydro

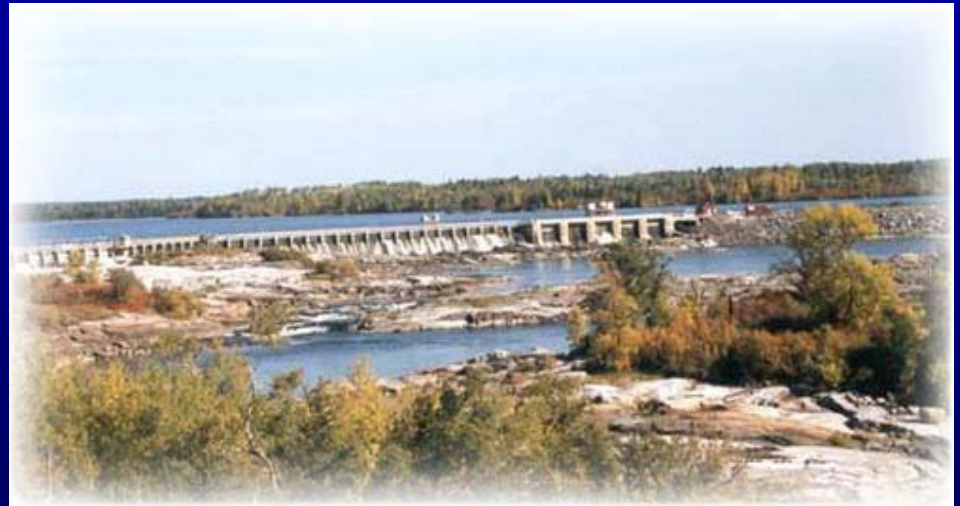




What is being bought?

**An electrical
utility
business**

including:



- **Generation stations – two power dams**
- **Transmission and distribution systems**
- **30% of Winnipeg's electrical customer base**



What is the value of Winnipeg Hydro?

Represented by the Balance Sheet of
Winnipeg Hydro at December 31, 2001

Assets: \$242 million

Liabilities: \$179 million

Equity: \$63 million
(Retained earnings)



What is the value of the purchase offer by Manitoba Hydro? (slide 1 of 2)

Annual Payments to City:

Years 1-5	\$25 million per year
Years 6-9	\$20 million per year
Year 10 and beyond	\$16 million per year



What is the value of the purchase offer by Manitoba Hydro? (cont'd)

Annual Savings to City

Guarantee "Power Smart"
energy efficiency savings

\$800,000 per year

Downtown Christmas
street lighting

\$200,000 per year

Total Savings

\$1 million per year





Employee Job Security

The following guarantees:

- **No layoffs**
- **No reduction in wages**
- **No reduction in pension plan or other benefits**
- **Manitoba Hydro would assume all obligations under existing labour contracts**





Downtown Development

Manitoba Hydro commits to building a 400,000 square foot office tower in the downtown within the next five years.



Economic impact of new Manitoba Hydro Office Tower

- **Estimated \$1 - \$1.75 million in new property taxes for the City of Winnipeg.**
- **Over 2,000 additional employees working in the downtown.**
- **Positive spin-off to existing businesses in the downtown, and increased motivation for other businesses to relocate there.**



Administration's Recommendation

That Council give serious consideration to the purchase offer received from Manitoba Hydro.

Basis:

- **Provides annual revenue stream;**
- **Removes obligation for infrastructure repair;**
- **Eliminates City's obligation for Winnipeg Hydro debt;**
- **Development of MB Hydro headquarters downtown;**
- **Provides property tax revenue from new MB Hydro building;**
- **Protects employee jobs, wages and benefits.**