Memorandum of Understanding about Program of LWR/CRD Monitoring Activities, dated October 16 , 2006.

The Government of Manitoba and Manitoba Hydro are committed to work together on matters relating to monitoring of hydrometric (water level and stream flow) and environmental data in certain areas in the Lake Winnipeg Regulation and Churchill River Diversion system.

Manitoba and Manitoba Hydro have the common objective of developing a program of activities ("the activities"), building on the existing monitoring program of Manitoba Hydro, that would provide objective information about hydrometric and environmental effects of hydro-electric development on agreed rivers and lakes comprising the Lake Winnipeg Regulation and Churchill River Diversion systems ("the system"). The information from the activities could be of benefit to Manitoba, Manitoba Hydro and other interested parties, including communities in the area of the Lake Winnipeg Regulation/Churchill River Diversion project. Objectives of the program of activities would include:

- (a) assisting in evaluating whether and to what extent the water regime in areas of the system is or will be affected by the addition of additional hydro-electric facilities;
- (b) assisting in identifying adverse effects and positive effects resulting from effects on the water regime; and
- (c) assisting in considering measures that may be undertaken to address any identified adverse effects.

Manitoba and Manitoba Hydro may establish additional objectives of the activities.

Manitoba and Manitoba Hydro recognize that Manitoba Hydro has made commitments to monitoring and follow up programs as part of the environmental licensing process for the Wuskwatim Generating Station. These commitments will be considered in developing the activities.

The program of activities will be reviewed each year and annual workplans will developed by Manitoba and Manitoba Hydro to assist in achieving the program of activities. The agreed workplan for the fiscal year ending March 31, 2007 is attached as Appendix A to this Memorandum.

Manitoba and Manitoba Hydro will consider methods of making information from the activities available to interested parties.

It is intended that the nature and scope of activities will be developed starting in Fiscal Year 2006-07 (starting April 1, 2006) and will continue until Manitoba and Manitoba Hydro agree to no longer proceed with a program of activities.

As part of the development of the annual program of activities, Manitoba and Manitoba Hydro will consider the resources each will provide in order to carry out the activities

It is intended that Manitoba and Manitoba Hydro personnel will prepare an Annual Report to be delivered to the Minister of Water Stewardship and the Minister of Conservation, on behalf of Manitoba and to the President and CEO of Manitoba Hydro. Additional reports may be prepared as Manitoba and Manitoba Hydro determine to be appropriate. The Annual Report may include:

- · a description of the activities for that year;
- a description of any information determined as a result of the activities;
- information about any circumstances where water levels or flows were outside of ranges provided for in licences;
- methods of making the information available to interested parties and to the public;
- any other matters that are considered appropriate. It is expected that Manitoba and Manitoba Hydro will make the Annual Reports available to the public.

Manitoba and Manitoba Hydro may amend this Memorandum from time to time by further Memorandum.

for Manitoba

for Manitoba Hydro

Data

Date