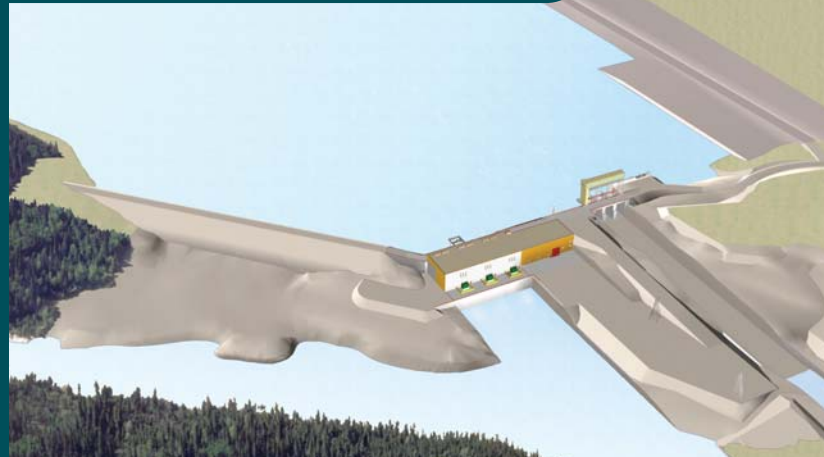


Questions & Answers

G U I D E B O O K



W U S K W A T I M

PROJECT DEVELOPMENT AGREEMENT

Between Nisichawayasihk Cree Nation
and Manitoba Hydro and Others

March 2006

[For complete details please refer to the full Project Development Agreement document.]

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Introduction

This Guidebook is an overview of the Wuskwatim Project Development Agreement (PDA) in a question and answer format.

It has been prepared as information only, and has no legal force and effect. This Guidebook aims to provide concise responses to questions about the PDA's often complex and technical issues. Many of the questions are similar to ones that were raised by NCN Members during the consultation on the Summary of Understandings (SOU). It is not a restatement of the PDA.

If there are any discrepancies between this Guidebook and the PDA, the PDA prevails. Also, this Guidebook contains questions about things that are not in the PDA at all. For the benefit of NCN Members, these questions are also answered.

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The Wuskwatim Generation Project will be owned by Wuskwatim Power Limited Partnership. Manitoba Hydro and Taskinigahp Power Corporation (TPC), a wholly-owned subsidiary of NCN, are the limited partners and 5022649 Manitoba Ltd., a wholly-owned subsidiary of Hydro, is the General Partner.

When NCN and Hydro are referred to in the context of their limited partnership, the reference is to NCN-owned Taskinigahp Power Corporation (TPC) and Hydro as limited partners in the limited partnership.

Also, for simplicity, this Guidebook often refers to a “partnership” between NCN and Hydro, rather than a “limited partnership” between TPC, Hydro and the General Partner. In other words, this document sometimes uses the words “NCN and Hydro” as verbal shorthand for “the Wuskwatim Power Limited Partnership”.

Overview

Q1. WHAT IS THE WUSKWATIM PROJECT DEVELOPMENT AGREEMENT (PDA)?

A: If and when it is ratified, the PDA will be a legally binding agreement between NCN and Hydro with respect to the Wuskwatim Project.

Q2. IS THE PDA CONFIDENTIAL?

A: It is available to all NCN Members.

Q3. WHAT IS INCLUDED IN THE PDA?

A: The PDA includes agreements, such as the Limited Partnership Agreement and the Power Purchase Agreement that are schedules to the PDA. It covers all aspects of the development and operation of the Wuskwatim Project. The PDA and the agreements that are schedules to the PDA are the only agreements between NCN and Hydro, with respect to the development and operation of the Wuskwatim Project, that will have legal force and effect.

Q4. DOES THIS MEAN THE WUSKWATIM PROJECT IS A DONE DEAL?

A: Absolutely not, even though the negotiations for the PDA have concluded. Two main things have to happen before Wuskwatim can go ahead. First, the people of NCN will get to vote on the PDA in a secret ballot vote. Hydro's Board of Directors will also vote to approve the project. Second, the provincial and federal governments must

approve the proposed project under their environmental laws.

Q5. I HEARD THE CONSTRUCTION WILL BEGIN IN 2006 AND FINISH ABOUT 2012. IS THIS RIGHT?

A: Yes. If the PDA is ratified and government approvals are finished, construction could start in 2006. At one time, we thought construction might start in 2003, but the Clean Environment Commission (CEC), regulatory process and PDA negotiations took longer than first thought.

Q6. WHAT IS DUE DILIGENCE?

A: Before you invest in a business venture, you should take reasonable steps to find out how risky the venture will likely be and how profitable it will likely be. You might have to get independent experts to give you their expert opinions. Then you can make a sound decision about whether to invest or not. This whole process is sometimes called due diligence and simply means doing your homework.

Q7. WHAT TYPES OF STUDIES WERE UNDERTAKEN BY NCN AS PART OF ITS DUE DILIGENCE?

A: Among other things, NCN carefully analyzed costs of the proposed project, based on various assumptions, future export rates, the North American Free Trade Agreement (NAFTA), tax issues,

engineering issues, environmental assessments, Ethenesiwin (Traditional Knowledge and Wisdom), constitutional issues and other legal and financial issues.

Q⁸. SOME NCN MEMBERS FEEL HYDRO MISLED THEM IN THE PAST. WHY SHOULD NCN TRUST HYDRO AND THE MANITOBA GOVERNMENT ON WUSKWATIM?

A: Many things have changed since the 1970s. The people are different and environmental laws are much stricter. Hydro and Manitoba are much more concerned about working in cooperation with First Nations. In the 1970s, NCN didn't have its own engineers. Today it does. NCN's engineers have advised NCN that Wuskwatim is not at all like the Churchill River Diversion (CRD). Wuskwatim is a relatively small project, which will cause less than one half a square kilometre of new flooding, localized around the generating station. It will have no effect on Footprint, Threepoint or Southern Indian Lakes. These issues were fully discussed at the public CEC hearings.

Q⁹. FOR THE WUSKWATIM GENERATION PROJECT, ARE WE TALKING ABOUT OWNERSHIP OR PARTNERSHIP? DO WE OWN IT, OR IS IT AN OPPORTUNITY TO INVEST?

A: In legal language, the Generation Project will be a limited partnership, and NCN-controlled Taskinigahp Power Corporation (TPC) will be a limited partner. In simple terms, the

Project will be a whole package, and NCN and Hydro will share ownership of the whole package. For example, it will not be possible to point to two walls of the station and say one is NCN's wall, and the second is Hydro's wall. The whole package will be owned by the limited partnership. The bottom line is that, if it chooses, NCN can put up, or be responsible for, 33 percent of the money and receive 33 percent of the profit.

Q¹⁰. DOES 33 PERCENT OF OWNERSHIP MEAN THAT 33 PERCENT OF OUR PEOPLE COULD WORK THERE?

A: No. The number of jobs will vary from year-to-year and season-to-season. It is not likely that exactly 33 percent of NCN Members will get jobs. If it chooses to invest 33 percent of the money, NCN will receive 33 percent of the profit.

Q¹¹. IS THERE A SHAREHOLDERS' AGREEMENT?

A: No, but the PDA has several schedules setting out the partnership and business arrangements similar to a shareholders' agreement.

Q¹². HOW WILL MONEY FROM THE PROJECT BE HELD?

A: NCN's share of the money will be assigned to the new Taskinigahp Trust. There will be community participation and an involvement process to decide how NCN's funds will be spent every year.

Q13. HOW CAN WE BE GUARANTEED THAT THERE WILL BE NO MORE THAN ONE-HALF SQUARE KILOMETRE OF FLOODING? HOW CAN WE TRUST THAT THIS WILL BE THE CASE?

A: NCN's own engineers have verified this conclusion. Opponents of the project have not been able to come up with any evidence to the contrary. The PDA, which will be legally binding on Hydro, mentions the one half square kilometer as a Fundamental Feature of the project. This issue was fully discussed at CEC hearings. The environmental and water power licences will also impose conditions on how Wuskwatim is operated.

Q14. WHAT PERCENTAGE OF RISK WILL NCN TAKE ON WITH THE PROJECT? ARE THERE ANY GUARANTEED RETURNS SUCH AS ANNUAL WATER RENTAL FEES, WHICH WOULD ENSURE INCOME TO NCN BEFORE ANY PROFITS ARE RETURNED?

A: As a limited partner, NCN's maximum risk will be the money it will invest, roughly \$28 million, if NCN wants to be a 33 percent partner, (this estimate could change between now and when operation commences). There are no guaranteed returns. This is a business venture, just like buying the Mystery Lake Motor Hotel. There are other safeguards for NCN. NCN and Hydro have looked at the factors that might make the project more or less

profitable in the future. Both are confident that the project is a good investment opportunity.

Q15. WHY DOES NCN WANT TO BE A PARTNER? WHY DOESN'T HYDRO JUST PAY NCN A FIXED AMOUNT OF MONEY?

A: First, from NCN's perspective, being a partner and getting up to 33 percent of the profit is a better opportunity. From Hydro's point of view, Hydro wants to learn from the past. It wants to establish ongoing relationships of trust with First Nations. If it just made one payment, and then had no further contact with NCN, that wouldn't help build trust over the long term.

Q16. WHAT RISKS ARE NCN EXPOSED TO? WILL MANITOBA HYDRO AND THE GOVERNMENT COVER THESE RISKS?

A: The partnership is investing in a business venture. There are risks involved in any business venture. As a partner, NCN has both a risk of loss, and an opportunity for profit. If the project is profitable, as anticipated, Manitoba will not take away NCN's profit. If the project loses money, Manitoba will not take away NCN's risk. However, as a limited partner NCN's risks are limited to its investment. If the voters of NCN are not prepared to take any risks at all, they have the right to vote against the PDA.

Q¹⁷. IF HYDRO WANTS TO BUILD THE PROJECT, WHY DOESN'T HYDRO PAY FOR THE WHOLE PROJECT?

A: Hydro does not have to build this project at all. It has other alternatives for generating power in Manitoba. NCN and Hydro have agreed in principle on a deal: they will pay for the project together and share the profits. Hydro has agreed to lend NCN most of the money NCN would need to invest. NCN voters approved of this Agreement in Principle by a large majority. NCN voters will get to vote on the PDA as well.

Q¹⁸. IF HYDRO IS OWNED BY MANITOBA, WHY ISN'T MANITOBA PART OF THE PARTNERSHIP?

A: Hydro is a Crown corporation, but Manitoba allows Hydro a great deal of independence in running its affairs. No one has proposed Manitoba should be a party to the PDA. Having said that, the current government of Manitoba has been supportive of Wuskwatim in general.

Q¹⁹. WHO OWNS THE LAND WHERE THE GENERATING STATION WOULD BE BUILT?

A: Manitoba currently owns it. It is provincial crown land in the Nelson House RMA. However, Manitoba will transfer the land to the partnership.

Q²⁰. WHAT ASSUMPTIONS WERE INCLUDED TO COME UP WITH NUMBERS AND ESTIMATES USED IN THE PDA, (FOR EXAMPLE, EXPORT RATES, NATURAL GAS RATES, KYOTO)?

A: NCN had independent experts look at a range of possible scenarios (such as higher natural gas rates, stable natural gas rates, more use of coal power, more use of wind power, etc.). Under all reasonable scenarios, Wuskwatim's returns and potential returns, with the attached guarantees, make the project an acceptable opportunity.

Q²¹. WHO PAID FOR THE LAWYERS AND CONSULTANTS?

A: Every year Hydro approves an NCN budget and pays for the things set out in the budget including lawyers and consultants' fees. Many of the costs will be included in project costs and will be paid as expenses of the partnership, if the project goes ahead. If it doesn't go ahead, NCN will not be liable for any of the costs. Article 8 of the 1996 Agreement made provision for the payment of such costs.

Q²². HAVE STUDIES BEEN COMPLETED? DID HYDRO PAY FOR THEM?

A: Yes, many field studies have been done on fish, caribou and other parts of the environment. NCN Members have actually done the fieldwork on many of these field studies. The studies have been paid for by Hydro, but will be a project cost if the project goes ahead. Future studies will also be project costs, paid by the partnership.

If the project does not go ahead, Hydro will absorb the costs of studies.

Q²³. WHAT ARE THE DEALS AND PROMISES MADE BY NCN CHIEF AND COUNCIL AND MANITOBA HYDRO? WHEN WILL ALL DOCUMENTATION BE SHARED AND A GENERAL BAND MEETING HELD TO DISCUSS ALL FACETS OF THE PDA?

A: The deals and promises are documented in the PDA. NCN voters will have the final say on the PDA. Many volumes of information are already public (see NCN's website: www.ncncree.com). All the information contained in the PDA will be shared with Members. An abundance of information and opportunities to ask questions will be available to Members. Meetings have been held, and more will be held before the community votes on the PDA.

Q²⁴. CAN WE GET THE KEY POINTS OF THE PDA TRANSLATED?

A: The Community Consultants have translated an overview of the PDA.

Q²⁵. CAN I SEE THE PDA?

A: Yes. As soon as copies are printed, you can get a copy from the Future Development Office in Nelson House. There will also be copies available at other locations, possibly including the O-Pipon-Na-Piwin Cree Nation (OPCN) Administration Office, the MKO office in Thompson and the NCN office in Winnipeg.

Q²⁶. CAN I GET MORE COPIES OF THIS PDA GUIDEBOOK?

A: Yes. They are available for NCN Members at the Future Development Office. Additional information about the PDA is available in the same location and on the NCN website (www.ncncree.com).

Vote on the PDA

Q²⁷. WHAT ASSURANCES ARE THERE THAT THE PDA VOTING PROCESS WILL BE FAIR AND HONEST?

A: NCN voters will have the final say through a fair, democratic, secret-ballot vote, consistent with the NCN Election Code.

Q²⁸. WHO WILL GET TO VOTE ON THE PDA?

A: All adult NCN Members, registered to vote.

Q²⁹. WHAT IS A SECRET-BALLOT VOTE?

A: This is the voting process used in federal, provincial, municipal and First Nation elections. It means the voters mark their ballots in private, so no one can see how they're voting.

Q³⁰. WILL THERE BE POLLING STATIONS SET UP OUTSIDE NELSON HOUSE?

A: For the PDA vote, there will be polling stations at Nelson House, SIL, Thompson, Winnipeg, Brandon and Leaf Rapids.

Q³¹. WHAT WILL BE THE STANDARD FOR THE VOTE?

A: A double majority will be needed, which means a majority of eligible voters will have to vote, and a majority of those who vote will have to vote "yes".

Q³². WHAT WILL HAPPEN IF NOT ENOUGH PEOPLE COME OUT TO VOTE?

A: It is possible a second vote might be held if less than 50 percent of eligible voters vote, but if a majority of those who

do vote, vote yes, NCN would have the option of holding a second vote.

Q³³. WILL SOUTH INDIAN LAKE STILL GET TO VOTE ON THE PDA?

A: All NCN adult Members registered to vote, including those living at SIL, will be eligible to vote. Members of OPCN and other First Nations will not be eligible to vote.

Q³⁴. WAS OPCN INDEPENDENCE HURRIED UP SO THAT SIL RESIDENTS WOULDN'T BE ABLE TO VOTE ON WUSKWATIM?

A: No. The push to finalize OPCN independence as fast as possible came from OPCN itself. NCN's Chief and Council worked with OPCN's leaders to work out mutually acceptable arrangements. OPCN was trying to establish its own First Nation for many years. Wuskwatim was not the issue.

Q³⁵. WHO HAS THE FINAL SAY IN VOTING ON THE PDA/PROJECT? CAN NCN WAIT TILL AFTER THE PROVINCE AND HYDRO HAVE APPROVED THE PROJECT?

A: NCN voters have the final say. NCN will control the timing of the NCN PDA ratification vote. Hydro's Board of Directors, and the provincial Cabinet will also have to approve certain transactions described in the PDA. The provincial and federal governments will have to make their own decisions about whether to licence the project. As of now, we hope the government decisions will be made before

the vote, but NCN will go ahead with its vote even if government approvals have not all been issued.

Q³⁶. IN THE LAST STAGE OF APPROVALS FOR THE WUSKWATIM PROJECT, IF NCN VOTES YES, COULD MANITOBA HYDRO STILL SAY NO? WILL THERE BE CONSULTATION WITH NCN REGARDING THE FINAL STAGES OF DECISION-MAKING?

A: Hydro's board will vote on the PDA either before or after the NCN vote. Like NCN, Hydro only wants to make sound business investments. If conditions change, and Hydro concludes the project could not be profitable, it could decide not to go ahead at this time. In theory, NCN and Hydro could revive the project at some future date. Also, the construction of the project can be suspended in certain circumstances for up to ten years. The PDA terms would still apply if it proceeded. Once the PDA is signed the project can proceed.

Q³⁷. SOME NCN MEMBERS MAY BE CONFUSED. SHOULD NCN DELAY THE PDA UNTIL ALL MEMBERS AGREE ABOUT THE PROJECT?

A: NCN voters approved the Wuskwatim Agreement in Principle (AIP) by a large majority. They will get a chance to vote on the PDA. The Future Development Team is doing its best to provide as much information as possible to NCN Members (this Guidebook, for example). There will never be 100 percent agreement in NCN

(or in any First Nation or community) about a major project like Wuskwatim. If communities all waited for 100 percent agreement, nothing would get done.

Q³⁸. SOME NCN MEMBERS MIGHT NOT HAVE UNDERSTOOD THE 2001 WUSKWATIM AIP. SHOULD THERE BE ANOTHER VOTE?

A: There is no point in voting again on the AIP. NCN and Hydro have moved far beyond what is in the AIP (for example, the proposed Notigi project is no longer being considered). The vote on the PDA will be held after negotiations are finalized. NCN Members will then be asked whether they agree that Chief and Council should sign the PDA.

REGULATORY Requirements

Q³⁹. WHAT IMPACT HAS THE CLEAN ENVIRONMENT COMMISSION (CEC) RECOMMENDATION TO APPROVE THE WUSKWATIM PROJECTS HAD ON THE PDA?

A: The CEC's report was sent to Manitoba's Minister of Conservation, who will make the final decision about whether, under provincial law, the project can go ahead. The CEC looked at two general subjects: 1) the effects of the project on the environment; and 2) the need for and alternatives to the project. In drafting the PDA, NCN and Hydro have kept the CEC report in mind. Nothing in the PDA is inconsistent with the CEC report.

Q⁴⁰. WHAT WERE THE RECOMMENDATIONS OF THE CEC?

A: The CEC recommended that the project be approved. For full details, please refer to the CEC summary report on NCN's website (www.ncncree.com) or the CEC website (www.cecmanitoba.ca). Copies are available in the Future Development Office in Nelson House, NCN sub-office in Winnipeg and at the OPCN Administration office.

Q⁴¹. IF THE MINISTER OF CONSERVATION REJECTS THE REPORT, WILL NCN STILL VOTE ON THE PROJECT?

A: NCN will still vote on the Project. We don't know what the governments' final decisions will be. NCN and Hydro anticipate that if the licences are issued before the vote that they would not take effect until

the PDA is approved, which is after NCN Members vote on the PDA.

Q⁴². WHAT REGULATORY APPROVALS ARE STILL PENDING FROM THE FEDERAL AND PROVINCIAL GOVERNMENTS?

A: We are still waiting for federal approvals under the Fisheries Act and the Navigable Waters Protection Act, and for provincial approvals under the Environment Act and the Water Power Act.

Q⁴³. WHAT IS THE ROLE OF THE FEDERAL GOVERNMENT IN THE ENVIRONMENTAL ASSESSMENT PROCESS?

A: The federal government has the authority to conduct an environmental assessment under the Canadian Environmental Assessment Act (CEAA). It also has jurisdiction over fisheries and navigable waters like the Burntwood River and Wuskwatim Lake. Among other things, it wants to know what effects the project will have on fish. It attended the CEC hearings and read the CEC report. It wrote its own report about the project and will decide whether, under federal law, the project can go ahead. Federal and provincial government officials are cooperating and working together.

Q⁴⁴. WHAT IS THE COMPREHENSIVE STUDY REPORT (CSR)?

A: This is the report that the federal government has written about the Wuskwatim Generation Project.

It makes recommendations about whether the project should be approved and, if so, with what conditions. This report was made public in November 2005. It concludes that the Generation Project is not likely to cause significant adverse effects.

Q⁴⁵. WHAT IS THE ROLE OF THE FEDERAL DEPARTMENT OF FISHERIES AND OCEANS (DFO)?

A: DFO has responsibility for fish. Therefore, it is the most important federal department in the Wuskwatim review process. It is called the Responsible Authority. DFO has looked at how the project can be built in such a way as to minimize harm to fish. NCN, Hydro and DFO have met on a regular basis to discuss these issues.

Q⁴⁶. WHAT IF THE GOVERNMENTS DO NOT APPROVE THE PROPOSED PROJECT?

A: The project will not proceed.

Q⁴⁷. CAN THE GOVERNMENTS FORCE NCN AND HYDRO TO BUILD THE PROJECT?

A: No. The governments can approve the project and issue licences, but NCN and Hydro will have the final say about whether they want to build or not. From NCN's perspective, NCN voters will have the final say in a vote on the PDA.

Q⁴⁸. WILL THE FINAL CLOSING DATE BE WHEN THE FIRST GENERATOR GOES INTO SERVICE OR WHEN THE WHOLE GENERATING STATION IS FULLY FUNCTIONING?

A: It is defined as being when the first of the three turbines comes into service and first power is generated, maybe in 2012.

TREATY AND Aboriginal Rights

Q⁴⁹. IS THE PDA A TREATY?

A: We don't know, but it is more likely a commercial agreement. It does not contain specific words saying it is or is not a treaty. Neither Canada nor Manitoba will be parties to the PDA. In general, it is not intended to alter existing treaty or Aboriginal rights, except in very specific ways explained in question 52. Whether or not it is a treaty, Hydro and NCN will both be legally bound to comply with it.

Q⁵⁰. WHAT IS SECTION 35 OF THE CONSTITUTION ACT?

A: This section says that existing treaty and Aboriginal rights are recognized and affirmed. Normally, governments can pass any laws they want. However, they can't pass unconstitutional laws. If they try to do so, courts can step in and strike down the unconstitutional laws.

Courts have explained how Section 35 works. Say a First Nation has a treaty right to fish for food in a particular place. A government passes a law that no one can fish in that place at all. The First Nation can go to court and argue that the government is taking away their treaty right. The court will look at the reason for the no-fishing law. If it was passed for a good reason, say to save an endangered species from being wiped out, the law may be valid, even if the First Nation doesn't

like it. The court will consider if the government could have passed a law that would have protected the fish without taking away the treaty right completely. The court will consider whether the government consulted with the First Nation before passing the law.

The First Nation does not necessarily have to agree with the law, but the government at least has to give the First Nation a fair chance to express its views on the subject. After considering all these things, the court will decide whether the law is constitutional (valid) or not.

Q⁵¹. WHAT IS SECTION 35 OF THE INDIAN ACT?

A: This says that, if a provincial government wants to expropriate reserve lands, it can work with the federal government to do so. The provincial government would pay the federal government for the land, and the federal government would hold the money in trust for the First Nation. If a law allows a corporation (such as a provincial or federal Crown corporation) to expropriate reserve land, the same principle applies.

Q⁵². IF THE PROJECT PROCEEDS, ARE TREATY RIGHTS BEING TAMPERED WITH?

A: Under Treaty 5 and the Natural Resources Transfer Act (NRTA), NCN Members have a right to fish and hunt for food on unoccupied provincial crown land. They

may also have additional Aboriginal rights in respect of traditional activities. The project will kill at least some fish (some of those passing through the turbines). It will damage a small area of fish habitat (right around the generating station). Hunting on the access road and on the site of the work camp and the station will be prohibited.

In these limited ways, the project could change some NCN treaty and Aboriginal rights at specific locations. Therefore, Section 35 of the Constitution Act would apply. Before federal or provincial governments can issue licences for the project, they have to consult with NCN. They have done so. If NCN voters ratify the PDA, and NCN becomes a partner in the project, it would be hard to argue that Section 35 was violated. If NCN voters vote “no”, there will be no project.

Q⁵³. IF THE WATERWAYS ARE GOING TO BE CHANGED, THEN HUNTING, TRAPPING AND FISHING WILL BE AFFECTED. WHAT STEPS ARE BEING TAKEN TO PROTECT TREATY AND ABORIGINAL RIGHTS?

A: There is no question that the project will have small negative effects. A small amount of land (less than one half square kilometre) will be flooded. There will be some increase in erosion on Wuskwatim Lake, which will eventually decrease back to current levels. There will be some increase in mercury in fish in Wuskwatim Lake, which will also eventually decrease back to current levels.

The station and the access road will have some effect on wildlife, especially during the six years of construction. There is no way to build the project without these small effects on treaty or Aboriginal rights at specific locations. NCN will receive compensation for these adverse effects. If NCN voters are not willing to accept these effects, they may vote against the PDA, and there will be no project. Having said that, the project will also have positive effects. The road will make it easier for a few trappers to get to their traplines. It will make it easier for NCN fishers to get to Wuskwatim Lake. NCN will use some of its profits for various resource programs. In short, NCN resource users will see both pros and cons in the project. They will have to decide for themselves whether the pros outweigh the cons.

Q⁵⁴. IS THE 1996 NFA IMPLEMENTATION AGREEMENT A TREATY? SOME SAY THE NFA IS CONSIDERED A TREATY UNDER TREATY 5 BUT THE 1996 AGREEMENT IS NOT. DOES IT EXTINGUISH TREATY RIGHTS?

A: No court has ever ruled on whether the NFA is a treaty. The NFA Cree Nations believe that it is. The Honourable Eric Robison has stated in the Manitoba Legislature that it is. The 1996 Agreement modifies the NFA. For example, the NFA promises NCN four acres of new reserve land for every acre affected by CRD. The 1996 Agreement modifies the four acres to about 17 acres. NCN has obtained an independent legal opinion that both the

NFA and the 1996 Agreement are likely treaties. NCN is not aware of any independent legal opinions to the contrary.

Q⁵⁵. WHAT DOES ARTICLE 8 OF THE NFA IMPLEMENTATION AGREEMENT SAY?

A: Article 8 of the 1996 Agreement deals with future development (projects that would affect NCN, like Wuskwatim). Among other things, Hydro and NCN are encouraged to consult and jointly plan any future hydroelectric project. Before Hydro can build such projects, it must talk to NCN about compensation. If they can't agree how much compensation NCN should get, the dispute goes to arbitration. Hydro is not allowed to start building until compensation arrangements are finalized. This provides important protection for NCN.

Q⁵⁶. HOW ARE OUTSTANDING NFA CLAIMS BEING ADDRESSED OUTSIDE OF THE PDA? DO THESE CLAIMS HAVE TO BE SETTLED BEFORE THE PDA IS COMPLETED?

A: Most of NCN's old NFA claims were settled in 1996. NCN Members can file new claims about new damage caused by CRD with the Nisichawayasihk Trust Office. The PDA doesn't increase or reduce NCN's rights under the NFA or the 1996 Agreement. There was an outstanding NFA claim about drinkable water at Nelson House, but it has recently been settled and NCN will receive payments with respect of the NFA drinkable water claim very soon.

Q⁵⁷. WHAT ARE THE COMPENSATION ARRANGEMENTS PROVIDED FOR IN THE PDA?

A: The Adverse Effects Agreement provides for \$5.7 million in compensation for NCN. Also NCN trappers whose traplines will be affected by the Transmission Project will get individual payments from Hydro. Although not compensation, NCN will also receive several million dollars from Hydro for things other than adverse effects, such as transition costs and implementation costs. Also Hydro has provided loans, some forgivable, for ATEC. NCN will not be required to pay back the forgivable loans. Also, NCN will receive an annual payment from the Wuskwatim transmission development fund.

Q⁵⁸. WHAT HAPPENED TO THE TREATY LAND ENTITLEMENT (TLE) SELECTIONS NCN MADE NEAR WUSKWATIM?

A: Under the TLE Agreement, NCN could select parcels of provincial crown land and have them changed into NCN reserve land. NCN has made its selections. Some are along the Burntwood River and Wuskwatim Lake. Under the TLE Agreement, NCN is allowed to make these selections, but Hydro is entitled to an easement on these lands. In this case, an easement is the right to store water on someone else's lands. Easement lines will have to be drawn. NCN and Hydro are still talking about this issue.

Q⁵⁹. WHY CAN NCN NOT CHOOSE THE SITE OF THE WUSKWATIM GENERATING STATION AS A TLE SELECTION?

A: Under the TLE Agreement, First Nations are not allowed to select land at 16 sites where future Hydro projects may be built. Wuskwatim is one of these sites. NCN, Hydro and the province have agreed that the land at Wuskwatim will be owned by the partnership as long as the land is required for the Wuskwatim Project. NCN will have certain rights to claim the land after Wuskwatim is eventually decommissioned or if some of the land is not required for the project, once construction is completed.

Q⁶⁰. HOW ARE OTHER FIRST NATIONS AFFECTED BY THIS PROJECT THROUGH TREATY?

A: The effects on other First Nations are relatively few. Opaskwayak (OCN) will be affected by the Transmission Project as the transmission lines will pass through OCN's traditional territory. Both the Generation and Transmission Projects will create some job opportunities for other First Nations. All Treaty 5 Aboriginal people have the right to hunt and fish for food on unoccupied crown land. In practice, members of other First Nations do not hunt and fish for food in the Nelson House RMA. Pimicikamak's rights under the NFA will not change. The rights of Split Lake, York Factory and Norway House under their NFA Implementation Agreements will not change.

A group called the Displaced Residents of South Indian Lake (DRSIL) has outstanding NFA claims. Some DRSIL members are NCN Members. Some actually live at South Indian Lake (SIL). Some live outside of Manitoba. DRSIL members have their own lawyer and are handling their own NFA claims. NCN is not a party to their claims and has no control over them.

Q⁶¹. COULD THE NATURAL RESOURCES TRANSFER AGREEMENT (NRTA) BE CHANGED?

A: Yes, the NRTA could be amended by way of constitutional amendment. There will be no such amendment in respect of Wuskwatim.

Q⁶². EVERYONE IS AFRAID THAT WE WILL BE LEFT LANDLESS IF THIS PROJECT GOES THROUGH – BY SIGNING THIS DEAL, WILL WE BE SIGNING AWAY OUR TREATY AND ABORIGINAL RIGHTS?

A: There will be no effect at all on NCN's rights to occupy the reserves at Nelson House. Reserve land is not at risk under any scenario. The Nelson House RMA will continue to exist. Today, NCN Members have a treaty right to hunt and fish for food on unoccupied crown land.

The PDA describes how the project will be built. Less than one half square kilometre of land will be flooded. Once it is built, it will be physically impossible for NCN Members (or anyone) to hunt or fish for food on the spots where the generating station and other facilities will stand. It will be difficult to hunt for food on

the land that will be flooded or where the road is built. In this specific physical sense, NCN Members will exercise their treaty or Aboriginal rights differently after the project than they do today.

Q⁶³. THERE IS CONCERN THAT NCN IS NOT INCORPORATED (E.G. TREATY CARDS SAY “INDIAN BAND REGISTRY GROUP”). WHEN NCN GOES INTO BUSINESS, WILL WE HAVE TO CHANGE OUR NAME AND WILL OUR RIGHTS BE INFRINGED UPON THROUGH INCORPORATION?

A: No. NCN will remain and its status under laws like the Indian Act won't change at all. NCN can get involved in businesses through partnerships and corporations. That is how NCN invested in the Mystery Lake Motor Hotel. This did not reduce NCN's rights in any way. NCN will control the Taskinigahp Power Corporation, which will be a limited partner in the Wuskwatim partnership.

Financial Matters

Q⁶⁴. HOW MUCH MONEY WILL NCN INVEST IN THE WUSKWATIM PROJECT?

A: NCN can choose to own up to 33 percent of the Generation Project. If it wants to invest less money, it can own less than 33 percent. If it chooses 33 percent, it would have to invest roughly \$28 million, which is about one-third of the estimated \$84 million cost of the equity. These totals could change between now and 2012. All the financing arrangements for the partnership, including interest rates and repayment terms, are set out in detail in the PDA. If NCN wants to stop being a partner on the 25th or 50th anniversaries of operation, it can do so and get back the amount of its own funds invested in the Partnership.

Q⁶⁵. WHAT IS INCLUDED IN THE COSTS OF THE PROJECT?

A: Everything that has to be spent to plan, design, build and operate the project. This includes the wages of all the workers who will build the generating station, the access road and the construction camp. It includes the money paid for all materials that have to be purchased, from concrete to paper clips.

Q⁶⁶. I HEARD THE PROJECT WOULD COST \$1 BILLION. IS THAT RIGHT?

A: The Generation Project might cost roughly \$1 billion. This figure may change between now and 2012. Hydro and NCN together, as a partnership, would borrow about 75 percent of the money needed to build the Generation

Project. Every year, the partnership would pay the interest on this borrowed money. The partnership will annually set aside some money with Hydro for the purposes of debt retirement. The partnership would earn interest on these deposits and would use the accumulated amount to pay off part or all of the principal when it comes due.

Q⁶⁷. WHERE WILL NCN GET THE MONEY TO INVEST IN THE PROJECT?

A: Hydro is prepared to lend NCN over \$56 million. That means that NCN would have to invest roughly \$28 million of its own money. This amount could change between now and 2012. NCN has already saved about \$1.5 million from interest on the Nisichawayasihk Trust (the Trust created by the 1996 Agreement), and can save more before 2012. NCN is hoping to obtain some money from the federal government, but this is still uncertain.

Q⁶⁸. WHAT COLLATERAL HAS BEEN PUT UP FOR THE LOAN?

A: NCN's "collateral" (something of value you give to someone who is lending you money) will be its 33 percent share of the project. NCN's own funds and assets are not at risk.

Q⁶⁹. WHEN WILL NCN HAVE TO GET THIS MONEY?

A: If NCN chooses to own 33 percent, it would have to invest \$1 million just before construction starts (maybe in 2006). It would have to invest the rest of the estimated

\$28 million just before the station goes in-service about 2012. The total cost might change between now and 2012. The portion of NCN's investment being loaned by Hydro (roughly \$56 million) will be invested by cash calls made after the start of construction.

Q⁷⁰. WHY WOULD HYDRO LEND MONEY TO NCN? IT SEEMS TOO GOOD TO BE TRUE. WHY WOULD HYDRO OFFER NCN SUCH A GENEROUS DEAL?

A: Hydro, with the approval of Manitoba, made a policy decision to explore potential business partnerships with First Nations in the vicinity of major new hydroelectric generation projects because it makes good business sense to do so. The full cooperation of First Nations in the vicinity of the project is important.

Hydro has decided that, in order to secure NCN's full cooperation, it makes sense for Hydro to offer NCN an opportunity to invest as a partner in the project, and to lend NCN a portion of money NCN requires to do so. It is a true win-win situation. The Manitoba government also supports the partnership concept.

Q⁷¹. WHAT HAPPENS IN 2012 IF NCN DOESN'T HAVE ENOUGH MONEY FOR ITS SHARE OF THE PROJECT?

A: When the project is finished (maybe about 2012), NCN could choose to own less than 33 percent of the project. It could decide not to invest at all. It would still be entitled to the compensation set out in the Adverse Effects

Agreement and the payments from the transmission development fund (see also question 86). If NCN wants to own 33 percent of the project, it would put up \$1 million at the start of construction (maybe in 2006) and roughly \$27 million at the end of construction (about 2012). This number might change between now and the end of construction.

Q⁷². WHAT WOULD BE THE IMPACT IF MANITOBA HYDRO'S PROFITS DROP ON THE BORROWING COSTS AND LONG-TERM VIABILITY OF THE PROJECT?

A: Hydro is a Crown corporation, not a private corporation. That means it has no private shareholders. All Manitobans own it collectively. In a general sense, if Hydro earns more money from power exports, it charges Manitoba customers less for their power, subject to Public Utilities Board (PUB) approval. If it earns less money, it charges Manitobans more for their power (subject to PUB approval). It also uses money to pay down its debts, and to add to its reserve funds. So, Hydro is not "profitable" in the same way that private businesses are "profitable".

In 2003, there was a drought, so Hydro had less power, and less extra power to sell outside of Manitoba. So its revenue fell. In 2004, there was more rain, so Hydro's position improved. 2005 was a wet year, so it was a good year for Hydro with increased profits. All of this will not affect Wuskwatim one way or the other. In estimating Wuskwatim's future profits, experts

have assumed that some future years will be drought years. These scenarios were tested before the CEC. Future rises and falls in Hydro's general revenues should not affect Wuskwatim's viability.

Q73. IN THE RECENT PAST, THE MANITOBA GOVERNMENT ENACTED LEGISLATION AMENDING THE MANITOBA HYDRO ACT THAT WOULD HAVE ALLOWED THE GOVERNMENT TO DISTRIBUTE UP TO 75 PERCENT OF MANITOBA HYDRO RETAINED EARNINGS FOR THE FISCAL YEARS 2002/03 AND 2003/04. IF SUCH LEGISLATION WERE ENACTED AGAIN, WOULD IT IMPACT ON NCN'S PROFITS?

A: If the government of Manitoba were to enact the same legislation again in the future, this would have no effect on NCN's profit from Wuskwatim. While Manitoba can take money from Hydro's share of Hydro's overall profits, it cannot take profits directly from Wuskwatim.

Q74. HOW MUCH MONEY WILL BE REQUIRED TO PAY OFF THE INTEREST ON THE 75 PERCENT OF DEBT?

A: This refers to the roughly \$750 million (subject to change) that the Partnership will borrow from Hydro. The partnership does not pay this debt off. A sinking fund has been established to pay of this debt, if it is necessary. This debt, if possible, will be maintained at \$750M.

Q75. IS MANITOBA HYDRO PROVIDING THE FINANCING FOR NCN'S INVESTMENT FOR WUSKWATIM AND, IF SO, WHAT ARE THE TERMS AND CONDITIONS? WHAT IS THE INTEREST RATE, AND IS IT FIXED OR FLOATING? HOW MUCH CASH WILL NCN HAVE TO PUT UP AND HOW MUCH WILL HYDRO FINANCE?

A: Again, if NCN chooses to own 33 percent, Hydro would lend NCN over \$56 million, and NCN would use roughly \$28 million of its own money. These totals could change before the project is finished. Financing arrangements are complex. In simple terms, during the construction period (about 2006-2012), NCN would pay interest on the loan at the Canadian Construction Rate (a floating rate) plus 1 percent. During the next ten years (about 2012-2021), NCN would pay the Canadian 30-Year Rate in effect at the start of that period (about 2012) plus 1 percent. After that, NCN would pay the Canadian 30-Year Rate as of the end of construction (about 2012) plus 3 percent. These are rates governments pay to borrow money with a small mark-up. From NCN's perspective, these are favourable rates.

Q76. WILL HYDRO HAVE TO BORROW MONEY TO PAY FOR ITS SHARE OF THE PROJECT? IF SO, HOW WILL HYDRO PAY BACK THE MONEY IT BORROWS?

A: Yes. Hydro always borrows money to build its generating stations. It pays the interest but typically does not pay down the principle.

Q⁷⁷. WOULD IT BE BETTER IF NCN COULD PAY A FIXED INTEREST RATE, RATHER THAN THESE FLOATING RATES?

A: Hydro has to borrow money. Because it is a Crown corporation, it can borrow money at a bit more than the rate that the Manitoba government would get. This rate changes from month-to-month and year-to-year. Hydro is prepared to lend money to NCN at the rates set out above, which are generally better than regular commercial lending rates. When businesses make long-term investments, they accept the reality that interest rates will vary over the long term. This is a reasonable arrangement, and is fair to both NCN and Hydro.

Q⁷⁸. HOW WILL NCN PAY THE INTEREST ON THE MONEY TO BE BORROWED FOR WUSKWATIM FROM THE TIME CONSTRUCTION BEGINS TO THE TIME WHEN THE POWER, AND HOPEFULLY THE PROFITS, START BEING GENERATED?

A: NCN has already set aside \$1.5 million to invest in Wuskwatim. It may set aside more during the next few years. It is anticipated that the project will be profitable, and TPC will repay the debt from its share of future profits.

Q⁷⁹. WHAT IMPACT WILL THE RECENT RISE, AND POSSIBLE FUTURE RISES, OF THE CANADIAN DOLLAR IN RELATION TO THE U.S. DOLLAR HAVE ON THE PROJECT, AS CONSTRUCTION COSTS WILL BE PAID IN CANADIAN DOLLARS?

A: NCN and Hydro agree that it may be a good idea for the partnership to borrow some of its debt in U.S. dollars. This is because a portion of the partnership's revenues may be denominated in U.S. dollars, reflecting export sales to the United States. Having U.S.-dollar interest payments occur in the same period as U.S. export revenues creates what is called a "hedge" against fluctuations of the Canadian and U.S. dollars. It helps to protect the partnership from the risks associated with future fluctuations. In assessing the economics of the Project, NCN and Hydro have considered the recent rise in the Canadian dollar.

Q⁸⁰. WHAT IS A LIBOR RATE?

A: This stands for London Inter-Bank Offered Rate. It is the rate that a U.S. bank would pay to borrow U.S. funds.

Q⁸¹. HOW MUCH PROFIT WILL WUSKWATIM MAKE?

A: Profits could amount to many millions of dollars per year once loans are paid down and should continue to do so for as long as the generating station operates – estimated to be about 100 years.

However, there are no guarantees. Hydro and NCN hired independent experts to review their predictions about electricity prices in the future and the experts reported that the predictions were reasonable. This supports the conclusion that there will be profits.

Q⁸². HOW MUCH PROFIT WILL NCN GET?

A: NCN will likely have to borrow some money from Hydro to invest in the project. NCN will pay back these loans from its share of the profits. During the first few years, when NCN is still paying back a big part of the loan, NCN might get about \$1 million to \$3 million a year. After NCN's debt is paid off, NCN could get between roughly \$15 million and \$20 million a year in profit. These are estimates. There is no guarantee the project will earn these profits or any profits.

Q⁸³. HOW ARE THE OPERATING AND MAINTENANCE COSTS FOR WUSKWATIM TO BE FINANCED? WILL NCN HAVE TO CONTRIBUTE TOWARDS THESE COSTS, AND IF SO, HOW MUCH?

A: These costs will be paid by the partnership as expenses of the partnership. The higher the expenses, the lower NCN and Hydro's profits will be.

Q⁸⁴. WHO DECIDES ON WHAT PERCENTAGE OF THE PROFITS WILL BE SAVED IN THE RAINY DAY FUND?

A: The partnership will decide as time goes by.

Q⁸⁵. WILL FINANCIAL INFORMATION ABOUT THE PROJECT BE AVAILABLE TO NCN? WILL NCN MEMBERS BE ABLE TO ACCESS THIS INFORMATION?

A: Every year, the partnership will get an audited financial statement. Both NCN and Hydro will get copies. NCN will share non-proprietary or non-confidential information with all NCN Members. Also, NCN Members will get access to the annual audit and report of the Taskinigahp Trust.

Q⁸⁶. WHAT IS THE WORST-CASE SCENARIO FOR NCN?

A: NCN has negotiated an agreement with Hydro, which virtually eliminates the risk of major loss for NCN now and in the future.

As a limited partner, NCN could not possibly lose any of its regular funds or current trust funds, as long as NCN does not lose its status as a limited partner. Even if NCN decided not to be a partner in the Generation Project, it would still get compensation for adverse effects, its training funding, its direct negotiation contracts and its annual payments from the transmission development fund for the life of the Transmission Project.

Importantly, NCN has the right to back out (stop being a partner) and get back the amount of its own funds invested in the Partnership, upon completion of construction or on the 25th or 50th anniversaries of operation. Here is how this could work:

A. Provision to withdraw upon completion of construction

If NCN voters ratify the PDA, it is expected that NCN would need to invest \$1 million of its own money just before construction started. When construction is complete, probably in 2012, NCN could decide to withdraw from the project.

If NCN withdraws, it would get its \$1 million dollars back, without interest. However, it

would still have benefited from the Wuskwatim construction-related opportunities including jobs, revenue from the NCN joint-venture contracts and skill training at ATEC and its ongoing programs. The access road to the Wuskwatim site will also provide long-term benefits to some NCN Members, such as commercial fishers on Wuskwatim Lake. NCN would also continue to get annual payments from the transmission development fund.

The ATEC loans would be forgiven (NCN wouldn't have to repay them), except for loans of \$1.8 million. Arrangements have been made so NCN will only need to fund \$785,000 plus the interest, and \$1.015 million would be repaid from other arrangements.

B. Provision to withdraw at 25 or 50 years following the start of operation

If NCN decides to withdraw at 25 years or 50 years after the generating station becomes operational, it will have to give back its units (a unit is like a share) in the Wuskwatim Partnership, and will get back, without interest, the amount of its own funds invested in the Partnership. However, it will not have to repay any remaining loans, including the dividend loans (which could amount to millions - see question 109). The ATEC loans would be forgiven, except for a loan of \$1.8 million. NCN will have also benefited from all the Wuskwatim-related opportunities, benefits and compensation as described above.

Q⁸⁷. ARE NCN ASSETS AT RISK?

A: As described in question 86, there is virtually no risk of major loss to NCN. However, in the highly unlikely event that Wuskwatim became unprofitable after 50 years of profitability, NCN could lose some or all of its investment after that. However, this would be an extremely remote possibility. In any case, NCN would retain all the benefits and profits received up to that point.

Q⁸⁸. HAS THE GOVERNMENT OF MANITOBA AGREED TO THE MANITOBA HYDRO/NCN FINANCIAL PACKAGE AND IS IT PREPARED TO UNDERWRITE THE RISK?

A: Manitoba will not be a party to the PDA, although Hydro will require the government's approval to enter into the PDA. Again, NCN will take on both the risk of loss and the opportunity for profit. It is anticipated that the project will be profitable and the major risks to NCN have been minimized, through the negotiated arrangements.

Q⁸⁹. WHY SHOULD NCN TAKE ANY RISK?

A: This is the nature of business. It is impossible to make a profit if you don't take any risks at all. A good businessperson carefully examines the potential profits and risks before making an investment. That is what NCN did before buying the Mystery Lake Motor Hotel. That is what NCN has done in respect of Wuskwatim, which would be free of major risks.

The hotel has proved to be a good investment. Independent experts have told both NCN and Hydro that Wuskwatim would also be an acceptable opportunity considering the potential returns and attached guarantees. In fact, some people have complained that Hydro is giving NCN too generous a deal. NCN voters will have the final say.

Q⁹⁰. WHAT SAFEGUARDS ARE IN PLACE, IF THERE ARE LOW WATER LEVELS OR THERE ARE NOT ENOUGH EXPORT SALES TO GUARANTEE SUFFICIENT PROFITS TO NCN TO COVER ITS BORROWING COSTS?

A: NCN and Hydro have assumed that there will be low water levels in some future years. Hydro, not NCN, will bear the burden of trying to find export customers for its power. NCN has had independent advisors analyze a range of future scenarios, including drought, and a range of future export prices. They have advised NCN that the project will be profitable for NCN under a range of likely scenarios. However, profits are not guaranteed and could be less than predicted.

In theory, if the project is not sufficiently profitable to cover NCN's borrowing costs, NCN's investment might not earn any money but, as a limited partner, no other NCN assets are at risk. Even if the Generation Project is less profitable than predicted, NCN would still earn its guaranteed return, even if the project is not profitable.

Q⁹¹. WILL NCN BE RESPONSIBLE FOR CONSTRUCTION COST OVERRUNS?

A: In most cases, contractors (not the partnership) will have to absorb any cost overruns. Increased costs as a result of changes to contracts generally will be borne by the partnership, though the partnership may use various tools to protect itself against cost overruns. In general, NCN and Hydro will be business partners, and will both want the project completed on budget.

Q⁹². WHAT HAPPENS IF MANITOBA HYDRO IS NEGLIGENT IN RUNNING THE DAM? IS NCN, ALSO LIABLE FOR PAYING FOR ANY NEGLIGENCE?

A: First, the partnership will look at the option of purchasing various types of insurance. Injuries to employees are covered by Workers Compensation. Second, Hydro has a long track record of maintaining its dams and facilities safely. Third, NCN will be protected by the limited partnership structure. As long as it maintains its status as a limited partner, NCN can never be liable for more than the amount of its investment. Regular NCN assets will never be at risk.

Q⁹³. WHAT RISK DOES THE PARTNERSHIP TAKE IF THE GENERATING STATION CAN'T PRODUCE MAXIMUM POWER?

A: The station is designed to operate as efficiently as possible. It will be very carefully maintained. When it is running at less than normal capacity, the partnership will lose some

revenue. This has been taken into account, and the project is still expected to be profitable.

Q⁹⁴. ONCE THE PDA IS SIGNED, WHAT IF NCN AND HYDRO HAVE A DISPUTE ABOUT HOW TO INTERPRET THE PDA?

A: Some disputes can be resolved by high-level discussions. The PDA contains dispute-resolution (arbitration) provisions. The advantage of arbitration is that it is usually faster and less expensive than going to court. It is possible that some types of disputes might have to go to court. There is a special dispute resolution process for certain pricing and cost allocation disputes.

Q⁹⁵. IF A TURBINE BREAKS DOWN, HOW WILL IT AFFECT NCN'S PROFITS? (FOR EXAMPLE: IF THE PROJECTION IS \$26 MILLION INCOME ANNUALLY, AND THE REPAIRS COST \$1 MILLION, WILL NCN'S PROFITS BE REDUCED BY THE \$1 MILLION?)

A: If maintenance and repair costs are higher, profits for both NCN and Hydro will be lower, and vice versa. NCN and Hydro have assessed the possible operating and maintenance costs, and agreed the limited partner will determine what reserves are necessary in case such issues arise. Both NCN and Hydro have concluded that the project will most likely be profitable.

POWER PURCHASE AND Market

Q⁹⁶. WHO WILL BUY THE POWER GENERATED AT WUSKWATIM?

A: In simple terms, the Wuskwatim partnership will sell all its power to Hydro and will get a price based on applicable prices that Hydro is receiving for all power it exports. The burden will then be on Hydro to find customers for the power. Until about 2020, Hydro will try to sell the power outside of Manitoba. After about 2020, the power will likely be needed for Manitoba customers, but the price paid by Hydro to the partnership will still be based on export prices.

Q⁹⁷. WILL MANITOBA HYDRO AND MANITOBA ENSURE THAT THEY HAVE LONG-TERM POWER SALE COMMITMENTS BEYOND THE EXISTING POWER ARRANGEMENT WITH XCEL ENERGY BEFORE THE PROJECT STARTS?

A: Hydro now sells a fair amount of power to Xcel Energy in Minnesota. In the future, Xcel may agree to buy more power from Hydro. Hydro might find other customers. In the grand scheme of things, Wuskwatim will be a relatively small project (about 200 MW, as opposed to about 1,380 MW for the potential Conawapa project).

Hydro is confident that it can find customers for Wuskwatim's power in the future. After about 2020, Wuskwatim will likely be needed for Manitoba customers. In any case, Hydro will buy all Wuskwatim's power from the

partnership at a price based on current export prices, whether or not Hydro actually signs any new contracts with Xcel. This is guaranteed in the PDA.

Q⁹⁸. WHAT IF HYDRO CAN'T SELL ALL OF THE POWER BEFORE 2020?

A: This is Hydro's responsibility. The partnership gets paid on the basis of electricity prices in the export market even if Hydro does not actually sell all the power.

Q⁹⁹. WHY WOULD HYDRO AGREE TO THIS RISK?

A: Whenever Hydro builds new sources of power, it must make predictions about future demand for power. It has done this in the past. Hydro has consulted independent experts. They have looked at the range of possible electricity prices in the United States in the future, and concluded that Wuskwatim makes sense. NCN's participation is very important to Hydro. The provincial government also supports the concept of First Nation partnerships. Therefore, Hydro wants to give NCN an incentive to participate. It is a classic "win-win" situation.

Q¹⁰⁰. WHAT IF HYDRO IS PRIVATIZED IN THE FUTURE?

A: The PDA would continue in effect. Essentially, all the power generated at Wuskwatim would still be purchased, and NCN would still continue to collect the same share of profits.

Q¹⁰¹. WILL THERE BE INDEPENDENT FINANCIAL AUDITS ON THE COST AND PROFITS OF THE WUSKWATIM PROJECT, OR WILL NCN HAVE TO SOLELY RELY ON INFORMATION PROVIDED BY HYDRO AND THE GOVERNMENT?

A: There will be annual audits. NCN will receive copies of these reports. As a partner, NCN will have access to the same financial information that Hydro has. Manitoba is not a party to the PDA, though the Manitoba Government will approve certain aspects of the PDA.

Q¹⁰². HOW WERE THE ESTIMATES OF POTENTIAL PROFITS DETERMINED? WHAT INFORMATION AND ESTIMATES WERE USED, AND HAVE THEY BEEN INDEPENDENTLY VERIFIED, OR IS NCN ONLY USING INFORMATION PROVIDED BY HYDRO AND THE GOVERNMENT?

A: NCN has used its own financial experts throughout the process, and will continue to do so. The Clean Environment Commission and all the parties who participated in the CEC process, including some parties opposed to Wuskwatim, spent a great deal of time studying the project's economic projections. The CEC recommended that the project be approved. Manitoba is not a party to the PDA.

Q¹⁰³. DOES NCN HAVE A GUARANTEE THAT THE FUNDS PROVIDED ANNUALLY BY HYDRO TO THE FUTURE DEVELOPMENT PORTFOLIO WILL NOT HAVE TO BE REPAID TO HYDRO?

A: Under the 1996 NFA Implementation Agreement, NCN and Hydro agree on a work-plan and budget for Future Development every year. The amount in the budget varies from year-to-year. The money funds all aspects of the Future Development process, from going through the CEC process, paying the salaries and expenses of the community consultants, printing newsletters and documents (such as this Guidebook) and providing information to NCN Members, to organizing open houses and meetings for NCN Members in different locations.

If the project goes ahead, these will become project costs and NCN will pay its share. If it does not go ahead, Hydro will bear these costs and NCN will not have to repay them.

OTHER FINANCE AND Investment-related Questions

Q¹⁰⁴. WHAT COSTS DOES THE PARTNERSHIP HAVE TO PAY TO HYDRO?

A: Hydro is the contractor that oversees construction, provides maintenance and management services, etc. The partnership will not pay Hydro any fee for these services. It will just reimburse Hydro for its actual expenses or costs. For example, Manitoba Hydro, directly and indirectly spends \$100 to provide a service. It then charges the limited partnership \$100. Manitoba Hydro cannot charge \$110 for the service and make a profit from those services.

Q¹⁰⁵. WHO PAYS TO BUILD THE ACCESS ROAD?

A: The partnership. It is a project cost.

Q¹⁰⁶. HOW MUCH MONEY HAS BEEN SPENT TO DATE BY NCN ON THIS PROCESS? IF THE PROJECT DOESN'T GO AHEAD, DOES NCN HAVE TO PAY IT BACK?

A: Millions of dollars have been spent by Hydro so far, on things like field studies, CEC hearings and the Article 8 planning process. If the project does not go ahead, NCN will not have to reimburse Hydro for these expenses.

Q¹⁰⁷. WHY ARE PROMISSORY NOTES NON-INTEREST BEARING?

A: A promissory note is a form of promise to repay. At one time, NCN and Hydro discussed the possible use of promissory notes. Now they have agreed on other financial arrangements, which are set out in the PDA.

Q¹⁰⁸. WHAT IS AN EQUITY LOAN?

A: Hydro will lend TPC (around \$56 million) to invest in the project over the course of construction, if it retains a 33 percent interest in the project on Final Closing. TPC will have to repay this from its share of the future profits.

Q¹⁰⁹. WHAT IS A DIVIDEND LOAN?

A: During the first few years after 2012, when TPC is still paying off most of its loan, it may decide that it still needs some cash flow, to use for various community programs and projects. Hydro realizes this, so Hydro is prepared to lend additional money to NCN in these early years, so that NCN can have some cash flow. These are Dividend Loans. If NCN chooses to borrow this money, it would pay it back from its share of future profits. The maximum amount of Dividend Loans is based on a formula tied to the amount of its own money that TPC invests.

Q¹¹⁰. HOW MUCH DEBT IS ANTICIPATED FOR THE DIVIDEND LOAN?

A: It is impossible to say for sure. Hydro won't force NCN to take a Dividend Loan – it will be entirely up to NCN. If NCN can do without one, there will be no debt at all. If NCN does take a Dividend Loan, it will pay an interest rate on the loan based on conditions in 2012 and onward (currently estimated at about 10.5 percent).

Q¹¹¹. WHAT IS A CASH CALL LOAN?

A: At some time in the future after construction, the partnership may need extra money for the project. It is hoped this will not happen. If it does, there will be a “Cash Call” on the two partners. Both will have to contribute extra money. TPC may not have the money for a cash call so, if there ever is one, Hydro will lend TPC additional money. This would be a Cash Call Loan. If this becomes necessary, TPC would repay this loan from its share of future profits.

Q¹¹². CAN NCN SELL ITS 33 PERCENT SHARE TO HYDRO?

A: Yes, if NCN wants to. It is not likely that this would happen, but NCN has the option at certain times. NCN cannot sell its share to anyone other than Hydro.

Q¹¹³. WHAT WILL NCN DO WITH THE PROFITS?

A: How NCN will use its share of profits is up to NCN Members. There will be a community involvement process, somewhat similar to the one now used to make spending decisions in respect of the 1996 Nisichawayasihk Trust. NCN would establish the new Taskinigahp Trust. NCN Members will have to decide what their spending priorities are.

The operation of the new Trust will be similar to how the existing Nisichawayasihk Trust operates, but there will be multi-year planning and more input from individuals.

Q¹¹⁴. WILL THE FULL FINANCIAL ANALYSIS OF THE PROJECT BE RELEASED BY MANITOBA HYDRO, MANITOBA AND NCN, AND WILL IT BE SUBJECT TO A DETAILED INDEPENDENT ANALYSIS WITH FULL DISCLOSURE BEFORE THE PROJECT IS APPROVED?

A: A huge amount of financial analysis has already been made public through the CEC hearing process. Anyone can find this on NCN’s website (www.ncncree.com) or the CEC’s website (www.cecmanitoba.ca). Many documents are also available from the Future Development Office in Nelson House. Opponents of the project appeared at the CEC and challenged some aspects of the project. After hearing weeks of evidence, all of the arguments and the pros and cons of the project, the CEC recommended that the project should be approved. Manitoba is not a party to the PDA.

Q¹¹⁵. WHAT ARE FINANCIAL RESERVES?

A: In a general sense, they are like a rainy-day fund. They are funds set aside by a business to help cushion it from unexpected future expenses. This reduces risk. In the case of Wuskwatim, the partnership will create a reserve fund. If it wants, NCN can create its own internal reserve fund, using its own money to help protect NCN from future events like cash calls.

Q¹¹⁶. IT SEEMS LIKE NCN WILL HAVE TO WAIT A LONG TIME BEFORE IT GETS LARGE ANNUAL PROFITS?

A: There is no question that this is a long-term investment for NCN. It will not generate huge cash flow in the early years. This is the nature of

hydro generating stations, no matter who builds them or who owns them. However, NCN voters will have to decide if the large profits that may be available in the long term make this a sensible investment for NCN. In the meantime Taskinigahp Trust should receive between \$1 million and \$3 million annually from Dividend Loans (depending on the percentage of ownership), water power rental land payment rebates (if TPC is a partner) and transmission benefits in the early years before the anticipated profits increase.

Q¹¹⁷. CAN INDIVIDUALS INVEST IN THE PROJECT?

A: No. NCN, as a First Nation, will invest. NCN, as a First Nation, will get a share of the profit. NCN will have a community involvement process to decide what programs and services it should fund with its future revenues.

Q¹¹⁸. IF NCN WERE TO GIVE BACK THE PROJECT, COULD MANITOBA HYDRO SELL IT TO SOMEONE ELSE?

A: No. The only two options are an NCN-Hydro partnership, or Hydro owning the project alone.

Q¹¹⁹. WHY SHOULD NCN HAVE TO DISH OUT ANY MONEY? MANITOBA HYDRO OWES IT TO US.

A: No doubt some NCN Members feel that Hydro still owes NCN more compensation for the adverse effects of the Churchill River Diversion (CRD). However, a majority of NCN voters approved the 1996 NFA Implementation Agreement, which settled most NFA claims based on the CRD. As for Wuskwatim, NCN

should remember that Hydro could build generating stations at other locations. NCN cannot force Hydro to build at Wuskwatim. NCN negotiated hard, and an Agreement in Principle (AIP) was reached: NCN and Hydro would share the risks and rewards of building the project as partners. NCN voters approved this AIP by a large majority in 2001. NCN voters will also get to vote on the PDA.

Q¹²⁰. WHY CAN'T WE GET THE SAME BENEFITS AS QUEBEC?

A: The Quebec Cree signed an agreement with the government of Quebec a few years ago. The situation in Quebec is entirely different from NCN's situation. Firstly, there is a huge difference between the size of the Wuskwatim Project (a 200-MW project that would cause less than one-half square kilometre of flooding), and the Quebec projects (which would generate 1,250 MW and cause about 833 square kilometers of flooding).

Secondly, the Quebec agreement is about much more than a hydro project. The Quebec Cree and the Quebec government agreed that the Cree will take over many of the community services that the Quebec government now provides. In return, the Quebec government will pay the Cree millions of dollars to take over these services. Both parties felt that this was a fair arrangement. One major historical difference between the Quebec Cree and NCN is that, until recent times, the Quebec Cree never signed any treaties with any government. NCN signed the adhesion to Treaty 5 a century ago. Comparing the Quebec Cree agreement to the Wuskwatim PDA is misleading and unfair. (Please view the Quebec Cree Comparison document at www.ncncree.com/wuskwatimplications.html)

Jobs and Training

Q¹²¹. WHAT DOES THE PDA SAY ABOUT JOB TRAINING?

A: Canada, Manitoba & Hydro have all committed funds for pre-project training (PPT) for the proposed Wuskwatim and Keeyask projects. Hydro has committed up to \$5 million Wuskwatim Project funds plus \$15 million of Keeyask Project funds for pre-project training on both Wuskwatim and Keeyask. Of this Wuskwatim funds \$3.75 million will be used to train NCN Members and residents of the Nelson House Northern Affairs Community (NAC). The other \$1.25 million will be used for training other northern Aboriginal people. If certain training targets are met by NCN, up to \$2 million in additional funds will be available.

Q¹²². WILL CANADA AND MANITOBA PROVIDE ANY MONEY FOR JOB TRAINING?

A: Yes, Canada and Manitoba have also provided training funds for Wuskwatim and Keeyask. INAC (Canada) has committed \$3.3 million; Western Economic Diversification (Canada) has committed \$5 million; Human Resources & Skills Development Canada has committed \$22 million; Manitoba has committed \$10 million; and as described in question 121, Hydro has also committed funds.

Q¹²³. WHAT JOBS WILL THERE BE AVAILABLE FOR DISABLED PEOPLE?

A: Workers with disabilities will be eligible for any of the jobs that they are able to perform. For people with physical disabilities these could

include some of the clerical jobs that are available during the second stage of construction when the dam, powerhouse and other major construction works are being built.

Q¹²⁴. WILL PEOPLE WITH FETAL ALCOHOL SYNDROME BE ENTITLED TO TRAINING?

A: People with FAS are eligible for any training that they have the ability to complete. The specific type of training they would be eligible for would depend on the extent of their symptoms.

Q¹²⁵. WILL ATEC ADDRESS SPECIAL EDUCATION NEEDS FOR NCN MEMBERS WITH LEARNING DISABILITIES?

A: ATEC training plans are currently focused on occupations that are required for construction of the Wuskwatim Generation Project and the Keeyask Generation Project, many of which require educational qualifications at the high school level or higher. There are no current provisions to address special education needs, but to the extent that any learning disabilities do not prevent a person from meeting the educational qualifications needed for training, they would be able to take advantage of training programs through ATEC.

Q¹²⁶. WHAT IS THE BURNTWOOD NELSON AGREEMENT (BNA)?

A: In simple terms, this is a collective agreement between Hydro and a number of trade unions. A collective agreement is a contract between an employer and a union, that covers all the employees represented by the union. It sets out

wages, benefits, and other working terms and conditions. The BNA was renewed in October 2005. It now contains job hiring preferences for: (a) northern Aboriginal people residing within the Churchill, Burntwood and Nelson River area, including NCN, (b) northern residents who are union members, (c) northern Aboriginal people not covered under (a), and (d) other northern residents.

Q¹²⁷. DOES THE JOB PREFERENCE PROVIDE THAT THOSE FROM NCN WOULD BE THE FIRST ON THE JOB, BUT LAST TO BE LAID OFF?

A: The Burntwood-Nelson Agreement (BNA) is the collective agreement that will be in effect for the construction of the Wuskwatim Generation Project. It contains an employment preference for Aboriginal residents in the region around the Churchill, Burntwood and Nelson Rivers, including NCN. Lay-off provisions also contain preferences for Aboriginal people from this region.

Q¹²⁸. HOW MANY JOBS WILL THERE BE?

A: It is anticipated that construction could start in 2006 and be finished by about 2012. There will be more jobs in the later years than the first couple of years. There will be more jobs in the summer season than in the winter season.

During the busy months, the workforce will peak at about 150-350 workers. During the slower months, about 50-180 workers will be needed. After construction, there will be a few

jobs and business opportunities. For example, there will be a contract for maintaining the access road. There will be some monitoring work, and some NCN Members will likely get jobs doing some of the field studies.

Q¹²⁹. WHO WILL BE RESPONSIBLE FOR DETERMINING WHO RECEIVES TRAINING AND JOBS? WILL SOUTH INDIAN LAKE AND OTHER NON-RESERVE NCN MEMBERS, BE INCLUDED IN THE 75 PERCENT NCN ALLOCATION OR 25 PERCENT ALLOCATION FOR OTHER NORTHERN ABORIGINAL PEOPLE OF THE \$5 MILLION TRAINING FUNDS TO BE PROVIDED BY MANITOBA HYDRO? WHAT ACCOUNTABILITY MEASURES WILL BE IN PLACE?

A: Individuals will have to take some initiative in applying for training or jobs. Individuals who already have some qualifications will be in a good position. Others will need more training. ATEC and Manitoba Advanced Education and Training (MAET) will have a major role in processing potential employees. NCN Members at SIL will be eligible for training and job opportunities. Many have already received training.

NCN Members at SIL who transferred their membership to OPCN still qualify as northern Aboriginal residents, so they will be part of the 25 percent allocation of training positions for northern Aboriginal residents. If they are not NCN Members but had already started training with NCN, that training will continue.

Q¹³⁰. WHAT KIND OF POSITIONS WILL BE AVAILABLE FOR NCN MEMBERS?

A: NCN Members are eligible for all the positions in the construction workforce that they are qualified for. The kinds of jobs filled through the job order process will vary significantly over the six years, and most jobs will only last for portions of this period. Two general types of positions will be available during construction, and the training and experience required for each varies as follows:

- **Designated trades (skilled) positions:** These positions have apprenticeship programs typically of four years, leading to a journeyman classification. Examples of designated trades include carpenters, plumbers, electricians and heavy duty mechanics. Among the designated trades positions, carpenters would be in high demand during years 3 and 4 and, by the second half of year 4, a sizeable number of electricians, pipe fitters, millwrights, and iron workers would be needed.

Apprentices would account for about 20 percent of the Project's designated trades positions. Qualifying for an apprentice position on the project, would typically require three or more years of training and work-related experience.
- **Non-designated trades and construction support occupations:** These occupations, which do not have apprenticeships, account for over 80 percent of the job order positions

available during Stage 1 (Years 1-2), and continue to account for significant numbers during Stage 2 (Years 3-6). Examples of non-designated trades are labourers, heavy equipment operators, vehicle drivers (teamsters), rebar workers and cement masons. Catering and clerical staff are examples of construction support positions. Most of these types of positions require less than three years of related work experience.

Q¹³¹. WHY IS THE EMPLOYMENT PREFERENCE GEOGRAPHICALLY BASED AS OPPOSED TO NCN MEMBERSHIP BASED?

A: The new BNA contains a preference for Aboriginal people in the Churchill, Burntwood and Nelson River area. This preference has the advantage of applying both to the Wuskwatim Project and to all other major northern Hydro projects that will be built during the term of the BNA. This might include the proposed Gull/Keeyask and Conawapa projects, if construction starts prior to 2016.

Under a special Letter of Agreement to the BNA, all NCN Members who live within Manitoba will be considered to be northern Aboriginal people residing within the Churchill, Burntwood and Nelson River area.

Q¹³². HOW WILL NCN MEMBERS NOT LIVING IN THE PROJECT REGION BENEFIT FROM THE PROJECT?

A: All NCN Members, as long as they reside in Manitoba, will be considered to be living within the Project region. NCN Members from outside of Manitoba may also get some jobs from the direct-negotiated contracts, explained in question 133. Also, NCN may decide to use some future profits in various ways that may benefit NCN Members outside of northern Manitoba, such as creating university and college scholarships for NCN Members.

Q¹³³. IS PREFERENCE GEOGRAPHICALLY BASED FOR BOTH CONTRACT AND DIRECT EMPLOYMENT?

A: Construction employment (excluding managerial and Manitoba Hydro staff) will be governed by the geographically-based preference. NCN has negotiated a number of direct contract opportunities for qualifying NCN businesses. These include catering, road construction, cross-cultural training, infrastructure construction and others. Under the BNA, these qualifying NCN businesses will be able to direct-hire NCN Members without having to apply the geographical preference set out in the BNA.

If a negotiated contract cannot be concluded with a qualifying NCN business, then Manitoba Hydro will request bids from other businesses under open tender.

Q¹³⁴. HOW WILL RESTRICTED TENDERING TAKE PLACE? WHAT CONTRACTS WILL BE INCLUDED AS RESTRICTED TENDERING?

A: There will not be any contracts subject to restricted tendering.

Q¹³⁵. WHAT ARE THE HYDRO PROJECTS MANAGEMENT ASSOCIATION (HPMA) AND THE ALLIED HYDRO COUNCIL (AHC)?

A: These are the actual parties to the BNA. The HPMA has two executive directors and a managing director, all of whom are employed by Hydro. The AHC is composed of the officers of the trade unions that generally work on hydro projects (such as carpenters, electrical workers, etc.).

Q¹³⁶. COULD NCN MEMBERS BE TRAINED AS SHOP STEWARDS?

A: Yes. Each union may have its own training programs for shop stewards. In general, unions are very pleased when their members want to become more involved in union affairs (by becoming shop stewards, sitting on union committees, etc.).

Q¹³⁷. HOW WILL UNIONS BE DEALT WITH WHEN PEOPLE AREN'T WORKING? WOULD UNION DUES STILL BE PAID?

A: Each collective agreement will be slightly different. In general, dues are a percentage of wages actually paid, but there may also be monthly dues.

Q¹³⁸. WILL HYDRO ACTUALLY HIRE ALL THE WORKERS WHO WILL BUILD THE PROJECT?

A: No. Hydro will hire contractors (building companies). The contractors will hire smaller sub-contractors to build various parts of the proposed project. Some parts of the project will go to tender. A tender is a bidding process. The company which makes the best bid, gets the contract. Some contracts have been negotiated directly with NCN businesses, rather than being tendered.

As stated in question 133, NCN has negotiated a number of direct contract opportunities for NCN businesses. These include catering, road construction, cross-cultural training, infrastructure construction, security and others. NCN Members could get many of the jobs on these contracts.

Q¹³⁹. WITH THE CREATION OF OPCN WHAT HAPPENED TO TRAINING MONEY THAT WOULD HAVE BEEN ALLOCATED FOR TRAINING NCN MEMBERS LIVING IN SIL? DID OPCN RECEIVE ANY OF THAT TRAINING MONEY AS PART OF ITS SETTLEMENT AGREEMENT?

A: Before separation, there was no training money specifically allocated to NCN Members living in SIL. Like other NCN Members, they were eligible to access the pot of funds allocated to all NCN Members. As stated in question 129, NCN Members in SIL who did not transfer their membership to OPCN are still eligible to access that money.

Because no funds were specifically allocated to NCN Members living in SIL before separation, the settlement agreement related to the creation of OPCN did not contain any transfer of training money.

Former NCN Members who became OPCN members will get job preferences because they are Aboriginal people living in the northern preference region. Former NCN Members who began pre-project training before becoming a member of OPCN, may continue their training.

Q¹⁴⁰. WHY IS THE 53RD PARALLEL THE BOUNDARY FOR JOB PREFERENCE? WHY IS IT NOT ALL OF MANITOBA?

A: The BNA used to refer to the 53rd parallel. The southern boundary of the northern preference zone under the BNA is the provincial Northern Affairs Boundary. The first preference area for hiring under the BNA is now the Burntwood, Nelson Churchill River area, which includes NCN.

Q¹⁴¹. WILL THE WORKERS GET A PENSION PLAN ON THE PROJECT?

A: The Canada Pension Plan will apply to work done at Wuskwatim. Some of the unions have group benefit plans, including pension plans.

Q¹⁴². WHO WILL BE RESPONSIBLE FOR INSURANCE FOR MEMBERS OF NCN WHO WORK ON THE PROJECT?

A: Workers will be covered by Workers Compensation. Depending on their union, they will also have group insurance, as set out in their collective agreements. Insured motor vehicles and their occupants will be insured by Manitoba Public Insurance (Autopac).

Q¹⁴³. CAN NCN GET LIFE INSURANCE FOR NCN MEMBERS?

A: Workers Compensation laws include payments to the families of workers killed on the job. Past Hydro projects had very good safety records, so it is not anticipated that this will be a major concern. The collective agreements, which apply to workers, contain various group insurance plans. Some may include life insurance. If, after 2012, NCN wants to use some of its profit to buy group insurance for all NCN Members, NCN may decide to do so.

Q¹⁴⁴. WHAT MONEY BESIDES THE TRAINING ALLOWANCE WILL THE TRAINEES RECEIVE?

A: ATEC is developing policies for NCN Members. Check out the ATEC section of the NCN website for ongoing updates. Students can also apply for federal and provincial student loans. www.ncncree.com/wuskwatimtrainingjobs.html

Q¹⁴⁵. WHAT DOES "CASE-BY-CASE" MEAN IN RELATION TO THE TRAINING ALLOWANCES?

A: There may be some special cases that have to be dealt with a bit differently from others. If there are, there has to be a bit of flexibility to handle these cases fairly.

Q¹⁴⁶. DOESN'T THE BURNTWOOD NELSON AGREEMENT (BNA) HAVE TO BE FINALIZED BEFORE THE PROJECT IS LICENCED? WHAT ABOUT BEFORE CONSTRUCTION ON THE PROJECT STARTS?

A: The BNA was finalized in October 2005.

Q¹⁴⁷. WILL NCN MEMBERS WHO WORK ON WUSKWATIM HAVE TO JOIN UNIONS?

A: Generally, yes. Almost all workers at Wuskwatim will have to join unions in order to work there. NCN Members will not necessarily need to be union members to get a job, but they will become union members upon being hired.

Q¹⁴⁸. AFTER 2012, WHY WILL WORKERS TRAVEL TO THE STATION EVERY DAY INSTEAD OF LIVING THERE?

A: During operation, perhaps one-to-two workers will be present at the station at any given time. They will probably live in Nelson House or Thompson. It will be more pleasant for them to commute from their homes than to sleep at the station. There will be small living quarters at the station, so a few workers could sleep there in unusual circumstances.

Q¹⁴⁹. WHAT FIRM JOB, TRAINING AND EMPLOYMENT GUARANTEES ARE IN PLACE FOR NELSON HOUSE AND SOUTH INDIAN LAKE RESIDENTS? HOW MANY WILL BE SHORT-LIVED, SEASONAL LOW-SKILLED JOBS, AND HOW MANY ARE RELATIVELY SKILLED, LONG TERM AND SUSTAINABLE JOBS?

A: Many NCN Members have already received training. No individual is guaranteed a job. It is likely that quite a few NCN Members will receive jobs during construction. The project will only create a few permanent jobs. Most of the jobs will only last during construction (about 2006-2012). However, workers who get training and experience during construction will be able to use their training and experience to pursue new jobs. If Gull-Keeyask and/or Conawapa are built after 2012, there will be more jobs available. These would be bigger projects than Wuskwatim.

Q¹⁵⁰. IF AN NCN MEMBER WANTS TO START A BUSINESS TO TAKE ADVANTAGE OF THE BUSINESS OPPORTUNITIES, ASSOCIATED WITH THE PROJECT, HOW WILL THEY OBTAIN MONEY TO START THE BUSINESS?

A: There may be some government programs that some businesses could apply to. Contact the Future Development Office and the Nelson House Development Corporation (204) 484-2225.

Q¹⁵¹. WHAT TYPES OF BUSINESS OPPORTUNITIES WILL BE AVAILABLE?

A: Some of the opportunities are mentioned in question 133. If an NCN Member has a good idea about a business related to the project, they should contact the Nelson House Development Corporation (which may be able to provide some useful information about businesses).

Q¹⁵². WHAT KINDS OF DIRECT CONTRACTS IS NCN PURSUING?

A: Catering, security, road construction, site preparation, sewer & water services, cross-cultural training, transmission line clearing and possibly others.

Q¹⁵³. WHAT DOES BEING BONDED MEAN?

A: This is a form of insurance for the person or company building a project. If a bonded contractor fails to do the job properly, the bonding company will pay to find a new contractor to take over and finish the job properly. Bonding protects the person or company building the project.

Q¹⁵⁴. WILL NCN BUSINESSES HAVE TO BE BONDED?

A: Usually they will. However, in some cases the contractor (Hydro) may decide to give contracts to NCN businesses, even if they are not bonded.

Q¹⁵⁵. WHY IS BONDING NECESSARY?

A: It protects the partnership.

Q¹⁵⁶. WILL NCN BE ENTERING INTO BUSINESS WITH NON-NCN BUSINESSES?

A: Yes. NCN has created joint ventures with other businesses, for example with Sodexho in the catering field and Strilkiwski Northern for construction.

Q¹⁵⁷. WHAT IS A JOINT VENTURE?

A: This is when two or more businesses get together for a particular business venture. Sometimes, one business brings money and the other brings expertise. It varies from venture to venture.

Q¹⁵⁸. WHAT INCOME WILL NCN RECEIVE FROM THE JOINT VENTURE?

A: Each joint venture is different. If NCN enters into any, it will negotiate contracts that spell out the details.

Q¹⁵⁹. WHEN WILL WORK ON THE PROJECT BE AVAILABLE?

A: Most of the work will be during construction (about 2006-2012). There will be a little post-construction work (such as maintaining the access road and doing some field studies).

Q¹⁶⁰. WILL NCN BUSINESSES OBTAIN ALL THE CONTRACTS?

A: No. NCN businesses will obtain some good contracts, including catering, cross-cultural training and others mentioned above.

Q¹⁶¹. WILL NCN BUSINESSES BE ABLE TO COMPETE IN THE OPEN TENDERING PROCESSES?

A: In reality, some NCN businesses will have the practical means to compete and some won't. The principle is that open bidding must be fair. No bidder can have an unfair advantage over others. Some NCN businesses might have insider information because NCN is a partner. This is private information that other bidders would not have. If this insider information would give the NCN business an unfair advantage, the NCN business won't be allowed to bid. NCN businesses that do not have insider information are able to bid.

Taskinigahp Trust

Q¹⁶². WHAT WILL HAPPEN TO THE CAPITAL AND RESERVES IN THE NEW TASKINIGAHP TRUST?

A: The Taskinigahp Trust community involvement process gives NCN Members input into how the money is spent every year. Some of the money will be earmarked for resource programs. Some will be set aside to pay out any claims, which may arise for damage caused by Wuskwatim. Some will be used for programs and services which NCN decides upon every year. Some will be set aside as long-term savings.

Q¹⁶³. IF THE WUSKWATIM PROJECT HARMS ME PERSONALLY, CAN I GET INDIVIDUAL COMPENSATION?

A: Yes. The new Taskinigahp Trust will have a Claims Account, just like the Nisichawayasihk Trust has today. If Wuskwatim causes damage to your property (say your boat or boat motor), you can file a claim. If the claim is valid, you will be paid for your loss out of the Claims Account. This will be very similar to the way you can file claims today for damage caused by CRD.

Some claims, such as valid claims for personal injury and loss of life, will be paid directly by Hydro or the partnership, rather than by the Claims Account. Again, this is similar to the way the Nisichawayasihk Trust works today.

Q¹⁶⁴. IF NCN MAKES A LOT OF PROFIT OVER THE LONG TERM, CAN INDIVIDUAL NCN MEMBERS SHARE THAT PROFIT?

A: Yes, but only under strict conditions. If dividends (NCN's share of the profits) are at least \$10 million in any year, up to 10 percent of the dividends that year may be distributed to NCN Members.

Also, the Trust will have a Seven Generations Account (a long-term savings account, similar to the Investment and Heritage Account of the current Nisichawayasihk Trust), and a Seven Generations Growth Account (SGGA) (for long-term financial growth). The SGGA will generate interest every year, called growth income. Once the balance in the SGGA is at least \$100 million, up to 10 percent of growth income may be distributed to Members that year.

Q¹⁶⁵. WILL ORDINARY NCN MEMBERS HAVE A SAY IN HOW PROFIT IS SPENT?

A: Yes. There will be a Community Involvement Process. This will be an improved version of the Community Approval Process (CAP) for the Nisichawayasihk Trust. The new process will include multi-year planning for four-to-five years in advance. It will allow individual Members, as well as Chief and Council, to make spending proposals. There will be meetings for Members to receive complete information about past spending and future proposals.

Q¹⁶⁶. WILL THERE BE NEW TRUSTEES?

A: Yes, there will be four NCN Trustees and a Corporate Trustee. NCN Members can nominate NCN Trustees. Chief and Council will select qualified Trustees from among those nominated.

Q¹⁶⁷. WHAT STEPS WILL BE TAKEN TO PRESERVE THE VALUE OF THE PRINCIPAL (CAPITAL) OF THE NEW TASKINIGAHP TRUST OVER TIME?

A: The new Taskinigahp Trust contains similar provisions to the 1996 Trust Agreement, which says the principal in the trust can only be invested in high quality investments, like government bonds, corporate bonds, or other safe investments. The trustees are bound by this. The trustees pay a trust company (now Royal Trust) to provide sound investment advice.

Q¹⁶⁸. WILL NCN USE ANY MONEY FROM THE NISICHAWAYASIIHK TRUST (THE 1996 TRUST) AND THE OTETISKIWIN TRUST (OT) FOR EQUITY IN THE PROJECT?

A: The 1996 Trust generates interest every year, but the amount varies. NCN has already set aside about \$1.5 million of the interest from the Trust for long-term projects. It can set aside more money between now and 2012. This money could be used to invest in the Wuskwatim partnership. There are no current plans to use the OT Trust for Wuskwatim. NCN may consider this option at some future date.

Q¹⁶⁹. WILL THE APPROXIMATELY \$4 MILLION FROM THE 1996 TRUST CONTINUE TO BE AVAILABLE EVERY YEAR?

A: Yes. This will not change. The amount will vary a bit from year-to-year. Investing in the Wuskwatim partnership would not put this money at risk.

Q¹⁷⁰. WHAT NCN SERVICES WILL BE CUT IN ORDER TO PAY FOR NCN'S SHARE OF THE PROJECT?

A: In the short term, NCN may choose to use some interest it gets to spend each year from the Trust, for investing in Wuskwatim, instead of funding NCN programs and services. Over the long term, it is anticipated that NCN could receive between \$10 million to \$20 million (estimated) every year in profit. It can spend this money on many NCN services and projects. It is a case of a little short-term sacrifice for the potential of substantial long-term gain.

Partnership Framework

Q¹⁷¹. WHAT DOES PARTNERSHIP MEAN?

A: In simple terms, it means that two or more persons or entities own a business together, and share the profits and risks.

Q¹⁷². WHAT IS THE DIFFERENCE BETWEEN BEING AN OWNER AND A PARTNER?

A: In the case of Wuskwatim, there is no practical difference. A partner has no right to the assets of the partnership business, but “owns” its share of the profits of the business. In legal language, TPC will be a limited partner in the Wuskwatim Power Limited Partnership. In plain language, NCN will be like a co-owner, but with a limited role and limited liability.

Q¹⁷³. DOES HYDRO HAVE ALL THE SAY?

A: No. NCN has been involved in every aspect of the project to date. NCN Members took part in most of the field studies. NCN helped write the Environmental Impact Statements (EIS). NCN was a full participant at the CEC hearings. NCN played a crucial role in choosing the low-head design of the project. The PDA guarantees NCN’s right to its share of any profits.

Q¹⁷⁴. WHY DOES NCN GET TO OWN UP TO 33 PERCENT, AND HYDRO GETS TO OWN AT LEAST 66.99 PERCENT OF THE PROJECT?

A: NCN may choose to own less than 33 percent of the project. It would have to invest less money, but it would make less profit. Hydro is prepared to invest 66.99 percent of the money

needed to make the project happen, and is also prepared to lend NCN part of the money NCN would need to invest. In return, Hydro will own about two-thirds of the business, and will get about two-thirds of the profit.

Q¹⁷⁵. WHAT KIND OF PARTNERSHIP WILL IT BE?

A: A newly created Taskingahp Power Corporation will be a limited partner with Hydro. This is a complex legal arrangement. A limited partner has limited liability. The limited partner puts up some money for a venture. The limited partner agrees not to make day-to-day decisions about how the venture is run. In return, the limited partner is protected from risk. If the venture is profitable, the limited partner gets a share of the profit.

If the venture is not profitable, the worst thing that can happen to the limited partner is that it loses its investment. As long as it complies with the law, a limited partner cannot lose anything else. This is set out in the detailed Limited Partnership Agreement.

Q¹⁷⁶. WHY DOES NCN WANT TO BE A LIMITED PARTNER?

A: NCN and Hydro agreed on the idea of a partnership because there are tax advantages in this sort of arrangement. As a First Nation, NCN doesn’t pay income tax. The limited partnership structure will help ensure that NCN doesn’t pay income tax on its share of profits from Wuskwatim.

NCN wants TPC to be a limited partner, because that will limit its potential liability. It will protect NCN from potential risks.

Q¹⁷⁷. WILL THE LIMITED PARTNERSHIP AGREEMENT BE A BINDING AGREEMENT BETWEEN NCN AND HYDRO?

A: Once the PDA is ratified and signed, it will bind NCN, TPC, Hydro and the partnership. The Limited Partnership Agreement, which is a schedule to the PDA, will be between TPC, Hydro and the General Partner.

Q¹⁷⁸. WHAT IS A GENERAL PARTNER?

A: The General Partner in the partnership makes the day-to-day decisions about the business. It has the authority to legally bind the partnership, but does not have limited liability. The General Partner in the Wuskwatim partnership will be a new corporation owned by Hydro. Hydro and NCN representatives will sit on the board of directors of the General Partner.

Q¹⁷⁹. CAN NCN INVEST IN THE GENERAL PARTNER?

A: No. A limited partnership is a complex legal arrangement. TPC will be a limited partner and is owned by NCN. The General Partner will be a corporation controlled by Hydro.

Q¹⁸⁰. WHY WILL THE GENERAL PARTNER BE ADMINISTERED BY MANITOBA HYDRO?

A: The General Partner will be a new corporation owned by Hydro. Hydro and NCN

representatives will sit on the board of directors of the General Partner. NCN and Hydro agreed on the idea of a partnership because there are tax advantages in this sort of arrangement. TPC wants to be a limited partner, because that will limit its potential liability. It will protect NCN from potential risks.

As a limited partner, TPC will own 33 percent of the business. (It may choose to own less, but let's use 33 percent as an example.) As a limited partner, Hydro will own 66.99 percent of the business. The General Partner (the corporation owned by Hydro) will own 0.01 percent of the business. The General Partner in a partnership does not have limited liability.

Q¹⁸¹. WHAT IS THE ROLE OF THE GENERAL PARTNER?

A: This is a bit complex. The General Partner in a partnership runs the business on a day-to-day basis and, among other things, it will contract out certain management functions to Hydro under the Management Agreement, which is a schedule to the PDA. However, unlike a limited partner, it does not have limited liability. Hydro has created a new corporation to be the General Partner in the Wuskwatim partnership.

Q¹⁸². WHO SITS ON THE BOARD OF DIRECTORS OF THE GENERAL PARTNER?

A: Hydro elects the directors. Hydro has agreed to elect people selected by NCN to not more than one-third of the director positions.

Q¹⁸³. IF HYDRO CAN OUTVOTE NCN, HOW IS NCN PROTECTED?

A: There will be some Fundamental Features about the project that Hydro will not be allowed to change without NCN's consent. For example, Hydro could not decide to build a high head (large) dam without NCN's consent. Hydro will be able to outvote NCN on some decisions, but as long as it cannot change Fundamental Features without NCN's consent, NCN is protected. The PDA protects NCN's right to 33 percent of the profits from the Generation Project, and to annual payments from the transmission development fund. Also, if the governments approve the project, government licences will contain conditions (including monitoring requirements) to protect the environment. Also, certain decisions of the partnership require the unanimous consent of the limited partners, which includes NCN.

Q¹⁸⁴. CAN HYDRO BACK OUT?

A: Before construction starts, both NCN and Hydro may decide not to proceed with construction. If Hydro does not proceed, NCN won't lose any money, but there will be no project. Once construction starts, Hydro could still stop construction at any time prior to construction of major works, if Hydro believes there has been a substantial change in circumstances. NCN would get its money back.

Q¹⁸⁵. WHAT IF NCN SAYS IT DOES NOT WANT TO BE AN INVESTOR, BUT WANTS A ROYALTY AGREEMENT INSTEAD?

A: This would cause various problems. Firstly, when they approved the 2001 AIP, NCN voters endorsed the concept of a partnership. PDA negotiations to date have been based on a partnership arrangement. Secondly, the environmental assessment to date, including public hearings, has been based on the concept of a partnership. NCN has chosen to pursue partnership because the project appears to be a good investment. Being a partner makes good financial sense. At this late date, Hydro would not agree to a royalty agreement.

Q¹⁸⁶. WHY CAN'T NCN ENTER INTO AN AGREEMENT WITH THE PROVINCE FOR WATER RENTALS?

A: NCN has negotiated an agreement with the province for a rebate based on TPC's share of the water power rental payments, made by the limited partnership over the first 25 years the project operates, in order to accelerate the flow of monies available to the community from the project.

Q¹⁸⁷. WHAT IS THE DIFFERENCE BETWEEN PROJECT FUNDAMENTAL FEATURES (PDA ARTICLE 2.10) AND PARTNERSHIP FUNDAMENTAL MATTERS (SOU PAGES 17-18)?

A: The Fundamental Features of the project are the basic aspects of the way it will be built and operated. (The construction camp will be near Taskinigahp Falls; the access road will be at Mile 17; the level of Wuskwatim Lake will usually be

about 767.7 feet; there will be no more than one half square kilometre of new flooding, etc.) Hydro can't change any of these features without NCN's consent.

The fundamental matters of the partnership are things that NCN as a limited partner will have a say in. Some fundamental matters are any change of the General Partner (the corporation owned by Hydro); any sale by Hydro of its interest in the General Partner; and transferring part of the partnership to anyone but NCN and Hydro. These would be such important decisions, that NCN would have to be able to participate in them. In the SOU, they are all grouped together. In the PDA, they are spread throughout the agreement.

Q¹⁸⁸. WHAT ARE THE ROLES AND RESPONSIBILITIES OF NCN?

A: If the PDA is ratified by NCN Members, Chief and Council will sign it. There are certain Initial Closing Conditions NCN and TPC must meet or Hydro could proceed with the project anyway. They are set out in section 13.1 of the PDA and include things like signing the various documents and TPC subscribing for its units. TPC, owned by NCN, will be a limited partner. It will not make day-to-day decisions about the project. It will share the profits with Hydro. If it wants to own 33 percent, it will borrow money from Hydro to invest in the project, and will pay that money back from

future profits. NCN Members will sit on the board of the General Partner and on the Construction Advisory Committee, the Monitoring Advisory Committee and the Advisory Committee on Employment. NCN will still have its rights under the 1996 NFA Agreement.

Q¹⁸⁹. HOW MANY DIFFERENT ROLES DOES HYDRO HAVE?

A: Hydro will have many roles. It will be a 66.99 percent limited partner in the partnership, and it will own the General Partner in the partnership. It will be the partnership's only customer, and will buy all the power the station generates. It will lend money to NCN so that TPC can be a limited partner. It will be the contractor (it will oversee the construction process), but except for the recovery of its costs, it will not charge the partnership a fee for its work as contractor. It will sit on the advisory committees. It will continue to be a party to the 1996 Agreement, and will continue to have obligations to NCN under that agreement.

Agreements

Q¹⁹⁰. WHAT AGREEMENTS WILL NCN AND HYDRO HAVE TO SIGN?

A: The parties will sign the agreements below. In some cases, the parties will be NCN and Hydro. In some cases the parties will be the partnership and Hydro. Here are some very simple descriptions of most of the agreements. Of course, the agreements contain many more things than are summarized here:

Construction Agreement - this deals with the way that Hydro will build the project.

Limited Partnership Agreement - this deals with the partnership structure and related issues.

Project Financing Agreement - this deals with how Hydro will lend most of the money for the construction of the project and charge interest on its loan.

Power Purchase Agreement - this describes how Hydro will buy all the power the station generates.

System Operation & Dispatch Agreement - this describes how Hydro will operate the project as part of its system and move the power through its system to customers.

Operations & Maintenance Agreement - this describes how Hydro will maintain and operate the station.

Interconnection and Operating Agreement - this deals with how the station is connected to the Hydro grid.

Adverse Effects Agreement (between NCN, Hydro and the Partnership) - this deals with the adverse effects of the project (e.g. the half square kilometre of flooding), and the compensation that NCN will receive.

Management Agreement - this describes how Hydro will provide certain management and administrative services to the partnership.

NCN Financing Agreement (between NCN, Hydro and TPC) - this relates to the dividend loans Hydro will make available to NCN.

TPC Financing Agreement (between TPC and Hydro) - this relates to the loans by Hydro to TPC.

Trust Indenture (agreement) - this creates the Taskinigahp Trust.

Deed of Assignment to the PDA - this assigns NCN's revenues to Taskinigahp Trust.

The Revenue Advance Consolidation Agreement - this discusses cash advances made by Hydro for ATEC, and other matters.

Commitment Agreement - this deals with how, in general, NCN will not amend the Trust or NCN's ownership of TPC, without Hydro's agreement.

Land Transfer Agreement - this transfers land from the Province to the General Partner to hold as a trustee for the limited partnership.

Water Power Rental/Land Payment Agreement - this makes payments from the province to NCN, which NCN will assign to Taskinigahp Trust through another Deed of Assignment.

Q¹⁹¹. WHAT CONTRACTS BETWEEN MANITOBA HYDRO AND NCN ARE INCLUDED IN THE PDA?

A: Although these contracts won't actually be in the PDA, they will be a very important benefit for NCN. As of today, these contracts are finalized or under discussion:

- Access road contract
- Security contract
- Catering contract
- Cross-cultural training contract and on-site counselling contract
- Main camp sewer and water contract
- Site preparation contract
- Transmission-line clearing contract

Q¹⁹². WHAT ARE ADVERSE EFFECTS?

A: Negative effects. For example, flooding at Nelson House was an adverse effect of CRD. Flooding of one half square kilometre of land near Wuskwatim Falls will be an adverse effect of Wuskwatim.

Q¹⁹³. DOES THE ADVERSE EFFECTS AGREEMENT COVER THE EFFECTS OF TRANSMISSION LINES?

A: Yes, although these will be even smaller than the effects of the Generation Project.

Q¹⁹⁴. UNDER THE CONSTRUCTION AGREEMENT, IS IT GUARANTEED THAT NISICHAWAYASIIHK CONSTRUCTION (FORMERLY FOREST INDUSTRIES) WILL GET ALL OF THE CONSTRUCTION CONTRACTS FOR THE WUSKWATIM PROJECT?

A: NCN and Hydro have negotiated business opportunities for NCN businesses. Nisichawayasihk and other NCN businesses will get some contracts. See question 191.

Q¹⁹⁵. IS NCN NEGOTIATING CONTRACTS TO CONSTRUCT THE TRANSMISSION LINES?

A: NCN and Hydro are discussing this. It is hoped that some NCN Members will get jobs clearing the bush and building the lines in the Nelson House RMA.

OPERATIONS AND

Engineering

Q¹⁹⁶. WHAT IS THE DIFFERENCE BETWEEN A LOW HEAD AND A HIGH HEAD DESIGN?

A: In simple terms, “head” means “level”. A low head dam is a relatively small dam. It raises the water level less than a high head dam would. A low head dam at Wuskwatim would cause less than one half square kilometre of flooding.

Q¹⁹⁷. WHY IS THE DAM BEING BUILT AT THIS PARTICULAR LOCATION?

A: In general, hydro dams are built at places where there is a drop in elevation and a lot of water flows quickly to turn turbines in a powerhouse. This includes places like waterfalls and rapids. Taskinigahp Falls is a good location for this reason. It is also a good location because it is possible to build a dam there without causing a lot of flooding (less than one-half square kilometre).

Q¹⁹⁸. HOW WILL OPERATIONS AND MAINTENANCE FOR THE PROJECT BE PAID?

A: The partnership will sell all the power from Wuskwatim to Hydro. It will use the money it gets to pay all operating expenses. It is projected that after all expenses are paid, the partnership will still earn a reasonable profit.

Q¹⁹⁹. WHAT DOES “ON-PEAK” AND “OFF-PEAK” POWER MEAN?

A: Electricity customers use more power during the daytime on weekdays (on-peak), and less power at night and on weekends (off-peak).

Therefore, if you are selling power (to the United States, for example), you can get a better price during the daytime on weekdays. Hydro operates its system so that it can sell as much on-peak power as possible, and earn the best prices.

Q²⁰⁰. WOULD ALL THREE TURBINES AT WUSKWATIM BE USED ALL OF THE TIME?

A: No. About half the time, all three turbines would run all day. At other times, when the river flows are a little lower, all three turbines would run part of the day and two turbines would run the rest of the day. Occasionally, when river flows are very low, two turbines would run for part of the day, and one turbine for the rest of the day.

Q²⁰¹. WILL WE BE ABLE TO HEAR THE TURBINES AT NELSON HOUSE?

A: No, noise from the turbines will not be heard at Nelson House.

Q²⁰². WHAT IS TAILWATER?

A: The water in the river just below the generating station.

Q²⁰³. WHAT’S “BEST GATE FLOW SETTING”?

A: This is the most efficient type of operation, in which the most power is produced, using as little water as possible. At Wuskwatim, this setting would produce about 193 MW of power. At “full gate” setting, the gates would be wide open and the station would produce about 200 MW of power.

Q²⁰⁴. WHAT IS THE EMERGENCY MODE OF OPERATION?

A: On very, very rare occasions, there might be an emergency, such as one of the big Bipole transmission lines going down in the middle of the night. If the station is only running one turbine at that moment, and if there is an urgent need for maximum power right away, the station might switch from one turbine to three turbines right away. This would likely last for only a short time, maybe 10 minutes to an hour. The level of Wuskwatim Lake would drop faster than it would on a normal day. Water levels in the river just below the station could increase by as much as nine feet.

Q²⁰⁵. WHAT EFFECT WILL THE WUSKWATIM PROJECT HAVE ON FOOTPRINT AND THREEPOINT LAKES?

A: None. NCN's own, independent engineers have confirmed that the proposed project would have no effect at all on Footprint and Threepoint Lakes. Compared to major hydro projects in Manitoba, Wuskwatim would be a very small project. It will affect the level of Wuskwatim Lake, but it won't have any effect upstream of Early Morning Rapids.

Q²⁰⁶. WHAT EFFECT WILL THE WUSKWATIM PROJECT HAVE ON WUSKWATIM LAKE?

A: The Wuskwatim project will cause less than one half square kilometre of flooding, right near the generating station between Taskinigahp Falls and Wuskwatim Falls. Wuskwatim Lake would be the reservoir for the Wuskwatim generating station. To run the

station in the most efficient way, the water level in the lake has to be kept fairly constant all year long. There can't be big changes from season-to-season, like there are today. The level will change a bit each day, usually rising a bit at night and falling a bit during the day. This fairly constant level on the lake will be within the current range of water levels that are experienced on the lake.

Q²⁰⁷. ARE WE SURE WUSKWATIM WILL STABILIZE LEVELS ON WUSKWATIM LAKE?

A: NCN's own engineers have advised NCN that the proposed Wuskwatim generating station will stabilize levels on Wuskwatim Lake at about 767.7 feet. The lake will usually drop a few inches during the day and rise a few inches each night. This will be the same during all seasons. This was fully discussed at the CEC hearings.

Q²⁰⁸. WHAT EFFECT WILL THE WUSKWATIM PROJECT HAVE ON SOUTHERN INDIAN LAKE?

A: None. NCN's own, independent engineers have looked very carefully at this. Monies were also provided for SIL to obtain independent engineers. The engineers agree there is anticipated to be no effect from the Wuskwatim beyond Early Morning Rapids. They know that some people who live at SIL feel that they were misled back in the 1970s about the Churchill River Diversion. After studying this issue very carefully, NCN's own engineers have concluded that the Wuskwatim

Project will not affect the operation of the CRD or the water levels on Southern Indian Lake. This issue was fully canvassed at the CEC hearings, with lots of discussion by various SIL groups.

Q²⁰⁹. HOW DOES LAKE WINNIPEG REGULATION (LWR) WORK?

A: Because Manitoba is a cold place, Manitoba uses more electricity in winter than in summer. Lake Winnipeg is the largest lake in Manitoba. LWR includes a dam at Jenpeg (where the Nelson River comes out of Lake Winnipeg). Hydro uses Jenpeg to hold back some water in Lake Winnipeg during the summer, and then to release the water during the winter. The water flows down the Nelson to the big stations on the lower Nelson (like Limestone, Long Spruce and Kettle), which generate most of Manitoba's power. LWR allows Hydro to generate more power in winter, when it is needed most.

Q²¹⁰. IS JENPEG A GENERATING STATION?

A: Yes. It generates about 120 MW. Its main purpose is to control Lake Winnipeg.

Q²¹¹. WHAT EFFECT WILL THE WUSKWATIM PROJECT HAVE ON CROSS LAKE?

A: There may be no effect at all. If there is any effect at all, it will be so small that a person would not be able to perceive it. The water levels on Cross Lake are affected by the way Hydro operates the Jenpeg dam. Jenpeg releases water from Lake Winnipeg into the

Nelson River. This water eventually powers the big dams on the lower Nelson, like Limestone. Water flowing through Wuskwatim also eventually reaches the lower Nelson.

If the Wuskwatim Project is built, Hydro plans to operate the Churchill River Diversion (CRD) the same as it does now. However, it may operate Jenpeg a bit differently from now, depending on many factors including how the power from Manitoba's system, including Wuskwatim, is sold (through a firm contract, on the spot market, or to Manitoba customers).

Adding Wuskwatim may have a very small effect on water levels on Cross Lake on some occasions. Things like wind and other factors would have a much larger effect on the Cross Lake water surface than Wuskwatim would. The changes, if any, would be imperceptible. This issue was fully discussed at the CEC hearings.

Q²¹². WHAT EFFECT WILL THE WUSKWATIM PROJECT HAVE ON THE BURNTWOOD RIVER IN THOMPSON?

A: None. The proposed project would affect the river downstream of the station. Normally, the effects would be small by the time they reached Opegano Lake. They would be almost nonexistent by the time they reached Birch Tree Lake. There would be no effects at all in Thompson. There may be a few brief episodes during construction when extra sediment is stirred up in the river. A small amount of this sediment might be measurable even as far as Thompson.

Q²¹³. IF WUSKWATIM FAILED, WOULD THOMPSON BE FLOODED?

A: If Wuskwatim failed, Thompson would probably not be flooded. As dams go, the one at Wuskwatim would not be all that big. The dam would be designed to be very safe. If the dam failed, the rush of water would affect Opegano Lake and, to a lesser extent, Birch Tree Lake. It would slow down along the way. By the time it got to Thompson, the river would probably remain within its banks.

Q²¹⁴. HOW MANY FEET IS 234 METRES?

A: 767.7 feet.

Q²¹⁵. WHAT IS A RUN-OF-THE-RIVER GENERATING STATION?

A: This would be a station that doesn't change water levels at all during the day - the river runs in its usual way, turning one or more turbines as it flows along. Usually, a run-of-the-river station has a dam and a reservoir upstream of the dam. The water levels above and below the dam change slowly as the flow of the river changes. These tend to be small stations.

Q²¹⁶. WHAT IS A MODIFIED RUN-OF-THE-RIVER STATION?

A: Wuskwatim will be a modified run-of-the-river station. It won't interfere with seasonal changes in flows, but it will affect the level of the lake during the day. The level of Wuskwatim Lake won't change from season-to-season. Usually, the level will rise a bit at

night, and decrease a bit during the day. By the end of the 24-hour period, it will be back to about where it started.

Q²¹⁷. WHAT IS "ATTENUATION"?

A: Reduction.

Q²¹⁸. WHAT IS THE DROP FROM EARLY MORNING RAPIDS TO WUSKWATIM FALLS?

A: Today, the elevation of the river just below Early Morning Rapids ranges most of the time from about 233.3 metres (765.4 feet) to about 234.7 metres (770 feet). Wuskwatim Lake, just above Wuskwatim Falls, ranges from about 232.8 metres (763.8 feet) to about 233.8 metres (767.1 feet), and occasionally gets as high as about 234.3 metres (768.7 feet). Therefore, the drop ranges from about one to about three feet, most of the time.

Q²¹⁹. HOW WILL THE WATER REGIME CHANGE?

A: Today, water levels in Wuskwatim Lake change from season-to-season. The changes are typically about three feet in a year. Over several years, the difference between the highest and lowest water levels can be about five feet. After Wuskwatim, there will normally be no seasonal or year-to-year changes. Instead, the water level will typically stay around 767.7 feet (234 metres) year round. It will generally rise a few inches at night and drop a few inches during the day. There will be no changes upstream of Early Morning Rapids.

Q²²⁰. WILL TASKINIGAHP FALLS DISAPPEAR?

A: Yes. The generating station will be where the falls are today. There are no other reasonable ways to build the project. In order to capture the energy from the falling water, the station will be where the falls are, and the falling water will turn the station's turbines.

Q²²¹. WILL THERE BE FISH LADDERS AT WUSKWATIM?

A: Radio-tag tests showed that, while some fish go down over Taskinigahp Falls, fish don't swim back up over the falls. The type of turbines that will be used at Wuskwatim are considered to have a low impact on fish that pass through them. Therefore, NCN and Hydro believe that there is no need for fish ladders.

Q²²². IF WE DIDN'T BUILD A DIKE AT WUSKWATIM, HOW MUCH MORE FLOODING WOULD THERE BE?

A: The dike will prevent water from going around the north side of the generating station. In theory, if there were no dike, there might sometimes be a small amount of flooding north of the station.

Q²²³. WHAT WAS THE LAKE WINNIPEG, CHURCHILL & NELSON RIVER STUDY BOARD? WHAT IS THE ADDENDUM REPORT ON WUSKWATIM, MANASAN AND FIRST RAPIDS?

A: This was a board set up by Canada and Manitoba to study CRD and LWR. It wrote a detailed report in 1975. The report briefly

mentioned Wuskwatim, Manasan and First Rapids. There is no addendum report.

Q²²⁴. WILL HYDRO NEED A NEW EASEMENT FOR WUSKWATIM?

A: The Wuskwatim Power Limited Partnership will require an easement for the Wuskwatim Project, which likely will be the same as the current CRD easement. Right now, there are rough maps of the current easement around Wuskwatim Lake. Hydro, with NCN's input, is in the process of making these maps more precise. Also, and apart from Wuskwatim, Hydro will require an easement on NCN's TLE land at Wuskwatim Lake for CRD purposes, as set out in the TLE Agreement.

Q²²⁵. WILL THERE BE POST-PROJECT MONITORING?

A: Yes. This will almost certainly be a licence condition. Things like water quality, fish and wildlife, erosion, and sediment movement will be monitored during and after construction. There will be some monitoring jobs for NCN Members. There will be a Monitoring Advisory Committee, including NCN representatives.

RESOURCE USE AND

Environmental Issues

Q²²⁶. WHAT IS HABITAT REHABILITATION?

A: This means restoring damaged land to the condition it used to be in. For example, if you have to cut down trees to build a temporary gravel pit or work camp, you can replant trees after you stop using the pit or the camp.

Q²²⁷. DOES SHORELINE DEBRIS PREVENT EROSION?

A: The federal Department of Fisheries and Oceans (DFO) thinks that, in some situations, debris does reduce shoreline erosion. The debris reduces the force of waves on the shoreline. The waves cause less erosion than they would if there were no debris present. This issue probably needs more study.

Q²²⁸. IS SHORELINE DEBRIS CLEAN-UP ONGOING?

A: A Debris Management Program is currently underway in the Nelson House RMA and elsewhere to address debris problems caused the Churchill River Diversion. Every year, NCN tells Hydro which areas are the highest priority for debris management. The program creates some jobs for NCN Members. This program will continue whether or not Wuskwatim is built.

Q²²⁹. WILL THE WUSKWATIM PROJECT RESULT IN A GREATER IMPACT ON THE SHORELINE DEBRIS?

A: There will be some effect on debris in Wuskwatim Lake and just downstream from the station. There will be no effect on Footprint, Threepoint or Southern Indian Lakes.

Q²³⁰. HOW CAN THIS GET CLEANED UP AND NOT BE A BUILD UP OF DEBRIS?

A: First, trees along the shoreline in the area affected by the one-half square kilometre of flooding will be cleared before construction begins. In addition, debris will be monitored by Manitoba Hydro and NCN and appropriate action will be taken under the Debris Management Program.

Q²³¹. WHAT ARE CUMULATIVE EFFECTS?

A: This is an environmental term. In the context of Wuskwatim, these are the environmental effects of Wuskwatim combined with the environmental effects of other projects that affect the environment. The regulators (the federal and provincial government departments that make environmental licencing decisions) want to be sure that the cumulative effects of Wuskwatim and other projects do not cause unacceptable harm to the environment.

Q²³². WILL THE CHANGES CAUSED BY WUSKWATIM BE LIKE THOSE CAUSED BY THE CRD?

A: There is no question that CRD caused many adverse effects at Nelson House, SIL and elsewhere. But it is absolutely crucial to realize that Wuskwatim is not CRD.

As hydro projects go, Wuskwatim is a small one. With NCN's involvement in planning for the Wuskwatim Generation and Transmission projects from the outset, great effort has been spent in causing as little effect on the

environment as possible and, where possible, reducing current adverse effects of CRD.

This has included choosing a “low head” design that causes less than one-half square kilometre of flooding. Road and transmission line routes were chosen with great care to avoid environmentally sensitive areas and areas of great cultural importance to NCN. NCN Members did many of the field studies. At the same time, as a possible partner in the Project, NCN has made an effort to obtain the maximum economic benefit for NCN. Unlike CRD, Wuskwatim provides NCN with an excellent investment opportunity.

Q²³³. WHO DID THE ENVIRONMENTAL STUDIES?

A: NCN and Manitoba Hydro jointly selected a study team, called the Environmental Management Team (EMT), to conduct the environmental studies. The EMT was made up of four main firms and a number of additional specialists with skills ranging from engineering, biology and other sciences, to health, economics and social sciences.

NCN Members participated actively in many aspects of the studies (e.g. conducting opinion surveys and a wide variety of field programs) and contributed Ethinsewin (Traditional Knowledge and Wisdom) throughout the process. In addition, NCN’s own advisors participated in the planning, oversight and review of environmental studies. Manitoba Hydro staff (e.g. engineering staff) also contributed to aspects of the studies.

Q²³⁴. WHAT WILL THE MERCURY LEVEL BE AS A RESULT OF THE PROJECT?

A: Based on observed changes in mercury in Wuskwatim and other lakes following the CRD, the predicted mercury concentrations in Wuskwatim Lake fish are:

- Lake whitefish will just exceed 0.1 parts per million [ppm] - (the domestic consumption level is 0.2 ppm)
- Pickerel may reach 0.35 ppm (the commercial sales limit is 0.5 ppm)
- Jackfish could increase to slightly below 0.5 ppm.

The “worst case” scenario, which assumes that all peat islands will die off (we don’t expect this will occur), would cause somewhat higher levels -- lake whitefish (0.14 ppm); pickerel (0.39 ppm) and jackfish (0.56 ppm).

Q²³⁵. WILL THE PROJECT AFFECT THE WATER?

A: During some construction activities (when temporary dams are being constructed or removed from the river), there will be more sediment in the water at the construction site and downstream of the site in the Burntwood River – this will occur for several weeks during the summer during the second and fifth years of construction.

After the station is in operation, no effects to overall water quality in Wuskwatim Lake or in the Burntwood River downstream of the station are expected, though there will be some

local effects (e.g. water off of currently eroding banks in Wuskwatim Lake may become more muddy). Water quality will remain as it is today in Footprint and Threepoint Lakes – the Wuskwatim Project will make it no better and no worse.

Q²³⁶. WHAT HAPPENS IF THE PROJECT IS DECOMMISSIONED?

A: This would probably not happen for 100 years or more. If and when it happens, engineers from NCN and Hydro would look at ways to safely take the station out of service, with as little effect on the environment as possible. Government approval will be needed for the decommissioning plans.

Q²³⁷. WILL THE TRANSMISSION LINES AFFECT THE WOODLAND CARIBOU?

A: This issue was fully discussed at the CEC hearings. There are four woodland caribou ranges in the vicinity of the area through which the Wuskwatim transmission lines will cross. Based in part on NCN concerns about the importance of Partridge Crop Hill for woodland caribou, the proposed transmission lines were routed away from this area.

Environmental studies concluded that woodland caribou may avoid the rights-of-way during construction of the transmission lines, but will cross the lines after construction. Following construction, there may be some decrease in their use of habitat near the transmission lines.

NCN has committed to preparing access management plans for portions of the transmission lines in the Nelson House Resource Management Area, in part to protect woodland caribou in the area.

Q²³⁸. HAVE CARIBOU SOUTH OF HERE BEEN STUDIED?

A: The Wapisu woodland caribou have been studied extensively, by using Traditional Knowledge, aerial surveys, ground surveys and radio-collaring techniques. There are about 200 animals living in two winter groups – one group near Partridge Crop Hill and another group near Harding Lake.

Q²³⁹. WHERE IS THEIR CALVING AREA?

A: Calving areas are expected mainly in large muskeg areas, and occasionally, on islands in lakes. Many calving areas are expected to be scattered throughout the region. Because this document will be widely circulated, the exact locations of calving areas will not be mentioned. The routes for the road and the transmission lines were chosen to avoid these areas.

Q²⁴⁰. WHAT'S AN ENVIRONMENTAL PROTECTION PLAN?

A: This is a practical guide for the contractors that will build the projects. NCN and Hydro are now drafting these plans. They will also be provided to the regulators (Canada and Manitoba).

Q²⁴¹. WHAT'S A "NO NET LOSS" POLICY?

A: This is a policy of the federal Department of Fisheries and Oceans (DFO). When parties (like NCN and Hydro) apply for a licence to build a project that will affect fish habitat (like Wuskwatim), DFO wants to make sure that the project will not reduce the total amount of fish habitat in the area.

In simple terms, if a project will take away an acre of fish habitat, the parties should arrange to add an acre of fish habitat somewhere nearby. NCN and Hydro have met with DFO many times to work out a plan that will satisfy DFO. They have almost reached final agreement on a plan. The generating station would remove a small amount of fish habitat.

NCN and Hydro would improve fish habitat in other parts of the Nelson House RMA, so that there would be at least as much habitat after the project as there is today.

Q²⁴². HOW MANY CARIBOU ARE GOING TO DROWN IN THE LAKE?

A: No caribou are expected to drown in Wuskwatim Lake.

Q²⁴³. ARE THERE STILL RADIO-TAGS ON ANY OF THE CARIBOU IN THE NELSON HOUSE RMA?

A: In February 2002, 10 caribou were collared with global positioning system (GPS) collars, and 10 with radio collars. In February 2003, six GPS collars were removed. Four stopped functioning, so they are probably lost forever. Three or four of the caribou with radio collars were killed by wolves. In February 2003, four new caribou were given radio collars. Some have stopped functioning. To summarize, there are about two active radio collars today. Other methods of studying caribou, such as break-strings, are being used on an ongoing basis. This will continue. NCN Members have played a major role in caribou studies.

Construction

Q²⁴⁴. WHEN WILL CONSTRUCTION START?

A: Construction will start after the PDA vote and the government approvals. We hope this will be in 2006.

Q²⁴⁵. WHAT IS THE FIRST STEP IN CONSTRUCTION OF WUSKWATIM?

A: First, the access road has to be built. Then the construction camp can be built. A transmission line must be built from Thompson to Wuskwatim. Finally, work can start on the generating station and the other transmission lines.

Q²⁴⁶. WILL THE ACCESS ROAD BE PAVED?

A: No, it will be gravel.

Q²⁴⁷. WHO WILL PAY FOR INSURANCE IF IT IS OBTAINED?

A: The partnership. During construction, various contractors and sub-contractors will have their own insurance. Workers are insured through Workers Compensation. Motor vehicles are insured through Manitoba Public Insurance (Autopac).

Q²⁴⁸. COULD THE PROJECT BE STOPPED AFTER CONSTRUCTION STARTED?

A: Yes. The parties could agree to stop construction. This is not likely to happen.

Q²⁴⁹. WHAT WILL BE DONE WITH THE CREEK AT MILE 17, WHEN THE ACCESS ROAD IS BEING BUILT?

A: The road will likely be built during winter, when all creeks are frozen. There will be

culverts, and every effort will be made to have as little impact as possible on all creeks.

Q²⁵⁰. WILL THERE BE CLEARING OF THE FOREBAY BEFORE FLOODING? WILL THERE BE RIPRAP PLACED IN THESE CLEARED AREAS?

A: Yes, the area to be flooded will be cleared. Some riprap will be placed in spots where it would be most useful to reduce erosion.

Q²⁵¹. HOW HAS THE PLANNING FOR WUSKWATIM TAKEN INTO ACCOUNT THE EFFECT OF MEMBERS RETURNING TO THE COMMUNITY AND THE INCREASED PRESSURES THAT WILL PLACE ON HOUSING ISSUES?

A: Planning for the Wuskwatim project has included analysis of the possible scale of return migration to Nelson House and the reasons that people may return. It is difficult to estimate the level of migration precisely, so careful monitoring will provide important information to NCN during the early stages of the project.

Planning has also included ways to reduce in-migration (mitigation measures) and the development of a Coordinated Response Committee (made up of NCN service providers) to monitor and address in-migration as it unfolds.

Q²⁵². WHAT RESOURCES WILL THE COORDINATED RESPONSE COMMITTEE HAVE TO DEAL WITH ISSUES THEY IDENTIFY (I.E. IN-MIGRATION STRAIN ON HOUSING)?

A: They will have access to funding available from the budget for implementation.

Q²⁵³. WILL SOMEONE FROM FINANCE BE INVOLVED IN PLANNING THE COORDINATED RESPONSE COMMITTEE?

A: This has been suggested and will be considered by Chief and Council in establishing the Coordinated Response Committee. This may be an internal NCN committee, but it may include some Hydro representation.

Q²⁵⁴. SINCE HYDRO WILL NOT GUARANTEE COMPLETION OF THE PROJECT WITHIN A SPECIFIC TIME PERIOD, WILL NCN, AS A PARTNER, HAVE TO PAY A PENALTY?

A: As a two-thirds partner, Hydro has even more incentive than NCN to see that construction is finished on time. If there are any delays, both Hydro and NCN would be affected.

Q²⁵⁵. WHAT DOES “SALVAGEABLE” MEAN?

A: It means assets that can be moved and used in a way that makes economic sense. For example, there may be some buildings or equipment or smaller items such as chairs and tables in the construction camp that when construction is completed, NCN may want to buy some of these and move them to Nelson House.

Q²⁵⁶. WHAT IS THE CONSTRUCTION ADVISORY COMMITTEE?

A: This will be an advisory committee set up to keep the partners informed about the progress

of construction and to give the partners a chance to share their views. NCN will appoint four of the members of the committee, and Hydro will appoint two members.

Q²⁵⁷. WHAT DOES “COMMISSIONING” THE PROJECT MEAN?

A: Commissioning is putting the project into operation upon completion of construction.

Q²⁵⁸. WHAT ARE THE CRITERIA FOR COMMISSIONING THE PROJECT?

A: At least one turbine will have to be ready to safely generate power. Everything will be carefully tested before operation begins.

Q²⁵⁹. WHY CAN'T HYDRO GUARANTEE HOW LONG IT WILL TAKE TO BUILD THE PROJECT?

A: In any large project, there are always some small surprises. Weather can be a factor. Hydro has built generating stations before, so it knows approximately how long it will take to build Wuskwatim, but it is impossible to say exactly how long each task will take.

Q²⁶⁰. WHAT WILL BE AT THE CAMPSITE? WHAT WILL THE LIVING ACCOMMODATIONS BE LIKE?

A: There will be living quarters in trailers. Each worker will get their own room. There will be a recreation building, with things like pool tables. There will be a sports field. There will be storage buildings for various construction tools and material.

Q²⁶¹. WILL DAYCARE BE PROVIDED?

A: Probably not. The construction camp is not a good location for children.

Q²⁶². WHAT TYPE OF RECREATIONAL FACILITIES WILL THERE BE AT THE CAMPSITE?

A: There will be a sports field and a recreation room, and other facilities, such as an exercise room, are being considered.

Q²⁶³. WHAT KIND OF CULTURAL CEREMONIES AND PROGRAMS ARE IN PLACE TO PRESERVE CULTURAL AND SPIRITUAL INTEGRITY OF THE WUSKWATIM AREA AND THE PEOPLE?

A: NCN is committed to undertaking appropriate ceremonies before construction begins at the Wuskwatim site and during the course of the construction project, before each new area is disturbed. Protecting cultural and spiritual sites in the Wuskwatim area that are sacred to NCN, in particular the dancing circle area, is essential. Some ceremonies have been held already.

Although it is not expected that water will move anywhere near this area once the project begins operating (in about 2012), the area will be closely monitored and, if any problems should occur, then steps will be taken to protect the area.

A Culture and Heritage Resource Committee will also be put in place before construction begins to deal with heritage resources.

These steps will be in addition to ceremonies and programs currently underway at Nelson House that are designed to strengthen NCN's culture – for example, the Grannies and Grandpas Program that is supported by the 1996 NFA Implementation Agreement, and Cree language included in the schools, drum groups and others, to name a few.

Q²⁶⁴. WHAT WILL HAPPEN TO OUR ANCESTORS BURIED AT WUSKWATIM?

A: Since 2000, archaeological field surveys for the environmental assessment have investigated the area that would be disturbed by the Wuskwatim Generation Project.

The archaeological studies done for the Project asked key persons about the possibility of gravesites being located in areas to be disturbed by constructing the project. This included discussions with elders during overflights of the area. None were identified at that time.

Heritage resource consultants also undertook field studies, with participation of NCN Members. Shovel tests were dug along straight lines (transects) from the shoreline back into the bush and have used a soil probe to get an idea of what kind of soil is present.

To date, no evidence of graves have been found near Wuskwatim. If graves were present, there would be different colours of soil, such as very mottled soil (a mixture of organic and clay) with a very dark organic soil beneath this. Sometimes, with more recent graves there

may be nails and other metal hardware or wood fragments that would be from a coffin. Because of the acids in the boreal forest soils, bones do not preserve well. There are some places where there may be very good drainage or a thick anaerobic clay (without oxygen) deposit. In these instances, bone may be preserved. Forest fires will often remove surface evidence of graves – picket fences and crosses are burned, trees fall across graves and then the moss covers the tree. This makes it almost impossible to recognize a grave feature. However, because of the continued concern for graves that may be situated at the site of the Wuskwatim Generation Project, additional fieldwork took place this summer. Further fieldwork will take place. Elders will be asked once again to recollect what kinds of activities did take place at the site of the Wuskwatim Generation Project. If the project does go ahead the archaeologists can be on-site during the removal of the vegetation and topsoil to ensure that any found human remains are handled with care and respect until the NCN cultural leaders arrive to perform the proper ceremonies and rebury the remains. Strict procedures must be followed – both provincial laws and NCN's own requirements for ceremonies.

The Churchill River Diversion Archaeological Project, which has been mitigating archaeological and burial sites at Wuskwatim Lake, as a result of erosion from the Churchill River Diversion, will continue to collect

artifacts and remove endangered human remains on a regular basis. The policy for dealing with exposed burials is handled by NCN in cooperation with the provincial Historic Resources Branch and Hydro. This process will continue regardless of whether or not Wuskwatim is approved.

If Wuskwatim does go ahead, a committee will be put in place to deal specifically with these matters.

Q²⁶⁵. WHY WOULD WE MOVE THE ANCESTORS' BURIAL SITES?

A: There is no reason to remove ancestors' burial sites if they are not in danger of falling into the lake, or if they occur outside of the area affected by the Wuskwatim Generation Project. If there are graves far away from these areas, the Cultural Heritage Resource Committee may decide that these areas should be fenced off and maintained as historic cemeteries.

Q²⁶⁶. WERE THE EMOTIONAL, MENTAL AND SPIRITUAL EFFECTS OF THE CRD CONSIDERED IN THE STUDIES?

A: Yes, these effects of the CRD were examined in the socio-economic portion of the environmental impact studies. The role of the CRD and other factors, such as residential schools, in shaping the culture and social wellbeing of NCN at Nelson House were examined.

Transmission

Q²⁶⁷. WILL NCN OWN PART OF THE WUSKWATIM GENERATING STATION?

A: NCN will own TPC, and TPC will own units in the Wuskwatim Limited Partnership. So, yes, through these corporate structures NCN will have an equity interest (some call it an ownership interest), if the voters of NCN approve the PDA. The partnership will own the generation project, but not the transmission project.

Q²⁶⁸. WHY DOESN'T NCN WANT TO BE PART OF THE WUSKWATIM TRANSMISSION PROJECT? WHY DOESN'T MANITOBA HYDRO WANT NCN TO BE PART OF THE WUSKWATIM TRANSMISSION PROJECT?

A: NCN has been involved in planning the transmission project and writing the transmission Environmental Impact Statement (EIS). The transmission project is different from the Generation Project in several ways.

While the Generation Project is located entirely in the Nelson House Resource Management Area (RMA), the transmission project is located both in and out of the Nelson House RMA. Other First Nations and Aboriginal communities are affected. Therefore, Hydro has concerns about the idea that various First Nations and groups would own the portions of the transmission project in each of their territories.

The Generation Project also represents a much better business opportunity. Even if Hydro had no concerns, NCN would have to borrow millions of dollars more in order to invest in

the Transmission Project. After getting advice from independent advisors, and negotiating with Hydro, NCN decided that it would be in NCN's interests to own part of the Generation Project.

Q²⁶⁹. WHAT IS THE COMPARISON OF THE PROFITS FROM THE TRANSMISSION LINES VERSUS THE GENERATING STATION? IS MANITOBA HYDRO KEEPING THE MOST LUCRATIVE PART OF THE BUSINESS FOR ITSELF?

A: No. The Transmission Project is not so lucrative. Essentially, it will be a break-even project. The partnership will reimburse Hydro for the cost of using the Transmission Project to get Wuskwatim power to customers. Hydro will not make a "profit" on the Transmission Project.

Q²⁷⁰. WILL THE WUSKWATIM GENERATION PROJECT PAY RENT TO USE THE TRANSMISSION LINES? WHY WOULD WE NEED TO PAY WHEN THE TRANSMISSION LINES ARE RUNNING ACROSS OUR LAND?

A: Only part of the Transmission Project will run through the Nelson House RMA. In any case, the Partnership will pay Hydro monthly transmission charges - essentially reimbursing Hydro for what it costs to maintain and operate the Transmission Project. Rent is probably not the best word to describe this. At the same time, Hydro will create a transmission development fund to make annual payments to NCN and other communities in the vicinity of the Transmission Project.

Q²⁷¹. WHERE WILL THE TRANSMISSION LINES RUN?

A: Maps of the routes are found at the back of this Guidebook. The lines will run from Thompson, running south of the Burntwood River, crossing the river, reaching Wuskwatim, running south to Snow Lake, then further south to The Pas.

Q²⁷². ARE THE WUSKWATIM GENERATION PROJECT AND TRANSMISSION PROJECT TO BE CONSIDERED AS TWO SEPARATE PROJECTS FOR THE FINANCING, OWNERSHIP AND CONSTRUCTION? WHAT ARE THE MOST CURRENT UPDATED COSTS FOR EACH PART OF THE PROJECT?

A: The Generation Project and the Transmission Project are separate. NCN has the right to own up to 33 percent of the Generation Project. Hydro will own the entire Transmission Project, but NCN (and other communities, such as Opaskwayak) will receive annual payments through a transmission development fund.

Also, NCN and Hydro have worked in close cooperation as part of the environmental assessment of the proposed Transmission Project. The Generation Project (roughly \$1 billion) and the Transmission Project together may cost roughly \$1.2 billion. These are just estimates.

Q²⁷³. WHY ARE THERE TWO SEPARATE PROJECTS?

A: In some ways, they are part of one big picture. The station could not be built without transmission lines. That's why the CEC hearings dealt with both. There are some differences between the two projects. For example, NCN and Hydro have agreed in principle that NCN could be a co-owner of the Generation Project, but Hydro will own the whole Transmission Project. The Generation Project is entirely within the Nelson House RMA while the Transmission Project is not.

Q²⁷⁴. WHY WON'T NCN OWN PART OF THE TRANSMISSION LINES?

A: In general, a hydro generating station is a more lucrative investment than transmission lines. Hydro will create a transmission development fund to make annual payments to communities in the vicinity of the Transmission Project (such as NCN, Opaskwayak and Cormorant). NCN has decided that this is a satisfactory arrangement.

Q²⁷⁵. WHAT IS THE CAPACITY OF THE 230 KILOVOLT (KV) TRANSMISSION LINE THAT IS BEING PROPOSED – HOW MANY MEGAWATTS COULD IT HANDLE? WHY IS MANITOBA HYDRO “OVER-BUILDING” FOR THE WUSKWATIM GENERATION PROJECT? DOESN’T MANITOBA HYDRO JUST WANT AN ALTERNATING CURRENT (AC) CORRIDOR DOWN PROVINCIAL TRUNK HIGHWAY (PTH) 6 AS AN ALTERNATIVE TO THE BIPOLES?

A: The Transmission Project is appropriate for the 200-megawatt Wuskwatim Generating Project. It also provides some future flexibility, in case some day NCN and Hydro agree to build a generating station at Notigi. Hydro is looking at several options for future transmission lines, but no final decisions have been made.

Q²⁷⁶. WHAT ARE THE EFFECTS OF THE TRANSMISSION PROJECT, COMPARED WITH ONLY ONE-HALF SQUARE KILOMETRE OF FLOODING FROM THE GENERATION PROJECT?

A: The Transmission Project will certainly affect the Nelson House RMA. However, transmission lines generally have fewer adverse effects on the environment than hydro dams. Vegetation, other than tall trees, can grow under transmission lines, and wildlife can walk, fly and swim across transmission corridors.

There are already some transmission lines in the Nelson House area, and they have caused much less concern than hydro dams have.

Q²⁷⁷. IF MANITOBA HYDRO CALLED NCN’S PARTICIPATION IN THE TRANSMISSION PROJECT A “DEAL-BREAKER”, DID ANYONE CALL THEIR BLUFF?

A: There was no bluff. Hydro and NCN both had concerns about the idea that NCN might own part of the Transmission Project. After obtaining input from its own advisors, NCN concluded that it would be in NCN’s own interests to pursue partnership in the Generation Project, combined with annual payments from the transmission development fund.

Q²⁷⁸. WHAT IS THE TRANSMISSION DEVELOPMENT FUND?

A: Hydro will establish the Wuskwatim Transmission Development Fund on the start of construction of the Wuskwatim Transmission Project to generate funds to be used for community development purposes by eligible First Nations and small or remote northern communities in the vicinity of the Wuskwatim Transmission Project. As a large portion of the facilities will be in the Nelson House Resource Management Area, NCN will receive a significant portion of the money generated by the fund, approximately 44 percent.

Q²⁷⁹. WILL EACH NCN TRAPPER GET COMPENSATION?

A: Hydro will make direct payments to NCN trappers whose traplines will be affected by the Transmission Project. Also, NCN as a whole will receive annual payments from the transmission development fund. It will put these payments into the Resource Account of the new Taskinigahp Trust to be used for resource programs.

Q²⁸⁰. WHAT TRANSMISSION LINE WILL BE BUILT FIRST?

A: The Thompson to Wuskwatim line will be constructed first to supply construction power for the camp and generating station. This line would be completed by about 2007, based on the current schedule. The Wuskwatim to Herblet Lake (Snow Lake) lines would be built over the next three years. Similarly, the Snow Lake to The Pas line will be built last and construction completed by 2011, based on the current schedule.

Q²⁸¹. WILL SNOWMOBILERS FROM THOMPSON BE ABLE TO GET TO WUSKWATIM LAKE ALONG THE TRANSMISSION LINES?

A: No. The lines were planned to prevent this. The line from Thompson will go south of the Burntwood River and then will cross the river at a place where there is open water all year round. Even if a person from Thompson could get a snowmobile that far, they could not cross the river, so they could not get to Wuskwatim.

Other Issues

Q²⁸². THE 2001 AGREEMENT IN PRINCIPLE DEALT WITH BOTH WUSKWATIM AND NOTIGI. WHAT HAPPENED TO NOTIGI?

A: The proposed Notigi project is now on the back-burner. It may be built some day, if both NCN and Hydro think the time is right, and the governments approve it. Before it could be built, NCN and Hydro would have to negotiate a special Notigi PDA, and NCN Members would have to vote on it.

Q²⁸³. IS HYDRO GOING TO BUILD CONAWAPA?

A: There are no firm plans for Conawapa. Hydro is now starting to look at the feasibility of building it in the future. Conawapa would be a much bigger project than Wuskwatim (about 1,380 MW). The governments of Manitoba and Ontario are now talking about a possible power sale to Ontario. We don't know what they will decide. Conawapa would likely need a new transmission line either to Winnipeg and then east to Ontario or directly to Ontario from Conawapa. Many field studies would have to be done before such a line could be built.

Consultations, agreements, public hearings and government approvals would be needed. It is possible that Conawapa might be built within the next 20 years, but it is impossible to say for sure. The earliest that it could possibly be finished would be about 2017.

Q²⁸⁴. HOW WOULD CONAWAPA AFFECT NCN?

A: Conawapa is well outside the Nelson House Resource Management Area (RMA). The closest First Nation is Fox Lake and the project would be in the Fox Lake RMA. Physically, it would not affect water levels on Footprint, Threepoint or Southern Indian Lakes. Building Conawapa would create jobs for northern Aboriginal residents, including NCN Members. NCN Members who obtain experience through Wuskwatim may have a better chance of employment on future projects.

Q²⁸⁵. IS HYDRO GOING TO BUILD GULL-KEEYASK?

A: There are no firm plans yet. The proposed Gull-Keeyask project would be in the Split Lake RMA. Hydro and Tataskweyak Cree Nation and Hydro and War Lake First Nation have signed Agreements in Principle about Gull-Keeyask. York Factory First Nation and Fox Lake Cree Nation are also actively involved in the negotiations. Field studies are now being done. Gull-Keeyask would be larger than Wuskwatim (about 620 MW), but smaller than Conawapa. There would have to be public hearings and government approvals before it could be built.

It is not certain whether it would be necessary to build new transmission lines at the same time as Gull-Keeyask.

Q²⁸⁶. HOW WOULD GULL-KEYYASK AFFECT NCN?

A: There would be no effect on Footprint, Threepoint or Southern Indian Lakes. There would be jobs for northern Aboriginal residents, including NCN Members.

Q²⁸⁷. HOW MUCH LAND WOULD CONAWAPA FLOOD?

A: Probably about five square kilometres. The banks of the Nelson River are very high at Conawapa. It would raise river levels, but the river would generally not spill out of its banks.

Q²⁸⁸. HOW FAR BACK WOULD CONAWAPA BACK UP THE NELSON RIVER?

A: All the way back to the Limestone Generating Station. Because the banks of the river are high, there would be little new flooding.

Q²⁸⁹. WOULD CONAWAPA AFFECT THE OPERATION OF CRD?

A: No, based on current information.

Q²⁹⁰. WHAT IS A THERMAL PLANT?

A: A plant that generates electricity by burning things like natural gas or coal. Hydro has thermal plants at Brandon and Selkirk.

Q²⁹¹. WHY DOES HYDRO HAVE THERMAL PLANTS WHEN IT IS PROMOTING A CLEAN ENVIRONMENT?

A: These stations were originally constructed about 40 years ago and are very small

compared with Hydro's hydro generating stations. They have both received major environmental improvements in the past few years, and the Selkirk Station was converted from coal to gas, a much cleaner source of fuel. The advantage of a thermal plant is that it is not vulnerable to drought or low water levels. Also, it can be turned on and off fairly quickly, in order to generate more power when demand is high and less power when demand is lower. Hydro thinks it is sensible to have a couple of small thermal plants as part of its system.

Q²⁹². WHAT DOES PLANT DISCHARGE OF 144 CUBIC METRES PER SECOND MEAN?

A: Imagine a cube that is one metre (about three feet long, one metre wide, and one metre high). This is a cubic metre. If the cube were filled with water, it would be a cubic metre of water. Imagine the amount of water you would need to fill 144 of these cubes. Then imagine this amount of water flowing through a generating station every second. You would say the station had a discharge of 144 cubic metres per second.

Q²⁹³. HOW MUCH DOES SOLAR POWER COST?

A: It varies. Power from solar panels is about 10 times as expensive as Wuskwatim power. Also, you have to replace panels about every 20 years or so. If you buy a lot of panels at once, you can get a cheaper price. The price of solar energy is gradually coming down. In the

distant future, it may be competitive with power generated by burning coal or gas or hydro.

Q²⁹⁴. WHAT'S DEMAND SIDE MANAGEMENT (DSM)? IS IT AN ALTERNATIVE TO WUSKWATIM?

A: This is power conservation. If Manitobans use less power, Hydro can sell more power outside of the province, to places like Minnesota. It can use the money from these sales to keep Manitoba power prices lower. Hydro will continue to use DSM, whether or not Wuskwatim is built. There was a full discussion of this issue at the CEC hearings.

Q²⁹⁵. WHAT IS POWER SMART?

A: This is Hydro's ongoing program of persuading Manitobans to use less electricity. Part of it is education - like persuading customers who have electric heating to turn down their thermostats. Part of it is giving loans and other incentives to customers to make home renovations that will save electricity over the long term. Hydro will continue this program whether or not Wuskwatim is built.

Q²⁹⁶. WHAT SORT OF RESIDENTIAL CONSERVATION MEASURES WOULD MAKE A DIFFERENCE?

A: There are many things people can do. For example, people who use electric heat can reduce electricity in many ways: adding insulation, caulking windows, weather stripping doors and simply turning down the

thermostat before going to sleep. (Even if you heat your home in another way, these are often good things to do.) People can also purchase energy-efficient appliances.

Q²⁹⁷. WHAT IS SEQUOIA?

A: Sequoia's name has changed to Air-Source Power. This is a small wind generation project in southern Manitoba. The turbines are now up and are being tested. They are owned by a private company. That company negotiated to sell its electricity to Hydro.

Q²⁹⁸. WHAT'S AN AMP? A VOLT?

A: Amps are like flow rate. Volts are like pressure. Both are measurements of electricity.

Q²⁹⁹. WHAT'S THE DIFFERENCE BETWEEN ALTERNATING CURRENT (AC) AND DIRECT CURRENT (DC) TRANSMISSION LINES?

A: DC lines lose less power over long distances. So Hydro uses DC lines to move large amounts of power over long distances. AC lines are used for shorter distances. The lines to and from Wuskwatim will be AC.

Q³⁰⁰. HOW OFTEN IS THE NOTIGI CONTROL STRUCTURE ADJUSTED?

A: Several dozen times a year.

Q³⁰¹. SHOULD WE USE MORE WIND POWER IN THE FUTURE?

A: Wind power's big advantage is that the wind is free, and that it blows year after year. One of the disadvantages is that the wind doesn't

blow steadily all day, and there is no way to predict exactly when it will get windy and when it will be calmer.

If wind power were the only source of power, there would have to be some way to store the power for periods when the wind is not blowing or more wind turbines (which are costly) would have to be constructed. Wind power is better when it is combined with some other types of power, like hydro or thermal. That way, there is always power available, even when the wind isn't blowing.

Wind power will be part of Hydro's system in future years, whether or not Wuskwatim is built. This issue was fully discussed at the CEC hearings.

Q³⁰². NCN SHOULD INVEST IN WINDMILLS TO AVOID PAYING FOR ELECTRICITY SO THAT WE AREN'T DEPENDENT ON MANITOBA HYDRO ALL THE TIME?

A: Wind turbines have their pros and cons. Because the wind does not always blow, they have to be combined with some other source of power (such as hydro stations), to make sure that there is always power, even on calm days. Also, wind turbines become more expensive to operate in very cold weather. Finally, though it sounds funny, wind turbines have to be shut down when it becomes too windy - they can't operate safely in extremely windy conditions. There is already a wind turbine project in southern Manitoba. There will be others in the future.

Q³⁰³. WHAT ROLE WILL XCEL ENERGY PLAY IN WUSKWATIM?

A: Xcel is the parent company of Northern States Power, a Minnesota company. It now buys a fair amount of power from Hydro. In the future, it may negotiate more contracts with Hydro to buy more power. In theory, Wuskwatim might generate some of the power involved. Other American companies also buy Manitoba power, as do Ontario and Saskatchewan.

Q³⁰⁴. HOW MUCH HAS CRD FLOODING AFFECTED THE WAY THINGS ARE NOW?

A: There is no question that CRD was a huge project built in a time when environmental laws were just being introduced and society in general had less respect for First Nations, their members and their rights, and there were no constitutional protections for treaty and Aboriginal rights. CRD caused major flooding at Nelson House, Southern Indian Lake, and elsewhere and there are ongoing impacts. It is important to understand that Wuskwatim is very different from CRD in many ways.

Q³⁰⁵. WILL HYDRO SETTLE WITH SOUTH INDIAN LAKE BEFORE STARTING THE PROJECT?

A: The Community Association of South Indian Lake (CASIL) signed a final settlement agreement with Manitoba and Hydro in 1992. CASIL received \$18 million plus interest. Other SIL groups, such as the SIL Commercial Fishermen's Association, have also signed final

settlement agreements with Hydro. NCN was not a party to these agreements, and was not involved in negotiating them. If CASIL wants to have further discussions with Hydro, it is free to do so. CASIL is independent from NCN. Members of the “Displaced Residents of South Indian Lake” (DRSIL) are still pursuing their own NFA claims against Hydro, Manitoba and Canada. They have their own lawyer. NCN is not a party to the DRSIL claims and has no control over them.

Q³⁰⁶. WHAT KIND OF LICENCE DOES HYDRO HAVE FOR CRD?

A: Hydro has an interim licence from Manitoba plus annual permission from Manitoba through the Augmented Flow Program (AFP). Eventually, Hydro will apply for a permanent licence for CRD.

Q³⁰⁷. WHAT'S THE AUGMENTED FLOW PROGRAM (AFP)?

A: Hydro began operating the CRD in 1977, under an interim licence from Manitoba. Once it started to operate the CRD, it realized that it behaved differently than expected when the interim licence was prepared. Once the actual flow characteristics of CRD were well understood, Hydro asked Manitoba for permission to operate it a bit differently, and Manitoba agreed. This is called the Augmented Flow Program (AFP). Every year Hydro asks and Manitoba renews this permission. To get a final licence for CRD, Hydro has to finish some

detailed surveys and maps. It will probably finish them within the next few years.

Q³⁰⁸. HOW ARE ELECTRICITY RATES IN MANITOBA DETERMINED? ARE THEY HIGHER IN THE NORTH?

A: No. Once there was a higher rate for the north than for Winnipeg, but now virtually the whole province pays the same rates. The only exceptions are four isolated communities (e.g. Brochet) that rely on diesel generators, and are not connected to the main Hydro system. Manitoba's Public Utilities Board (PUB) sets electricity rates in Manitoba.

Q³⁰⁹. WHAT ARE THE POWER ALTERNATIVES FOR BROCHET, LAC BROCHET, SHAMMATAWA, AND TADOULE LAKE?

A: These are the four communities that are not connected to the main Hydro system. In theory, some could build small, local hydro generating stations, but this would be difficult. Some day, one or more of these isolated communities may be connected to the main power system, but this would be difficult.

Q³¹⁰. WILL OUR ELECTRICITY COSTS GO UP TO PAY FOR THIS PROJECT? OR TO PAY FOR A DISASTER LIKE AN EARTHQUAKE?

A: Electricity costs for all Manitobans are regulated by the Public Utilities Board (PUB). The PUB looks at Hydro's financial situation, good or bad, and decides how high the hydro rates have to be. When Hydro sells power to Minnesota or other export markets, it can use the profit to keep Manitoba rates lower.

Though Wuskwatim is a relatively small project, it may help to keep Manitoba rates a bit lower over the long term. If a natural disaster caused Hydro a financial loss, the long-term effect might be higher rates. Earthquakes are not a concern in Manitoba.

Q³¹¹. WHY DO CURRENT CONTRACTS FOR DEBRIS CLEARING GO THROUGH TRUST OFFICE AND NOT HUMAN RESOURCES?

A: An attempt is made to give contracts for debris clearing to NCN resource users. The Resource Coordinator works out of the Trust Office. Therefore, it is easiest for Hydro to deal with the Trust Office in this area.

Q³¹². GAS PRICES HAVE GONE UP A LOT THIS YEAR. WILL THIS AFFECT WUSKWATIM?

A: Not directly. In the short term, this will add to the construction costs (because construction vehicles burn gasoline and diesel fuel). In the long term, increasing crude oil and natural gas prices may make Wuskwatim even more competitive with other forms of power. Quite a lot of power in North America comes from burning natural gas. Increasing natural gas prices would be good for the owners of hydro generating stations.

Q³¹³. IF NCN VOTERS VOTE “NO”, WHAT WILL HAPPEN TO THE ATEC BUILDING?

A: Nothing. The funds for the ATEC building do not depend on the Wuskwatim Project. Over the long term, the more economic activity there is in northern Manitoba, from

Wuskwatim and/or other projects, the more valuable ATEC will become.

Q³¹⁴. DOES NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA) APPLY TO THE ARRANGEMENTS BETWEEN NCN AND HYDRO?

A: In some ways, NAFTA applies to almost all government-related business done in Canada. It is a very complex agreement. One part of NAFTA says that foreign corporations must be treated as well by government as domestic corporations. It is not anticipated that any aspect of Wuskwatim would violate NAFTA. NCN obtained independent legal advice on this issue.

Q³¹⁵. WHAT GUARANTEES ARE THERE THAT THE PDA WILL NOT AFFECT NORMAL GOVERNMENT PROGRAMMING AND FUNDING FOR NCN? SOME FEEL THAT THE NFA AND THE 1996 AGREEMENT HAVE REDUCED NORMAL PROGRAMMING AND FUNDING.

A: Both the NFA and the 1996 Agreement have specific provisions saying that the governments will not reduce normal funding and programming to NCN because of the agreements. Canada and the Manitoba Government will not be parties to the PDA, although the Manitoba government will approve certain aspects of the PDA, if NCN and Hydro approve it. Over the long term, it is possible that NCN will get more money each year from Wuskwatim profits than it will get from Canada.

Q³¹⁶. WHAT IS THE STATUS OF THE \$40 MILLION MANITOBA HYDRO BOND WITH 10 PERCENT ANNUAL INTEREST PROVIDED TO NCN AS PART OF THE 1996 AGREEMENT?

A: Under the 1996 Agreement, the Trustees can retain experts to provide investment advice. They retained Royal Trust. After considering Royal Trust's advice, the Trustees converted the Hydro Bond to a laddered bond portfolio (bonds that mature on different dates).

This is the type of safe investment allowed by the 1996 Agreement. The Trustees felt that the portfolio would be preferable to a single bond maturing in a single year. The portfolio will continue to generate interest every year, which will be used for NCN projects and programs as determined through the Community Approval Process (CAP). This will continue whether or not Wuskwatim is built. Some people argue that it would have been better to keep the Hydro bond. Others argue that selling the bond in 2001, and investing in a laddered bond portfolio, makes good sense. It may be 10 years or more before we know for sure.

In any case, the Trustees did not violate the Trust agreement. Though not everyone agrees with the investment decision, some good arguments can be made to support the decision.

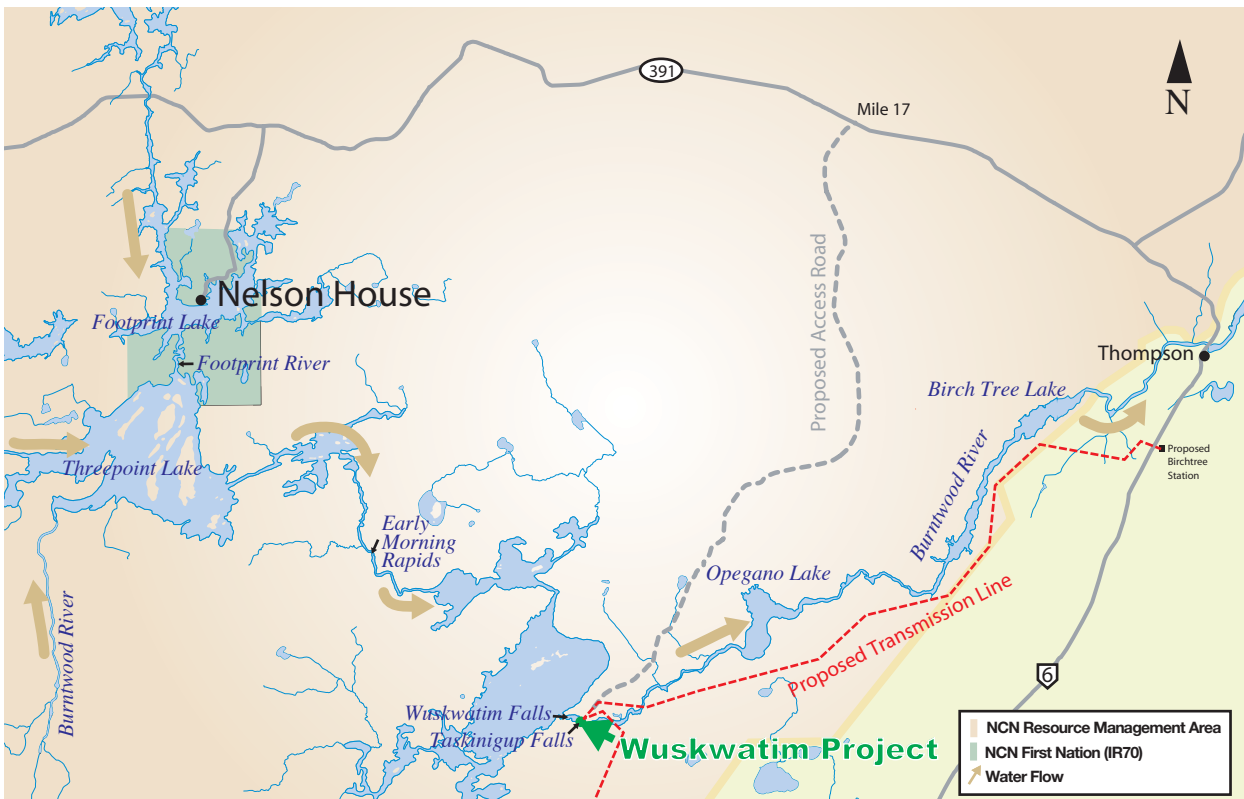
In short, NCN still has the \$40 million. It is invested in various safe investments.

Detailed information about the Trust's investments is found in the Trust's annual report. The 2004 report has been up on the NCN website for many months.

Q³¹⁷. HOW MUCH MONEY WILL NCN GET FOR ADVERSE EFFECTS AND OTHER THINGS?

A: NCN will get \$5.7 million for adverse effects compensation, up to \$2.7 million for implementation, up to \$1 million in transition costs and an additional \$1.2 million in advances for ATEC. NCN has already received advances for ATEC of \$4.5 million.

If the PDA is signed, but the project doesn't get built, or if it's built, but is uneconomical, the ATEC loans will be forgiven, except for loans of about \$1.8 million. Of this \$1.8 million, \$1 million, plus interest, is repayable over time out of annual funding provided to ATEC. The balance of \$800,000, plus interest, is repayable by NCN. This means that altogether, NCN will receive approximately \$13 million in other payments.





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