S u p p l e m e n t a r y
Q u e s t i o n s & A n s w e r s

Based on April 2006 PDA Consultation Process
Contents

Introduction .............................................. Page 3
Partnership .............................................. Page 4
Financial Matters ....................................... Page 6
Jobs and Training ......................................... Page 11
Aboriginal and Treaty Rights ......................... Page 13
The Referendum ......................................... Page 15
The Taskinigahp Trust .................................... Page 16
Electricity Prices .......................................... Page 17
Consultation Process ..................................... Page 18
Miscellaneous ............................................ Page 19
Appendix .................................................. Page 25
This Guidebook contains questions and answers based on questions asked by NCN Members in the first round of PDA consultations.

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. 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.

**For further information contact:**
NCN Future Development Office
Nisichawayasihk Cree Nation
Nelson House, Manitoba R0B 1A0
Phone: (204) 484-2414
Toll free: 1-866-590-0021
Fax: (204) 484-2980

Visit our website: www.ncncree.com

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”.

Q1. WHAT’S THE DIFFERENCE BETWEEN NCN AND TPC?
A: Taskinigahp Power Corporation (TPC) is a Manitoba company established by NCN. For business and tax purposes, NCN has created TPC to be its limited partner in the limited partnership. NCN will control TPC. If TPC has profits, they will go into the Taskinigahp Trust, for the benefit of NCN and Members. In community information documents, we sometimes use NCN and TPC interchangeably (for example, we sometimes say that NCN will be a partner – but technically it will be TPC that will be a limited partner).

Q2. ARE THE LOANS TO TPC OR TO NCN?
A: The equity and cash call loans are to TPC. The dividend loans are to NCN but they are paid directly into the new Trust to benefit NCN and NCN Members. TPC will be controlled by NCN.

Q3. IF NCN CEASES TO BE A PARTNER AFTER 25 OR 50 YEARS, DOES THE SECTION OF THE PDA ON FUNDAMENTAL FEATURES STILL PROTECT NCN?
A: Yes. The PDA remains a binding agreement. The Fundamental Features sections are still in force. Other parts of the PDA, including those dealing with the transmission development fund and adverse effects compensation, will still apply even if NCN opts out of the partnership.

Q4. DOES ARTICLE 12.8 OF THE PROJECT FINANCING AGREEMENT EXONERATE HYDRO OF ANY LIABILITY FOR ENVIRONMENTAL AND TRANSACTIONAL IMPACTS ARISING FROM THE PDA OR FINANCIAL (INCLUDING LOAN) TRANSACTIONS OR ARRANGEMENTS?
A: This article does not exonerate Hydro and its employees, agents etc. from damage caused by gross negligence or willful misconduct. Otherwise, in general terms, the limited partnership is responsible for the liabilities of the project. As a limited partner, NCN (TPC) has limited liability. By the same token, the limited partnership receives the profits of the project. This is the essence of the business deal.

Q5. WHAT DOES THE PDA MEAN WHEN IT SAYS THAT THE “PARTIES ACKNOWLEDGE THAT THERE ARE INHERENT CONFLICTS OF INTEREST IN THE STRUCTURE THEY HAVE AGREED UPON FOR THE DEVELOPMENT AND OPERATION OF THE WUSKWATIM PROJECT”?
A: Hydro will be a limited partner in the Wuskwatin Power Limited Partnership (WPLP). It will also be in charge of building and operating the project. It will also buy all the power generated by the project and transmit it to consumers. It will also control the General Partner of the WPLP.

The WPLP will compensate NCN for adverse effects of the Generation Project, and Hydro
will compensate NCN for adverse effects of the Transmission Project. NCN has negotiated the PDA with Hydro, even though NCN (TPC) is not yet a limited partner in the WPLP (and, at a future date, may decide not to remain a limited partner).

In short, Hydro will wear many different hats. NCN too will wear different hats. For example, NCN is a limited partner in the partnership, and also receives adverse effects compensation from the partnership.

NCN and Hydro are both aware of this, and are both prepared to live with this. They both feel that the PDA as a whole will be mutually beneficial to NCN and Hydro. Therefore, they both agree that they won’t later try to argue that the PDA is improper because of the many hats worn by the parties and try to seek compensation as a result.

Q6. WHY DOES HYDRO HAVE A MAJORITY OF SEATS ON ALL WUSKWATIM-RELATED BOARDS? WHY ARE THE BOARDS ADVISORY ONLY, WITH NO DECISION-MAKING POWER?

A: Hydro will have a majority of seats on the board of the General Partner. Even so, NCN’s interests are protected in several ways.

First, Hydro cannot alter Fundamental Features of the project without NCN’s consent. Second, NCN (TPC) can refer disputes under the PDA to arbitration or binding review by appropriate experts. Third, federal and provincial government licences and approvals will include various conditions to protect the environment, and the partnership will have to comply with them. Fourth, NCN can decide it no longer wants to be limited partner when construction is finished, at the 25-year mark, or at the 50-year mark.

Committees such as the Construction Advisory Committee and the Monitoring Advisory Committee will not have decision-making power, but will play an important role in allowing NCN and Hydro to share information, to resolve issues by consensus, and to build goodwill and trust over the long term.

Q7. CAN INDIVIDUAL NCN MEMBERS INVEST?

A: No, only the First Nation can invest.
Financial Matters

Q8. WHERE WILL NCN GET $1 MILLION FROM?
A: NCN has already set this money aside through its annual Community Approval Process (CAP).

Q9. DOES NCN HAVE THE $28 MILLION NOW?
A: No. NCN has set aside about $2,127,500. It can set aside more in the next few years. It can approach the federal government or other sources. In the end, it can decide to pay less money and own less than 33 percent. NCN would need a minimum of $5 million.

Q10. HOW WILL NCN GET THE MONEY NEEDED FOR ITS OWNERSHIP SHARE?
A: Based on current estimates, NCN will require about $84 million if NCN (TPC) is to get full 33 percent ownership share. Hydro will lend NCN (TPC) about $56 million which will be repaid from the profits of the Wuskwatim project. NCN will have to raise the remainder of about $28 million. NCN can set aside some funds over the next few years, through the CAP process or from other revenue sources. There is plenty of time to raise the remaining amount and there are several possible sources we intend to look into, including the federal government (see the illustrations at the end of this document).

During discussions about the project, NCN and Hydro discussed different options for NCN involvement, including the concept of a generation development fund and other types of payments. In the end, NCN and Hydro agreed on the sort of limited partnership arrangements set out in the PDA.

Q11. WHY DOES THE PDA GO ON AT LENGTH ABOUT HYDRO’S RIGHT TO FORECLOSE ON NCN’S INVESTMENT IF PAYMENTS ARE MISSED?
A: The PDA does contain lengthy clauses about all aspects of the business arrangements. Part of the arrangement is that NCN (TPC) can be a limited partner in the project. Just like a limited partner in any business, NCN (TPC) will have both rights and obligations. It will have obligations to pay cash calls and to pay down its loans. If it doesn’t, Hydro can take some of TPC’s units in the limited partnership. Since TPC is a limited partner, NCN’s own assets will not be at risk. If NCN (TPC) chooses to be and remain a limited partner, it will receive its fair share of any profits. These profits could be substantial.
Q12. WHY DOESN’T THE PDA MENTION HOW THE PROFIT ESTIMATES PUBLICIZED BY NCN WERE ARRIVED AT?

A: The PDA is a legal agreement, not a comprehensive information package. For example, the PDA does not contain the results of the environmental studies – these can be found in the publicly available Environmental Impact Statements. Public documents submitted to the CEC (and available on NCN’s website) explain how profit projections were arrived at. Essentially, NCN and Hydro jointly obtained advice from independent experts about things like power price projections. NCN’s own advisors, as well as Hydro’s, reviewed these projections. As time has gone by, NCN’s advisors have updated all projections. Updates are now being presented at public meetings for NCN Members in Nelson House, Thompson, SIL, Winnipeg, Leaf Rapids and Brandon (see charts at the end of this document).

Q13. WHY DOESN’T THE PDA SAY THAT NCN WILL RECEIVE A GUARANTEED EXPORT PRICE FOR POWER PRODUCED AT WUSKWATIM WHEN, AT THE CEC HEARINGS, NCN SAID THERE WOULD BE GUARANTEES?

A: The PDA is consistent with what was said at the CEC. The Power Purchase Agreement explains how Hydro will buy from the limited partnership all the power generated at Wuskwatin. Hydro will pay the partnership a price based on export prices. It is expected that export prices will move up and down over time.

The PDA explains how the export prices will be calculated, and how disputes about the calculations can be resolved. NCN is not guaranteed a specific dollar figure. Rather, the limited partnership is guaranteed that Hydro will buy all the power from the partnership based on a fair and reasonable payment formula and dispute resolution process (binding review by appropriate experts).

Q14. WHAT HAPPENS TO THE TRAINING AND CONSULTING FUNDS THAT HAVE BEEN FORWARD TO NCN, IF THE PDA IS VOTED DOWN? WILL ADVANCES BE ADDED TO NCN’S DEBT?

A: If the PDA is not ratified, NCN would not have to pay for any of the project costs, including consulting costs, incurred to date – Hydro would pay them. Also, NCN would only have to repay one ATEC loan of $1.8 million. Arrangements have been made so NCN will only need to pay $785,000 of this, plus interest. The rest would be repaid from other sources.
Q15. THE REVENUE ADVANCE CONSOLIDATION AGREEMENT INCLUDES ARRANGEMENTS ABOUT NCN HAVING TO REPAY AN ATEC LOAN. WHY WERE MEMBERS NOT MADE AWARE OF THESE ARRANGEMENTS EARLIER?

A: Over the past few years, there have been many developments related to Wuskwatim, and Chief and Council have tried hard to share as many details as quickly as possible with Members, through newsletters, meetings and other vehicles. All information is now in the hands of NCN Members. With the benefit of hindsight, it is easy to say that there should have been more information at an earlier date about this development or that development. In general, it is fair to say that arrangements regarding ATEC have been very favorable for NCN. Even if Wuskwatim is never built, ATEC will benefit NCN Members for decades to come.

Q16. HAVE THE FUTURE DEVELOPMENT COSTS TO DATE BEEN INCLUDED IN THE CALCULATIONS OF PROJECT COSTS?

A: Yes. All funds spent to date are part of the $1 billion (approximate) total cost of the Generation Project.

Q17. HOW WILL NCN PAY OFF ALL ITS DEBT?

A: NCN and Hydro have carefully considered all of the factors that will affect the project's costs and revenues. The Clean Environment Commission and some of the parties who appeared at the CEC also looked at this carefully. It is anticipated that the project will be profitable enough that NCN will be able to pay off all its debt and still enjoy acceptable profits (see graphs at the end of this document).

Q18. WHAT'S A CASH CALL?

A: It is a demand from the limited partnership to the limited partners to provide more money for construction or operation of the project. Hydro knows that NCN (TPC) may not have enough cash flow, particularly in the early years, to pay cash calls, so it is prepared to make cash call loans to TPC. These loans could be repaid from future profits. Cash call loans for construction of the project will be funds through the equity loan facility.

Q19. HOW DO DIVIDEND LOANS WORK?

A: If NCN wants more cash flow in the early years, it can take dividend loans from Hydro. These would go directly into the Trust, and would be used to fund NCN programs, services and projects.

Q20. HOW MUCH HAS BEEN SPENT ON ALL FUTURE DEVELOPMENT ACTIVITIES TO DATE? WILL NCN HAVE TO REPAY THIS?

A: About $25 million. If there is no project, NCN will not have to repay this. If there is a project, it will be partnership expense (essentially, shared by NCN and Hydro).
21. IF NCN CEASES TO BE A PARTNER, DOES IT STILL GET ANNUAL PAYMENTS FROM THE TRANSMISSION DEVELOPMENT FUND?

A: Yes, for the life of the Transmission Project.

22. WHY DOES NCN HAVE TO PAY $1 MILLION TOWARDS THE WUSKWATIM PROJECT WHEN WE OWN THE LAND ON WHICH THE PROJECT IS BEING BUILT?

A: The $1 million is not to buy the land, but to build the project. NCN and Hydro have agreed that, if NCN wants, they will build the project together and share in any profits. Also, under Treaty 5, NCN gave up ownership of the land where the project is being built in exchange for reserve land, treaty rights to hunt, trap and fish and other considerations. When the project is decommissioned, NCN will have the right to choose the land either as reserve land through the TLE Agreement principles, or through regular ownership.

23. IF NCN NEGOTIATED $100 MILLION IN NEGOTIATED CONTRACTS, CAN MONEY FROM THESE CONTRACTS BE USED FOR INVESTING IN THE PROJECT?

A: Only profits could be available for investment. The rest of the revenue from negotiated contracts is needed for materials, equipment and wages.

24. WHAT IF NCN DEFAULTS ON PAYMENTS (WHO PAYS PENALTIES)?

A: As long as TPC remains a limited partner, NCN’s own assets will never be at risk. In theory, it could lose its units in the Wuskwatim Power Limited Partnership, and NCN would only have to repay one ATEC loan of $1.8 million. Arrangements have been made so NCN will only need to pay $785,000 of this, plus interest. The rest would be repaid from other sources. If it chooses to withdraw at 25 or 50 years, NCN would not have to repay other loans, and would get back any of its own funds invested without interest.

25. HOW CAN A CROWN CORPORATION LEND MONEY? IF SO, WHEN THEY LEND MONEY, HOW MUCH DOES NCN HAVE TO PAY BACK IN INTEREST?

A: The Agreement with NCN to build the project, including loans, is a party-to-party agreement which Hydro can do under the Manitoba Hydro Act, as long as Manitoba approves these arrangements. The interest payable will depend on many factors, including how large a share of the partnership NCN wants (e.g. 25 percent, 33 percent), whether NCN decides to take dividend loans, how large the project’s revenues and expenses are each year, how interest rates rise and fall in future years, and other variables. NCN’s advisors have considered a number of assumptions and
have developed NCN’s Base Case (expected case). The Base Case, using current projections, is shown in a chart at the end of this document.

Q 26. WHAT WILL THE AVERAGE ANNUAL COST OF OPERATIONS AND MAINTENANCE BE?
A: In the early years, it is estimated that this may be roughly $2.7 M per year. This figure will likely increase over time. The limited partnership will have other expenses as well.

Q 27. WILL ALL FINANCIAL AND RISK ASPECTS OF THE PROJECT BE REVIEWED BY QUALIFIED, INDEPENDENT EXPERTS, AND EXPLAINED TO NCN MEMBERS IN DETAIL?
A: Chief and Council has used independent advisors throughout the process. In some cases, NCN and Hydro jointly obtained expert advice, about things like energy market projections and capital costs. Extensive information about the benefits and risks of the project has been shared with NCN Members since 1999. The public CEC hearings, which were attended by some NCN Members, and covered by the media, focused in some detail on the potential risks of the project. The CEC concluded that the project was economic.

Q 28. IS THERE ANY INFORMATION AVAILABLE ON THE FINANCIAL AGREEMENTS?
A: The PDA “Summary” document has summaries of all the financial agreements. If you haven’t got a copy yet, visit the NCN Future Development office, or check out the website (www.ncncree.com).

PROJECT DEVELOPMENT AGREEMENT
29. ARE 20 PERCENT OF ALL JOBS SET ASIDE FOR ABORIGINAL PEOPLE?
A: No, there are no quotas for aboriginals. Instead, there are direct negotiated contracts and job preferences in the BNA. Things like training at ATEC and direct contracts may be more effective ways of helping NCN Members get and keep jobs, than an artificial quota.

30. WILL THEY BE PAYING HAZARD PAY?
A: The remuneration for all jobs covered by the BNA is set out in the BNA itself. The remuneration for direct contract jobs will not include anything labeled “hazard pay”.

31. DOES THE BURNTWOOD-NELSON AGREEMENT (BNA) APPLY?
A: Yes. The BNA includes preferences for aboriginals in the Burntwood-Nelson-Churchill River region, and also includes NCN Members throughout Manitoba who register with Manitoba Advanced Education and Training (MAET). The direct negotiated contracts will also be extremely important for creating jobs for NCN Members.

32. WHO DECIDES WHAT THE JOB QUALIFICATIONS ARE?
A: That varies. Certain jobs in designated trades include legal requirements (such as a journeyman’s ticket). Manitoba Advanced Education and Training (MAET) makes various decisions. For jobs pursuant to the direct contracts, contractors have a role. Decisions under the BNA can be grieved pursuant to the BNA grievance procedures.

33. ARE THERE JOB GUARANTEES?
A: No individual is guaranteed a job. ATEC will train those NCN Members who are interested in obtaining training. Many NCN Members already have training. Individuals will have to decide what jobs they want to apply for. Then, individuals will have to hold on to their jobs by doing good work. NCN will provide cross-cultural training, which it is hoped will help NCN Members keep their jobs over time.

In short, NCN and Hydro are doing everything possible to set the stage for the employment of many NCN Members. After that, it will be up to individuals to make the most of the opportunities available.
Q: What will the project offer people off-reserve?

A: Under the BNA aboriginals, including NCN Members, in the Burntwood-Churchill-Nelson River region will have job preference for Wuskwatim jobs. A letter of agreement attached to the BNA says that any NCN Members resident in Manitoba (outside the Burntwood-Churchill-Nelson region) who register with MAET will also get preferences. Direct-negotiated contracts will provide opportunities for all NCN Members in Manitoba. You must contact the ATEC staff to register, or to get more information. In the future, depending on the Community Involvement Process, profits from the project might be used for things like scholarships for NCN Members in places like Winnipeg or Brandon.
Q 35. THE PDA SAYS THAT NOTHING IN IT IS INTENDED TO ALTER ABORIGINAL OR TREATY RIGHTS OF NCN OR OTHER ABORIGINAL PEOPLES, RECOGNIZED AND AFFIRMED UNDER SECTION 35 OF THE CONSTITUTION ACT, 1982, EXCEPT TO THE EXTENT THAT, IN RESPECT OF THE WUSKWATIM PROJECT, NCN HAS EXPRESSLY CONSENTED TO THIS PDA AND THE TRANSACTIONS CONTEMPLATED BY THE PDA ON THE TERMS AND CONDITIONS SET OUT IN THE PDA.

SHOULDN’T THERE BE A THOROUGH REVIEW OF THE TREATY AND ABORIGINAL RIGHTS IMPLICATIONS TO NCN, OTHER NFA CREE NATIONS, AND POSSIBLY MANITOBA METIS FEDERATION (MMF) MEMBERS?

A: Firstly, NCN Members have been consulted extensively about every aspect of the project since about 1999. Other First Nations and aboriginal peoples have been consulted through the Public Involvement Plan (PIP) process.

All First Nations and aboriginal peoples had the right to appear at the Clean Environment Commission (CEC) public hearings. Some did, and the CEC carefully considered their input. Some got funding to help them appear at the CEC.

The federal and provincial governments together did special consultations with First Nations and aboriginal peoples about treaty and aboriginal rights. In addition to all of these things, NCN and Hydro engaged in a special dialogue with the MMF about the project. In considering aboriginal and treaty rights, the main thing to remember is that Wuskwatim would be a relatively small project with relatively small impacts. It is anticipated that there will be no effects on Footprint, Threepoint or Southern Indian Lakes.

Q 36. WHAT ABOUT LOSS OF TREATY RIGHTS TO HUNT AND FISH? DOES THE PDA SAY NCN MEMBERS CAN’T FISH AND HUNT THERE?

A: NCN has tried to minimize impacts of the project on its ability to hunt and fish. Nevertheless, there will small effects on these activities (e.g. the presence of the dam will make hunting and fishing at the site impossible. Also, during construction, hunting will not be allowed on or near the access road for safety reasons).

While these impediments to hunting and fishing will exist, there are no general statements in the PDA about NCN Members not being able to hunt and fish in the project area.

Q 37. CAN MMF SUE THE PARTNERSHIP?

A: In theory, anyone can sue, but there is a difference between bringing legal action and winning. MMF has argued that it should have been consulted directly by governments. NCN and Hydro have had a dialogue with the MMF about the project and have carefully considered the MMF’s
comments. The comments made by NCN, Hydro and the MMF have all been forwarded to Manitoba. Manitoba has written to the MMF and asked it if it wishes to comment further, noting that Manitoba will consider any comments it might have. It is hoped that MMF will not take legal action against anyone. If it ever does, it will be up to a judge to decide if the action has any merit.

Q: 38. WHY DIDN’T NCN HIRE AN EXPERT IN ABORIGINAL AND TREATY RIGHTS?
A: It did. Professor Bryan Schwartz, who has published and taught about aboriginal and treaty rights for many years, and has appeared in court in relation to aboriginal and treaty rights, has provided legal advice to NCN during the Wuskwatim process and during the negotiations leading to the 1996 Agreement.
Q39. The PDA says that, if less than a majority of voters show up to vote, but a majority of those who do vote, vote “yes”, there will be a second referendum.

In the second referendum, all that would be required is a majority of those who show up to vote. The PDA also allows Chief & Council to make revisions to the PDA following either a first or second referendum.

In 1996, the referendum on the 1996 agreement used the Indian Act referendum rules.

How were the PDA ratification procedures decided upon? Why were NCN members not consulted?

A: Regarding revisions to the PDA, Chief and Council can’t change any Fundamental Features of the project and can’t change things that materially and substantially change the PDA arrangements. Furthermore, even if they wanted to, they will not be able to change the project in any ways that would violate federal and provincial licences and approvals.

Regarding ratification procedures, even in 1996, NCN supplemented the Indian Act with its own decisions (such as its decision about exactly where to locate polling stations). The Indian Act Referendum Rules apply when rights to reserve land are being surrendered; but Wuskwatim will not affect any reserve land, so the Indian Act Referendum Rules don’t apply to a vote about the PDA.

Moreover, NCN has tried to move away from the Indian Act in order to strengthen self-government. For example, NCN now has its own Election Code, and doesn’t use the Indian Act for Council elections. The PDA vote will use many features of the Election Code, including such basic principles as a secret ballot, the concept of a travelling poll, Cree syllabics on the ballot, etc. The PDA vote will be conducted in much the same way as the 2001 vote on the Wuskwatim Agreement in Principle (AIP). The main thing is that the Referendum Rules are fair and democratic. If an NCN Member feels that the PDA ratification procedures are unsatisfactory, they are free to vote “no”. (A copy of the ballot is shown at the end of this document.)
40. IS MONEY GOING TO THE TRUST?

**A:** The new Taskinigahp Trust will be partly similar to the 1996 Nisichawayasihk Trust, but will include new features, such as an enhanced Community Involvement Process (CIP). It will give all NCN Members input into spending decisions, a process for NCN Members to nominate trustees, a new long-term growth account, and other features. Funds from different sources will go into the Trust, but it is anticipated that the largest source will be future profits.

41. CAN THE PARTNERSHIP TAKE MONEY OUT OF THE TRUST?

**A:** No. The money in the Trust is to benefit NCN and Members. It will be spent on NCN programs, services and projects, as decided by the Community Involvement Process.

42. HAS THE TRUST BEEN SET UP YET?

**A:** No. The Trustees will be chosen before the PDA vote and the groundwork for creating the Trust will be done. If the PDA is ratified, the Trust will be created quickly afterwards.

43. WILL WATER RENTAL REBATES GO INTO THE TRUST? HOW WILL THESE REBATES WORK?

**A:** Yes, they will go into the Trust. NCN and Manitoba have reached an agreement. The partnership will pay Manitoba normal water rentals. Then Manitoba will make payments to NCN for 25 years, based on NCN’s investment in the project. These payments will decrease gradually from year 6 through year 25. It will be as if Manitoba has rebated to NCN a portion of the money Manitoba has received for water rentals.

44. CAN OFF-RESERVE MEMBERS PARTICIPATE IN THE CAP PROCESS?

**A:** Today, any Member, wherever they live, can submit ideas about the Nisichawayasihk Trust in writing to Chief and Council or its designated agent at any time. Any Member can travel to Nelson House to attend one or more CAP meetings. When the new Community Involvement Process (CIP) under the new Trust is established, again any Member will be able to submit ideas in writing to Chief and Council at any time. The new Trust will have new provisions to allow individual NCN Members to make annual spending proposals.
Q 45. WILL HYDRO SELL WUSKWATIM POWER TO U.S. MARKETS?
A: Maybe. Hydro now sells quite a bit of power to U.S. buyers. It also sells some power to Saskatchewan and Ontario. Also, it is estimated that, after about 2020, power from Wuskwatim will be needed to supply Manitoba's own needs.

Q 46. WILL ELECTRICITY EXPORT PRICES GO UP?
A: It is impossible to be 100 percent sure, but many experts are predicting that prices will go up in the future.

Q 47. WILL GLOBAL WARMING AFFECT THE PROJECT?
A: It may. No one can be sure exactly what effects global warming will have on flows at Wuskwatim, or on electricity prices in general. In projecting the future, NCN has tried to be conservative and to assume that some future years will be low-flow years.

Q 48. IF THERE IS A MAJOR EARTHQUAKE, HOW WILL THAT AFFECT ELECTRICITY PRICES?
A: It depends where the quake is and how much damage it does. Manitoba is not in an earthquake zone. A major earthquake on the west coast could do a lot of damage to the North American economy over the short term. It is important to remember that Wuskwatim will likely be around for 100 years or more. It is assumed that this will include both upturns and downturns in the economy and in prices.
Q 49. CAN WE CONFIRM WHERE IN BRANDON VOTING WILL BE ON JUNE 7 AND 14?
A: Voting is at the Travelodge Canadian Inn at 150 5th Street from 9 a.m. to 8 p.m. PDA materials are available in Brandon at NCN Education Office, 1837 Princess Avenue.

Q 50. IF WE ASK A QUESTION, ARE WE GOING TO GET A RESPONSE?
A: Yes, to the extent reasonably possible. This document includes responses to questions asked during the first round of PDA consultation. Similar documents have been provided to NCN Members over the last several years, including answers from previous NCN meetings.

Q 51. CAN THE WEBSITE HAVE A FEATURE ALLOWING QUESTIONS TO BE SUBMITTED BY E-MAIL, WITH E-MAIL RESPONSES?
A: This is a good suggestion. Our website designer is now looking at this, but it may take some time to set up. Meanwhile, there is a huge amount of information already on the website (www.ncncree.com).

Q 52. ARE NCN ADVISORS TRYING TO CONVINCE MEMBERS TO VOTE “YES”?
A: Advisors are here to provide accurate information about project-related issues. They try to provide factually correct answers. Some Members may not like those answers. In the end, every Member has the right to vote “yes” or “no”.
Q53. CHIEF & COUNCIL NEGOTIATED THE PDA WITH THE HELP OF LEGAL AND OTHER ADVISORS. IF THE PDA IS RATIFIED, THE SAME LEGAL ADVISORS WILL SIGN A CERTIFICATE OF INDEPENDENT LEGAL ADVICE. THE PDA REQUIRES LAWYERS FROM CHERNIACK SMITH LLP, MYERS WEINBERG LLP AND FILLMORE RILEY LLP TO SIGN A CERTIFICATE OF INDEPENDENT LEGAL ADVICE.

Isn’t Chief & Council in a conflict of interest? Shouldn’t there be other legal advisors to provide independent legal advice to NCN Members?

A: Chief & Council is NCN’s democratically elected government. Their position is no different from federal, provincial or municipal governments that negotiate contracts and put them to voters in a referendum. This is common in democracies around the world.

The same principal applies to the legal advisors. They are independent from Hydro, not independent from Chief & Council. When the City of Winnipeg negotiates contracts, it uses legal advisors who ultimately answer to Winnipeg’s Mayor and Council. If some citizens of Winnipeg oppose the contracts, the Mayor and Council do not hire other legal advisors to advise the disgruntled citizens. Similarly, corporations and unions hire legal advisors who take direction from the board or executive of the corporation or union, not from individual shareholders or union Members.

Legal advisors and other advisors have attended and will attend meetings in Nelson House, Thompson, Winnipeg, SIL, Leaf Rapids and Brandon, open to all NCN Members, and have answered and will make reasonable efforts to answer questions put to them.

Q54. THE PREAMBLE TO THE TRUST INDENTURE REFERS TO “IMPLEMENTING CERTAIN AGREEMENTS REACHED BETWEEN THE PARTIES WITH RESPECT TO MATTERS REFERRED TO IN ARTICLE 8 OF THE 1996 NFA IMPLEMENTATION AGREEMENT.”

Doesn’t that mean the PDA is more than just a commercial agreement?

A: Yes, NCN has taken that position throughout the PDA negotiations, but the PDA is primarily a business arrangement. Article 8 of the 1996 Agreement requires that Hydro consult with NCN about Future Development (including Wuskwatim), and finalize compensation plans with NCN before starting construction.

The PDA includes the Adverse Effects Agreement, which outlines compensation to NCN for Wuskwatim. If NCN Members ratify the PDA, that means that Hydro will have satisfied its obligations under Article 8. If NCN voters do not ratify the PDA, there will
be no project, and thus no violation of Article 8. Article 8 will still apply to any future Hydro projects that might affect NCN or Members.

Regardless of how one labels the PDA, it has commercial elements and it addresses adverse effects.

Q 55. THE BALLOT QUESTION WILL BE: “DO YOU AUTHORIZE THE CHIEF AND COUNCIL OF THE NISICHAWAYASHIK CREE NATION TO SIGN THE PROPOSED PROJECT DEVELOPMENT AGREEMENT (PDA).” HAVEN’T CHIEF AND COUNCIL ALREADY SIGNED THE PDA AT A PUBLIC SIGNING CEREMONY?

A: No, the public ceremony on March 30, 2006 did not involve any signing. It simply announced that negotiations for the PDA were complete and that the PDA would be put to NCN voters for their consideration, following a public consultation process. If voters vote “no”, Chief and Council will not sign the PDA. (A copy of the ballot is found at the end of this document.)

Q 56. WHY DOES THE PDA NOT MENTION THE HYDRO BOND?

A: This is not related to Wuskwatim. Under the 1996 Agreement, one of the assets of the Nisichawayasihk Trust was a $40 million Hydro bond. As they were permitted to do by the terms of the Trust, the Trustees sold the bond and invested funds in a laddered bond portfolio (a series of bonds that mature on different dates). Some NCN Members think the Trustees made the right decision, and some think they make the wrong decision. The Trust’s annual report, which explains all investments, has always been available to all NCN Members. The most recent one is posted on NCN’s website.

Q 57. WHAT WILL THE LAND ARRANGEMENTS BE?

A: The land on which the generating station and the access road will be is now provincial Crown land. Under the TLE Agreement, NCN has a right to select some of this as reserve land, subject to limits in the TLE Agreement. During the life of the project, the limited partnership will need to use this land for the project. So NCN, Hydro and Manitoba have worked out an agreement on the land.

The limited partnership will buy as much of the land as it needs for the project. When the project is eventually decommissioned, the land will go back to Manitoba. This is called a “determinable fee simple”.

Manitoba will then offer the land to NCN. NCN will have the choice of taking the land as reserve land, or in fee simple (regular ownership), or in some other way (e.g. a lease). This lets the limited partnership build and operate the project, but protects NCN’s long-term interests in its Resource Management Area.
Q 58. WHAT IS THE CURRENT WATER POWER RENTAL RATE?
A: About $3.34 per megawatt-hour, as of March 31, 2005. We anticipate that rates will likely be higher in future years.

Q 59. HOW IS NCN PROTECTED OVER THE LONG-TERM?
A: Two major safeguards are NCN’s right to leave the limited partnership at the end of construction, at 25 years or at 50 years, and only having to repay one ATEC loan if it exercises this right. Of course, NCN hopes the project will be profitable and it will never have to exercise this right. Also, the PDA’s Fundamental Features cannot be changed without NCN approval. Also, if NCN has disputes about the PDA, it can use the PDA’s dispute resolution procedures.

Q 60. HOW CAN NCN TRUST HYDRO AFTER CRD?
A: Wuskwatim is not the CRD. Environmental laws are much tougher today. Today, NCN has its own engineers and advisors. The 1996 Agreement provides new rights and protections to NCN.

The Wuskwatim project itself is much smaller than CRD, and will cause only a tiny fraction of the flooding which CRD caused. NCN helped plan Wuskwatim and NCN Members did many of the field studies. The traditional knowledge and wisdom of NCN Members played a major role in the Wuskwatim environmental studies.

Hydro itself has changed, and nowadays is working very hard to cooperate with First Nations, including NCN and other NFA Cree Nations. In the end, if NCN voters vote “no”, Hydro will not build the project.

Q 61. WILL THIS PREVENT WHAT HAPPENED AT SIL?
A: What has happened with CRD has already occurred. The Wuskwatim project is being built on an already altered river system and will not cause similar changes. Studies done predict it will have no effect on Southern Indian Lake.

Q 62. HOW WILL RESOURCE HARVESTERS BENEFIT?
A: The Trust will have a Resource Account to support resource programs. Trappers affected by the Transmission Project will receive special compensation. Any resource harvester who suffers a specific adverse effect can file a claim. Valid claims will be paid out of the Trust’s Claims Account. The project will help some resource harvesters. The road will make it cheaper and easier for fishers to access Wuskwatim Lake. The road and the station will help a few trappers cross the Burntwood River. Finally, resource harvesters will benefit in the same way as all NCN Members, if NCN chooses to remain a partner.
Q63. WHY ARE SOME SCHEDULES TO SOME OF THE AGREEMENTS STILL BLANK?
A: Some of these will be filled in on Initial Closing, if the PDA is ratified.

Q64. WILL WUSKWATIM SLOW DOWN THE FLOW OF WATER?
A: Wuskwatim is predicted to have no effect at all upstream of Early Morning Rapids. It will change the way Wuskwatim Lake now behaves. The lake level will remain very stable from season to season. It will generally go down a bit during the day, and up a bit every night. Downstream, the effects will be very small by the time you get to Opegano Lake, and almost impossible to detect by the time you get to Birchtree Lake.

Q65. HOW WILL KEEYASK AND CONAWAPA AFFECT WUSKWATIM?
A: If and when they are built, they will likely have little to no effect. If Hydro ever wants to be build them, it will have to provide this sort of information to NCN directly (pursuant to Article 8 of the 1996 Agreement), and to the public at public CEC hearings. NCN will be free to attend and participate in these hearings.

Q66. HAS CHIEF AND COUNCIL SIGNED THE PDA?
A: No. If NCN voters approve the PDA, Chief and Council will sign it then.

Q67. SHOULD INDIAN AND NORTHERN AFFAIRS CANADA (INAC) BE INVOLVED?
A: No. Canada is not a party to the PDA. Wuskwatim will not flood any reserve land. NCN does not need Canada’s approval for the PDA vote. Canada has provided some funding for ATEC, but that is a separate matter.

Q68. WHAT MIGHT HAPPEN IN YEAR 25 OR 50 WHEN NCN HAS THE OPPORTUNITY TO PULL OUT OF THE WUSKWATIM PROJECT? THE PEOPLE WOULD NOT BE FAMILIAR WITH THE PDA AND ITS PROVISIONS IN THIS REGARD. HOW WILL THE PEOPLE BE INFORMED ABOUT THE PULL-OUT PROVISIONS AND BE INVOLVED IN THIS DECISION ON WHETHER OR NOT TO PULL OUT?
A: This issue is not specially addressed in PDA. If and when it happens, Chief and Council will have to decide how to consult with Members, and whether or not to hold a referendum at that time.

Q69. CAN THE PDA BE AMENDED NOW?
A: At this point, the PDA is a single, complex package. It would be almost impossible to change part of the package in isolation. It should be noted that the PDA contains features which respond to concerns raised by NCN Members over the last few years. For example, NCN Members expressed
many concerns about what would happen if the project were not very successful and NCN wanted to leave the partnership. In response, NCN negotiated the option of leaving the limited partnership after 25 or 50 years, on favorable terms. It should also be noted that many of the concepts in the PDA are not new – they are based on the 2003 SOU. NCN Members were consulted extensively before the SOU was finalized and filed with the CEC.

Q 70. WHAT IF ONLY INTERNAL CHANGE WITHIN NCN IS REQUIRED, E.G. IN THE REFERENDUM PROCESS?

A: The PDA cannot be substantially amended unless Hydro agrees. In theory, the PDA can be amended with unanimous consent of all parties to it.

Q 71. HOW WAS THE ADVERSE EFFECTS COMPENSATION NUMBER ARRIVED AT? WHERE DID $5.7 M COME FROM?

A: The number was the result of negotiations between Hydro and NCN. A key part of the negotiation was establishing a value for damages to trapping and fishing from Wuskwatim. NCN started at $25 million (not all of which would be a cash payment, and which amount NCN advisors indicated was not sustainable), and Hydro at $1.2 million. After discussion, the parties reached an agreement at $5.7 million. It should be noted that Wuskwatim is completely different from CRD. Wuskwatim is being built on an already affected water system. Before compensation discussions began, NCN worked hard to minimize impacts of Wuskwatim to land and people, (e.g. reducing the project head so flooding was reduced to .5 sq. km.) These have minimized the impacts from Wuskwatim and the basis for compensation, reducing the amount that Hydro was willing to offer for compensation.

Adverse effects compensation is one part of what NCN receives. NCN also gets trapper compensation for traplines affected by the Transmission Project, funding for ATEC, implementation funding of $2.7 million, $1 million for transition funding, annual payments from the transmission development fund, and the right to bring certain types of claims directly against the Partnership or Hydro. Separate from the PDA, NCN gets certain water rental payments from Manitoba.

Q 72. WHAT ABOUT LOSS OF WATER RIGHTS?

A: Even if Manitoba and Hydro agreed that NCN had water rights to all waters within its traditional territory, NCN would not be able to build the Wuskwatim project by itself. Therefore, NCN, Manitoba and Hydro have agreed on practical arrangements to let the limited partnership build and operate the project, but when the project is
decommissioned, NCN will be able to choose the land on which the project was located as reserve land or regularly owned land. Though the province will transfer land to the limited partnership for the life of the project, it will not transfer water power rights and mines and minerals. There are provisions in both the PDA and in the agreements between NCN and Manitoba, providing protections for NCN’s aboriginal and treaty rights (see section on Aboriginal and Treaty Rights).

Q 73. WILL THE PROJECT HELP WITH THE LACK OF HOUSING ON RESERVE?
A: The new Community Involvement Process may decide to earmark some funds for new housing.

ABBREVIATIONS
ATEC Atoskiwin Training and Employment Centre
CEC Clean Environment Commission
MAET Manitoba Advance Education and Training
PDA Project Development Agreement
ROI Return on Investment
TPC Taskinigahp Power Corporation
WPLP Wuskwatim Power Limited Partnership
WRR Water Rental Rates
**Appendix**

**Partnership Structure**

- **Manitoba Hydro**
  - General Partner (Conducts the Business of the Partnership)
- **Taskingap Power Corporation**

**Wuskwatim Power Limited Partnership**

**Partnership Financing**

- Partnership Borrows $750 Million (75%)
- Based on $1 Billion Estimate
- NCN Cash Equity $33 Million (8%)
- NCN Borrows $55 Million From Hydro
- NCN Puts in $28 Million of Its Own Money
- Hydro Cash $167 Million (17%)
- Partnership Borrows $750 Million (75%)

*All figures used in this presentation are estimated.*

**Repayment of Loans**

- Hydro Loans expected to be Repaid by 2062 or Sooner

**Estimated Financing Requirements**

- **$1B Project Cost**
  - Debt $750 M (Borrowed from Hydro)
  - Equity $250 M

**Sample Ballot for PDA Ratification Vote**

- [ ] [ ]
BASE CASE SCENARIO

2012 WUSKWATIM PROJECT MODEL - NCN BASE CASE

ROI is net return to NCN, after payment of its required cash investment and repayment of loans and interest.

<table>
<thead>
<tr>
<th></th>
<th>NCN = 33%</th>
<th>NCN = 25%</th>
<th>NCN = 10%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25 Y</td>
<td>50 Y</td>
<td>65 Y</td>
</tr>
<tr>
<td>BEFORE WRR</td>
<td>11.0%</td>
<td>13.2%</td>
<td>13.4%</td>
</tr>
<tr>
<td>AFTER WRR</td>
<td>14.6%</td>
<td>15.8%</td>
<td>15.9%</td>
</tr>
</tbody>
</table>

ROI: Return On Investment
WRR: Water Rental Rebates

PROJECTED DISTRIBUTIONS (First 20 years)

PROJECTED DISTRIBUTIONS (to 2062)

*Using nominal $ (has not been discounted for the time value of money)