



WUSKWATIM

Generation Project

P R O J E C T

D E V E L O P M E N T

A G R E E M E N T

A Project for Our Future



- 200-megawatt hydroelectric generating station
- Located at Taskinigahp Falls on the Burntwood River, 40 km SE of Nelson House
- Project will take about six years to construct – it could be operating by about 2012
- The cost is estimated at \$1 billion (excluding Transmission Project)

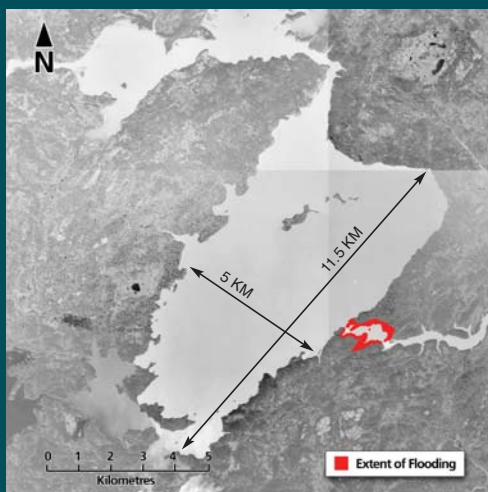
- The Generation Project is proposed as a partnership between Manitoba Hydro and NCN (terms set out in PDA)
- The partnership is one of the first of its kind in North America
- The Transmission Project is to be owned and operated by Manitoba Hydro

- NCN's Traditional Knowledge was used in the planning process
- NCN has taken part in planning and environmental studies, including extensive consultation with NCN Members

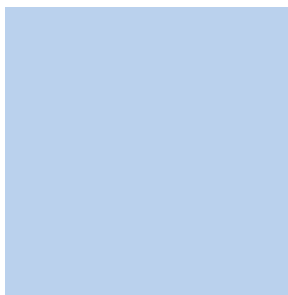
BEFORE... AND AFTER CONSTRUCTION



Minimal Environmental Impact



- There will be minimal flooding – less than one-half of one square kilometre near the dam site
- There will be no changes to Footprint, Threepoint or Southern Indian Lakes
- Water levels in Wuskwatim Lake may be more stable than the current regulation of the lake under CRD
- Some additional shoreline erosion around Wuskwatim Lake may occur in the early years of operation
- NCN will be compensated for adverse effects



Churchill River Diversion
(about 760 square kilometres)

Flooding will be minimal – less than one-half of one square kilometre



Wuskwatim Low-head
(less than 0.5 square kilometres)

- Access road will be routed to minimize effects on woodland caribou
- Mercury in fish at Wuskwatim Lake will be closely monitored and is expected to remain below the limits for commercial sale
- Water quality at Nelson House will not be affected by the Wuskwatim project

Jobs and Business Opportunities Will Be Available



- NCN-owned or joint-venture businesses have negotiated more than \$100 million in direct contracts
- These businesses can hire NCN Members directly
- As part of the Churchill-Burntwood-Nelson River Region qualified NCN Members, will be given preference for project jobs
- Employment will be concentrated in the summer construction season



- Members must have relevant training or previous job experience to qualify for jobs
- Specific skills will be needed at different times during construction

Training Programs Are Helping Prepare Members for Project Jobs



- ATEC training has been underway for the last two years and about 280 NCN Members have been trained
- ATEC is a major benefit that will remain in Nelson House even if the project does not go ahead
- ATEC's training is targeted to job skills needed on the Wuskwatim project and elsewhere in the northern economy
- ATEC provides many supports while training: educational upgrading, life skills, transportation, day care, etc.

SUPPORT SERVICES OFFERED DURING TRAINING AT ATEC



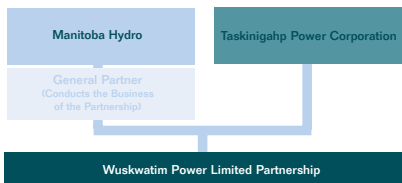
Cultural Awareness and Ceremonies Are Part of the Project



- The Wuskwatim Cultural Awareness Program will be designed and run by NCN
- The cultural/counselling coordinator will be resident on the construction site
- Cultural facilities such as the counselling office, sharing circle and sweat lodge will be on site
- Ceremonies will be conducted at important times including the access road start, stream crossings, transmission lines, forebay start and others
- The program's objectives are to share knowledge and promote understanding of Cree traditions with all workers on site
- Cultural awareness and ceremonies have been agreed to by NCN and Hydro

NCN Can Own Up to a 33% Share of the Project

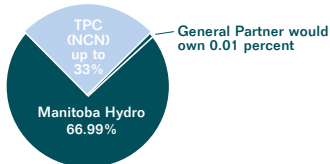
WUSKWATIM POWER LIMITED PARTNERSHIP



Manitoba Hydro has created a General Partner to conduct the business of the partnership.

NCN has created its own company (Taskinigahp Power Corporation) to be a limited partner.

NCN HAS THE OPTION OF OWNING UP TO A 33% SHARE OF THE PROJECT

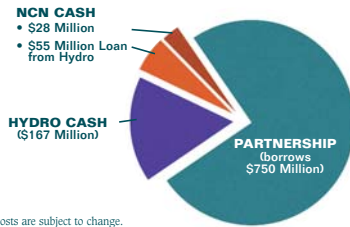


- NCN (through a new company called Taskinigahp Power Corporation) can own up to a 33% share of the project – but could choose to own less
- Manitoba Hydro will own a minimum of 66.99%
- The Wuskwatim Power Limited Partnership will be the partnership representing NCN (TPC) and Manitoba Hydro
- A General Partner has been created to manage and operate the project – it will own 0.01%
- The Limited Partnership structure has tax advantages and protects NCN from project debts and liabilities, as long as NCN does not take part in day-to-day decisions

Financing Set to Minimize NCN Cash Investment

WUSKWATIM FINANCING

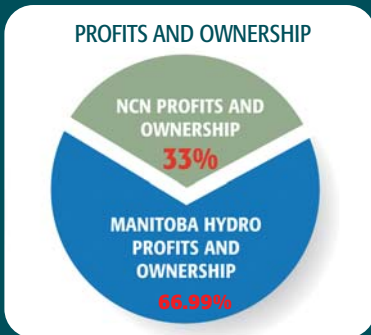
If NCN invests at the 33% level, it must contribute 33% or about \$75 million.



All costs are subject to change.

- 75% (about \$750 million) of the generation project cost will be obtained through long-term financing
- Partners must invest about \$250 million in cash based on proportion of ownership
- If NCN invests at the 33% level, it must contribute 33% or about \$84 million
- Manitoba Hydro is prepared to lend NCN about \$56 million at preferred rates
- NCN must raise about \$28 million from other sources (e.g. Nisichawayasihk Trust, federal government)
- All costs are subject to change

NCN Profits Could Be Substantial and Bring Benefits to All Members



THE TASKINIGAHP TRUST will operate in a similar way to the Nisichawayasihk Trust, but with additional features to encourage greater NCN Member participation and multi-year funding options



- If NCN invests up to the maximum allowable it will be entitled to up to 33% of profits once loans are repaid
- Profits could be in the range of tens-of-millions-of-dollars per year
- In the early years, cash flows are expected to be low as loans are repaid
- In the early years, if NCN needs cash for community programs, Manitoba Hydro is prepared to lend NCN about \$1 million per year (dividend loans)
- NCN profits will be deposited in the new Taskinigahp Trust, with following accounts:
 - Taskinigahp Community Development Account
 - Resource Account
 - Taskinigahp Claims Account
 - Seven Generations Account
 - Seven Generations Growth Account

PDA Spells Out Project Details

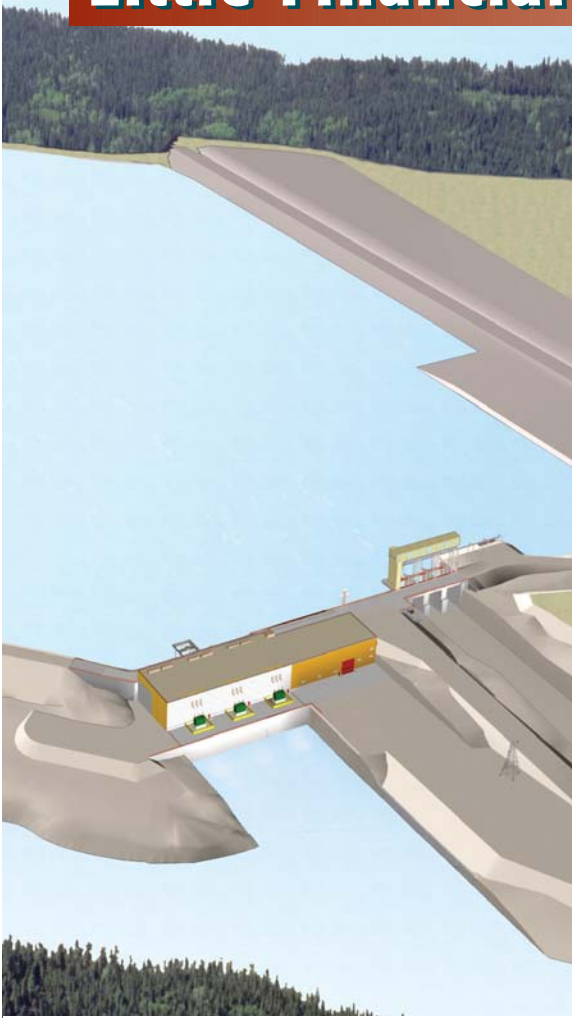


- The Project Development Agreement is the final legal document defining the Wuskwatim Generation Project
- It contains about 1,000 pages and is a compilation of more than 14 separate agreements that govern all aspects of the project
- Several short publications explaining the PDA have been created

The individual agreements contained within the PDA:

- *Limited Partnership Agreement*
- *Management Agreement*
- *Project Financing Agreement*
- *Construction Agreement*
- *Power Purchase Agreement*
- *Operations and Maintenance Agreement*
- *Interconnection and Operating Agreement*
- *System Operations and Dispatch Agreement*
- *Taskinagahp Power Corporation (TPC) Financing Agreement*
- *NCN Financing Agreement*
- *Adverse Effects Agreement*
- *NCN Deed of Assignment*
- *Taskinagahp Trust Agreement*
- *Various Technical Agreements*

Little Financial Risk for NCN



- The limited partnership structure protects NCN from liabilities and risk and provides tax advantages
- NCN needs to invest only \$1 million when construction begins and has six years to raise the balance of an estimated \$28 million, when Wuskwatim becomes operational OR NCN can withdraw from the partnership and get the \$1 million back
- NCN can also withdraw at 25 years or at 50 years after operation begins and get all the investment back, without interest
- *If NCN withdraws, it wouldn't have to repay its loans to Manitoba Hydro, including the dividend loans, which could amount to millions of dollars (Only \$1.8 million in ATEC loans would be repayable – \$800,000 from NCN and \$1 million plus interest from ATEC annual funding)*
- *NCN would retain all benefits and profits from Wuskwatim it received to that point*
- If Wuskwatim were to become unprofitable sometime after 50 years in service, NCN could lose some or all of its investment. In this event, NCN would retain all the benefits and profits it received to that point

Measures are in Place to Monitor and Manage Project Impacts



- Monitoring programs will keep track of changes in water, land, animals, plants and the community – and be used to modify the way things are being done to reduce adverse effects and improve positive effects
- Many measures will be in place to protect the environment and people – some of the main ones are:
 - *An Advisory Committee on Employment to track construction employment of Aboriginal people and deal with issues*
 - *On-site counselling and cultural awareness program at the construction camp provided by NCN*
 - *ATEC in place to train and support members and act as referral agency for construction employment*
 - *A plan developed to protect heritage resources*
 - *Environmental Protection Plans to provide detailed guidance about protecting the environment to those building the dam*
 - *An Access Management Plan to set out how NCN and Hydro will use the road during construction and operation of the project*
- An Adverse Effects Agreement will be in place to compensate NCN for effects that cannot be reduced or eliminated
 - *NCN will get \$5.7 million in Adverse Effects compensation, plus other payments*

Benefits of Wuskwatim for Nisichawayasihk Cree Nation

	Planning Phase (2000 to today)	Medium-Term (next 2 to 8 years)	Long-Term (beyond 8 years)
NCN's Involvement	NCN influenced the project (e.g., low head dam) by being fully engaged in planning with Manitoba Hydro	NCN will be involved in monitoring and management of effects	NCN involvement in monitoring and management of effects
Environment	Protection of environment was a key consideration in project planning and assessment of effects	Low impact project means limited effects on environment during construction	Low impact project means limited effects on environment once operating. Wuskwatim Lake stabilized compared to regulation under CRD
Training	ATEC training based in Nelson House -- training for construction employment (beginning 2 years ago); particularly important for youth	ATEC facility will continue to train and support Members, including youth	ATEC facility will remain in community for the long term
Employment	Members have been, and are, employed in project planning jobs (about \$5 million in wages)	Construction employment for members, including youth	Opportunities that arise from training and Wuskwatim work experience
Business		Construction contracts for NCN businesses (about \$100 million)	Opportunities based on Wuskwatim contract experience
Return on Investment			Profits from the investment in the project will be placed in the new Taskinigahp Trust to benefit youth and NCN as a whole