



Guide Book

SUMMARY OF UNDERSTANDINGS

Between Nisichawayasihk Cree Nation and Manitoba Hydro With Respect to the Wuskwatim Project

Note: When NCN and Hydro are referred to in the context of their partnership, the reference is to NCN and Hydro as limited partners in the limited partnership.

This Guidebook presents an overview of the major provisions of the Summary of Understandings (SOU), in question and answer format. It has been prepared for the purposes of information only, and has no legal force and effect. It is not a restatement of the SOU. If there is any discrepancy or conflict between what is contained in this Guidebook and the SOU, the SOU prevails.

The SOU itself is not the final, legally binding agreement between NCN and Hydro with respect to the Wuskwatim project. It is a non-binding document between NCN and Manitoba Hydro pertaining to the proposed Wuskwatim project. It sets the stage and provides a framework for negotiation of a binding Project Development Agreement (PDA). It outlines the basic issues that will be expanded upon in the PDA.

The final and legally binding agreements between NCN and Hydro with respect to the Wuskwatim Project will be contained in the PDA, which currently is being drafted. The PDA (which will include agreements, such as the Limited Partnership Agreement and the Power Purchase Agreement, that will be schedules to the PDA) will cover all aspects of the development of the Wuskwatim Project and will be the only agreement between NCN and Hydro with respect to the development of the Wuskwatim Project that will have legal force and effect. It is the PDA that the community will be asked to ratify later in 2004. The PDA will be available to NCN members when it is completed. If there is any discrepancy or conflict between what is contained in the SOU and what is contained in the PDA, the PDA will prevail.

TABLE OF CONTENTS

| | | |
|------------------------------|------|----|
| REGULATORY | Page | 3 |
| PARTNERSHIP | Page | 5 |
| ENGINEERING | Page | 24 |
| JOBS | Page | 28 |
| CONSTRUCTION | Page | 32 |
| TRANSMISSION | Page | 34 |
| NEEDS AND ALTERNATIVES | Page | 35 |
| TREATY AND ABORIGINAL RIGHTS | Page | 39 |
| MISCELLANEOUS | Page | 41 |

DDOS

OVERVIEW

Q: What is the Summary of Understandings (SOU)?

A: It is a non-binding document between NCN and Manitoba Hydro about the proposed Wuskwatim project. It sets the stage and provides a framework for negotiation of a binding Project Development Agreement (PDA). It outlines some of the basic issues that will be expanded upon in the PDA.

Q: Does this mean Wuskwatim is a done deal?

A: Absolutely not. Two main things have to happen before Wuskwatim can go ahead. Firstly, once the negotiations on the PDA are finished, the people of NCN will get to vote on the PDA in a secret ballot vote, maybe in the fall of 2004. Hydro's board of Directors will also vote to approve the project. Secondly, the provincial and federal governments must approve the proposed project under their environmental laws.

Q: The SOU talks about construction starting in 2003 and finishing in 2009. Is this right?

A: No. At one time, we thought that construction might start in 2003. The CEC process and PDA negotiations will take longer than we first thought. Now, we hope construction might start in late 2004 and the project might be finished in about 2010.

Q: What will be included in the Project Development Agreement (PDA)? Who decides what will be included in it? What assurances are there that the voting process will be fair and honest?

A: NCN and Hydro's negotiators will draft out the wording of the PDA. The SOU gives us a good idea of the PDA's framework. NCN voters will have the final say, through a fair, democratic, secret-ballot vote.

Q: What's a secret-ballot vote?

A: This is the sort of vote used in every federal, provincial and municipal election. It means the voters mark their ballots in private - no one can see how they're voting.

REGULATORY

Q: What is going on at the Clean Environment Commission (CEC)?

A: The CEC Commissioners are appointed by Manitoba, but the CEC is an independent body. Manitoba's Minister of Conservation has asked the CEC to hold public hearings about Wuskwatim. After the hearings, the CEC will write a report to the Minister. The Minister will make the final decision about whether, under provincial law, the project can go ahead. The CEC will look at two general subjects: 1) the effects of the project on the environment, and 2) the need for and alternatives to the project.

Q: I hear that NCN is a co-proponent of the Wuskwatim project with Hydro. What does that mean?

A: It does not mean that either NCN or Hydro has made any final decisions. NCN members will make the final decision through a secret ballot vote. It just means that NCN and Hydro together have asked the provincial and federal governments to assess a potential project. The assessment process takes a long time. NCN and Hydro began working together on field studies in 1999-2000. They began the formal environmental assessment process in 2001. The CEC began its work in 2003. The main CEC hearings began in March 2004. NCN and Hydro together are asking the governments to assess the potential project - that makes them co-proponents.

Q: Why are Manitoba Hydro and the government of Manitoba stating that NCN is a co-proponent of Wuskwatim without consulting NCN members and getting their approval?

A: NCN members approved the Wuskwatim Agreement in Principle (AIP) by a large majority in 2001. NCN members will have the final say on Wuskwatim, when they vote on the PDA. Being a proponent for the purposes of environmental assessment just means a party is proposing a possible project, and asking the governments to assess the environmental effects of the proposed project. The party does not have to make a commitment to building the project. That can come later. Hydro and NCN are both asking the governments to assess the effects of the potential Wuskwatim project. That makes them co-proponents. NCN and Hydro are not committing themselves to building Wuskwatim.

Q: I hear the Chairman of the CEC left. Will that affect the hearings?

A: No. The provincial government appointed a new Chair for the Wuskwatim hearings - Gerard Lecuyer - a former provincial environment minister in the 1980s. He is already familiar with the Wuskwatim assessment, so there will be no delay in the hearings. Mr. Terry Sargent will chair future CEC panels.

D O S

Q: What is the role of the federal government?

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

Q: What's a Comprehensive Study Report (CSR)?

A: This is the report that the federal government will write (maybe in the spring of 2004) about the Wuskwatim Generation Project. It will make recommendations about whether the project should be approved and, if so, with what conditions.

Q: 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 (RA). DFO will look at how the project can be built in such a way as to minimize harm to fish. NCN, Hydro and DFO are meeting on a regular basis to discuss these issues.

Q: What if the governments do not approve the proposed project?

The project will not proceed.

Q: Can the governments force NCN and Hydro to build the project?

A: No. The governments can approve the projects and issue licenses, 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.

Q: I heard that PCN (Cross Lake) made some kind of motion at the CEC? What was that about?

A: The CEC hearings will be about Wuskwatim. The focus will be on how Wuskwatim will change the way things are today, on Wuskwatim Lake, on Cross Lake, and elsewhere. Even this is not a simple matter. The Environmental Impact Statements (EIS) on Wuskwatim - the reports about how it would affect the environment - make up many volumes of material. PCN wanted to expand the Wuskwatim hearings to look at all northern hydro issues going back many decades. This kind of hearing could take many years. NCN disagreed with PCN. NCN said the Wuskwatim hearings should be about Wuskwatim. The CEC listened to all the arguments, and finally decided that NCN was right. The hearings started in March 2004.

Q: Where will the CEC hearings be?

A: The hearings started and will finish in Winnipeg. There were also hearings in Thompson and The Pas.

Q: Can I go to the hearings?

A: Yes, they are open to the public.

PARTNERSHIP

Q: What are the exact details of the deals, arrangements and commitments between Manitoba Hydro and NCN Chief and Council?

A: There are no deals yet. The exact details of understandings to date are found in the SOU. The SOU is non-binding. Negotiations for a binding PDA are ongoing. When it is ready, it will be available to NCN members. NCN voters will be able to vote on it.

Q: Will NCN own part of the Wuskwatim Generating Station?

A: If the voters of NCN approve the PDA, yes. NCN and Hydro will set up a partnership, which will own the generating station.

Q: How much money will NCN invest?

A: NCN can choose to own up to 33% of the generating station. If it wants to invest less money, it can own less than 33%. If it chooses 33%, it would have to invest about \$62 million. Hydro is prepared to lend NCN about \$41 million. That means that NCN would have to invest about \$21 million of its own money.

Q: Where will NCN get the money to invest in the Project?

A: NCN has saved some money from interest on the Nisichawayasihk Trust (the Trust created by the 1996 Agreement), and can save more before 2010. NCN will also borrow some money from Hydro. NCN is hoping to obtain some money from the federal government, but this is still uncertain. All the financing arrangements for the partnership will be set out in the PDA.

Q: Why would Hydro lend money to NCN?

A: NCN has told Hydro it is interested in being a partner. Hydro and NCN agreed to this in principle. Therefore, Hydro is willing to lend money to NCN to help make the partnership possible. The financial arrangements, including interest rates and repayment terms referred to in the SOU, will be included in the PDA.

DOSS

Q: When will NCN have to get this money?

A: If NCN chooses to own 33%, it would have to invest \$1 million just before construction starts (maybe late 2004). It would have to invest the rest of the estimated \$21 million just before the station goes in-service (about 2010).

Q: How much profit will Wuskwatim make?

A: It is impossible to be 100% sure. By 2035, it is projected that annual profits could range from about \$80 million to about \$172 million, depending on many factors such as the cost of electricity, the value of the Canadian dollar, and interest rates. However, there is no guarantee that the project will earn these profits or any profits. 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.

Q: 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 \$1-4 million a year. After NCN's debt is paid off, NCN could get between about \$26 and \$57 million a year (33% of \$80-172 million) in profit. These are estimates; there is no guarantee that the project will earn these profits or any profits.

Q: What will NCN do with the money?

A: That is up to NCN members. It is anticipated there will be some form of community approval process, maybe similar to the one now used to make spending decisions in respect of the 1996 Nisichawayasihk Trust. NCN would establish a new trust (the NCN Wuskwatim Trust). NCN members will have to decide what their spending priorities are. The Wuskwatim Trust Agreement will set out how the Trust will operate.

Q: Is NCN taking any risks?

A: There are some risks involved in any business venture. When NCN bought the Mystery Lake Hotel, it was taking an educated risk. But NCN analysed the situation carefully before buying the hotel, and concluded that the hotel would be profitable for NCN. This has proven to be true. The same principle applies to Wuskwatim. Independent business experts have told NCN that Wuskwatim would be a very good investment.

Q: What is the worst case scenario for NCN?

A: Construction could start in late 2004 and be finished in about 2010. If NCN's voters ratify the PDA, it is expected that NCN would invest \$1 million of its own money just before construction starts. Until construction is finished, NCN can back out at any time and get its \$1 million back. Once construction is finished, NCN will have to decide if it wants to invest the balance of its own money (about \$20 million more, based on current estimates, if NCN wants to own 33% of the station). At that time, NCN will know the actual cost of the project, and there will be greater certainty about the prices that will be received for Wuskwatim's power. This information will greatly assist NCN in deciding whether to invest in the partnership at that time.

Once it has invested the full \$21 million (in about 2010), the worst that could possibly happen would be if electricity prices in the United States collapsed and stayed very low. Independent experts have advised NCN that this is extremely unlikely to happen. However, for the sake of argument, say it did happen. If it did, as a limited partner NCN could lose the \$21 million in the limited partnership, but no more. As a limited partner, NCN could not possibly lose any of its regular funds or current trust funds. Being a limited partner protects NCN from this, as long as NCN does not lose its status as a limited partner.

Q: Are NCN assets at risk?

A: No. Again, the absolute worst case scenario - one that is extremely unlikely - is that NCN could lose its original investment in the limited partnership, but no more than this.

Q: Why should NCN take any risk?

A: This is the nature of business. In the world of business, it is impossible to make a profit if you don't take any risks at all. A good business person carefully examines the potential profits and risks before making an investment. That is what NCN did before buying the Mystery Lake hotel. That is what NCN is doing now in respect of Wuskwatim. The hotel has proved to be a good investment. Independent experts have told both NCN and Hydro that Wuskwatim would also be a good investment. In fact, some people have complained that Hydro is giving NCN too sweet a deal.

Q: Who will buy the power generated at Wuskwatim?

A: Manitoba Hydro will buy all the power produced at the Wuskwatim station, and will pay the partnership a price based on export prices. 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.

DOSS

Q: What if Hydro can't sell all of the power before 2020?

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

Q: Why would Hydro agree to this risk?

A: Hydro has also consulted independent experts. They have looked at the range of possible electricity prices in the United States in the future. Hydro gets about 2/3 of the profit from this investment. NCN's participation is very important to Hydro. Therefore, Hydro wants to give NCN an incentive to participate. It is a classic "win-win" situation.

Q: What if Hydro is privatized in the future?

A: The PDA will contain provisions to protect NCN if this should ever happen. Essentially, all the power generated at Wuskwatim would still be purchased, and NCN would still continue to collect the same share of profits.

Q: 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.

Q: I heard the project would cost a billion dollars. Is that right?

A: NCN would not be a co-owner of the transmission lines and stations, so it would not have to invest any money in them. The Generation and Transmission Projects together might cost a bit less than a billion dollars. Hydro and NCN together, as a partnership, would borrow about 3/4 of the money needed to build the generation project. Every year, the partnership would pay the interest on this borrowed money. The partnership may annually set aside some money as a "sinking fund". The partnership would periodically use the money in the sinking fund to pay off part of the principal and to reduce the need to borrow in the future to gradually pay down the principal.

Q: What kind of partnership will it be?

A: NCN, or a Trust set up by NCN, 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. A limited partner cannot lose anything else. This will all be set out in a detailed limited partnership agreement which will be part of the PDA, and subject to approval by NCN Members.

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

Q: What is a general partner?

A: The general partner in the partnership does make day-to-day decisions about the business, 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.

Q: 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. However, unlike a limited partner, it does not have limited liability. Hydro will create a new corporation to be the general partner in the Wuskwatim partnership. Hydro will own the new corporation. This general partner will run the business - it will make day to day decisions about operating the generating station and it will contract out certain management functions to Hydro under the Management Agreement, which will be a schedule to the PDA.

As a limited partner, NCN will own 33% of the business. (It may choose to own less, but let's use 33% as an example.) As a limited partner, Hydro will own 66.99% of the business. The general partner (the corporation owned by Hydro) will own .01% of the business, and will operate the business day to day.

Q: This seems complicated. Why are NCN and Hydro doing this?

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

Q: Who sits on the board of directors of the general partner?

A: Hydro appoints about 2/3 of the members and people selected by NCN make up about 1/3.

Q: If Hydro can outvote NCN, how is NCN protected?

A: There will be some fundamental things about the project that Hydro will not be allowed to change without NCN's consent. For example, Hydro could not decide to change it to 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 the fundamental things without NCN's consent, NCN is protected.

Q: Can Hydro back out?

A: Before construction starts, both NCN and Hydro are free to back out. If Hydro backs out, NCN won't lose any money, but there will be no project. Once construction starts, Hydro could still back out at any time prior to construction of major works if Hydro believes there has been a substantial change in circumstances. This is not likely to occur.

Q: Can NCN sell its 33% share to Hydro?

A: If both NCN and Hydro were willing, this could be negotiated.

Q: What if NCN says it does not want to be an investor, but wants a royalty agreement instead?

A: This might cause various problems. Firstly, when they approved the 2001 AIP, NCN voters endorsed the concept of a partnership. Secondly, the environmental assessment to date has been based on the concept of a partnership. If this were to change, the assessment process could be delayed, and delay would be expensive. NCN has chosen to pursue partnership because the project appears to be a good investment. Being a partner makes good financial sense. There is also no guarantee that Hydro would agree to a royalty agreement.

Q: Why does NCN get to own up to 33%, and Hydro gets to own at least 66.99% of the project?

A: NCN may choose to own less than 33% of the project. It would have to invest less money, but it would make less profit. Hydro is prepared to invest 66.99% 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 2/3 of the business, and will get about 2/3 of the profit.

Q: What will happen to the capital and reserves in the new NCN Wuskwatim Trust?

A: The Wuskwatim Trust Agreement will contain more detail about this. NCN will want to create a process that gives all NCN members input into how the money is spent every year.

Q: Will NCN use any money from the Nisichawayasihk Trust (the 1996 Trust) and the Otetiskiwin (OT) Trust for equity in the project?

A: The 1996 Trust generates about \$4 million interest every year. In the past, NCN has set aside some of this interest for long-term projects. It can set aside more money between now and 2010. This money could be used to invest in the Wuskwatim partnership. The capital of the 1996 Trust will not be touched. The future of the OT Trust is still being discussed.

Q: Will the approximately \$4 million from the 1996 Trust continue to be available every year?

A: Yes. This will not change. Investing in the Wuskwatim partnership would not put this money at risk.

Q: Are there procedures which can be added to the new Wuskwatim Trust to create a more fair and equitable process?

A: NCN is now looking at ways to improve the Community Approval Process (CAP) used for making spending decisions on the 1996 Trust. If it finds ways to improve the CAP, these lessons can also be used for designing the new system for spending profits from Wuskwatim.

Q: What steps will be taken to preserve the value of the principal (capital) of the new Wuskwatim Trust over time?

A: The 1996 Trust Agreement says that 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. The new Trust might contain similar provisions.

Q: What is the difference between Project Fundamental Features (p. 7 SOU) and Partnership fundamental matters (p. 17 SOU)?

A: The Fundamental Features of the project are the basic aspects of the way it will be built. (The construction camp will be near Taskinigup 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.

A: The fundamental matters of the partnership are things that NCN as a limited partner will have a say in. (Remember: as a limited partner, NCN does not get involved in day-to-day decisions about operating the project). 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.

Q: If NCN is a minority partner, how is NCN protected from decisions made by Hydro which have a negative impact on NCN?

A: Hydro is not allowed to change any of the Fundamental Features of the project without NCN's consent. As a limited partner, NCN will have a legal right to its share of profits.

DOSS

Q: 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 will control the timing of the NCN PDA ratification vote. We're not sure exactly when Hydro's board of directors will officially vote on the PDA. However, once Hydro's negotiators are satisfied with the PDA, it is likely that Hydro's board will also be satisfied. PDA ratification is completely separate from the environmental assessment process. 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 by spring 2004. The NCN PDA vote might be in the fall of 2004, maybe a bit earlier or later. As of now, we hope that, by the time NCN votes on the PDA, the governments will have already approved the project. The PDA also will require the approval of the provincial cabinet.

Q: Why can't NCN enter into an agreement with the Province for water rentals?

A: The province has jurisdiction over Manitoba's rivers through the Natural Resources Transfer Agreement (NRTA). Hydro uses those rivers to generate power, so Hydro pays Manitoba to "rent" the water. This will continue whether or not Wuskwatim is built.

Q: Why will some of the loans remain in US dollars?

A: To build the project, the partnership will have to borrow most of the money. The Canadian dollar rises and falls in relation to the U.S. dollar. Lately, it has been rising. NCN and Hydro agree that it would be a good idea for the partnership to borrow mostly in U.S. dollars. This is because the partnership's income will come mostly from export sales in the United States. As a result, most of the Partnership's debt and income will be based on U.S. dollars. This is called a "hedge" against future fluctuations of the Canadian dollar. It will protect the partnership from the risks associated with such fluctuations.

Q: 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.

Q: What agreements will NCN and Hydro have to sign?

A: The partnership and Hydro will have to sign:

- A Construction Agreement - this will deal with the way that Hydro will build the project.
- A Project Financing Agreement - this will deal with how Hydro will lend most of the money for the construction of the project and charge interest on its loan.
- A Power Purchase Agreement - this will describe how Hydro will buy all the power the station generates.
- A Systems Operation & Dispatch Agreement - this will describe how Hydro will operate the project as part of its system and move the power through its system to customers.
- A Maintenance & Operations Agreement - this will describe how Hydro will maintain and operate the station.
- An Interconnection Agreement - this will deal with how the station is connected to the Hydro grid.
- An Adverse Effects Agreement - this will describe how NCN will be compensated for the adverse effects of the project (e.g. the half square kilometre of flooding).
- A Management Agreement - this will describe how Hydro will provide certain management and administrative services to the partnership.

There also will be a financing agreement between NCN and Hydro relating to the loans Hydro will be providing to NCN to invest in the partnership.

Q: Will the Limited Partnership Agreement be a binding agreement between NCN and Hydro?

A: Yes. Once the PDA is ratified and signed, it will bind both parties.

Q: In the Future Development Newsletter issued in October 2003, it indicates that NCN's annual profits could range from about \$26.4 Million to about \$56.8 Million. Is this before or after all the costs of planning, building and operating the Project?

A: This is the estimate of the actual annual profit that NCN will receive after about 2035 (after NCN's loan from Hydro is paid off) based on current projections. This is profit - the amount left after all costs are paid. It is estimated that the project will start operating (and selling power) in 2010. For the first few years, NCN will have to pay back its loan. Therefore, it will receive less cash flow (maybe about \$1-4 million a year). As the loan is paid down, the annual amount will increase. By about 2035 (or sooner, if the loan is repaid sooner) based on projections, NCN will likely be receiving annual profits. From NCN's perspective, this may be the most attractive aspect of the Wuskwatim project.

DOSS

Q: What assumptions were included to come up with these numbers (for example, export rates, natural gas rates, Kyoto)?

A: NCN had independent experts look at a range of possible scenarios (e.g. higher natural gas rates, stable natural gas rates, more use of coal power, more use of wind power). Under all reasonable scenarios, Wuskwatim will likely be a very good investment.

Q: 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 healthy profit.

Q: 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. If the partnership has to pay \$3 more for repairs, NCN will lose its 1/3 share (\$1 in profit). NCN and Hydro have assessed the possible operating and maintenance costs, and have concluded that the project will be profitable.

Q: 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.

Q: 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 (maybe in 2010) and first power is generated.

Q: What does Article 8 say?

A: Article 8 of the 1996 Agreement deals with Future Development (projects that would affect NCN, like Wuskwatim). 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.

Q: Have compensation arrangements been finalized?

A: No. NCN and Hydro are still negotiating. The agreement they eventually reach will be part of the PDA. NCN voters will get to decide if it is satisfactory.

Q: I thought NCN and Hydro were supposed to finalize a compensation agreement before the environmental licencing process started?

A: If NCN and Hydro had not agreed in principle that NCN could be a partner, and if NCN and Hydro had not written the Environmental Impact Statements together, and if NCN were not participating with Hydro at the Clean Environment Commission (CEC), NCN might insist that Hydro should finish negotiating compensation arrangements before starting the environmental process. But that is not the situation today. NCN and Hydro are in the middle of negotiating compensation arrangements based on the conclusions in the EIS. They agree that it would be in their mutual best interests to keep on going with the CEC process while continuing their negotiations so that any recommendations made by the CEC can also be considered.

Q: What does due diligence mean?

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.

Q: What types of studies were undertaken by NCN as part of its due diligence?

A: NCN and Hydro carefully analysed costs of the proposed project, future export rates, NAFTA, tax issues , constitutional issues, and other legal issues.

Q: Does 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.



Q: What is the impact of Manitoba Hydro's drop in profits 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 through the provincial government. 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 never "profitable" in the same way that private businesses are "profitable". This past year has seen a drought, so Hydro has less power, and less extra power to sell outside of Manitoba. So its revenue has gone down. This will not affect Wuskwatim one way or the other. In calculating Wuskwatim's future profits, experts have assumed that some future years will be drought years.

Q: 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 has had independent advisors analyse 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. If the project is not sufficiently profitable to cover NCN's borrowing costs, NCN's investment might be at risk, but as a limited partner no other assets are at risk.

Q: The Manitoba government has the right to divert 75% of Manitoba Hydro's profits to general revenue. Will NCN's 33% of future profits be calculated on the total gross profit (33% of the full 100% total) or after Manitoba takes its 75% cut which would mean NCN will only share in 33% of 25% of the total profits generated?

A: Manitoba can take some money from Hydro each year, and use it for general provincial needs. It has done so in recent years. However, this will have no effect on NCN's profit from Wuskwatim. While Manitoba can take profits from Hydro, it cannot take profits directly from Wuskwatim.

The Wuskwatim partnership will sell all its power to Hydro and will get a price based on current export prices. This will be set out in the PDA - a legally binding contract. Manitoba may take money from Hydro in the future, but it will not take money directly from the Wuskwatim partnership. If NCN chooses to be a 33% partner, NCN will get 33% of the profits, regardless of what Manitoba does with respect to Hydro.

Q: 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 would be a good idea for the partnership to borrow mostly in U.S. dollars. This is because the partnership's income will come mostly from export sales in the United States. As a result, most of the Partnership's debt and income will be based on U.S. dollars. This is called a "hedge" against future fluctuations of the Canadian dollar. It will protect the partnership from the risks associated with such fluctuations. In assessing whether the project will be profitable, NCN and Hydro have considered the recent rise in the Canadian dollar.

Q: Are there safeguards for cost overruns, and will NCN be liable for a percentage of the overruns?

A: The partnership may use various tools to protect itself against cost overruns. In some cases, contractors (rather than the partnership) might be responsible for over-runs. In general, NCN and Hydro will be business partners, and will both want the project completed on budget.

Q: 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. In the grand scheme of things, Wuskwatim will be a relatively small project (200 MW, as opposed to 1250 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 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 firm contracts with Xcel. This will be guaranteed in the PDA.

Q: 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 has invested (about \$21 million, if NCN wants to be a 33% partner). There are no guaranteed returns. This is a business venture, just like buying the Mystery Lake hotel was. NCN and Hydro have looked at the factors that might make the project more or less profitable in the future. They are both confident that the project is a good investment.

Q: Why does NCN want to be a partner? Why doesn't Hydro just pay NCN a fixed amount of money?

A: Firstly, from NCN's perspective, being a partner (and getting 33% of the profit) is a more lucrative 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.

Q: How much will NCN have to borrow at what interest rate and long term cost, and at what price will the power have to be sold to ensure profit targets are reached? What are the latest profit projections?

A: If NCN decides to be a 33% partner, it will have to borrow about \$41 million from Hydro. NCN will have to pay interest to Hydro at Hydro's borrowing rate plus a small percentage. This is very reasonable from NCN's perspective. The latest projections are that, during the first years after completion (about 2010), NCN will likely get about \$1-4 million per year. After about 2035, it is projected NCN will get about \$26-57 million per year. However, there is no guarantee that the project will earn these profits or any profits.

Q: What costs does the partnership have to pay to Hydro?

A: Hydro is the contractor (the one who oversees construction). The partnership will not pay Hydro any fee for this. It will just reimburse Hydro for its actual expenses (the actual cost of building the project). For example, if there is \$120.00 of income, and costs are \$20.00, then the partnership will pay Hydro \$20.00, which will leave \$100 net income to be shared by the partnership (NCN and Hydro). Part of the costs the partnership will pay are Hydro's costs for providing other services, such as maintenance.

Q: What are the roles and responsibilities of NCN?

A: NCN will be a limited partner. It will not make day to day decisions about the project. It will share the profits with Hydro. It will borrow about \$41 million from Hydro to invest in the project, and pay that money back. NCN members will sit on the board of the general partner and on the Construction Advisory Committee. It will still have all its rights under the 1996 Agreement.

Q: How many different roles does Hydro have?

A: Hydro will have many roles. It will be a 66% 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 about \$41 million to NCN so that NCN can be a limited partner. It will be the contractor (it will oversee the construction process), but will not charge the partnership a fee for its work as contractor. It will sit on the Construction Advisory Committee. It will continue to be a party to the 1996 Agreement, and will continue to have obligations to NCN under that agreement.

Q: Who pays to build the access road?

A: The partnership. It is a project cost.

Q: What would happen if a turbine broke down?

A: Hydro has a rigorous maintenance schedule, so this is not likely to happen. If it did, the station would produce less power until the turbine could be repaired. The partnership would earn less money during that period.

Q: What risks is 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. NCN has taken business risks before, in buying the Mystery Lake hotel. The hotel is profitable. If the voters of NCN are not prepared to take any future risks, they have the right to vote against the PDA.

Q: Has the government of Manitoba agreed to the Manitoba Hydro/NCN financial package and is it prepared to underwrite the risk?

A: There is no financial package yet. The PDA is still being negotiated. 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.

Q: Where is NCN going to get the financing for its portion of equity in the Wuskwatim project? Has an agreement been made and, if so, on what terms? What collateral has been put up for the loan?

A: No agreements have been made and no collateral has been given yet. The PDA is still being negotiated. NCN has set aside money in recent years, and it can use this money for its equity in the project. NCN may be able to get some money from the federal government. If and when Hydro does lend NCN about \$41 million, NCN's "collateral" will be its 33% share of the project.

Q: 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%, Hydro would lend NCN about \$41 million, and NCN would use about \$21 million of its own money. During the construction period (about 2004-2010), NCN would pay interest on the loan at the Canadian Construction Rate (a floating rate) plus 1%. During the next ten years (about 2010-2020), NCN would pay the Canadian 30 Year Rate in effect at the start of that period (about 2010) (a floating rate) plus 1%. After that, NCN would pay the Canadian 30 Year Rate as of the end of construction (about 2010) plus 3%. These are rates governments pay to borrow money with a small mark-up. From NCN's perspective, these are favourable rates.

Q: 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 about the same 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 floating rates set out above. This is a reasonable arrangement, and is fair to both NCN and Hydro.

Q: How will NCN service 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 won't have to borrow any money before the power begins to flow (about 2010). It will invest about \$1 million of its own money during this time.

Q: 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: The details will be set out in the PDA. As a partner, NCN will have access to the same financial information that Hydro has. Manitoba is not a party to the proposed project.

Q: 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, and will continue to do so. Manitoba is not a party.

Q: 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 Agreement, every year, NCN and Hydro agree on a work-plan and budget for Future Development. The amount in the budget varies from year to year. The 1996 Agreement does not say that this money has to be repaid to Hydro. The money has been spent to fund all aspects of the Future Development process, from paying the salaries and expenses of the community consultants, to printing newsletters and documents (such as this Guidebook) in order to provide information to NCN members, to organizing open houses and meetings for NCN members in different locations.

Q: 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 a partner, NCN will pay its share of the costs. The lower the costs, the higher NCN and Hydro's profits will be.

Q: 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. As partners, both NCN and Hydro would be responsible.

Q: 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 does not actually repay the money it borrows - it pays the interest and gradually pays down the principal (the original amount). This will be the case for Wuskwatim too. The partnership will put some money into a "sinking fund". The partnership could periodically use money from the sinking fund to pay part of the principal and reduce the need to borrow in the future to gradually pay down the principal.

DDSD

Q: Will financial information about the project be available to NCN? Will NCN members be able to access this information?

A: Yes. Every year, the partnership will get an audited financial statement. Both NCN and Hydro will get copies. NCN will share this with all NCN members.

Q: What is an Equity Loan?

A: This is the money (about \$41 million) that Hydro will lend NCN to invest in the project at the start (maybe 2010). NCN will have to repay this from its share of the future profits.

Q: What is a Dividend Loan?

A: During the first few years after 2010, when NCN 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.

Q: What is a Cash Call Loan?

A: The partnership may need extra money for operations. It is hoped this will never happen. If it does, there will be a "cash call" on the two partners. Both will have to contribute extra money. Hydro knows that NCN may not have the money for a cash call so, if there ever is one, Hydro is prepared to lend NCN additional money. This would be a Cash Call Loan. If this is ever necessary, NCN would repay this loan from its share of future profits.

Q: Can NCN sell its 33% share to Hydro?

A: If NCN and Hydro agree on this, yes. It is not likely that this would ever happen. NCN cannot sell its share to anyone other than Hydro.

Q: If Hydro wants to build the project, why doesn't Hydro pay for the whole project?

A: NCN and Hydro have agreed in principle on a deal: they will pay for the project together and share the profits. NCN voters approved of this Agreement in Principle by a large majority.

Q: Why isn't Hydro paying for the access road?

A: The road is part of the project, just like the generating station. NCN and Hydro will share the cost of building the project and will share the profits.

Q: What risk does the partnership take if the station can't produce maximum power?

A: The station was 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 it is still expected to be very profitable.

Q: Once the PDA is signed, what if NCN and Hydro have a dispute about how to interpret the PDA?

A: The PDA will contain dispute-resolution provisions. This will likely be some form of arbitration. The advantage of arbitration is that it is usually faster and less expensive than going to court.

Q: 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 of the roughly \$4 million it gets to spend each year, for investing in Wuskwatim, instead of funding NCN programs and services. Over the long term, it is anticipated that NCN will receive between \$26-57 million 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 a substantial long-term gain.

Q: 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 that Manitoba should be a party to the PDA.

Q: 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 members will have to decide if the very large profits that are available in the long term make this a sensible investment for NCN.

Q: It seems too good to be true. Why would Hydro offer NCN such a generous deal?

A: Hydro, with the knowledge of Manitoba, made a policy decision to explore potential business partnerships with First Nations in the vicinity of major new hydro-electric 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 the portion of money NCN requires to do so. Again, it is a true win-win situation.

ENGINEERING

Q: What is tailwater?

A: The water in the river just below the generating station, in the tailrace (the area below the station).

Q: Would all 3 turbines at Wuskwatim be used all of the time?

A: No. Around 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.

Q: 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.

Q: 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 9 feet.

Q: 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.

Q: 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 Taskinigup 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.

Q: Are we sure that 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.

Q: What effect will the Wuskwatim Project have on Southern Indian Lake (SIL)?

A: None. NCN's own, independent engineers have looked very carefully at this. 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.

Q: 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.

Q: Is Jenpeg a generating station?

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

DOSS

Q: 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.

Q: 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. The effects would be small by the time they reached Opegano Lake. They would be almost non-existent by the time they reached Birchtree Lake. There would be no effects at all in Thompson.

Q: If the main dam failed, would Thompson be flooded?

A: Probably not. 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, Birchtree Lake. It would slow down along the way. By the time it got to Thompson, the river would probably remain within its banks.

Q: How many feet is 234 metres?

A: 767.7 feet.

Q: What kind of licence does Hydro have for CRD?

A: Hydro has an interim licence, plus annual permission from Manitoba through the Augmented Flow Program (AFP).

Q: What's the AFP?

A: When Hydro started to operate CRD in 1977, it had an interim licence from Manitoba. Once it started to operate CRD, it realized that CRD behaved a little 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. 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 couple of years.

Q: What is a run-of-the-river generating station?

A: This would be a small 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.

Q: What is a modified run-of-the-river station?

A: Wuskwatim will be a modified run-of-the-river station. It wouldn't interfere with seasonal changes in flows, but it would 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.

Q: What is "attenuation"?

A: Reduction.

Q: 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). The 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.

Q: 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 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.

DDOS

Q: Will Taskinigup 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.

JOBS

Q: What does the SOU say about job training?

A: The SOU says that Hydro has committed up to \$5 million of project funds for Wuskwatim job training. Of this, \$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 aboriginals.

Q: Will Canada and Manitoba provide any money for job training?

A: Yes, Canada and Manitoba will also provide training funds. Training will be delivered through the Atoskiwin Training & Employment Centre (ATEC), to be built soon at Nelson House. INAC (Canada) has already committed \$3.26 million; Western Economic Diversification (Canada) has pledged a half million dollars; Manitoba has agreed to provide \$2.5 million to aboriginals, including \$1.875 for NCN members; and (as noted above) Hydro has also committed funds.

Q: How many jobs will there be?

A: It is anticipated that construction could start in about 2004, and be finished by about 2010. There will be more jobs in the later years than the first couple 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 probably be some monitoring, and some NCN members may get jobs doing some of the field studies.

Q: What is the Burntwood-Nelson Agreement (BNA)?

A: 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. It runs for at least a year, then it is renegotiated. The BNA is currently being negotiated. It now contains job preferences for northern aboriginals. The new BNA will also contain job preferences that will benefit NCN and other First Nations in northern Manitoba.

Q: 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 2 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.)

Q: 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 may be negotiated directly with NCN businesses, rather than being tendered.

Among other things, NCN is now looking at the possibility of securing catering jobs for its members. NCN and a catering company could get the catering contract for the Wuskwatim work camp, and NCN Members could get the catering jobs. NCN is looking at similar arrangements in other areas too, for example, road construction and security.

Q: Why is only NCN mentioned? What about SIL - how much money will O-Pipon-Na-Piwin (OPCN) receive for training? What will happen to the training moneys if OPCN becomes a separate First Nation before the Project is built?

A: Today, most SIL residents are NCN members. As such, they get the right to access training dollars as NCN members who live at Nelson House will have. Even if OPCN becomes independent before 2010, OPCN members will get job preferences because they are aboriginals living in the northern preference region.

Q: Why is the 53rd parallel the boundary for job preference? Why is it not all of Manitoba?

A: The BNA now gives a preference to aboriginals living in northern Manitoba. It is now being renegotiated. The principle is that northern hydro developments have a greater effect in the north, so they should create more job opportunities in the north. The new BNA might contain a preference for aboriginals in the CRD-LWR region (including Nelson House, SIL, Split Lake, York Landing, Cross Lake and Norway House).

Q: What money besides the training allowance will the trainees receive?

A: ATEC is developing policies for NCN members.

Q: 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.

Q: Doesn’t the Burntwood Nelson Agreement (BNA) have to be finalized before the Project is licensed? What about before construction on the Project starts?

A: Construction may start in late 2004. It is anticipated the new BNA will be finalized before construction starts.

Q: Will NCN members who work on Wuskwatim have to join unions?

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.

Q: After 2010, why will workers travel to the station every day instead of living there?

A: During operation, perhaps 1-2 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 over at the station. There will be small living quarters at the station, so a few workers could sleep there in unusual circumstances.

Q: 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: 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 2004-2010). 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 2010, there will be more jobs available. These would be bigger projects than Wuskwatim.

Q: If an NCN Member wants to start a business to take advantage of the business opportunities, 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.

Q: What types of business opportunities will be available?

A: Nothing has been finalized yet. If an NCN member has a good idea about a business related to the project, they should contact the Future Development Office.

Q: What kinds of direct contracts is NCN pursuing?

A: Catering, security, road construction, and possibly others.

Q: Will NCN businesses have to be bonded?

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

Q: 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.

Q: Why is bonding necessary?

A: It would protect the partnership.

Q: Will NCN be entering into business with non-NCN businesses?

A: Possibly. NCN is now exploring ways to create joint ventures with other businesses.

Q: 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.

Q: 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.

Q: When will this work be available?

A: Most of the work will be during construction (about 2004-2010). There will be a little permanent work (such as maintaining the access road and doing some field studies).



Q: Will NCN businesses obtain all the contracts?

A: No. We hope NCN businesses will obtain some good contracts. More details will be available by the time the PDA is ready.

Q: Will NCN businesses be able to compete in open tendering processes?

A: Some will 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 could bid.

CONSTRUCTION

Q: When will construction start?

A: After the PDA vote and the government approvals. We hope this will be in late 2004.

Q: 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. Finally, work can start on the generating station.

Q: 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.

Q: What does "salvageable" mean on p. 15 of the SOU?

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.

Q: What is the Construction Advisory Committee?

A: This will be a 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 about 60% of the members of the committee, and Hydro will appoint about 40%.

Q: What does “commissioning” the Project mean?

A: Commissioning is completion of the project, or a stage of the project where responsibility is turned over from the contractor to the partnership in a form acceptable to the partnership.

Q: 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.

Q: 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. 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 many hours and minutes each task will take.

Q: 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.

Q: Will there be daycare provided?

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

Q: 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.

Q: Will the access road be paved.

A: No, it will be gravel.

Q: Who will pay for insurance if it is obtained?

A: The partnership. During construction, various contractors and sub-contractors will have their own insurance.

Q: Could the project be stopped after construction started?

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

Q: 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.

TRANSMISSION

Q: 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.

Q: 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% of the Generation Project. Hydro will own the entire Transmission Project, but NCN (and other First Nations, such as Opaskwayak) will receive payments through a transmission development fund. Also, NCN and Hydro are working in close cooperation as part of the environmental assessment of the proposed Transmission Project. The Generation Project (roughly \$760 million) and the Transmission Project (roughly \$145 million) together may cost roughly \$900 million. These are just estimates.

Q: But why are they 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 will deal 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.

Q: 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 through whose territory the lines will pass (such as NCN, Opaskwayak, Cormorant). NCN has decided that this is a satisfactory arrangement. There will be more details in the PDA.

Q: What is the Transmission Development Fund?

A: Details have not been finalized, nor has the name. The concept is that communities that would be affected by the transmission Project (e.g. NCN, Opaskwayak) would receive annual payments based on the cleared area of the lines which run through their traditional territories. As a large fraction of the lines would be in the Nelson House RMA, NCN would receive the most money. There will be more details in the PDA.

Q: Will each NCN trapper get compensation?

A: Details have not been finalized. One possibility is that groups like the trappers' association might get some funds every year. There will be more detail in the PDA.

Q: What transmission line will be built first?

A: In order to provide power for the construction camp, the first line built will be from Thompson to Wuskwatim. The lines down from Wuskwatim to Snow Lake and then to The Pas will be built later, maybe in about 2008-2009.

Q: 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.

NEEDS AND ALTERNATIVES

Q: 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. NCN and Hydro may start discussions about Notigi again in a few years.

Q: Is Hydro going to build Conawapa?

A: There are no firm plans for Conawapa yet. 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 1250 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 be finished would be about 2017.

Q: How would Conawapa affect NCN?

A: Conawapa is well outside the Nelson House Resource Management Area (RMA). The closest First Nation is Fox Lake. Physically, it would not affect water levels on Footprint, Threepoint or Southern Indian Lakes. Building Conawapa would create jobs for northern aboriginals, including NCN members.

Q: 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 Split Lake have signed an Agreement in Principle about Gull-Keeyask. York Factory, War Lake and Fox Lake are also involved. 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 Bipole III at the same time as Gull-Keeyask.

Q: How would Gull-Keeyask affect NCN?

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

Q: 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.

Q: 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.

Q: Would Conawapa affect the operation of CRD?

A: No.

Q: 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.

Q: 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 to Hydro's hydro generating stations. They have both received major environmental improvements in the past few years, and last year 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.

Q: 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.

Q: 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-power.

Q: 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.

D O S

Q: 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.

Q: 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.

Q: What is Sequoia?

A: This is a small wind generation project in southern Manitoba. It hasn't been built yet. It will consist of wind turbines owned by a private company. That company will negotiate to sell its electricity to Hydro.

Q: 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. It is likely that wind power will be part of Hydro's system in future years, whether or not Wuskwatim is built.

Q: 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.

TREATY AND ABORIGINAL RIGHTS

Q: Does the SOU affect NCN's treaty and aboriginal rights?

A: No. The SOU is not a legally binding document. Also, the SOU specifically says that it is not intended to alter aboriginal or treaty rights. Also nothing in the SOU is intended to relieve Canada, Manitoba or Hydro of any obligations they have under the Northern Flood Agreement (NFA), NCN's 1996 NFA Implementation Agreement, or the Treaty Land Entitlement (TLE) Agreement.

Q: 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. 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.

Q: 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.

Q: 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 the Nelson House RMA. 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). It will be impossible to hunt right on the access road and on the site of the work camp and the station. In these limited ways, the project would reduce some NCN treaty and aboriginal rights. Therefore, section 35 of the Constitution Act would apply. Before federal or provincial governments could issue licences for the project, they would have to consult with NCN. They are currently doing 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.

Q: If the water-ways 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 rights. If NCN voters are not willing to accept these effects, they will vote against the PDA and there will be no project.

A: 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 may choose to 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.

Q: 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 Robinson 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. Perhaps you can say that the right to four acres was “extinguished” and replaced with a right to 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.

MISCELLANEOUS

Q: Can we get the key points of the SOU translated?

A: The community consultants are working on a translation of an SOU summary right now.

Q: 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.

Q: 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 16 sites at which future Hydro projects may be built, unless Hydro agrees. Wuskwatim is one of these sites. Hydro has not agreed. NCN and Hydro are still discussing this.

Q: Can I see the SOU?

A: Yes. You can get a copy from the Future Development Office in Nelson House. If you have internet access, it will be posted on NCN’s website (www.ncncree.com). There will also be copies available at the Community Council Office in South Indian Lake, the MKO office in Thompson and the NCN office in Winnipeg.

D O S

Q: Can I get more copies of this SOU Guidebook?

A: Yes. They are available for NCN members at the Future Development Office and the other locations the SOU is available. There is also an Overview of the SOU available in the same locations. The Guidebook will also be on the NCN website.

Q: 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 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.

Q: 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.

Q: Will there be fish ladders at Wuskwatim?

A: Radio-tag tests showed that, while some fish go down over Taskinigup Falls, fish don't go 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.

Q: 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. To summarize, there are 10 active radio collars today. There are no plans to add more collars this winter. More collars might be used in future years as part of project monitoring.

Q: 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.

Q: What's an amp? A volt?

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

Q: 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.

Q: How often is the Notigi Control Structure adjusted?

A: Several dozen times a year.

Q: Will Hydro need a new easement for Wuskwatim?

A: Unlike CRD, the project will not flood any reserve land. Therefore, there will be no need for a new easement.

Q: 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.

Q: Will there be post-project monitoring?

A: Yes. This will probably be a licence condition. Things like water quality, fish and wildlife, erosion, and sediment movement will be monitored during and after construction. There may be some jobs for NCN members doing some monitoring.

Q: Does shoreline debris prevent erosion?

A: The Department of Oceans and Fisheries (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.

Q: What was the Lake Winnipeg, Churchill & Nelson River Study Board? What is the addendum report on Wuskwatim, Manassan & First Rapids?

A: This was a board set up by Manitoba to study CRD and LWR. It wrote a detailed report in 1975. The report briefly mentioned Wuskwatim, Manassan and First Rapids. There is no addendum report.

Q: What meetings have been held in South Indian Lake? What promises or commitments were made to and by the leadership at South Indian Lake? Will any further meetings or informational sessions be held?

A: There have been and will be meetings and open houses at SIL. The people of SIL have been given the same information as the people who live at Nelson House. NCN members at Nelson House, SIL, Thompson, Winnipeg and Brandon have been given the same newsletters with the same information about the project. All NCN members will be given more information in the months and years ahead. All NCN members will be able to vote on the PDA.

Q: What is the potential impact on South Indian Lake and Southern Indian Lake? Will South Indian Lake be compensated if water levels, flows and ranges have to be changed?

A: NCN's own engineers have advised NCN that Wuskwatim will have no effect at all on Southern Indian Lake. It will create some training and job opportunities for SIL residents.

Q: What will be the impacts of the project and any Agreements on the CASIL Agreement?

Again, other than creating training and job opportunities, Wuskwatim will not affect SIL or any existing SIL agreements.

Q: Who will be responsible for determining who receives training and jobs? Will South Indian Lake and other NCN members not on the reserve be included in the 75% NCN allocation or 25% 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 good position. Others will need more training. ATEC and Manitoba Advanced Education and Training will have a major role in processing potential employees. NCN members at SIL will be eligible for training and job opportunities. There will be more details in the PDA.

Q: Have any information meetings been held with off-reserve NCN members besides the meeting in South Indian Lake?

A: Wuskwatim open houses have been held in SIL, Brandon, Thompson and Winnipeg. NCN members attended these. Wuskwatim newsletters have been provided to NCN members in SIL, Thompson, Winnipeg and Brandon. Anyone can access the NCN website (www.ncncree.com) which contains information about Wuskwatim.

Q: 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 Manitoba will not be parties to the PDA. Over the long term, it is possible that NCN will get more money each year from Wuskwatim profits than it will get from Canada.

Q: Will there be polling stations set up outside Nelson House?

A: For the PDA vote, there will probably be polling stations at Nelson House, SIL (unless contrary arrangements are made due to the establishment of O-Pipon-Na-Piwin), Thompson, Winnipeg and Brandon.

Q: What is the status of the \$40 million Manitoba Hydro bond with 10% 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 have retained Royal Trust. On 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. Through the CAP in recent years, NCN has set aside some funds for long-term projects. These funds could be used for investment in Wuskwatim. Between now and 2010, NCN may choose to set additional funds aside, through the CAP, for long-term projects, including Wuskwatim.

Q: What are the deals and promises made by NCN Chief and Council and Manitoba Hydro? When will all documentation be shared and a general members' meeting held to discuss all facets of the Wuskwatim Project?

A: No deals have been made. PDA negotiations are still going on. The PDA will be available to all members. When the PDA is ready, there will be meetings, newsletters and abundant information, followed by a vote by NCN voters. There have already been small group meetings in Nelson House about Wuskwatim and these will continue.



Q: 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: There will be detailed financial information in the PDA, which will be available to all members. Manitoba will not be a party to the PDA.

Q: Will all negotiations be open to the public?

A: No. It is impossible to negotiate a complex agreement like the PDA in public. During negotiations for any major agreement, both parties make suggestions, comment on the other side's suggestions, and make compromises. This process would not work if negotiators had no privacy at all. When the PDA is ready, it will be available to all members.

Q: Will all information be presented to NCN members and thoroughly discussed in public meetings?

A: There have been open houses and meetings, and there will be more in the future. In addition to meetings, NCN will get abundant written information (such as this Guidebook).

Q: Some people question the results of the 2002 NCN election. Will this affect PDA negotiations?

A: Some unsuccessful candidates challenged the last NCN Chief and Council election. The challengers were unsuccessful in the Federal Court Trial Division and the Federal Court of Appeal. Some of them are still angry at Chief and Council. Meanwhile, Chief and Council are duly elected, and will carry out NCN business in the usual manner. As for the PDA, NCN voters will have the final say.

Q: 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 (in this Guidebook, for example). There will never be 100% consensus in NCN (or in any First Nation or community) about a major project like Wuskwatim. If communities all waited for 100% consensus, no complex projects would ever go ahead.

Q: Why are NCN Chief and Council and consultants doing informational presentations on the Wuskwatim Project outside Nelson House?

A: Chief and Council feel that it is important to provide information about Wuskwatim to NCN members in many locations. There have been meetings and open houses both in Nelson House and elsewhere. Newsletters and written information have been provided to NCN members both inside and outside Nelson House. There will also be future meetings for NCN members in various locations. There is also a Public Involvement Plan (PIP), through which NCN and Hydro together attend meetings and provide general information about the project to many communities, including Wabowden, Thicket Portage, etc.

Q: Are any members of Council drawing two salaries, one for Council activities and one for work on promotion the Wuskwatim Project? If so, what are they being paid for their work on the Wuskwatim Project?

A: No. Chief and Council are only getting their regular salaries. They have had to travel extensively on Wuskwatim business, and they have been reimbursed for their travel expenses (gas, hotel, meals, etc.). Given the extremely long hours they have had to put in on Wuskwatim business, they were probably earning more money per hour, in the days before Wuskwatim.

Q: Some SIL residents feel that 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. 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 CRD. Wuskwatim is a relatively small project, which will cause less than one half square kilometre of new flooding, localized around the generating station. It will have no effect on Footprint, Threepoint or Southern Indian Lakes.

Q: 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.

DDOS

Q: 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.

Q: What are financial reserves?

A: In a general sense, 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.

Q: Who pays for the lawyers and consultants?

A: Every year Hydro approves an NCN budget and pays for the things, including lawyers and consultants' fees set out in the budget. Some of the costs may be included in Project costs.

Q: 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 field work on many of these field studies. They have been paid for by Hydro, but will be a project cost. Future studies will also be project costs, paid by the partnership.

Q: Is there going to be any money allocated for drug abuse programs?

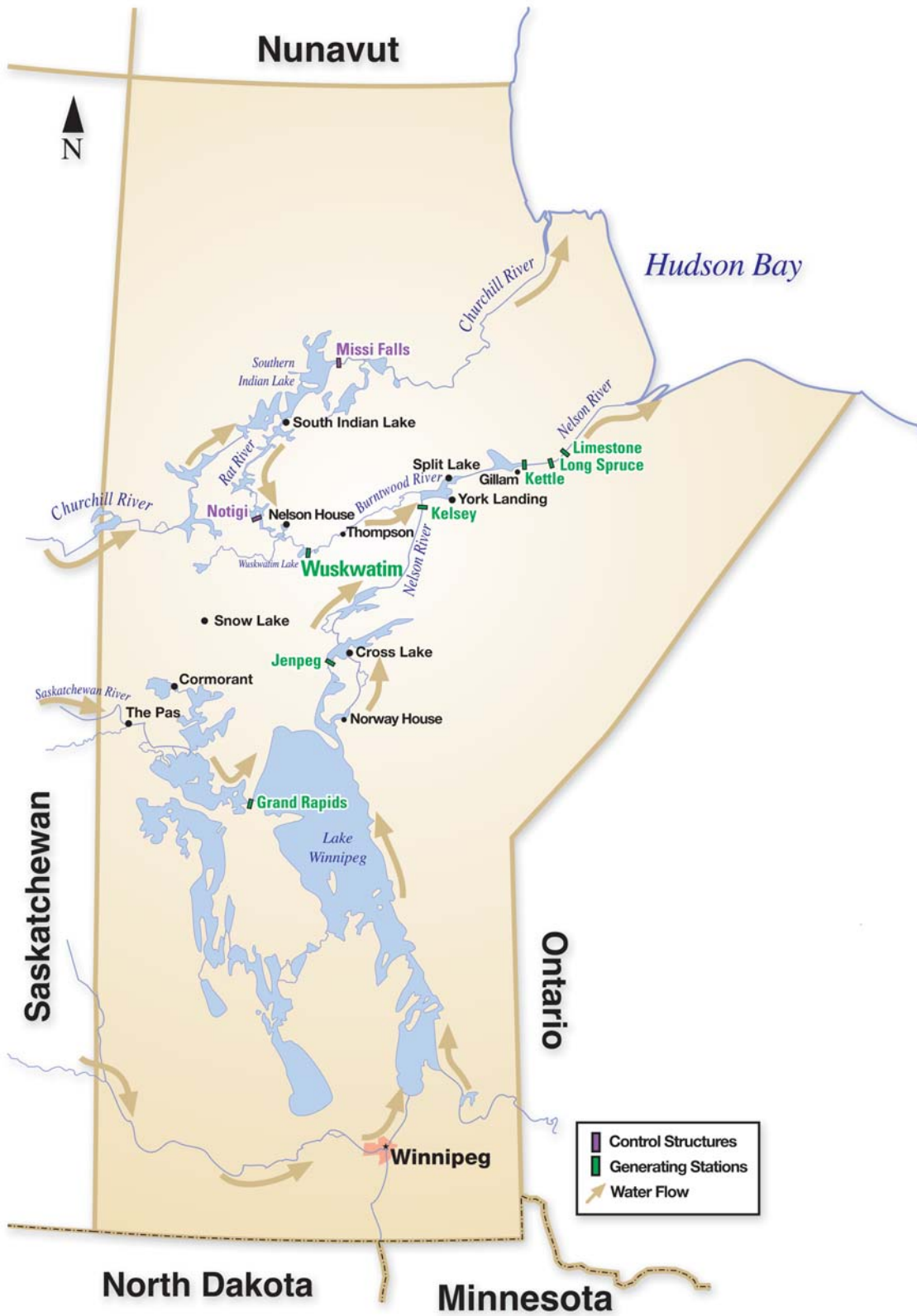
A: That is up to NCN. There will likely be some form of community approval process to decide how to spend Wuskwatim profits every year.

Q: How much has CRD flooding affected the way things are now?

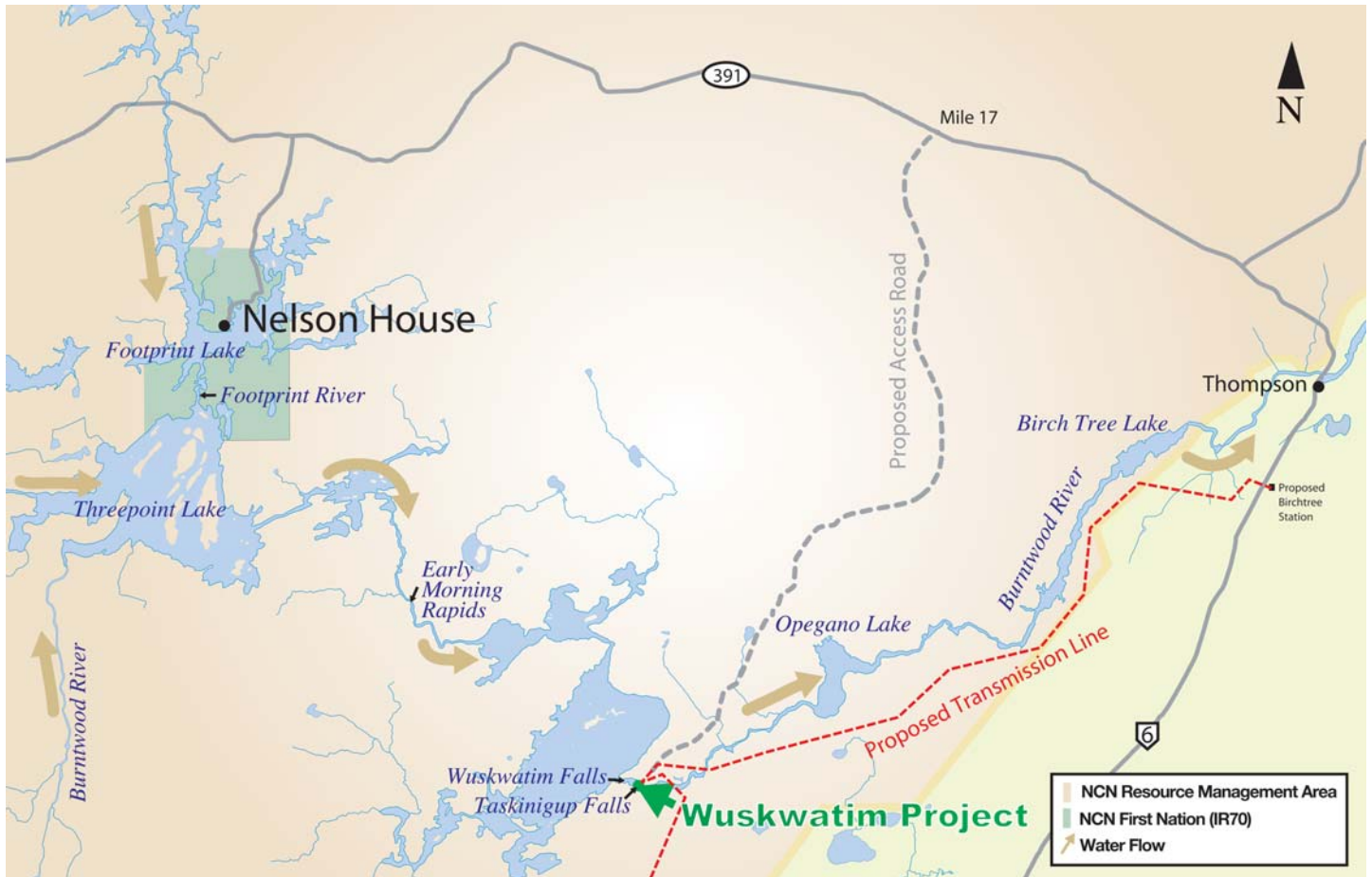
A: There is no question that CRD was a huge project built in a time when environmental laws were weak and society in general had less respect for First Nations, their members and their rights, and there were no constitutional protections for treaty and aboriginal rights. CRD caused major flooding at 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.

Q: Some NCN members might not have understood the 2001 Wuskwatim AIP. Should there be another vote?

A: The Future Development Team worked hard to provide as much information as possible about the AIP before the vote. More information is provided to NCN members on an ongoing basis. When the PDA is ready, NCN voters will receive information about the PDA, and a chance to vote on it.







Wuskwatim Generating Station



SOLD



FOR FURTHER INFORMATION CONTACT:
NCN FUTURE DEVELOPMENT OFFICE
Nisichawayasihk Cree Nation
Nelson House, Manitoba R0B 1A0
Phone: (204) 484-2414
Fax: (204) 484-2980
Visit our website: www.ncncree.com