



WUSKWATIM IMPLEMENTATION NEWS

December 2008

The Wuskwatim construction schedule will move to an earlier in-service date to the fall of 2011 from 2012. This means the station will start generating revenue sooner, but it also means NCN will have one year less to raise the cash equity needed to be a partner.



Cofferdam construction started in January 2008 as part of smaller contract put in place to keep the project moving while General Civil Contract was re-tendered.

General Civil Contract Awarded - It's Full Steam Ahead for Wuskwatim

Eastern Canadian Partnership Wins Tender

Last year Manitoba Hydro received only one bid for the General Civil Contract to construct the Wuskwatim Power Dam and related components. As a result, the competition was reopened and successfully attracted more competitive bids. Following a review of the bids, O'Connell-Neilson-EBC Partnership has been awarded the contract worth \$289 million.

In the interim, the project has remained on schedule through the execution of a number of smaller contracts that included work on the Stage 1 cofferdams.

The Canadian-based consortium consists of managing partner H.J. O'Connell Construction Ltd., based in St. John's, Newfoundland; Neilson Inc. of Saint-Nicholas, Quebec; and EBC Inc. of L'Ancienne-Lorette, Quebec.

Under the Wuskwatim Power Limited Partnership (WPLP), Manitoba Hydro manages the project, including the tendering process.

Award Brings Certainty to Project Costs

"Confirmation of the contract is important to our Citizens since we have a lot at stake in this project, which is intended

to provide us with long-term benefits from resource development within our traditional territory," Chief Jim Moore said.

"This step brings certainty to the cost of the project and will help our ongoing planning to take advantage of this investment opportunity."

The contract construction schedule will move the in-service date earlier, to the fall of 2011 from 2012. This means the station will start generating revenue sooner which is a positive result, but it also means NCN will have one year less to raise the cash equity needed to be a partner.

Concrete Structure Work to Begin in the Spring

The general civil work remaining at Wuskwatim consists of building earth dams and dykes, constructing the concrete structures that comprise the generating station itself, as well as rock excavation, maintaining roads and cofferdams.

In addition, the consortium will be responsible for supplying and installing the powerhouse walls, roof, and superstructure steel. Ken Adams, who chairs Wuskwatim Power Limited Partnership, the Hydro-NCN entity that will own the generating station, said the contractors are expected to begin mobilizing on the site in early January and will begin pouring concrete in the spring. By June, it's expected that as many as 600 construction workers will be on site.



Chief Jim Moore



Top photo: main construction camp. Middle photo: rock stockpiling gravel for the finished grade of the access road. Bottom photo: drilling machines at work on Phase 2 rock excavation for the principal structures and channels.

Project Construction Proceeding on Schedule

Project construction proceeded on several fronts in 2008 including the construction camp, structures excavation, access road and the transmission project.

Construction Camp

The main construction camp is near completion, including housing for over 600 workers. The water treatment plant is operational and providing potable water to the entire site. An ambulance and fire building is operational. The kitchen/dining complex in the main camp served its first meal in mid-April. Recreational facilities are complete and include a weight room, pool tables, TV and Internet rooms. Work on the gymnasium and cultural area continues to progress.

Structures Excavation

Work on structures excavation commenced in November 2007 and continued through the first half of 2008. At March 31, 2008, approximately 525,000 cubic metres of materials had been excavated and the rockfill portions of the Stage 1 upstream and downstream cofferdams had been completed. Phase 1 ended by May with total excavation of approximately 650,000 cubic metres of materials and completion of the upstream containment dyke. Phase 2 rock excavation for the principal structures and channels began in June 2008 with approximately 465,000 cubic metres excavated to date.

Cultural and Monitoring Programs Continue

NCN and Manitoba Hydro archaeologists conduct surveys at strategic Wuskwatim construction locals to identify possible human remains or cultural artifacts. To date no human or cultural remains have been discovered. Cultural Coordinator Susan Kobliski and her staff continue to run the very active Cultural Program and have held cultural ceremonies at each stage of construction over the past year along with cultural awareness programs for Wuskwatim Workers.

Wuskwatim Access Road

The 48 kilometre access road that runs from Provincial Road 391 southward to the station site on the Burntwood River had reached the project site last year and continued to be upgraded during 2008. Approximately 2.2 million cubic metres of granular material has been excavated and placed. The road provides year-round, all-weather access to the construction site.

Transmission Project

Construction of the transmission line from Birchtree to Wuskwatim has been completed. The transmission line construction from Wuskwatim to Herblet Lake is underway and is expected to be complete by April 2009. The clearing of right-of-way for the transmission line from Herblet Lake to Ralls Island is scheduled to start this winter. Installation of buildings at Birchtree and Wuskwatim switching stations are scheduled to start this winter as well.

Powerhouse and Spillway

With the awarding of the General Civil Contract, work on the powerhouse and spillway will begin in 2009 and continue until 2012.

The Wuskwatim website www.wuskwatim.ca provides regular updates on construction progress including employment statistics.



“Only people who are properly registered will be considered for employment on the project.”

NCN Citizens Must Now Be Registered to be Eligible for Most Future Wuskwatim Employment Opportunities

With completion of the access road and camp, the Wuskwatim project is now into the next phase of development which is the construction of earth dams and dykes, concrete structures and the generating station. During this phase, there will be less direct hiring available through NCN companies.

Only people who are properly registered will be considered for employment on the project. Most of the future jobs will only be available through the provincial Job Referral Service (JRS), so it is absolutely critical that all NCN Citizens seeking work at Wuskwatim, complete an initial registration, or renew their registrations, with the JRS. Registrations will expire after six months.

If you live in Nelson House, visit ATEC for help to register (Contact information on page 8). If you live elsewhere in Manitoba, please call the Job Referral Service toll free at 1-866-332-5077, or visit one of the 16 employment centres across the province, or visit the website at www.gov.mb.ca/jrs/wuskwatim.

NCN has asked ATEC to find ways to notify citizens when their registration is about to lapse, but in the meantime, individuals looking for work are responsible to make sure their



NCN Citizens in Nelson House should contact the Job Referral Service at ATEC to ensure their employment registration is up to date.

registrations are renewed in a timely way.

You are also encouraged to pass this information along to all your friends and relatives to make sure they register and check whether their previous registration is still valid.

You Must Ensure Your Contact Information is Correct

If you move, change telephone numbers or email addresses, please notify ATEC or the Job Referral Service immediately.

A review of the referral system indicates the most common reason NCN Citizens are rejected for employment is that the contractor was unable to contact them. The contractor is only required to make one attempt to contact an applicant before moving to the next referral.

Aboriginal Workers Make Up Majority of Wuskwatim Employees

Jobs for NCN members was a critical issue throughout the negotiations leading to the PDA. Support for the project also came from other First Nations and Metis communities in the north as they also were interested in jobs on the project. Employment numbers for October 2008 indicate that since the project started in August 2006, 891 hires or almost 64 percent of total hires have been First Nations or Métis people.

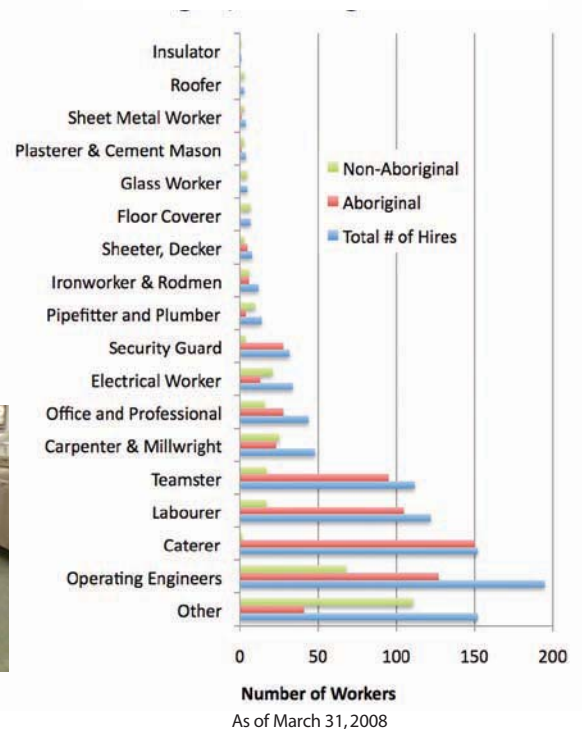


Of those, 345 or about 39 percent of all Aboriginal hires have been NCN Citizens who represented 25 percent of all hires on the project. Total hires include those who have come and gone since construction started.

Of the 403 workers employed on the project in October 2008, 223, or 55 percent, were Aboriginal people. The NCN Citizens working represented 35 percent of the Aboriginal workforce and 18 percent of the total workforce.

Since the project started, citizens of 14 First Nations have been hired and in October 2008 citizens of five First Nations were currently working on the project.

Wuskwatim Employment by Job Category





Henry Wood Provides Cree Translation for Important Wuskwatim Reports

A special thanks to Henry Wood for his Cree translation and narration of the 2007-08 WPLP Year In Review and 2007-08 Monitoring Overview to make the information available for our elders and to help maintain the use of our language, which is an essential part of our cultural heritage. The translations were produced as a three-CD set which has been distributed to individuals and schools in the community. Because of the technical language used in these reports Henry's work is especially difficult and valuable.

Contact the Wuskwatim Implementation Office for copies of the Cree audio translations.



Monitoring Report Shows Construction has had Minimal Impact - With Apparent Increase of Bear, Moose and Songbirds Near the Access Road

Since the last Wuskwatim Implementation Newsletter was issued, the WPLP has published its second *Monitoring Overview*. This 36-page report covers the period April 1, 2007, to March 31, 2008.

Wide Range of Activities and Potential Impacts Have Been Monitored

The *Overview* reported on a wide range of environment-related activities and potential impacts that regulatory agencies require to be monitored for the project.

These include:

- Traditional Knowledge Ethinewin
- Aquatic monitoring – plant and animal
- Terrestrial monitoring – habitat, vegetation, mammal and birdlife
- Heritage resources
- Physical environment – climate, water, erosion, sediment, floating debris.

To determine potential impacts of the project on the aquatic and terrestrial environments, including plants and animals, two phases of monitoring are being used. The first phase involved monitoring to assess conditions before construction to determine pre-existing conditions. The second phase assesses conditions related to construction for comparison with pre-existing conditions to determine changes. The major areas of focus are the access road, construction camp and generating station construction.

Minor Changes in Water Quality

Generally during the monitoring period, project impacts have been minimal. At access-road stream crossings, installation of culverts has resulted in temporary changes in water quality, which corrected within two to three days after installation. Fish species

were observed in streams both upstream and downstream of the road crossings indicating fish are able to successfully use the culverts.

Construction of the cofferdam at Taskinigup Falls resulted in only minor and temporary changes in water quality immediately downstream of the cofferdam, with no change farther downstream at Opegano Lake. As predicted, construction resulted in water-level increases of six metres between Taskinigup Falls and Wuskwatim Falls upstream of construction. No water level changes were observed in Wuskwatim Lake or downstream of construction.

Impacts on Plants and Animals are Minimal With Some Species Increasing in Vicinity of the Road

Regarding impacts on plants and animal habitat in the area, available data indicate no invasive plant species were found. The number of moose and bear near the road appear to be increasing, perhaps related to increased potential for food sources. Moose were seen several times at stream crossings along the road and at the Wuskwatim site. All bear sightings have been at the construction camps. A pack of seven wolves was seen traveling along the access road. Songbird numbers seem to be increasing near the access road, likely due to their preference for forest edge conditions which have increased with clearing for the road.



Special Focus on Wapisi Caribou Herd

Although caribou habitat has not been affected, special attention is being paid to protect the Wapisi herd. A detailed information brochure about the herd was published and distributed to NCN Citizens to urge their participation in protecting the herd. Unfortunately



10 caribou were harvested in March 2008 resulting in decommissioning an access trail near the herd created as part of the Adverse Effects Agreement for Wuskwatim.

Report Indicates Socio-economic Impact of Wuskwatim is Significant

The Monitoring Overview also reported on socio-economic areas including economic impacts – purchasing, labour income, tax revenue, etc.

From the start of the project to March 31, 2008, the project overall created \$147 million in direct project purchases, \$21.9 million in direct labour income, and \$16.3 million in federal and provincial taxes.

Labour income for project employment in Manitoba was \$20.4 million, of which 62 percent or \$12.6 million was paid to northern Aboriginal workers and an additional \$1.9 million paid to other northern workers.

Of the \$147 million spent on goods and services, \$90.6 million was spent in Manitoba, of which \$61.7 was from northern Aboriginal businesses representing 68 per cent of total Manitoba purchases. The main contractors spent \$12.8 million with Thompson businesses and \$4.7 million with Nelson House businesses.

Discussions Underway to Develop Monitoring Contract

Discussions have been held to negotiate a monitoring contract between Manitoba Hydro and NCN to finalize NCN's role in ongoing Wuskwatim monitoring activities. The intent of the contract would be to build capacity among NCN Citizens to conduct in-the-field information gathering and sample collection activities for project monitoring.

NCN Citizens hired for monitoring would work with professional consultants who would serve as mentors to transfer skills. Any revenue generated from the contract would be used to help NCN citizens obtain formal education in environmental studies, natural resources or related areas.

The long-range goal is for NCN to gain sufficient expertise and experience to be able to market its monitoring services to others.



Mark Linklater Hired as Monitoring Coordinator

The Wuskwatim Implementation office has hired NCN Citizen Mark Linklater as Wuskwatim Environmental & Socio-economic Coordinator for the Wuskwatim project, effective November 3, 2008.

NCN citizens have been involved in environmental and socio-economic monitoring during the planning and construction phases of the project. NCN's objective is to assist its Citizens in obtaining more formal education in these areas and to further develop their capacity and expertise.

Through this process it is anticipated that NCN will establish its own company to work closely with, and to share knowledge with other Aboriginal and non-Aboriginal companies, including those Manitoba Hydro has retained over the past couple of years. NCN believes that by working in this collaborative manner that *Ethinesewin* will be treated equally and meaningfully with western scientific knowledge.



Wuskwatim PDA Review Process Underway to Ensure Benefits for NCN are Maintained

The Wuskwatim PDA between NCN and Manitoba Hydro was the first agreement of its kind in North America. The PDA was negotiated almost five years ago and market conditions were very different than today. Anyone following the news lately will be aware of the economic volatility in North America and world markets triggered by the sub-prime mortgage meltdown in the United States. This situation has resulted in major, rapid changes in interest rates, exchange rates, oil and commodity prices.

Chief and Council began raising concerns with Manitoba Hydro late last fall when the value of the Canadian dollar soared along with Wuskwatim construction costs. Chief and Council want to ensure that NCN will receive the maximum benefits possible from the Wuskwatim project.

To that end, Manitoba Hydro and NCN have agreed to undertake a review process to ensure the PDA remains fair.

The PDA will undergo a review to try to ensure the benefits the First Nation receives are as good as, or better than, those projected at the time the PDA was signed.

The review will include an analysis of the Joint Keeyask Development Agreement, which was negotiated in the recent economic climate, keeping in mind there are differences in the scale and other characteristics of the projects and the needs of the various communities.

The PDA review is just beginning and NCN Citizens will be kept informed of the process through newsletters, meet and greets and other meetings as the process proceeds.



Since the fall of 2007, Manitoba Hydro and NCN have been discussing how to ensure the Wuskwatim PDA will deliver expected benefits to NCN Citizens.

Hydro Predicts Long-term Energy Demand to be Strong

The recent economic events in the world economy are not expected to affect the Wuskwatim project to any great extent. The project is well underway and, with the recent award of the General Civil Contract, construction of the major generating station components will proceed.

"Manitoba Hydro is not overly concerned about the impact of the recession on new generation projects and anticipates that if there is an economic downturn for the next few years, long-term electricity demand forecast may reduce somewhat but in the long term is still likely to be robust," Manitoba Hydro's Division Manager of Power Projects Development, Ed Wojczynski said.

Economic forecasters are predicting economic recovery should be underway by 2010 and since Wuskwatim will not be on line until late 2011, the recovery should be well advanced once the generating station begins operating.

Because Wuskwatim is a green source of energy, its power will be in demand as part of efforts to reduce carbon production.

Historically, in times of economic slowdown, governments have used infrastructure projects like hydroelectric development to stimulate the economy. In Manitoba's speech from the throne delivered on November 20, the provincial government confirmed its commitment to hydroelectric and other northern developments:

"Manitoba Hydro will continue to move forward with building new hydroelectric infrastructure in northern Manitoba – in full partnership with Aboriginal communities."

The federal speech from the throne delivered November 19 also committed support to green energy.

The downturn may even have some positive benefits for the project by cooling what had become an overheated economy that had been driving up costs and availability of labour and construction commodities like steel, concrete and petroleum products.

NCN Transmission Line Contract to Wrap Up This Winter

As one of the direct-negotiated contracts for Wuskwatim, NCN was awarded a contract to clear a 90-kilometre stretch of the Wuskwatim transmission line that will link the generating station to Manitoba Hydro's power grid from the Wuskwatim site west towards Herblet Lake. This work can only be done in winter to minimize disturbance to streams and wetlands which are frozen in winter. Last winter about 70 kilometres of the transmission line was cleared with 20 kilometres remaining for completion in winter 2009.



NCN Seeks Potential New Direct-negotiated Contracts

With the awarding of the General Civil Contract, NCN is now holding discussions with Manitoba Hydro to identify possible new direct-negotiated contracts and sub-contracts with the General Civil Contractor. To win these contracts, prices must be reasonable with no negative affect on the project schedule.

Potential contracts identified at a preliminary meeting held with Manitoba Hydro include:

- Janitorial services for GCC facilities
- Road maintenance on the main road and camp roads
- Hauling aggregate to the generating station site
- Rehabilitation of the R2 and S3 Camp sites
- Equipment rental (rock trucks, backhoes, etc.)
- Garbage and sewage removal
- HADD works.

Have a Business Idea? We Can Help...

This list above is not exclusive. You may have other ideas.

"We encourage NCN citizens with creative Wuskwatim business ideas to visit the Implementation office and discuss your plans," Implementation Coordinator Norman Linklater said. "We can help you develop a business plan and a proposal by connecting you with an experienced business consultant.

NCN will keep you advised about these and other opportunities as more information becomes available. If you are interested in any of these areas, please contact ATEC or the Implementation Office which are responsible for keeping a list of interested people.

New Members on the Wuskwatim General Partner Board

During the past year, the General Partner (GP) Board, which runs the business affairs of WPLP, met bimonthly with the February, June and October meetings held at the Wuskwatim site and the April and August meetings held in Winnipeg. The annual meeting of WPLP was held September 24 in Winnipeg. Representatives of Taskinigaip Power Corporation, Manitoba Hydro and the General Partner attended the meeting.

In August, Manitoba Hydro replaced two of its four GP Board members. Lyn Wray and Ed Wojczynski's terms concluded and they were replaced by Joanne Flynn and Darren Rankie.

Marcel Moody and Jimmy Hunter-Spence remain as NCN's two board representatives.



General Partner board members, Jimmy Hunter-Spence (left) with Councillor Marcel Moody.

Busy Year for General Partner Board

A major focus for the board over the past year was the re-tendering of the General Civil Contract, which was necessary after only one submission was received last year and the original tendering process was cancelled.

Other items the board addressed over the year included:

- Approval of WPLP's 2007/2008 Financial Statements, 2007/2008 Year in Review and 2007/2008 Monitoring Overview
- Consideration of a recommendation from the Wapisi Caribou Committee and a joint report by NCN and Manitoba Hydro related to safety trail #3.

At each board meeting, Manitoba Hydro acting in its capacity as project manager, provided project reports that outlined the schedule, monthly financial statements, budget updates and general progress of the Wuskwatim Project. Over the past eight months the Project Manager updated the General Partner board on the following:

- The substantial completion of the access road
- The separation of the general civil works into three parts to expedite work in the absence of a general civil contract
- Award of the final general civil contract to the O'Connell-Neilson-EBC Partnership
- Aboriginal employment, specifically NCN employment numbers.

"I've been very satisfied with the board process over the past year and it's role in keeping NCN on top of what's happening with the project," NCN board member Councillor Marcel Moody said.



Looking for a Wuskwatim Job?

We can help.

Contact Fred Prince or Aaron Hart at the Atoskiwin Training and Employment Centre of Excellence (ATEC)

PH: (204) 484-2886



WUSKWATIM IMPLEMENTATION OFFICE

NCN Portfolio Holder

Councillor Marcel Moody

Staff

Norman Linklater

Implementation Coordinator

Alvin Yetman

Associate Implementation Coordinator

D'arcy Linklater Jr.

Contract/Finance Administrator

Mark Linklater

*Wuskwatim Environmental
& Socio-economic Coordinator*

Crystal Wood

Finance Administrative Assistant

Susan Kobliski

Cultural Coordinator

Joe Moose

Site Counselor

Christine Sawatsky

Site Counselor

Access Road Completion Triggers Final \$1 Million Adverse Effects Payment

In early December, Manitoba Hydro notified the Implementation Office that Hydro is satisfied the 48-kilometre Wuskwatim Access Road is substantially complete. This makes NCN eligible for its final \$1 million plus interest in settlement proceeds under the Project Development Agreement's \$5.7-million Adverse Effects Agreement. Those funds will be deposited into the Taskinigahp Trust, which was created to receive profits from the Wuskwatim project. The road was constructed and completed by the NCN-Strilkiwski Joint Venture working in concert with Manitoba Infrastructure and Transportation (MIT).

Built to a "High Level of Standard"

MIT's Project Engineer for the road, Antonio Hermenegildo commended NCN on the

quality of work, saying, "Manitoba Infrastructure and Transportation Wuskwatim staff and I would like to take this opportunity to recognize your achievement. We are very pleased and proud of the project and truly believe that it has been finished to a high level of standard."

NCN's Wuskwatim portfolio holder, Marcel Moody said, "All NCN citizens who contributed to the successful completion of the project to such a high standard should feel very good about this. It's a key goal for the project that we have realized. The additional capacity, skill and confidence this brings will translate into benefits for our Citizens that will go far beyond the Wuskwatim project."



For more information contact:



Nisichawayasihk Cree Nation

Wuskwatim Implementation Office

Ensuring the Future of Our Children & Our Children's Children...



Nisichawayasihk Cree Nation • Box 405 Nelson House, MB
ROB 1A0 • Telephone: (204) 484-2414 • Fax (204) 484-2980