

PROVINCE OF MANITOBA

DEPARTMENT OF MINES, RESOURCES AND ENVIRONMENTAL MANAGEMENT

WATER RESOURCES BRANCH

INTERIM LICENSE FOR THE DEVELOPMENT OF WATER POWER

Jenpeg Site, West Channel of Nelson River

Issued in accordance with the provisions of the Water Power Act, Chapter W70, Revised Statutes of Manitoba, 1970, and amendments, and of the Regulations in force thereunder to govern the mode of granting and administering Provincial water-power rights.

WHEREAS Manitoba Hydro, a corporation duly incorporated by Act of the Legislature of the Province of Manitoba, and whose head office address is Box 815, Winnipeg 1, Manitoba, (hereinafter called "the Licensee"), by letter dated January 20, 1972, signed by J.F. Funnell, General Counsel and Secretary, and by other documents attached thereto, has filed with the Director General of Water Resources (Director of the Water Resources Branch, hereinafter called "the Director") at Winnipeg an application for a license to divert and use water for the development of power at the Jenpeg site on the West Channel of the Nelson River; and,

WHEREAS Provincial water-powers and lands as defined in the Water Power Act, R.S.M. 1970, Cap. W70, (hereinafter called "the Act"), are required to be used or occupied by the Licensee in carrying out the undertaking for which this Interim License is granted, the nature of the said undertaking being the construction of a reinforced concrete powerhouse situated adjacent to the Jenpeg control structure (the Jenpeg diversion channel and control structure were authorized to be constructed by interim license, as amended by supplementary interim license, for the control and regulation of Lakes Winnipeg, Playgreen and Kiskittogisu); and all necessary machinery and equipment required for the development, generation, transformation, and transmission of electric power for industrial and general purposes, as shown or described more particularly by means of the record plans and data filed with the Director, as specified hereinafter; and,

WHEREAS the Licensee has fully complied with the requirements of the Manitoba Water Power Regulations, being Manitoba Regulation 95/45 and all amendments thereto (hereinafter called "the Regulations"), insofar as it is required for the issue to the Licensee of this Interim License; and,

WHEREAS the Licensee has duly executed an acceptance of the terms and conditions of this Interim License and has undertaken to observe and fulfil all the terms and conditions which under this Interim License and under the Regulations the Licensee is required to observe or fulfil;

NOW THEREFORE, under authority of and subject to the provisions of the Act and Regulations, this Interim License is issued, granting to the Licensee:

- (a) The right to divert and use waters of the West Channel of the Nelson River at the Jenpeg site,
- (b) The right to develop electric power and energy from the said waters,
- (c) The right to generate, transmit, distribute, sell and deliver the said electric power and energy and for that purpose to use and occupy the lands of the Province hereinafter described, and
- (d) The right to construct, operate and maintain the undertaking, the location and description of which are shown upon the record plans numbered and filed in the office of the Director at Winnipeg, except as the said undertaking may be modified or extended with the approval of the Minister of Mines, Resources and Environmental Management (hereinafter called "the Minister"), in accordance with plans previously submitted and approved.

Subject, nevertheless, to the provisions of the Regulations and of any other regulations now or hereinafter in force governing the granting or administering of Provincial water-powers and the lands required in connection with the development and use thereof, and to the following special terms and conditions, namely:

1. The Licensee shall file the general construction plans of the undertaking authorized hereby with the Director in such form and detail as is required by the Regulations within three (3) months from the date of this Interim License.
2. After the general construction plans have been approved, the Licensee shall begin the construction of the undertaking authorized hereby within the time limit provided in the Regulations, and shall thereafter without interruption, except such as may be

occasioned by act of God or other major cause beyond the control of the said Licensee (other than want of funds), carry on and complete the construction of the said undertaking according to the plans so approved or as the same may be amended or modified at the direction and with approval of the Minister during the progress of construction, and subject to the terms of this Interim License and of the Regulations.

3. Subject to Article 1 hereof, the Licensee may enter upon, use and occupy for making surveys and investigations and constructing works as may be deemed necessary for the undertaking, such lands of the Province as may reasonably be required for the said purposes provided that, when so requested in writing by the Director, following completion of the works and the commencement of the production of power, the Licensee shall cause a survey to be made and a plan prepared by a Manitoba Land Surveyor showing in detail the lands required to be occupied for the works. Such survey shall be limited to include only such areas for the said purpose as the Director may approve and shall be prepared in accordance with Section 24 of the Regulations.
4. Within five (5) years from the date of this Interim License, the Licensee shall have satisfactorily completed the undertaking and shall have installed all the machinery and equipment required for an initial development of up to six turbine generator units having a total capacity of not less than two hundred and twenty thousand (220,000) horsepower, measured on the turbine shaft, and shall be in a position to apply the power to beneficial use.
5. The Licensee shall notify the Director in writing of the commissioning date of each unit within 30 days of commissioning, and shall also notify the Director in writing when the initial development is completed. The Director shall, in accordance with the provisions of Subsection (4) of Section 42 of the Regulations, determine a date which, for the purpose of the

Interim License and Regulations, shall be the date of completion of the initial development and shall be the earlier of:

- (a) the date on which all of the turbine generator units comprising the initial development have been commissioned; or
 - (b) the date fixed in Article 4 hereof as the limiting date by which the initial development is to be completed, whether the same shall have been completed or not.
6. The Licensee may divert and use continuously for the development of power at the said Jenpeg site all the water of the West Channel of the Nelson River which may be flowing at the said site from time to time during the term of this Interim License, subject, however, to the provisions of Section 72 of the Regulations.
7. On the second day of January in each and every year during the term of this Interim License, the Licensee shall pay an annual rental in advance of five hundred dollars (\$500.00) for the use and occupation of those lands of the Province described in Article 3 hereof. The first payment of such rental shall be made on the second day of January following the date of completion of the initial development as determined by the Director under Article 5 hereof. Such first payment shall consist of an amount due for the preceding year, which shall be prorated to cover that portion of the year between the said date of completion of the initial development and the end of the year, together with the amount due in advance for the current year.
8. From the date of completion of the initial development determined in accordance with Article 5 hereof, and during the remaining term of this Interim License, the Licensee shall pay annually, in arrears, as rental for water used in the development of power, an amount determined in accordance with the principles set out in Section 48 of the Regulations, being whichever is the greater of:
- (a) A rental at the rate of fifty (50) cents per installed horsepower of turbine capacity, based on the initial development of not less than 220,000 horsepower; or
 - (b) A rental at the rate of one dollar and twenty-five cents (\$1.25) per horsepower-year of output measured on the turbine shaft, such output to be calculated in the manner provided in Subsection (9) of Section 48, of the Regulations.

The first payment of annual water rental is to be for that part of the year between the date of completion of the initial development determined in accordance with Article 5 hereof, and the end of the then current calendar year. Subsequent payments are to be for each successive calendar year, or part thereof, during which the Licensee continues operations. In each case the Licensee shall, on or before the first day of March in each year following any calendar year for which rental is payable, submit all data required by the Director for the determination of its rental for the preceding calendar year. The Director shall thereupon prepare and submit to the Licensee a statement of the rental due. Payment shall be made within sixty (60) days of submission of the said statements; otherwise the penalties provided in Subsections (4) and (6) inclusive of Section 48 of the Regulations shall apply.

9. Notwithstanding Article 8 hereof, if the Licensee commences the generation and transmission of power prior to the date fixed for completion of the initial development in accordance with Article 5 hereof, by and from any turbine generator unit commissioned prior to the said date, the Licensee shall pay annually, in arrears, for the water used in the development of power a rental at the rate of one dollar and twenty-five cents (\$1.25) per horsepower-year of output measured on the turbine shaft, such output to be calculated in the manner provided in Subsection (9) of Section 48, of the Regulations. The first payment of annual water rental for each turbine generator unit is to be for that part of the year between the date of commissioning of each turbine generator unit, or a date fixed by the Lieutenant Governor in Council, whichever is the earlier, and the end of the then calendar year. Subsequent payments are to be for each successive calendar year, or part thereof until the date of completion of the initial development determined in accordance with Article 5 hereof. In each case the Licensee shall, on or before the first day of March in each year following any calendar

year for which rental is payable, submit all data required by the Director for the determination of the rental for the preceding calendar year. The Director shall thereupon prepare and submit to the Licensee a statement of the rental due. Payment shall be made within sixty (60) days of submission of the said statements.

10. The plans filed by the Licensee and made a part of this Interim License are as follows:

Manitoba Water Resources Branch File Number	Licensee's File Number	Description
39-3-1019	0198-D-0202 (Rev. 0)	Location general arrangement and cross-sections of Development
39-3-1020	0198-D-0203 (Rev. 0)	Plan showing Severance Line for Generating Station

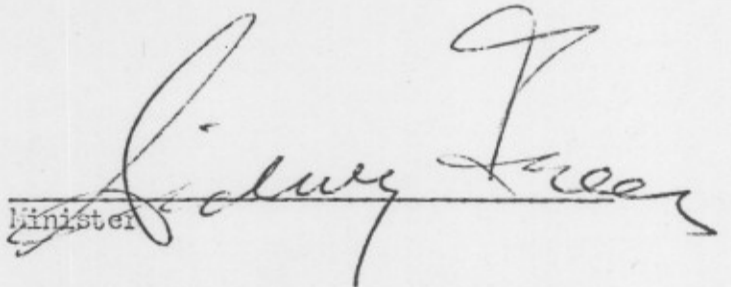
11. Upon the satisfactory completion by the Licensee of the initial development in accordance with Article 4 hereof and upon the due observance and fulfilment by it of all the terms and conditions required by this Interim License and under the Regulations to be by it observed and fulfilled, the Minister shall and will issue in favour of the Licensee a Final License for the use of water, for the development of energy therefrom, for the utilization of such energy, and for the use or occupation of those lands of the Province which, in the Minister's opinion, are required for the proper operation and maintenance of the works authorized. The said Final License shall be issued subject to the regulations then in force and shall embody such matters as the Minister may determine in accordance with the Regulations, and the following terms and conditions, namely:

- (a) The Licensee may divert and use continuously for the development of power at the said Jenpeg site all the water of the West Channel of the Nelson River which may be flowing at the said site from time to time during the term of this Final License, subject, however, to the provisions of Section 72 of the Regulations.

- (b) The Licensee shall, during the term of the Final License pay annually in advance on the second day of January in each year an annual rental of five hundred dollars (\$500.00) for those lands of the Province to be described in the Final License, and used for the purposes described in Article 3 of the Interim License.
- (c) The Licensee shall also pay an annual rental during the term of the Final License for the use of water for the development of power, determined in accordance with the principles set out in Section 48 of the Regulations and payable at the times and in the manner therein provided, and at the following rates:
 - (i) The rentals in the twenty-year period directly following the date of completion of the initial development determined in accordance with Article 5 hereof shall be the greater of:
 - (a) An annual rental of fifty (50) cents per installed horsepower;
 - (b) An annual rental of one dollar and twenty-five cents (\$1.25) per horsepower year.
 - (ii) The annual rental to be paid after the expiry of the said twenty-year period shall be determined as provided in the regulations in force at such time.
- (d) The undertaking in respect of which the Final License is to be issued is to comprise: a reinforced concrete powerhouse with up to six turbine generator units, having a total capacity of not less than 220,000 horsepower; and all plant machinery and equipment requisite for the complete development and utilization of the power economically available at the said Jenpeg site, together with such other approved works as have been constructed for purposes of the undertaking for which the Final License is to be issued.
- (e) The energy developed under the said Final License may be generated, transmitted, sold and delivered for the purposes and within the area permitted by the Act.

- (f) In accordance with Section 45 of the Regulations the term of the Final License shall be fifty (50) years from and after the date fixed in accordance with Article 5 of the Interim License for the completion of the initial development and shall be subject to renewal or extension in accordance with the provisions of the Laws and Regulations relating thereto and then in force.
- (g) The Severance Line as defined in Section 1 of the Regulations shall be as shown in red and marked "Severance Line" upon record plan No. 39-3-1020 (Manitoba Hydro No. 0198-D-0203 (Rev. 0)) on file in the office of the Director.
12. All record plans filed with the Director and referred to in this Interim License are incorporated herewith and made a part hereof.
13. This Interim License is issued upon the express condition that it shall be subject to the provisions of the Regulations and all amendments thereto.

Issued at Winnipeg this 14th day of December A.D., 1972 at the direction of the Honourable Minister of Mines, Resources and Environmental Management.


Minister