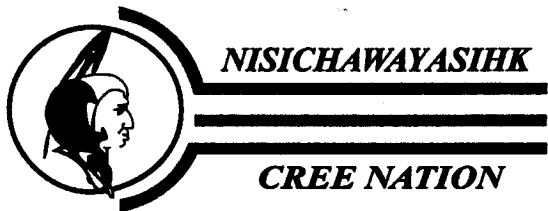


AGREEMENT IN PRINCIPLE

*To guide discussions and arrangements concerning
the Wuskwatim/Notigi Projects and the
Wuskwatim/Notigi Transmission Facilities*



SEPTEMBER 25, 2001



PREMIER OF MANITOBA

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

September 25, 2001

Chief Jerry Primrose
Nisichawayasihk Cree Nation

Mr. Vic Schroeder
Chairman, Manitoba Hydro

Dear Gentlemen:

Manitoba officials have now had the opportunity to conduct our own review of the Agreement in Principle between the Nisichawayasihk Cree Nation and Manitoba Hydro for the potential development of the Wuskwatim and Notigi hydroelectric projects. The agreement lays out a comprehensive framework that our Government endorses for the development of the two projects.

This agreement marks an important milestone in the relationship between the Nisichawayasihk Cree Nation and Manitoba's energy utility. As a government, we want to ensure that the Nisichawayasihk people benefit from these future hydroelectric developments. The partnership envisioned in this agreement is also a recognition of the special relationship that the Nisichawayasihk Cree have with the lands, waterways and resources in this area.

The commitment of the Nisichawayasihk Cree Nation and Manitoba Hydro to collaborate to study the projects, to avoid and mitigate environmental impacts, and to share the benefits exemplifies sustainable development, as it should be practised in Manitoba. Our government congratulates the Nisichawayasihk people and Manitoba Hydro.

Sincerely,

The Honourable Gary Doer
Premier of Manitoba

Honourable Greg Selinger
Minister charged with the
administration of The Manitoba
Hydro Act

Honourable Steve Ashton
Minister of Transportation and
Government Services

Honourable Eric Robinson
Minister of Native and Northern
Affairs



AGREEMENT IN PRINCIPLE

Nisichawayasihk Cree Nation
and
Manitoba Hydro

September 25, 2001

INDEX

ARTICLE/SCHEDULES	PAGE NO.
Preamble	5
Definitions	7
Purpose of the AIP	14
Fundamental Principles and NCN Costs	16
Wuskwatim Project Description	17
Notigi Project Description	22
Training, Employment and Business Opportunities	27
Hydro Operations	27
Wuskwatim/Notigi Projects Construction	27
Business Opportunities	29
General Provisions	30
Atoskiwin Training and Employment Centre (A-TEC)	31
Development Arrangement	32
Adverse Effects	34
Land, Resource and Navigation Issues	37
Regulatory Matters	39
Conflict of Interest	41
AIP Approval and Implementation	41
Public Information and Confidentiality	42
Treaty and Aboriginal Rights	42
General	42

ARTICLE/SCHEDULES	PAGE NO.
Acknowledgements	43
Term of AIP	43
Validity	43
Schedule 4.1	47
Schedule 4.2	49
Schedule 4.3	51
Schedule 4.4	53
Schedule 4.5	54
Schedule 4.6	57
Schedule 4.7	59
Schedule 5.1	61
Schedule 5.2	63
Schedule 5.3	65
Schedule 5.4	66
Schedule 5.5	67
Schedule 5.6	69
Schedule 5.7	71

AGREEMENT IN PRINCIPLE

BETWEEN:

**NISICHAWAYASIIHK CREE NATION,
(hereinafter called “NCN”)**

OF THE FIRST PART,

- and -

**THE MANITOBA HYDRO-ELECTRIC BOARD,
(hereinafter called “Hydro”)**

OF THE SECOND PART.

WHEREAS:

1. **NCN** is a Cree Nation which carried on, and continues to carry on, activities within its traditional and Treaty 5 areas. **NCN’s** vision statement is: “To exercise sovereignty that sustains a prosperous socio-economic future for the Nisichawayasihk Cree Nation”.
2. There are about 4,500 **Members**, approximately 2,300 of whom live on **Reserve Lands** located at Nelson House, upstream of Taskinigup Falls and Wuskwatim Lake and downstream of the Notigi Control Structure.
3. Neither the **AIP** nor any other arrangements entered into between the **Parties** will alter or amend treaty or aboriginal rights recognized and affirmed by s. 35 of the *Constitution Act*, 1982, including any inherent rights of self government of **NCN** and its **Members**.
4. **Hydro** is a Crown Corporation that was established in 1949, and which is continued by *The Manitoba Hydro Act*, RSM 1987, c. H190, as amended from time to time, for the purposes of providing a continuing supply of power adequate for the needs of the Province of Manitoba; providing and marketing products, services and expertise related to the development, generation, transmission, distribution, supply and end-use of power within and outside of the Province; and marketing and supplying power to persons and other entities outside the Province.

5. In the late 1960's Manitoba and Canada determined that it would be in the Provincial and National interest to expand the planning and development of hydro-electric generating facilities in northern Manitoba. Canada and the Province of Manitoba entered into an agreement dated February 15, 1966, to develop the water power of the Nelson River and associated transmission lines. The 1966 agreement proposed the development of the **CRD** and **LWR**. **NCN** was not a signatory to this 1966 Agreement.
6. The **CRD** could not be built or operated without taking and using **Reserve Lands** and impacting traditional and Treaty 5 lands and resources used by **NCN** and its **Members**.
7. In the early 1970's, Hydro began construction of facilities related to the **CRD** and **LWR** for the purposes of generating hydroelectric power.
8. In 1974 in order to address the potential adverse effects of **CRD** and **LWR**, five Northern Manitoba Cree Nations, including **NCN**, incorporated the Northern Flood Committee ("NFC"). Canada, Manitoba, **Hydro** and the Northern Flood Committee entered into the Northern Flood Agreement ("**NFA**") in December 1977 and it was ratified in March 1978. **NCN** considers the **NFA** to be a treaty. In a statement to the Legislative Assembly of Manitoba by the Honourable Eric Robinson, Minister of Aboriginal and Northern Affairs, on December 15, 2000, the Government of Manitoba recognized the **NFA** as a modern - day treaty.
9. Difficulties arose in relation to the implementation of the **NFA** as there were significant differences among the signatories about the nature and scope of the obligations of Canada, Manitoba and **Hydro**. These problems led to frustration for the parties to the **NFA**.
10. Negotiations started between the NFC, Canada, Manitoba and **Hydro** in the 1980's to try to reach agreement about how to implement the **NFA**. Eventually each of the five Cree Nations which comprised the NFC entered into separate implementation negotiations. **NCN** began negotiations in the fall of 1992 and signed the **1996 Implementation Agreement** in March 1996.
11. In addition to land and financial compensation, the **1996 Implementation Agreement** also included other important provisions, including arrangements for the establishment of a planning process to assess **Future Development** within the **Resource Management Area**.
12. In 1997 **NCN** and **Hydro** established a Future Development Working Group to begin discussions about potential **Future Development** in accordance with Article 8 of the **1996 Implementation Agreement**. **NCN** and **Hydro** established

an Article 8 joint planning process to assess effects of the proposed **Future Developments** on **NCN** and its **Members**, including among other matters, consideration of potential training, employment and business opportunities associated with the **Wuskwatim/Notigi Projects**.

13. In approaching the development of the **Wuskwatim/Notigi Projects**, **Hydro's** Board reviewed its policies, and with the knowledge of its owner, the Province of Manitoba, made a decision to provide **NCN** with an opportunity to acquire a limited equity interest and to participate as a limited partner in the **Project Entity**.
14. This **AIP** is intended to outline the principles which will govern the efforts of the **Parties**:
 - (a) to fulfill their respective obligations to each other under Article 8 of the **1996 Implementation Agreement**; and
 - (b) consistent with the **Hydro** Board's decision outlined in paragraph 13 to explore, and hopefully conclude arrangements for **NCN** to participate as a limited equity partner with **Hydro** in the **Project Entity**.

NOW THEREFORE the **Parties** agree in principle to negotiate the **PDA** and related arrangements in accordance with the following provisions:

1.0 DEFINITIONS

- 1.1 For all purposes within this **AIP**, unless otherwise specifically provided, the following words and phrases, when capitalized and printed in bold type, whether in the plural, the singular or the possessive, shall have the meaning ascribed to them in this Article:

"Adverse Effects" means the direct or indirect, negative consequences of the **Project** or the operation thereof, which consequences impact or change the physical, chemical or biological characteristics of the environment and include, without limitation, risks or injuries to the health, safety, well-being, comfort or enjoyment of **NCN** or **Members**, and impacts on interests in, and the exercise of rights in relation to, lands, pursuits, activities, opportunities, lifestyles and assets of **NCN** or **Members**.

"AIP" means this non-legally binding agreement, which provides a framework for the negotiation of the **Development Arrangement**, the **PDA**, and the **PPA** and related arrangements.

“**ASL**” means above sea level.

“**A-TEC**” means Atoskiwin Training and Employment Centre, the training and employment referral agency to be established by **NCN** and for purposes of this **AIP** may include **NCN’s** existing Human Resource Development Authority (“**HRDA**”).

“**BNA**” means the Burntwood Nelson collective agreement between the Allied Hydro Council and the Hydro Projects Management Association and any revisions thereto.

“**Chief and Council**” means the Chief and Councillors elected pursuant to the **NCN** Election Code, 1998 E - 1, as amended from time to time.

“**Community Development Plan**” means **NCN’s** framework for the development, and in particular the resource development of Nelson House and its **Reserve Lands**.

“**Compensation Lands**” means the lands described in Schedule 3.1 of the **1996 Implementation Agreement** the administration and control of which is to be transferred by **Manitoba** to **Canada** and which are to be set apart by Canada as **Reserve Lands**, excluding those lands required for public purposes described in Schedule 3.3 of the **1996 Implementation Agreement** and shall include any replacement **Compensation Lands** selected under Articles 3.5 of the **1996 Implementation Agreement** and shall exclude any lands which cease to be **Compensation Lands** under Article 3.5.5 of the **1996 Implementation Agreement** or Article 3.5.16 of the **1996 Implementation Agreement**.

“**Council Resolution**” means a resolution passed by a quorum of **Chief and Council** at a duly convened regular or special meeting.

“**CRD**” means the Churchill River Diversion project which includes impoundment of the waters of the Churchill River on Southern Indian Lake by the construction of the Missi Control Structure at the outlet of the lake, and the diversion of the impounded waters through South Bay and the Notigi Control Structure, into the Rat/Burntwood River system and the Nelson River. Certain other lakes and rivers are also affected by the **CRD**, including Footprint Lake and the Footprint River.

“**Development Arrangement**” means one or more business arrangements between **NCN** and **Hydro** to be developed for the sole purposes of planning, designing, constructing, owning and operating the **Wuskwatim/Notigi Projects**.

“Easement Agreement” means an interest in land to be granted by **NCN** and Canada to **Hydro** and Manitoba.

“EIA” means an environmental impact assessment by the relevant regulatory authorities of the environmental effects of a project or development conducted under federal and provincial legislation, including public consultation and review, prior to decisions being made to approve, authorize, grant permission for or licence that project or development.

“EIS” means the environmental impact statement or statements, and documentation prepared by the **Proponent** of a project or development, in accordance with requirements under federal and provincial legislation, to inform **Members**, the public and federal and provincial decision-makers about the environmental effects of that project or development.

“EMT” means the team of environmental consultants jointly chosen by the **Parties** in 1999 to assist them to undertake the following in relation to the projects or developments described in this **AIP**:

- (a) develop and implement the **Study Plan**;
- (b) develop and implement the studies contemplated in Article 8 of the **1996 Implementation Agreement**;
- (c) prepare documentation for the regulatory process, including documentation for components of the **EIS**;
- (d) develop processes and related materials for consultation with **Members** and others; and
- (e) do other tasks requested by the **Parties**.

“Existing Development” means all those physical works related to hydro-electric development on the Churchill, Nelson, Rat, Footprint and Burntwood River Systems and the development of the Lake Winnipeg Regulation System north of the 53rd parallel, to the extent such works have been physically developed and constructed by or on behalf of **Hydro** to March 18, 1996, and, without limiting the generality of the foregoing, includes all dams, dykes, channels, control structures, excavations, generating stations, roads, transmission lines and other works forming part of, or related to, all aspects of such hydro-electric development including

- Lake Winnipeg Regulation,

- Churchill River Diversion, including without limitation the Notigi and Missi control structures,
- Grand Rapids Generating Station,
- Laurie River Generating Station,
- Kelsey Generating Station,
- Kettle Generating Station,
- Long Spruce Generating Station,
- Limestone Generating Station,

and the access road and other physical construction with respect to the proposed Conawapa Generating Station.

“Future Development” means:

- (a) the construction of any portion or parts of the **Project** not physically constructed at March 18, 1996; and
- (b) all major redevelopment or reconstruction of any **Existing Development**;

which has a reasonable likelihood of having a material and continuing physical, chemical or biological impact upon a water body within the **Resource Management Area**.

“Hydro” means The Manitoba Hydro-Electric Board and includes any wholly owned subsidiary.

“Hydro Operations” means the continuing operation and maintenance of the **Integrated Power System**.

“Integrated Power System” means the integrated system of hydraulic and thermal electric generation and power transmission facilities owned and operated by **Hydro**, or in some circumstances, owned by **Hydro** in partnership with others. The **Integrated Power System** is interconnected with other power utilities.

“1996 Implementation Agreement” means the agreement effective March 18, 1996, among **NCN**, Canada, Manitoba and **Hydro** to implement and resolve

most of the outstanding obligations under the **NFA** and includes an Amending Agreement dated June 14, 1999, between **NCN**, **Hydro** and Canada in relation to the marina dock.

“**Land Use Plan**” means the land use plan more particularly described in Article 6.5.4 of the **1996 Implementation Agreement**.

“**LWR**” means the Lake Winnipeg Regulation project which includes the construction and operation of works and measures to regulate, within certain natural and licenced limits, flows from Lake Winnipeg for hydro-electric generation and mitigation of floods and droughts on Lake Winnipeg.

“**Member**” means a person who at the relevant time is, or who has applied and is entitled to be, a member of **NCN** pursuant to any Membership Code then lawfully in force and effect.

“**NCN**” means the Nisichawayasihk Cree Nation formerly known as the Nelson House First Nation.

“**NCN Costs**” include, but are not limited to, costs of attendance at meetings, costs of advisors, and travel expenses incurred for various meetings, conferences and hearings related thereto, including the negotiations of this **AIP**, the **PDA**, **PPA**, **BNA**, **A-TEC** and other arrangements.

“**NFA**” means the Northern Flood Agreement, an agreement dated December 16, 1977, between Manitoba, **Hydro**, the Northern Flood Committee, Inc., and Canada, including all schedules annexed thereto, and shall include the Economic Development Agreement between the same parties, dated the 1st day of September, 1977.

“**Notigi Project**” means the proposed hydro-electric generating station and related works excluding the transmission components but including, without limitation, all dams, dykes, channels, control structures, excavations and roads to be located near the Notigi Control Structure which project, if built, will contribute about 100 megawatts to the **Integrated Power System** through the **Notigi Transmission Facilities**, as more specifically described in Article 5 of this **AIP**.

“**Notigi Project Cost Base**” means all **Hydro** and **NCN** expenditures and any reimbursements for expenditures attributable to the development of those portions of the **Notigi Project**, that are developed after the date of this **AIP** for the purpose of generating hydro electric power, as may be agreed between the **Parties**, consistent with Canadian generally accepted accounting principles.

“Notigi Transmission Facilities” means a complex of transmission related facilities within the **Resource Management Area** constructed to incorporate the **Notigi Project** into the **Integrated Power System**, including all transmission lines, switching stations and the construction power line.

“Parties” means **NCN** and **Hydro**.

“PDA” means the Project Development Agreement which will establish detailed arrangements for the **Project Entity** and other related matters, including the matters set out in this **AIP**.

“PPA” means the power purchase agreements and arrangements between **Hydro** and the **Project Entity** consistent with the **PDA** and the **Development Arrangement**.

“Project” means and includes all **Existing Development** and all future hydro-electric development or re-development by **Hydro** on the Churchill, Nelson, Rat, Footprint and Burntwood River Systems and includes all development or re-development by **Hydro** of the Lake Winnipeg Regulation System north of the 53rd (fifty-third) parallel.

“Project Entity” means the form of business structure agreed upon by the **Parties** in the **PDA** and the **Development Arrangement** to own and directly or indirectly plan, design, construct, operate, and maintain the **Wuskwatim Project** and those portions of the **Notigi Project** that are developed after the date of this **AIP** for the purposes of generating hydro-electric power.

“Proponent” means, for purposes of the **EIA** and the **EIS** for the **Wuskwatim Project** or the **Notigi Project**, the **Project Entity** after the **PDA** and the **Development Arrangement** have been concluded, and **Hydro** prior to the **PDA** and/or the **Development Arrangement** being concluded. In the event that the **Parties** agree that an application for regulatory approvals for either the **Wuskwatim Project** or the **Notigi Project** is to be submitted by **Hydro** prior to the **PDA** and/or the **Development Arrangement** being concluded, such application will indicate that it may be amended to show the **Project Entity** as the **Proponent** once the **PDA** and/or the **Development Arrangement** have been concluded. The term **Proponent** when used in relation to the **Wuskwatim/Notigi Transmission Facilities** means **Hydro** on its own behalf, provided however, if under Article 8.8, **NCN** and/or others acquire an ownership interest in the transmission facilities, the **Proponent** will be the entity selected to act as such by the new ownership group.

“Reserve Lands” means lands within the existing reserves, and also includes

all **Compensation Lands** under the **1996 Implementation Agreement**, lands selected, or to be selected under the **TLE Agreement**, or Treaty 5 including any oral promises made in relation to population growth and land disparity, and any other lands which become reserve lands for the use and benefit of **NCN** and its **Members** pursuant to the *Indian Act* (Canada) and any successor legislation.

“**Resource Management Area**” means the area described and shown on Schedule 6.1 of the **1996 Implementation Agreement** and includes the rivers, lakes and streams, and any **Reserve Lands** therein, subject to any changes that may be made in accordance with Article 6 of the **1996 Implementation Agreement**.

“**Resource Management Plan**” means resource management plans more particularly described in Article 6.5.2 of the **1996 Implementation Agreement**.

“**Resource Management Board**” means the Board established pursuant to Article 6 of the **1996 Implementation Agreement**.

“**SIL Trapline Zone**” means the area shown on Schedule 5.1 of the **1996 Implementation Agreement**.

“**Study Group**” means representatives of **NCN**, **Hydro** and **EMT** who are responsible for developing and implementing the **Study Plan** and participating in other regulatory related processes as may be required.

“**Study Plan**” means the “**Notigi and Wuskwatim Generation and Transmission Facilities Joint Study Program revised August 2000**” and any other revisions thereto agreed upon by the **Parties**, which **Study Plan** outlines the terms of reference for environmental studies to be undertaken in relation to the **Wuskwatim/Notigi Projects** to comply with Article 8 of the **1996 Implementation Agreement**, to prepare documentation for inclusion in the **EIS** required for the projects and developments described in this **AIP** and to develop processes and related materials for consultation with **Members** and others.

“**TLE Agreement**” means the agreement among **NCN**, Manitoba and Canada to implement the land shortfall in the 1908 Adhesion to Treaty 5.

“**Work Plans and Budgets**” means the annual Work Plans and Budgets developed by **NCN** in relation to:

- (a) the joint planning process, studies and related activities under the **1996 Implementation Agreement**;

- (b) **NCN's** consideration of the potential opportunity to acquire a limited equity interest and to participate as a partner in the **Project Entity**; and
- (c) other matters agreed to between the **Parties**,

the funding for which has been approved by **Hydro**.

“Wuskwatim/Notigi Adverse Effects” means the negative consequences of the **Wuskwatim/Notigi Projects** and the **Wuskwatim/Notigi Transmission Facilities** on **NCN** and its **Members**, either direct or indirect, which impact or change the physical, chemical or biological quality of the environment of any part of the **Resource Management Area**, and includes, without limitation, risks or injuries to the health, safety, well-being, comfort or enjoyment of **NCN** or its **Members**, and impacts on interests in lands, pursuits, activities, opportunities, lifestyles and assets of **NCN** and its **Members**. Subject to Article 9.1 of this **AIP**, **Wuskwatim/Notigi Adverse Effects** are to be dealt with under the arrangements contemplated in the **AIP** and the **PDA**.

“Wuskwatim/Notigi Projects” means the **Wuskwatim Project** and/or the **Notigi Project**.

“Wuskwatim Project” means the proposed hydro-electric generating station, and related works excluding the transmission components but including, without limitation, all dams, dykes, channels, control structures, excavations, and roads to be located at Taskinigup Falls near Wuskwatim Lake which project, if built, will contribute about 200 megawatts to the **Integrated Power System** through the **Wuskwatim Transmission Facilities**, as more specifically described in Article 4 of this **AIP**.

“Wuskwatim Project Cost Base” means all **Hydro** and **NCN** expenditures and any reimbursement for expenditures, attributable to the development of the **Wuskwatim Project**, as may be agreed between the **Parties**, consistent with Canadian generally accepted accounting principles.

“Wuskwatim Transmission Facilities” means a complex of transmission related facilities within the **Resource Management Area**, constructed to incorporate the **Wuskwatim Project** into the **Integrated Power System**, including all transmission lines, switching stations and the construction power line.

“Wuskwatim/Notigi Transmission Facilities” means the **Wuskwatim Transmission Facilities** and/or the **Notigi Transmission Facilities**.

2.0 PURPOSE OF THE AIP

2.1 Since concluding the **1996 Implementation Agreement** the **Parties** have attempted to establish a new relationship based on trust and mutual respect. The **Parties** are:

- (a) undertaking a joint planning process as contemplated by Article 8 of the **1996 Implementation Agreement**;
- (b) discussing the potential opportunity for **NCN** to acquire a limited equity interest and to participate as a limited partner in the **Project Entity**; and
- (c) discussing other issues that by agreement of the **Parties** become part of the process from time to time.

The purpose of the **AIP** is to guide a collaborative planning process established by the **Parties** to conclude a **PDA**, a **PPA**, the **Development Arrangement** and other arrangements in relation to the **Wuskwatim/Notigi Projects**. The **AIP** is also to guide discussions and arrangements concerning the **Wuskwatim/Notigi Transmission Facilities**.

2.2 The **Parties** acknowledge that this **AIP** establishes guidelines for the discussion and negotiation of issues of importance to the **Parties**. This **AIP** will provide an opportunity for the **Parties** to work together to understand and find ways to address:

- (a) **Wuskwatim/Notigi Adverse Effects**; and
- (b) the concerns and aspirations of **Members** in relation to the **Wuskwatim/Notigi Projects** and the **Wuskwatim/Notigi Transmission Facilities**; and

to further develop their new relationship by sharing the potential risks and benefits of the **Wuskwatim/Notigi Projects** on a proportionate basis.

2.3 As part of their ongoing discussions and as relevant to their respective interests, the **Parties** will endeavour to determine ways in which the **Wuskwatim/Notigi Projects** and the **Wuskwatim/Notigi Transmission Facilities** can be developed at reasonable cost and in a manner which is commercially credible, economically viable, environmentally and socially acceptable, and consistent with the treaty and aboriginal rights of **NCN** and its **Members** and with the principles of sustainable development.

2.4 **Members** have through an opinion survey, identified the following issues as being of importance in relation to **Future Development**:

- (a) More than ninety per cent (90) felt that it was very important to train local residents; to create employment opportunities for local residents; to protect human health and safety; to protect their way of life and culture; to protect important sites; to protect water quality, big game animals and plants; to maintain the beauty of the area; to develop the community; and to create business opportunities for local residents.
- (b) More than eighty per cent (80) felt that it was very important to minimize flooding; to protect fish and furbearing animals; to address navigation and safety; to compensate for damages; to involve the community in hydro-related decisions; and to monitor effects.
- (c) More than seventy per cent (70) felt that it was very important for **NCN** to own part of the project and to improve access for **NCN** to its **Resource Management Area**.
- (d) More than fifty per cent (50) felt that it was very important to restrict the access of non-**Members** to **NCN's** resource areas.

The **Parties** will review and discuss these issues in an effort to fully understand them, and to the extent reasonable and practicable, and within their jurisdiction and authority, will endeavour to address them in the **PDA** or otherwise.

2.5 The **Parties** further acknowledge that while they have attempted in this **AIP** to set out a comprehensive list of the topics that will be discussed throughout the negotiation process leading to the **PDA**, the **PPA**, the **Development Arrangement**, **A-TEC**, the establishment of the **Project Entity** and any other arrangements, it is recognized that new issues may arise and that these issues will, at the request of either **NCN** or **Hydro**, be added to the matters under discussion. The **Parties** further note that they have already identified a number of significant issues which will require their attention as they proceed to finalize the subsequent agreements.

3.0 **FUNDAMENTAL PRINCIPLES AND NCN COSTS**

3.1 The **Parties** agree that:

- (a) participation in the planning process and the **AIP** does not mean that **NCN** has approved the **Wuskwatim/Notigi Projects** or the **Wuskwatim/Notigi Transmission Facilities**, or that **Hydro** has decided

to build them;

- (b) ongoing consultation with **Members** throughout the future development planning and environmental assessment processes is essential to ensure that **Members** are given the opportunity to make informed choices;
- (c) **NCN** will be responsible for and will facilitate community consultation processes with **Members** required pursuant to Article 8 of **1996 Implementation Agreement**;
- (d) **NCN** will also facilitate consultation with **Members** undertaken by the **Proponent** and/or the regulators;
- (e) the provisions of the **NFA**, the **1996 Implementation Agreement** and any other agreements under which either party has binding obligations will be respected and steps will be taken to resolve outstanding issues under these agreements at the earliest opportunity;
- (f) the business and financial arrangements contemplated by this **AIP** will be structured in such a manner that they will not be a disposition of a major facility by **Hydro** as prohibited by section 15.1 of *The Manitoba Hydro Act* and accordingly there will be no disposition of the existing Notigi Control Structure and facilities;
- (g) the **Wuskwatim/Notigi Projects** and the **Wuskwatim/Notigi Transmission Facilities** must be developed consistent with good construction practices, including, except where the **Parties** agree to direct negotiated contracts or restricted tendering, the use of open competitive tendering, in an effort to obtain the most favourable conditions reasonably available for the construction and other development work. If the goods and services in the specifications cannot be obtained for a reasonable price, the potential profitability of the development will not only be reduced but also the **Wuskwatim/Notigi Projects** and the **Wuskwatim/Notigi Transmission Facilities** may also not be economically viable, in which case they would not proceed.
- (h) **Hydro** shall retain a majority ownership interest in the **Wuskwatim/Notigi Projects** and, if under Article 8.8 **NCN** or others acquire an interest in related transmission including the **Wuskwatim/Notigi Transmission Facilities**, **Hydro** shall also retain a majority interest in those transmission facilities;
- (i) the business and financial arrangements pursued will be structured to

maintain **Hydro's** tax exempt status;

- (j) the business and financial arrangements pursued will be structured to maintain, to the maximum extent possible, the tax exempt status of **NCN** and its **Members**; and
- (k) protection of the environment will be balanced with all opportunities that may arise from the **Wuskwatim/Notigi Projects** and the **Wuskwatim/Notigi Transmission Facilities**.

3.2 **Hydro** will contribute to **NCN Costs** through approved budgets contained in the annual **Work Plans and Budgets**.

4.0 WUSKWATIM FUTURE DEVELOPMENT

4.1 Wuskwatim Project Description

4.1.1 Article 4 and Schedules 4.3, 4.4 and 4.5 describe the anticipated primary facilities, the secondary structures and the supporting infrastructure forming part of the **Wuskwatim Project**. The anticipated water regime is described in Article 4.4 and the transmission components related to the **Wuskwatim Project** are described in Article 4.5.

4.1.2 The anticipated components of this system facilitate the production of electricity and its transmission to the **Integrated Power System**. The **Parties** acknowledge that the preparation of the description is an ongoing process and that the **Wuskwatim Project** as it is currently known and understood is described in Article 4 and shown in Schedules 4.1 to 4.7.

4.2 Primary Facilities

4.2.1 It is proposed that the **Wuskwatim Project** be located on, and adjacent to, the Burntwood River at Taskinigup Falls, which is located approximately 1.5 km (0.9 miles) downstream of the natural outlet of Wuskwatim Lake at Wuskwatim Falls. The geographical location of the **Wuskwatim Project** is shown on Schedule 4.1.

4.2.2 It is anticipated that the **Wuskwatim Project** will consist of the Primary Facilities and several Secondary Structures shown on Schedule 4.2.

4.2.3 The Primary Facilities will consist of: Main Dam, Intake/Powerhouse/Service Bay Complex, Non-overflow Gravity Dam, Spillway and Transition Structures, more particularly described in Schedule 4.3.

4.2.4 The anticipated Secondary Structures will consist of the North Dyke and the Upstream Channel Improvement Earthworks, and are more particularly described in Schedule 4.4.

4.2.5 The system of Primary Facilities and Secondary Structures collectively will maintain upstream water levels within a designated range and the Intake/Powerhouse/Service Bay Complex will regulate the river flows to produce electricity.

4.3 Supporting Infrastructure

4.3.1 Various supporting infrastructure is required during the project schedule, some of which will become permanent works. The supporting infrastructure is described in Schedule 4.5 and will include, but is not limited to, the following:

- Pilot Road;
- Construction Power Services;
- Initial Construction Camp and Work Areas;
- Access Road;
- Main Construction Camp;
- Work Areas;
- Service Roads;
- Stage I - Cofferdam;
- Stage II - Upstream Cofferdam;
- Access Road;
- Stores Area; and
- Borrow Areas.

4.3.2 The routing and location of the access road and the main construction camp will, subject to the ultimate decision and approval of the relevant regulatory authorities be determined following all necessary consultation.

4.4 Water Regime

4.4.1 The construction and operation of the **Wuskwatim Project** will result in changes in the Water Levels, Flows, Water Level Fluctuations and Flow Fluctuations from those currently experienced at some locations along the Burntwood River between Early Morning Rapids and the outlet of Birch Tree Lake as shown in Schedule 4.1. The nature and extent of the anticipated changes are described in the following sections.

4.4.2 Operation of the **CRD**

The primary purpose of the **CRD** is to divert water from the Churchill River to the

Nelson River to supply the generating stations on the lower Nelson River. Natural inflows to the Rat and Burntwood River system combine with the **CRD** regulated flows to move downstream along the Burntwood River towards Wuskwatim Lake and further downstream toward Split Lake. It is anticipated that the typical seasonal and monthly regulation pattern that has been experienced historically since the **CRD** was fully commissioned in September of 1977 will remain unaltered. Therefore, it is also anticipated by the **Parties** that the constraints imposed by the **CRD** 1973 Interim Water Licence, the Augmented Flow Program, the 1976 City of Thompson Agreement, the **NFA**, and the **1996 Implementation Agreement** will continue unaffected by the **Wuskwatim Project**.

4.4.3 Datum

The datum in this **AIP** is consistent with the controlling benchmarks defined in the **1996 Implementation Agreement** as more specifically referred to in Schedule 4.6.

4.4.4 Water Levels

Water levels along the Rat and Burntwood Rivers for the existing conditions from the Notigi Control Structure to the City of Thompson are shown in Schedule 4.7. The estimated open water levels for the proposed developed condition for the same route are also shown in Schedule 4.7.

4.4.5 Upstream of Wuskwatim Lake

It is anticipated that the **CRD** will continue to be operated as outlined in Article 4.4.2. The water regime along the Rat and Burntwood Rivers between the Notigi Control Structure and Early Morning Rapids will be unchanged by the **Wuskwatim Project**. Therefore, the water regime described by Article 2 of the **1996 Implementation Agreement** will be unaffected by the **Wuskwatim Project**.

4.4.6 Wuskwatim Lake

The **Wuskwatim Project** will normally be operated such that the water level on Wuskwatim Lake will be at or slightly below 234.0 metres (767.7 feet) **ASL** excluding wind and wave effects. For short term emergency purposes, the water level may drop to as low as 233.0 metres (764.4 feet) **ASL**. The water levels in the immediate forebay area, which is the area between Wuskwatim Falls and the Primary Facilities at Taskinigup Falls, will be approximately 0.10 metres (4 inches) lower than the water levels on Wuskwatim Lake.

In the event of unusual flood flows, the level of Wuskwatim Lake will be anticipated to rise above the normal operating level. For the flood flow with probability of occurrence of 1% per year, the water level of Wuskwatim Lake will be anticipated to rise to approximately 234.8 metres (770.3 feet) **ASL**.

The water level fluctuations on Wuskwatim Lake and the immediate forebay will depend on the operation of the **Wuskwatim Project**. The monthly and seasonal water level fluctuations presently experienced will be eliminated. The operation of the **Wuskwatim Project** will depend primarily on the river flows, the requirements of the **Integrated Power System** and the plant maintenance schedule. The **Wuskwatim Project** will be operated such that the water levels on Wuskwatim Lake will be relatively stable with typical daily water level fluctuations, excluding wind and wave effects, of less than 0.05 metres (2 inches). The maximum daily water level fluctuation under open water conditions is estimated to be less than 0.10 metres (4 inches).

4.4.7 Downstream of the **Wuskwatim Project**

Water levels immediately downstream of the **Wuskwatim Project** will depend on the operation of the **Wuskwatim Project** and the operation of the **CRD**.

Seasonal and monthly fluctuations of water levels and flows along the Burntwood River downstream of the **Wuskwatim Project** will be unchanged by the operation of the **Wuskwatim Project** and will continue to result from the operation of the **CRD** and the natural inflows to the Burntwood River.

Superimposed upon the seasonal and monthly variations, daily fluctuations, excluding wind and wave effects, of water levels and flows will result from the operation of the **Wuskwatim Project**. The magnitudes of the fluctuations will decrease with distance downstream of the **Wuskwatim Project**. In the powerhouse tailrace area, the anticipated daily water level fluctuations are estimated to be typically around 1.1 metres (3.6 feet), ranging up to a maximum of approximately 1.4 metres (4.6 feet). Opegano Lake will experience daily water level fluctuations anticipated to be typically around 0.1 metres (4 inches), ranging up to a maximum of approximately 0.5 metres (1.6 feet). Birch Tree Lake will experience daily water level fluctuations to a maximum of approximately 0.1 metres (4 inches).

4.4.8 Ice Conditions

(i) Upstream of Wuskwatim Lake

Winter ice conditions experienced upstream of Early Morning Rapids are variable. It is anticipated that winter ice conditions upstream of Early

Morning Rapids will be unchanged by the **Wuskwatim Project**.

(ii) Wuskwatim Lake

Under existing conditions resulting from the operation of the **CRD**, Wuskwatim Lake develops a winter ice cover. Operation of the **Wuskwatim Project** is anticipated to result in no change in ice conditions on Wuskwatim Lake.

(iii) Downstream of Wuskwatim Lake

Winter ice conditions currently experienced downstream of the **Wuskwatim Project** are variable. With operation of the **Wuskwatim Project**, areas that currently remain open during the winter season are anticipated to continue to remain open, and areas where an ice cover currently forms are anticipated to continue to form an ice cover.

(iv) Winter hydraulic studies including monitoring of ice processes are ongoing as part of the planning studies for the **Wuskwatim Project** and as part of **CRD** monitoring studies.

4.4.9 Flooded Lands and Clearing

The **Wuskwatim Project** operation is anticipated to cause no new flooding of shoreline lands between the Notigi Control Structure and Wuskwatim Falls. The total area of land to be flooded by the **Wuskwatim Project** is estimated to be less than 0.5 square kilometres (less than 0.2 square miles or about 125 acres), as shown in Schedule 4.2. The land to be flooded by the **Wuskwatim Project** will be cleared.

Downstream of the **Wuskwatim Project**, it is anticipated that no lands and shoreline will require clearing or shoreline protection measures other than as referred to in Article 10.7(a).

4.4.10 Severance Line

A severance line has been established around Wuskwatim Lake and other water bodies affected by the **CRD** as required by *The Water Power Act* (Manitoba). The severance lines will be reviewed as a result of the **Wuskwatim Project**. The line is determined by applying engineering principles to the geotechnical qualities of the shoreline.

Based on current available information, the **Parties** acknowledge that adjustments may be necessary to previously established severance lines.

4.5 Wuskwatim Transmission Facilities

- 4.5.1 Initial construction power will be provided at the **Wuskwatim Project** through the operation of a diesel generator for initial construction camp set-up. Construction power will be provided through construction of a permanent transmission line from the future Thompson Birchtree Station to a construction power station located near the generating station site.
- 4.5.2 It is anticipated that permanent transmission lines, switching stations and associated facilities will be constructed inside and outside the **Resource Management Area** to incorporate the **Wuskwatim Project** into the **Integrated Power System**.
- 4.5.3 The proposed routing and location of the transmission lines will, subject to the ultimate decision and approval of the relevant regulatory authorities, be determined following all necessary consultation with **Members** and others.

5.0 NOTIGI FUTURE DEVELOPMENT

5.1 Notigi Project Description

- 5.1.1 Article 5 and Schedules 5.3, 5.4 and 5.5 describe the anticipated Primary Facilities, the existing Principal and Secondary Structures, and the Supporting Infrastructure forming part of the **Notigi Project**, the existing Notigi Control Structure and related works. The anticipated water regime is described in Article 5.4 and the transmission components related to the **Notigi Project** are described in Article 5.5.
- 5.1.2 The anticipated components of this system facilitate the production of electricity and its transmission to the **Integrated Power System**. The **Parties** acknowledge that the preparation of the description is an ongoing process and that the **Notigi Project** as it is currently known and understood is described in Article 5 and Schedules 5.1 to 5.7.

5.2 Primary Facilities

- 5.2.1 It is proposed that the **Notigi Project** be located near the existing Notigi Control Structure which is on Provincial Road 391, approximately 36 kilometres (22 miles) west of the Nelson House road intersection. The geographical location of the **Notigi Project** is shown in Schedule 5.1.
- 5.2.2 It is anticipated that the **Notigi Project** will consist of several components, the

primary component being the new Primary Facilities as shown in Schedule 5.2. The new Primary Facilities will consist of the Intake/Powerhouse/Service Bay Complex, South Transition Structure and South Tie-In Wall as described in Schedule 5.3.

5.2.3 Several existing Principal and Secondary Structures make up the Notigi Control Structure and related works. The existing Principal and Secondary Structures are shown in Schedule 5.2 and are described in Schedule 5.4.

5.2.4 The system of new Primary Facilities and the existing Principal and Secondary Structures collectively will maintain upstream water levels within the existing range. The Intake/Powerhouse/Service Bay Complex will regulate the river flows to produce electricity without materially changing the operation of the **CRD**, and will also continue to regulate the **CRD**.

5.3 Supporting Infrastructure

Various supporting infrastructure is required during the project schedule, some of which will become permanent works. The supporting infrastructure is shown in Schedule 5.2 and is described in Schedule 5.5, and will include, but is not limited to, the following:

- Construction Power Services;
- Initial Construction Camp and Work Area;
- Main Construction Camp;
- Work Areas;
- Borrow Areas;
- Service Roads;
- Provincial Road 391 Diversion and Realignment;
- Upstream Cofferdam; and
- Stores Area.

5.4 Water Regime

5.4.1 The construction and operation of the **Notigi Project** will result in changes in the Water Levels, Flows, Water Level Fluctuations and Flow Fluctuations from those currently experienced at some locations along the waterway between South Bay Channel and Early Morning Rapids as shown in Schedule 5.1. The nature and extent of the anticipated changes are described in the following sections.

5.4.2 Operation of the **Churchill River Diversion (CRD)**

The Notigi Control Structure provides part of the regulation capability for the operation of the **CRD**, as more particularly described in Article 4.4.2. The proposed **Notigi Project** will combine the existing **CRD** regulation function

provided by the Notigi Control Structure with electricity generation capability. It is anticipated that an additional licence may be required to define the operation of the **Notigi Project** as a hydroelectric generating station.

5.4.3 Datum

The datum in this **AIP** is consistent with the controlling benchmarks defined in the **1996 Implementation Agreement**, as more specifically referred to in Schedule 5.6.

5.4.4 Water Levels

Water levels along the Rat and Burntwood Rivers for the existing conditions from South Bay Channel to Early Morning Rapids are shown in Schedule 5.7. Estimated open water levels for the proposed developed condition for the same route are also shown in Schedule 5.7.

5.4.5 Upstream of the **Notigi Project**

The **Notigi Project** will be capable of operating within the full range of water levels currently experienced on Notigi Lake. It is anticipated that the **CRD** will continue to be operated as outlined in Article 5.4.2 and the seasonal and monthly fluctuations of water levels and flows upstream of the **Notigi Project** from South Bay Channel to Notigi Lake will be unchanged by the operation of the **Notigi Project**.

Superimposed upon the seasonal and monthly fluctuations, daily fluctuations of water levels and flows, excluding wind and wave effects, will result from the operation of the **Notigi Project**. The operation of **Notigi Project** will depend upon the diversion flows, the requirements of the **Integrated Power System** and the plant maintenance schedule. The **Notigi Project** will be operated such that the levels on Notigi Lake will experience typical daily water level fluctuations of less than 0.03 metres (1 inch). The maximum water level fluctuation under open water conditions is estimated to be less than 0.05 metres (2 inches).

5.4.6 Downstream of the **Notigi Project**

Seasonal and monthly fluctuations of water levels and flows along the Rat, Footprint and Burntwood Rivers downstream of the **Notigi Project** will be unchanged by the operation of the **Notigi Project** as outlined in Article 5.4.2.

Superimposed upon the seasonal and monthly fluctuations, daily fluctuations of water levels and flows, excluding wind and wave effects, will result from the

operation of the **Notigi Project**. The magnitudes of the fluctuations will decrease with distance downstream of the **Notigi Project**. In the powerhouse tailrace area, the anticipated typical daily water level fluctuations will be approximately 0.4 metres (1.3 feet), ranging up to a maximum of approximately 0.7 metres (2.3 feet). Wapisi Lake is anticipated to experience typical daily water level fluctuations of approximately 0.15 metres (0.5 feet), ranging up to a maximum of approximately 0.2 metres (0.7 feet). Threepoint Lake and Footprint Lake are anticipated to experience typical daily water level fluctuations to a maximum of approximately 0.05 metres (2 inches).

Therefore, it is anticipated that the water regime described in Article 2 of the **1996 Implementation Agreement** will be unaffected by the **Notigi Project**.

5.4.7 Ice Conditions

(i) Upstream of the **Notigi Project**

Winter ice conditions currently experienced upstream of the **Notigi Project** are variable. It is anticipated that winter ice conditions upstream of the **Notigi Project** will be unchanged by the **Notigi Project**.

(ii) Downstream of the **Notigi Project**

Under existing conditions resulting from the operation of the **CRD**, open water conditions persist throughout the year along the Rat River between the Notigi Control Structure and Wapisi Lake. Operation of the **Notigi Project** is anticipated to result in no change in ice conditions along this portion of the Rat River.

Winter ice conditions currently experienced in Wapisi Lake and downstream along the Rat, Footprint and Burntwood Rivers are variable.

With operation of the **Notigi Project**, areas that currently remain open during the winter season are anticipated to continue to remain open, and areas where an ice cover currently forms are anticipated to continue to form an ice cover.

(iii) Winter hydraulic studies including monitoring of ice processes are ongoing as part of the planning studies for the **Notigi Project** and as part of **CRD** monitoring studies.

5.4.8 Flooded Lands and Clearing

Operation of the **Notigi Project** is anticipated to cause no new flooding of lands upstream or downstream of the **Notigi Project**. It is anticipated that no

shoreline clearing or shoreline protection measures will be required other than as referred to in Article 10.7(a).

5.4.9 Severance Line

A severance line has been established along the shoreline of Notigi Lake and any water bodies affected by the **CRD** as required by *The Water Power Act* (Manitoba). The severance line will be reviewed as a result of the **Notigi Project**. The line is determined by applying engineering principles to the geotechnical qualities of the shoreline.

Based on current available information, the **Parties** acknowledge that adjustments may be necessary to previously established severance lines.

5.5 Notigi Transmission Facilities

5.5.1 Initial construction power will be provided at the **Notigi Project** through connection with the existing electrical services available in the area. Construction power will be provided from a new substation tapping into the existing 138 kV transmission line from the Thompson Mystery Lake Station to the Laurie River Station.

5.5.2 It is anticipated that permanent transmission lines, switching stations and associated facilities will be constructed inside and outside the **Resource Management Area** to incorporate the **Notigi Project** into the **Integrated Power System**.

5.5.3 The proposed routing and location of the transmission lines will, subject to the ultimate decision and approval of the relevant regulatory authorities, be determined following all necessary consultation with **Members** and others.

6.0 TRAINING, EMPLOYMENT AND BUSINESS OPPORTUNITIES

6.1 Hydro Operations

6.1.1 The **Parties** agree to work together in an effort to increase opportunities for **Members** to be employed in **Hydro Operations**.

6.1.2 To facilitate employment for **Members** in **Hydro Operations**, **Hydro** and **NCN** will:

- (a) consult to identify potential positions for which **Members** may be qualified or wish to obtain training in order to qualify for such positions;
- (b) consult to identify other reasonable and practical means for **Members** to be employed in **Hydro Operations**, including the establishment of annual estimates of permanent, temporary and seasonal employment opportunities; and
- (c) undertake a study of existing job qualification standards, related to **Hydro Operations**, for the purposes of:
 - (i) determining if the standards are appropriate for the job description and recommending any changes which are warranted; and
 - (ii) assessing the number, description and qualification standards of jobs in **Hydro Operations**.

The **Parties** agree that no job qualification standard that is reasonable to require of applicants for, or employees filling, any job in **Hydro Operations**, should be reduced to accommodate the employment of **Members** except in accordance with any obligation imposed on **Hydro** pursuant to legislation or by any legislative body having jurisdiction over **Hydro** in such matters.

6.1.3 As contemplated in Article 8.3.6 of the **1996 Implementation Agreement**, **Hydro** shall retain its discretion to adopt, amend or terminate its on-the-job employment and business opportunities policies.

6.2 Wuskwatim/Notigi Projects Construction

6.2.1 In considering the potential for training and employment opportunities for **NCN** and its **Members** in the **Wuskwatim/Notigi Projects** and the **Wuskwatim/Notigi Transmission Facilities**, the **Parties** recognize that the majority of such training and employment opportunities will be with third party

contractors and sub-contractors and that project tender documents and, where relevant, collective agreements will establish the arrangements under which **Members** will be employed.

6.2.2 The **Parties** will seek practicable ways for **NCN** and its **Members** to participate in the **Wuskwatim/Notigi Projects** and the **Wuskwatim/Notigi Transmission Facilities**. To the extent reasonably practicable, the **Parties** will co-operate to:

- (a) consult with potential contractors and sub-contractors about relevant issues;
- (b) analyse the scope and scheduling of all potential work on, and opportunities arising from, the **Wuskwatim/Notigi Projects** and the **Wuskwatim/Notigi Transmission Facilities** in a timely fashion;
- (c) analyse existing and past employment and procurement policies and implementation processes and job qualification standards used in previous hydro-electric development such as Limestone, to determine which policies, processes, and job qualification standards were effective, which were not and the reasons therefor and based on this analysis jointly recommend to the appropriate organizations and/or authorities, appropriate policies, procedures and job qualification standards to meet the fundamental principles set out in Article 3;
- (d) develop surveys and other planning instruments to assess the readiness of **NCN** businesses and **Members** to access opportunities arising from the **Wuskwatim/Notigi Projects** and the **Wuskwatim/Notigi Transmission Facilities** and keep such information current throughout the various phases of the **Wuskwatim/Notigi Projects** and the **Wuskwatim/Notigi Transmission Facilities**;
- (e) assess the skills and competencies that will be necessary for **NCN** and its **Members** to participate in the **Wuskwatim/Notigi Projects** and the **Wuskwatim/Notigi Transmission Facilities** and how the existing skills of **Members** can be transferred and/or utilized in relation to the proposed work requirements; and
- (f) determine at the earliest reasonable time, the academic and other pre-requisites necessary for **Members** to obtain the relevant qualifications to access business and employment opportunities and consult about training programs which **NCN**, **A-TEC** or others may establish for **Members** to obtain such qualifications in a timely manner.

- 6.2.3 The **Parties** recognize that their efforts to estimate potential job requirements and scheduling under Article 6.2.2 will necessarily be subject to error, even with the involvement of contractors and sub-contractors, and that the degree of error will increase the further the estimates are made from the final contract documents going for tender and bids being received. Ultimately the contractors and sub-contractors, subject to the requirements of any collective agreements and the tender documents, will be responsible for determining the number of jobs available, the job qualifications, and the scheduling of those jobs.
- 6.2.4 The **Parties** will review any collective agreement relevant to the **Wuskwatim/Notigi Projects**, and specifically, the provisions relating to employment preferences, recruitment, referral, placement and on-the-job training, and will seek appropriate ways in which preferential arrangements designed to foster and encourage the employment of **Members** in the **Wuskwatim/Notigi Projects** can be incorporated.
- 6.2.5 The **Parties** intend, if reasonably possible, that the **Wuskwatim/Notigi Projects** will proceed with a collective agreement in place to protect the **Wuskwatim/Notigi Projects** by means of a “no strike, no lock out” clause. In negotiating any new collective agreements, the **Parties** will endeavour to secure the measures referred to in Article 6.2.4.
- 6.2.6 The **Parties** will jointly develop proposals for the revision of the **BNA**, and **Hydro** will keep **NCN** fully informed about collective agreement negotiations related to the **Wuskwatim/Notigi Projects**, but **Hydro** will retain final authority over negotiating and concluding any such collective agreement.
- 6.2.7 The **Parties** acknowledge **Members** may require special training about labour laws, unions, collective agreements and the obligations of parties to such agreements. The **Parties** will consider appropriate arrangements to ensure that such training is obtained in a timely manner.
- 6.2.8 As the **Wuskwatim/Notigi Transmission Facilities** will connect with similar facilities outside the **Resource Management Area** the **Parties** recognize that other communities may have employment opportunity interests which should be treated in a fair and equitable manner. The **Parties** acknowledge that the same crew may be required to work both within and outside the **Resource Management Area**. Therefore, the **Parties** will discuss how the employment opportunity interests of **NCN** and others can be addressed in a fair and representative manner.
- 6.3 **Business Opportunities**

6.3.1 The **Parties** intend to use open competitive tendering for **Wuskwatim/Notigi Projects** and the **Wuskwatim/Notigi Transmission Facilities** contracts, except where the **Parties** agree to use negotiated contracts or restricted tendering. In the **PDA**, the **Parties** will identify the **Wuskwatim/Notigi Projects** contracts which will be negotiated or subject to restricted tendering and the terms and conditions that will be included in those processes to facilitate the achievement of the principles in this **AIP**. **Hydro** in consultation with **NCN** and other affected communities will identify the **Wuskwatim/Notigi Transmission Facilities** contracts, which will be negotiated or subject to restricted tendering and the terms and conditions that will be included in those processes.

6.3.2 Contractors retained to work on the **Wuskwatim/Notigi Projects** and the **Wuskwatim/Notigi Transmission Facilities** must be qualified and capable of completing the agreed upon work in accordance with the standards established by **Hydro**, or, in relation to the **Wuskwatim/Notigi Projects** after the **Project Entity** has been established, the **Project Entity**. However, the **Parties** may consider scoping of contracts and/or waiving bid and performance bond requirements in relation to certain contracts to facilitate the participation of **NCN** businesses in the **Wuskwatim/Notigi Projects** and subject to Article 6.2.8, the **Wuskwatim/Notigi Transmission Facilities**.

6.3.3 The **Parties** will also make the appropriate arrangements for **NCN** businesses to understand their obligations pursuant to any collective agreements and for **NCN** to be able to participate on a basis proportionate to its equity position, in the Hydro Projects Management Association if it determines such participation is important to **NCN**. **Hydro** will retain its voting control of the Hydro Projects Management Association, consistent with its equity ownership position.

6.4 Training, Employment and Business Opportunities - General

6.4.1 **Hydro** will either directly or indirectly, through the **Project Entity** or another appropriate agency agreed upon between the **Parties**, provide the following to facilitate the employment of **Members** in **Hydro Operations** and with the **Wuskwatim/Notigi Projects**:

- (a) resources reasonably required for aboriginal employment support;
- (b) cross cultural support work shops for employees;
- (c) counselling support for aboriginal and other employees; and
- (d) programs to facilitate the resolution of problems and conflicts involving aboriginal employees, other employees and/or contractors.

- 6.4.2 Following the signing of the **AIP**, **NCN** will undertake the development of an accredited curriculum that encompasses the academic upgrading required to enable any interested **Member** to meet post-secondary admission standards. This curriculum will be tailored to draw on the actual experience of **Members** in the **Resource Management Area**, integrating math, science and English requirements. **Hydro** will co-operate with **NCN** in this undertaking and may provide funding and other agreed upon resources, which arrangements shall be set out in a separate agreement between the **Parties**.
- 6.4.3 The **Parties** will co-operate in an effort to identify training programs and multi-year funding for training programs offered by Canada, Manitoba, educational institutions, the construction industry and others, and to facilitate the tasks to be undertaken by **A-TEC**.
- 6.4.4 In establishing employment and business preferences consistent with the principles set out in this **AIP**, it is necessary to consider all legal and constitutional requirements, including, without limitation:
- (a) ongoing obligations of **Hydro** under the **NFA** and the **1996 Implementation Agreement**;
 - (b) contractual obligations of either **NCN** or **Hydro** to third parties;
 - (c) applicable human rights legislation;
 - (d) applicable labour and employment legislation, including successor rights of labour unions;
 - (e) provisions of any relevant collective agreements to which **Hydro** is a party; and
 - (f) laws related to the tendering process.

7.0 ATOSKIWIN TRAINING AND EMPLOYMENT CENTRE

- 7.1 **NCN** wants to maximize training, employment and business opportunities for its **Members** that may arise from the **Wuskwatim/Notigi Projects** and the **Wuskwatim/Notigi Transmission Facilities**, and **Hydro** will, to the extent reasonably practicable, explore arrangements to facilitate this objective.
- 7.2 **A-TEC** may be the institution responsible for the educational upgrading and skills training of **Members** and others. **NCN**, through **A-TEC** or other institutions, may arrange for **Members** and, where appropriate, others to be

- trained in a timely fashion.
- 7.3 **A-TEC** will be the referral agency for **Members** with respect to employment on the **Wuskwatim/Notigi Projects** and will refer job-qualified, or for apprenticeship positions, apprentice eligible, **Members** who are ready and willing to fill vacancies and new positions as they become available.
- 7.4 The responsibilities of **Hydro** in relation to **A-TEC** are restricted to providing the funding and assistance specifically agreed upon. **Hydro** makes no undertaking or warranty as to the effectiveness of the training provided by **A-TEC**.
- 7.5 Following approval of the **AIP**, it is anticipated the **Parties** will negotiate an agreement for **Hydro** to make a financial contribution to **A-TEC** activities in an amount to be agreed upon. The agreement will address:
- (a) the use of such contribution;
 - (b) the terms under which the contribution will be credited against or repaid by **NCN**;
 - (c) the sources of repayment or credit, which may include any of the following:
 - (i) future net income due to **NCN** from the **PDA**, **PPA** or other arrangements;
 - (ii) compensation that may become due to **NCN** as the result of **Wuskwatim/Notigi Adverse Effects**; or
 - (iii) other sources; and
 - (d) agreement on the nature and extent of program monitoring and evaluation.
- 7.6 The contribution will not oblige **Hydro** to participate in future programs or involve any commitments related to the **Wuskwatim/Notigi Projects** unless specifically agreed upon by the **Parties** in the **PDA** or other arrangements.
- 7.7 The **Parties** may discuss the funding requirements of **A-TEC** in future years and following these discussions, **Hydro** may provide further funding to **A-TEC** under further separate arrangements which may be negotiated and agreed upon.
- 8.0 DEVELOPMENT ARRANGEMENT**

- 8.1 The **Parties** will negotiate in good faith with a view to entering into a **Development Arrangement**, which will achieve the objectives set out in this **AIP**.
- 8.2 The receipt of income by the **Project Entity** and **Hydro** from the **Wuskwatim/Notigi Projects** will be structured to be exempt from income tax. The receipt of income by **NCN** and its **Members** from the **Wuskwatim/Notigi Projects** will be structured to be exempt from income tax to the extent that it is reasonably and legally possible.
- 8.3 The development of the **Wuskwatim/Notigi Projects** will be accomplished by means of a contract between **Hydro** and the **Project Entity**. Subject to the **PDA** and related arrangements, **Hydro** shall maintain its discretion pursuant to Article 8.3.6 of the **1996 Implementation Agreement**.
- 8.4 **Hydro**, as the majority owner of the **Project Entity**, must protect certainty of decision making and its control to safeguard construction schedules, operating requirements and its investment in the projects and the **Integrated Power System**. **Hydro** recognizes that **NCN's** interest in the **Project Entity** will also need to be protected.
- 8.5 Any **Development Arrangement** will be based on a sharing of risks and benefits in proportion to the relative ownership interests of the **Parties**. **Hydro**, as the majority owner of the **Project Entity**, will, subject to Federal and Provincial regulatory authority, have ultimate control over and be responsible for planning, designing, constructing, operating and maintaining the **Wuskwatim/Notigi Projects**.
- 8.6 **NCN** will have, at its option, the right to acquire an ownership interest in the **Project Entity**, or if a separate **Project Entity** is used for each project or development, an ownership interest in each **Project Entity**, which ownership interest will be not less than 25% in each **Project Entity**. The **Parties** will consider increasing this amount.
- 8.7 The **Development Arrangement** will not prohibit the participation of other parties in the ownership of the **Wuskwatim/Notigi Projects**, provided such participation is acceptable to the **Parties**.
- 8.8 **Hydro** is considering the feasibility of **NCN** and others acquiring ownership interests in transmission facilities related to the **Wuskwatim/Notigi Projects**. **NCN** is also considering whether it wishes to pursue equity participation in transmission. The **Parties** will discuss these issues further.

- 8.9 There will be appropriate provisions and restrictions relating to the **Parties'** respective rights to deal with their respective investment interests in the **Wuskwatim/Notigi Projects**, or once the **Project Entity** is established, the **Project Entity**.
- 8.10 The **Development Arrangement** will be governed by, and comply with, all laws in force and effect in the Province of Manitoba.
- 8.11 The **Parties** will be responsible for arranging the financing of their equity participation and will review options available for financing the **Wuskwatim/Notigi Projects** by the **Project Entity**. The **Parties** will discuss how the **Wuskwatim/Notigi Projects** are to be financed. The **Development Arrangement** will permit the borrowing by the **Parties** of money and the pledging of their respective investment interests, if necessary, to finance part of their respective interests in the **Wuskwatim/Notigi Projects'**.
- 8.12 Either **Party's** decision to participate or not to participate financially will depend upon the ability of the **Wuskwatim/Notigi Projects** to provide a longer term cash flow sufficient to cover reasonable debt servicing requirements and a reasonable return on investment. Before and after the signing of the **PDA**, **Hydro** and **NCN** will each independently assess their potential risks and rewards in relation to the **Wuskwatim/Notigi Projects** but such independent assessment may include jointly retaining an independent consultant to carry out a financial assessment in accordance with jointly developed terms of reference.
- 8.13 The **Development Arrangement** will clarify the respective liabilities of each owner.
- 8.14 It is intended that the power generated for the **Wuskwatim/Notigi Projects** will be bought by **Hydro** pursuant to a **PPA** with the **Project Entity**.
- 8.15 As part of their due diligence in their assessment of the viability of the **Wuskwatim/Notigi Projects**, and the **Wuskwatim/Notigi Transmission Facilities** the **Parties** will consider the terms and conditions of all existing licences and permits that may impact upon or be affected by the **Wuskwatim/Notigi Projects** and the **Wuskwatim/Notigi Transmission Facilities**.
- 8.16 The **Parties** will discuss and agree upon the attribution of benefits from **Existing Development** to the **Wuskwatim/Notigi Projects** and the appropriate cost base adjustments, if any.

9.0 ADVERSE EFFECTS

- 9.1 The **Parties** acknowledge that Article 6 of the **NFA** was not resolved by the **1996 Implementation Agreement** and remains outstanding. Both **Parties** recognize that it is important for each to resolve their respective issues and claims with Canada in relation to Article 6 as soon as possible. The **Parties** further acknowledge and expressly agree that neither **Party** shall be required as a consequence of this Article to take any action or refrain from any action which in its sole determination may prejudice or detract from any legal rights, obligations or negotiating positions of that **Party**.
- 9.2 The relationship between ongoing liability for **Adverse Effects** under the **1996 Implementation Agreement** and the arrangements for **Wuskwatim/Notigi Adverse Effects** will be addressed in the **PDA**.
- 9.3 The **Wuskwatim Project** will result in flooding of less than 0.5 square kilometres (less than 0.2 square miles or about 125 acres) of land located in the **Resource Management Area** immediately upstream of the Primary Facilities described in Article 4, between Taskinigup Falls and Wuskwatim Falls. The **Wuskwatim Project** will alter the water regime between Early Morning Rapids and the City of Thompson and may cause **Wuskwatim/Notigi Adverse Effects**.
- 9.4 The **Notigi Project** is not anticipated to result in any new flooding of land located in the **Resource Management Area**. It is anticipated that the **Notigi Project** will alter the water regime along the Rat River in the immediate vicinity of the Notigi Control Structure and downstream to Wapisu Lake and may cause **Wuskwatim/Notigi Adverse Effects**.
- 9.5 The **Parties** will identify and resolve all potential **Wuskwatim/Notigi Adverse Effects** which are not offset by benefits from the **Wuskwatim/Notigi Projects** for **NCN** and its **Members**. Where **Wuskwatim/Notigi Adverse Effects** have been identified and they cannot reasonably be prevented, minimized or mitigated, just and reasonable compensation for such **Wuskwatim/Notigi Adverse Effects** shall be determined in accordance with the **1996 Implementation Agreement**. Where works or measures, including mitigatory works or measures, cause unforeseen **Wuskwatim/Notigi Adverse Effects**, they shall, where reasonably practicable, be remedied, mitigated, or where it is not reasonably practicable to remedy or mitigate such **Wuskwatim/Notigi Adverse Effects**, they shall be compensated in accordance with the **1996 Implementation Agreement**.
- 9.6 The **Wuskwatim/Notigi Projects** and the **Wuskwatim/Notigi Transmission Facilities** will be designed to avoid or minimize environmental impacts to the extent reasonably practicable. It is understood that in accordance with Article

8 of the **1996 Implementation Agreement**, the final design decisions are the responsibility of **Hydro**, subject to the **Development Arrangement**.

- 9.7 Subject to the **PDA**, the **Development Arrangement** or any other arrangements, **Hydro**, on behalf of the **Project Entity**, or the **Project Entity**, will be responsible for paying compensation for **Wuskwatim/Notigi Adverse Effects** related to the **Wuskwatim/Notigi Projects**. It is understood that compensation for the **Wuskwatim/Notigi Adverse Effects** related to the **Wuskwatim/Notigi Projects** will form part of the **Wuskwatim Project Cost Base** or the **Notigi Project Cost Base**, whichever is applicable.
- 9.8 The owner of the related transmission facilities will be responsible for paying compensation for **Wuskwatim/Notigi Adverse Effects** arising from such related transmission facilities.
- 9.9 The **PDA** will specify other remedial and/or mitigatory works and measures, which the **Parties** may agree are to be undertaken. These will be subject to any required Federal or Provincial regulatory approvals.
- 9.10 The **PDA** will specify the total amount of compensation, determined in accordance with Articles 9.5 to 9.8, that will be paid to **NCN** on behalf of itself and **Members** in relation to the anticipated **Wuskwatim/Notigi Adverse Effects**. A schedule for payments of such compensation will be agreed upon and set forth in the **PDA**, and may include:
- (a) preliminary payments against the agreed compensation for anticipated **Wuskwatim/Notigi Adverse Effects** at any time that may be agreed upon prior to a commitment by the **Parties** to proceed with the **Wuskwatim/Notigi Projects** or the **Wuskwatim/Notigi Transmission Facilities**;
 - (b) the balance of the compensation for **Wuskwatim/Notigi Adverse Effects** only after the **Parties** have received all required licences and federal and provincial regulatory approvals and have committed to proceed with the **Wuskwatim/Notigi Projects** or the **Wuskwatim/Notigi Transmission Facilities**, but before commencing the construction of any permanent dams or generating facilities constituting part of the **Wuskwatim/Notigi Projects**; and
 - (c) such additional compensation as may be necessary at any time in the future to address **Wuskwatim/Notigi Adverse Effects** which were unknown or unforeseen and not discernable or foreseeable with the

exercise of due diligence prior to the actual construction and operation of the **Wuskwatim/Notigi Projects** or the **Wuskwatim/Notigi Transmission Facilities**.

- 9.11 Monies paid to **NCN** in relation to **Wuskwatim/Notigi Adverse Effects** may be paid to **NCN** directly, to a trust held by **NCN** on behalf of **NCN** and **Members**, or pursuant to such other arrangements agreed upon by the **Parties**, and may be used by **NCN** to fund its potential equity participation in the **Wuskwatim/Notigi Projects** and subject to Article 8.8, the **Wuskwatim/Notigi Transmission Facilities** .
- 9.12 The **Parties** will discuss the appropriate releases and indemnities to be provided by **NCN**, with respect to anticipated **Wuskwatim/Notigi Adverse Effects** that will be identified in the **PDA** or other arrangements.
- 9.13 The **Parties** shall consider and make any amendments necessary to the predetermined compensation in Schedule 2.2 of the **1996 Implementation Agreement** as required by Article 8 thereof.
- 9.14 **NCN** will have the first right of refusal to acquire, under terms agreed to by the **Parties**, any assets of the **Project Entity**, which **Hydro** or the **Project Entity** has the right and intention to dispose of or to sell at the end of construction. The **Parties** will discuss extending the right of first refusal beyond the end of construction. Such assets of the **Wuskwatim/Notigi Projects** may include but are not limited to any buildings, equipment and supplies that **Hydro** or the **Project Entity** determines are no longer required for their purposes. This right of first refusal does not apply to a bulk sale of such assets if such bulk sale would be contrary to applicable legislation, or, a disposition by **Hydro** of its interest in the **Wuskwatim/Notigi Projects** or in the **Project Entity** unless the prior written approval of **Hydro's** owner and/or the relevant regulatory authorities are obtained. The environmental licences and permits will outline the regulatory requirements imposed on the **Proponent**, and the **PDA** may outline the responsibilities of the **Parties**, for cleaning up and restoring areas used in relation to the **Wuskwatim/Notigi Projects** and the **Wuskwatim/Notigi Transmission Facilities**.
- 9.15 **NCN** has advised that the following socio-cultural issues are of fundamental importance to **NCN** and its **Members**:
- (a) identification and protection of sites and objects in need of preservation, such as the Footprints, Dancing Circles, Wesakechak's chair, vision quest sites, stone people's boat, grave sites, previous campsites and other settlement sites, Manitou Island, artifacts, and medicinal herbs and

plants;

- (b) social impacts of the **Wuskwatim/Notigi Projects** on language, heritage and culture, including oral history, ceremonies and traditions; and
- (c) the importance of archeological, anthropological and cultural issues to the environmental assessment.

NCN shall assist **Hydro** and **EMT** in the identification of the sites in Article 9.14(a) as soon as is reasonably practicable following the signing of this **AIP**. The **Parties** agree to review these issues and endeavour to find measures to address them.

10.0 LAND, RESOURCE AND NAVIGATION ISSUES

- 10.1 **NCN** has expedited its selection of certain parcels of land pursuant to the **TLE Agreement**, which lands may be affected by the **Wuskwatim/Notigi Projects**. **NCN** wishes to expedite the approval process in relation to these lands. **Hydro** agrees to meet with **NCN** no later than thirty (30) days following the signing of the **AIP** to discuss whether **Hydro** will facilitate these requests.
- 10.2 In accordance with Article 8 of the **1996 Implementation Agreement** the **Parties** will consider whether an **Easement Agreement** will be required for the storage of water, transmission lines, and other infrastructure as a result of the **Wuskwatim/Notigi Projects**.
- 10.3 The **Parties** will also consider the **TLE Agreement** land selections that may impact on the **Wuskwatim/Notigi Projects** and the **Wuskwatim/Notigi Transmission Facilities**, including where applicable riparian rights and ownership of streams and lake beds in relation to such selections, and address them in the **PDA** as required. **Hydro** acknowledges that under the **TLE Agreement** **NCN** has selected potential borrow sites for the provision of granular materials to the **Wuskwatim Project**. The **Parties** will outline the terms and conditions for providing granular materials from this site in the **PDA**.
- 10.4 The **Parties** acknowledge that it may be necessary at appropriate times to involve representatives of Canada and Manitoba in the negotiations related to the **PDA, PPA**, the establishment of **A-TEC** and other matters and that separate agreements may be necessary with Canada and Manitoba to facilitate the provisions in this **AIP**.
- 10.5 A **Community Development Plan** was prepared for **NCN** in 1983. **NCN** wishes to update the existing plan to determine how the proposed **Wuskwatim/Notigi**

Projects and the **Wuskwatim/Notigi Transmission Facilities** will impact on Nelson House and its planning needs.

- 10.6 Article 6 of the **1996 Implementation Agreement** anticipates that **NCN** and Manitoba will develop a **Resource Management Plan** and a **Land Use Plan** through the **Resource Management Board**. The **Parties** acknowledge these plans will assist **NCN** in deciding whether to proceed with the **Wuskwatim/Notigi Projects**. **NCN** will refer the **Wuskwatim/Notigi Projects** and the **Wuskwatim/Notigi Transmission Facilities** within the **Resource Management Area** to the **Resource Management Board** for recommendations in accordance with Article 6.6.9 of the **1996 Implementation Agreement**.
- 10.7 **Hydro** acknowledges that navigation of the lakes, rivers and streams impacted by **Existing Development** continues to be of concern to **NCN** and its **Members**. The **Parties** will seek solutions to these concerns by:
- (a) continuing to implement annual shoreline and debris management programs as may be agreed upon, to clean up targeted areas;
 - (b) reviewing the safety measures in the **1996 Implementation Agreement** to determine whether such measures will need to be expanded due to the **Wuskwatim/Notigi Projects**, or whether changes are required to existing programs, as contemplated by Articles 2.7.4 and 2.7.6 of the **1996 Implementation Agreement** and with respect to these Articles the **Parties** waive the one year notice and time limits for the review.
 - (c) examining debris, ice conditions and other impacts of the **Wuskwatim/Notigi Projects** which may affect navigation and how such impacts can be avoided or minimized.

11.0 REGULATORY MATTERS

- 11.1 The **Parties** have a mutual interest in the environmental assessment of the proposed projects or developments described in this **AIP**, and acknowledge that the development of an **EIS** for any of the proposed projects or developments by the **Proponent** will proceed in a manner consistent with all legal and technical requirements of the Federal and Provincial regulatory review and approval processes.
- 11.2 **NCN's** role in the development of the **EIS** documentation for the **Wuskwatim/Notigi Projects** will depend on its interests in those projects. It is anticipated that, as a potential equity investor in the **Project Entity**, **NCN** will continue to be involved in clarifying the information and procedural needs of the

- regulators in relation to those projects.
- 11.3 The **Parties** jointly chose the **EMT** and established the **Study Group** to undertake the **Study Plan** to develop:
- (a) the studies required under Article 8 of the **1996 Implementation Agreement**; and
 - (b) documentation for inclusion in any **EIS** required for projects and developments described in this **AIP**.
- 11.4 Both **NCN** and **Hydro** have an interest in any **EIA** undertaken in relation to any projects or developments described in this **AIP**. The **Parties** acknowledge that **NCN's** interests may vary depending upon whether it is an equity participant in the **Wuskwatim/Notigi Projects**, and the **Wuskwatim/Notigi Transmission Facilities** or both. As a potential equity investor in either the **Wuskwatim/Notigi Projects** or the **Wuskwatim/Notigi Transmission Facilities**, **NCN** will have an interest in the outcome of the **EIA** for the transmission facilities that will be required to connect the **Wuskwatim/Notigi Projects** to the **Integrated Power System**.
- 11.5 In the absence of equity participation the **EIA** related to the projects and developments described in this **AIP** will still be of interest to **NCN** as a potentially impacted First Nation. While **NCN's** role in the regulatory process will vary depending upon whether it is an equity participant in the **Wuskwatim/Notigi Project** and the **Wuskwatim/Notigi Transmission Facilities**, the information generated by the **Study Group** will contribute to the development of an **EIS** for each of the **Wuskwatim/Notigi Projects** and the related transmission facilities including the **Wuskwatim/Notigi Transmission Facilities**.
- 11.6 The **Proponent**, in consultation with the **Parties**, Federal and Provincial regulatory authorities, **EMT** and others, will develop a public involvement plan which will provide for consultation with all interested persons and groups during the development of the **EIS** and other processes forming part of the **EIA** for the projects and developments described in this **AIP**.
- 11.7 In the event that **NCN** is not an equity participant in the **Wuskwatim/Notigi Projects** or the **Wuskwatim/Notigi Transmission Facilities**, the **Proponent** in consultation with Federal and Provincial regulatory authorities and others, will develop a specific consultation plan for **NCN** and its **Members**, as required by their interests in those projects and developments.
- 11.8 In all cases, consultation with **NCN** and its **Members** will focus on their interests

within the **Resource Management Area**, the **SIL Trapline Zone** and **NCN's** traditional and Treaty 5 lands.

- 11.9 All public consultation processes and their results will be documented for the purpose of demonstrating fulfilment of all regulatory and other legal obligations by **Hydro**, **NCN** and/or the **Proponent**. These consultation processes will be documented in the **EIS**.
- 11.10 Subject to any confidentiality arrangements, the **Parties** will share with each other and the **Proponent** all relevant information in their possession or control necessary to complete the **EIS** for any project or development described in this **AIP**. The **Parties** will cooperate with the **Proponent** in the collection of the additional information required to allow the Federal and Provincial regulatory authorities to complete the **EIA**, with the objective of facilitating a coordinated, consistent and timely review process for any project or development described in this **AIP**.
- 11.11 The **Parties** recognize that cumulative effects assessment will be required for purposes of the **EIA** and that such effects will be addressed in the **EIS** for any project or development described in this **AIP**.
- 11.12 The **Parties** will consider how the information in the **Community Development Plan**, the **Resource Management Plan** and the **Land Use Plan** can be used to facilitate the **EIA** for any project or development described in this **AIP**.

12.0 CONFLICT OF INTEREST

- 12.1 If **NCN** or its **Members** or **Hydro** or any of its affiliates or subsidiaries decide to bid for any contract work, or if the **Parties** decide to joint venture with any other party and bid for contract work related to the **Wuskwatim/Notigi Projects**, arrangements will be considered to identify and address conflicts of interest. The **PDA**, **PPA** and any other agreements will identify and establish measures to avoid the concerns that would otherwise arise from potential conflicts of interests.

13.0 AIP APPROVAL AND IMPLEMENTATION

- 13.1 Before signing the **AIP**, **NCN** will hold at least one (1) public meeting of **Members** in each of Nelson House, Thompson, Brandon, South Indian Lake, and Winnipeg, following reasonable notice, to review and explain the terms of the **AIP**. **NCN** will approve the **AIP** by holding a secret ballot vote of all

- Members** eighteen (18) years of age and over consistent with the procedures in the **NCN** Election Code, 1988, E1, except that **Members** shall be provided with polls for voting at the Duncan Wood Memorial Hall in Nelson House, Murdo Clee Hall in South Indian Lake, The Hub in Thompson, Friendship Centre (205 College Avenue) in Brandon and Place Louis Riel in Winnipeg, and by travelling poll for elders and disabled **Members** in Nelson House.
- 13.2 If a majority of those **Members** voting approve the **AIP**, **Chief and Council** will pass a **Council Resolution** approving the **AIP** and authorizing it to sign the **AIP** on behalf of **NCN**.
- 13.3 Before **NCN** holds the referendum referred to in Article 13.1, this **AIP**, will be presented to the members of the Board of **Hydro**, and the Minister responsible for **Hydro** for consideration and approval.
- 13.4 Throughout the course of negotiations, and following completion of a **PDA**, **Chief and Council** will convene such meetings of **Members** as may be reasonably required, and with its advisors will explain the nature and significance of the **PDA** and other arrangements.
- 13.5 When the **PDA** has been approved by **Hydro**, **Chief and Council** will submit the **PDA** to **Members** for approval in a manner that is consistent with the **AIP** ratification procedures outlined in Article 13.1. Following approval by **Members**, the **PDA** will be formally approved by **Chief and Council** by **Council Resolution**, by the Board of **Hydro**, and by the appropriate authorities for the Province of Manitoba and signed by the **Parties**.

14.0 PUBLIC INFORMATION AND CONFIDENTIALITY

- 14.1 As the **Parties** hope to enter into the **Development Arrangement**, the **PDA**, **PPA**, and other arrangements, they will be sharing confidential information. They have agreed to be bound by confidentiality agreements and requirements in relation to the sharing of such information.
- 14.2 The **Parties** agree, to the extent possible, to coordinate with each other all public information and media communications concerning all matters addressed in this **AIP**.
- 14.3 Information of a confidential or proprietary nature will be dealt with under the provisions of confidentiality agreements exchanged between the **Parties**.

15.0 TREATY AND ABORIGINAL RIGHTS

- 15.1 Nothing in this **AIP** or any other arrangements or agreements contemplated in this **AIP** is intended to alter aboriginal or treaty rights recognized and affirmed under section 35 of the *Constitution Act*, 1982.
- 15.2 Nothing in this **AIP** or other arrangements or agreements contemplated in this **AIP** is intended to relieve Canada, Manitoba or **Hydro** of any continuing obligations under the **NFA**, the **1996 Implementation Agreement**, or the **TLE Agreement**.
- 15.3 Nothing in this **AIP** or any other arrangements or agreements contemplated in this **AIP** is intended to constitute authorization for the taking or using of **Reserve Lands** without the consent of **NCN** and its **Members** for purposes of s. 35 of the *Indian Act*, (Canada).

16.0 GENERAL

- 16.1 Nothing in this **AIP** shall constitute a precedent for interpreting the rights and obligations of either **Party** in relation to Article 8 or any other Article of the **1996 Implementation Agreement**. This **AIP** is without prejudice to the position of any **Party** with respect to the **1996 Implementation Agreement**.
- 16.2 No portion of any monies payable by **Hydro** to **NCN** under this **AIP** or the arrangements contemplated herein in relation to **NCN Costs**, **Wuskwatim/Notigi Adverse Effects** or the **PDA** will be used to pay contingency fees or bonuses. For greater certainty, no **Member**, including a member of **Chief and Council**, no advisor and no legal counsel will be entitled to a contingency fee or bonus.
- 16.3 Where there is any inconsistency between metric and imperial measurements, the **Parties** agree that Article 15.2.3 of the **1996 Implementation Agreement** shall apply.
- 16.4 As reasonably required by the **Parties** to protect their respective interests in the **Wuskwatim/Notigi Projects**, arrangements will be put in place to ensure that the **Parties** have all necessary direct or indirect access to relevant **Wuskwatim/Notigi Projects** development information, including as required direct or indirect access to potential contractors, engineers and related construction entities.

17.0 ACKNOWLEDGEMENTS

17.1 **NCN** acknowledges that it has received all necessary independent technical and legal advice in respect of the negotiation and completion of this **AIP**. **Hydro** has not intentionally withheld any information from **NCN**, which **Hydro** believed was relevant to the issues being addressed in the **AIP**. **Hydro** confirms that it has provided to **NCN** all information which **Hydro** considered would be relevant and material to **NCN** in its consideration of the issues addressed in this **AIP**.

18.0 TERM OF AIP

18.1 Unless extended in writing by the **Parties** this **AIP** will lapse upon the earlier of:


- (a) the signing of the **PDA**; or
- (b) sixty (60) days following the date either **NCN** or **Hydro** provides the other with written notice of termination.

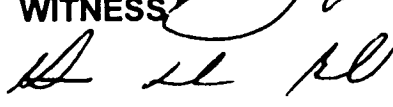
18.2 In the event of termination of this **AIP**, the **Parties** will discuss an orderly conclusion to the future development activities underway at that time so that legal obligations to employees and others will be met in a timely fashion.

19.0 VALIDITY

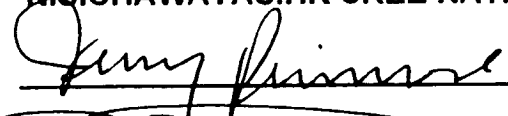
19.1 Nothing in the **AIP** or any other arrangements or agreements described in this **AIP** is intended to alter or limit the jurisdiction and rights of **NCN**, Canada or Manitoba pertaining to matters dealt with in this **AIP**.

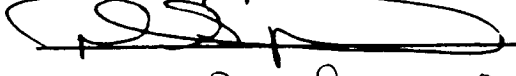
IN WITNESS WHEREOF the PARTIES have executed this AIP on the 25th day of SEPTEMBER, 2001



WITNESS


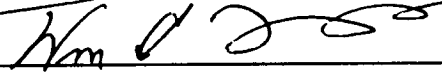
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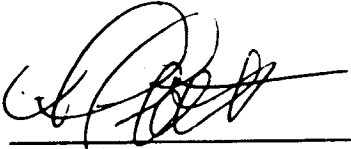




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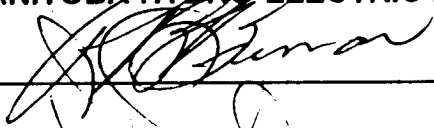
Jim Moore






WITNESS

THE MANITOBA HYDRO-ELECTRIC BOARD





**SCHEDULE 4.1
WUSKWATIM PROJECT
REGIONAL LOCATION PLAN**

**SCHEDULE 4.2
WUSKWATIM PROJECT
GENERAL ARRANGEMENT**

SCHEDULE 4.3

DESCRIPTION OF THE PRIMARY FACILITIES

Main Dam

The Main Dam will be an earthwork structure that will be located in the main channel of the Burntwood River at the upstream end of Taskinigup Falls. The Main Dam will be constructed from earth and rock-fill materials obtained from the local area. The purpose of the Main Dam as part of the system of Principal and Secondary Structures will be to maintain upstream water levels within a designated range.

There will be a road on top of the structure to allow access across the structure.

Intake/Powerhouse/Service Bay Complex

The Intake/Powerhouse/Service Bay complex will be a reinforced concrete and steel structure that will be located on the north side of the Burntwood River, immediately northeast of Taskinigup Falls. The complex will be northeast of the Main Dam and will be connected to the Spillway by a non-overflow concrete gravity dam.

The complex will contain three vertical-shaft, fixed blade propeller-type turbines and vertical umbrella-type generators. Each unit will have three water intake passages constructed of reinforced concrete that will be close-coupled to the powerhouse reinforced concrete semi-spiral conduit. The conduit will direct the river flows around and over the turbine and down through a conduit called the draft tube that will exit back to the river.

The complex will be located within a connecting channel excavated in the bedrock which presently separates the upstream and downstream sections of the river. The upstream portion of the channel will be referred to as the power intake channel and the downstream portion of the channel will be referred to as the tailrace channel. The Burntwood River flows will be regulated through the Intake/Powerhouse/Service Bay Complex with a control system that optimizes the turbine performance.

The plant rated discharge will be 1,100 cubic metres per second, producing a maximum plant capacity of approximately 200 MW.

There will be a road on the upstream side of the structure to allow access across the structure.

Non-overflow Gravity Dam

The Non-overflow Gravity Dam will be a reinforced concrete structure that will be

located on the north side of the Burntwood River, northeast of Taskinigup Falls between the Intake/Powerhouse/Service Bay complex and the Spillway. The purpose of the Non-overflow Gravity Dam, as part of the system of Principal and Secondary structures will be to maintain upstream water levels within a designated range.

There will be a road on the upstream side of the structure to allow access across the structure.

Spillway

The spillway will be a reinforced concrete structure that will be located on the north side of the Burntwood River, northeast of Taskinigup Falls adjacent to the Non-overflow Gravity Dam. The purpose of the spillway will be to pass excess inflows and to be part of the system of flow regulation. The structure will be located within a connecting channel, referred to as the spillway channel, excavated in the bedrock which separates the upstream and downstream sections of the river. Operable steel vertical lift gates within the structure will be used to control the flow of water in the spillway channel. The spillway will be designed to pass the Probable Maximum Flood (PMF) safely.

There will be a road on the upstream side of the structure to allow access across the structure.

Transition Structures

The Transition Structures will be mass concrete structures that will connect the earthworks structures to the concrete structures. There will be two such structures, the South Transition and the North Transition. The South Transition will connect the Main Dam to the Intake/Powerhouse/Service Bay Complex. The North Transition will connect the Spillway to the North Dyke.

There will be a road on top of the structures to allow access across the structures.

SCHEDULE 4.4

DESCRIPTION OF SECONDARY STRUCTURES

North Dyke

The North Dyke will be an earthworks structure that will be located on the north side of the Burntwood River, approximately 250 metres (800 feet) north of the northeast end of the Spillway. The purpose of the North Dyke, as part of the system of Principal and Secondary Structures, will be to maintain upstream water levels within a designated range. The North Dyke will be constructed from earth and rock-fill materials obtained from the local area.

There will be a service road on top of the structure to allow access across the structure for inspection and access to the Upstream Channel Improvement Area.

Upstream Channel Improvement Area

The Upstream Channel Improvement Area will be an excavation in the bedrock that will be located immediately northeast and adjacent to Wuskwatim Falls. The purpose of this structure will be to reduce the natural flow restriction at the outlet of Wuskwatim Lake.

SCHEDULE 4.5

DETAILED DESCRIPTION OF SUPPORTING INFRASTRUCTURE

Access Road

An all-weather access road to the **Wuskwatim Project** site from the Provincial road network will be constructed to provide access to the construction site and borrow areas during the building of the construction camp, and project support facilities and the generating station. The purpose of the road will be to move personnel, equipment and materials to and from the **Wuskwatim Project** site.

Electrical Power and Communications

There will be various electrical power and communications support infrastructure for the main construction camp and work area including the electrical distribution systems, construction power sub-station, emergency annunciation systems and communication systems.

Initial Construction Camps and Work Areas

Initial construction camps and work areas will be located at one or more of the borrow areas and storage areas for the purpose of constructing initial support facilities including the access road and the main construction camp. The initial construction camps will accommodate approximately 80 people and will be required to commence the work of clearing and grading of support facilities areas and installing: sewer and water services, pumphouse, sewage treatment plant and the initial portion of the main construction camp. The initial construction camps will consist of portable structures. Portable structures will also function as dining buildings, recreational areas, etc. As the main construction camp is put in place, these units will be incorporated into the main construction camp.

Main Construction Camp and Work Areas

The main construction camp will be a temporary facility designed to support the construction of the **Wuskwatim Project** and will not be designed to accommodate families.

The general features of the construction camp will be:

- Portable structures;
- Employee accommodations, consisting of a single room for each person with a bed, table and lamp, and closet, with communal

washroom/showers and laundry facilities;

- A central dining room/kitchen facility, which will supply all meals;
- Recreation areas, training rooms, a beverage room, first aid facilities, and chapel;
- Sewer and water systems;
- Separate accommodation buildings for male and female workers; and
- 24-hour security and fire alarm monitoring.

The purpose of the project support facilities will be to provide buildings and areas to accommodate project site engineering and administrative functions and services.

The project support facilities will include the following:

- General Contractor's work area (concrete batch plant, rock processing plant, maintenance and equipment storage areas, offices etc.);
- Manitoba Hydro Project offices;
- Manitoba Hydro maintenance garage and camp maintenance facilities;
- Materials Laboratory Testing Facilities;
- Allied Hydro Council and Hydro Projects Management Association office building; and
- Stores materials buildings and storage areas.

Both Manitoba Hydro and the General Contractor will store materials at the construction site. The General Contractor will use silos for cement storage and open area storage for rebar, piping, etc. Manitoba Hydro will supply a secured open site storage area for items such as structural steel, anchors, gates, etc., and closed heated and unheated storage buildings for smaller materials.

There will be various types of support equipment that will be part of the support infrastructure including but not necessarily limited to:

- Fire fighting equipment;
- Vehicle garage equipment;
- Marine equipment;

- Survey equipment;
- Material lab equipment;
- Field exploration equipment;
- Camp and work area maintenance equipment;
- Mechanical and electrical test equipment
- Oil spill handling equipment; and
- Ambulance.

SCHEDULE 4.6

DATUM

Topographic mapping, geotechnical and water level information for planning and design of the **Wuskwatim Project** will be based upon Canadian Geodetic Vertical Datum (CGVD) Revision No. 3, 1971, which is generally referred to by Manitoba Hydro as the 1969 local adjustment. The original basis of Revision No. 3 is the CGVD published in 1928. The **1996 Implementation Agreement** references CGVD Revision No. 2, 1970. Revision No. 3 does not change any relevant elevation defined by Revision No. 2. Either reference refers to the same elevation and for the purposes of this agreement will be treated as equivalent.

All water levels referenced in the **AIP** are to be inferred as measured in terms of elevations **ASL**, CGVD 1971, Revision No. 3.

- **SCHEDULE 4.7
RAT-BURNTWOOD RIVER OPEN WATER LEVEL PROFILE
NOTIGI TO THOMPSON
EXISTING AND DEVELOPED CONDITIONS
WITH WUSKWATIM PROJECT**

SCHEDULE 5.1

**NOTIGI PROJECT
REGIONAL LOCATION PLAN**

SCHEDULE 5.2

**NOTIGI PROJECT
GENERAL ARRANGEMENT**

SCHEDULE 5.3

DESCRIPTION OF THE PRIMARY FACILITIES

Intake/Powerhouse/Service Bay Complex

The Intake/Powerhouse/Service Bay Complex will be a reinforced concrete and steel structure that will be located about 150 metres north of the existing Notigi Main Dam. The complex will be connected to existing bedrock on the south side by a South Transition Structure and a Tie-In Wall. The north side will be connected directly to the existing bedrock.

The complex will contain two horizontal, double-regulated bulb turbine/generator assemblies. Each unit will have two water intake passages constructed of reinforced concrete that are close-coupled and integrated into the powerhouse. The two water passages in each unit will direct the river flows in a horizontal direction around the bulb turbine blades and through a water passage called the draft tube that will exit back to the river.

The complex will be located within a connecting channel excavated in the bedrock which presently separates the upstream and downstream sections of the river. The upstream portion of the channel will be referred to as the power intake channel and the downstream portion of the channel will be referred to as the tailrace channel. Flows will be regulated through the Intake/Powerhouse/Service Bay Complex with a control system that optimizes the turbine performance.

The plant rated discharge will be 1,060 cubic metres per second, producing a maximum plant capacity of approximately 100 MW.

Provincial Road 391 will cross on a road on the upstream side of the structure.

South Transition Structure and Tie-in Wall

The South Transition Structure will be a mass concrete structure that connects the Intake/Powerhouse/Service Bay complex to the Tie-In Wall. The Tie-In Wall will be a reinforced concrete structure that is connected directly to the existing bedrock face of the channel excavated for the powerhouse and to the south side of the South Transition Structure.

Provincial Road 391 will cross on a road on the top of the structure.

SCHEDULE 5.4

DESCRIPTION OF EXISTING PRINCIPAL AND SECONDARY STRUCTURES

Notigi Control Structure (Spillway)

The existing Notigi Control Structure is a reinforced concrete structure located just south of the Notigi Main Dam. The structure consists of three bays each with operable steel vertical lift gates that control the sluiceway structure. The structure is located within a connecting channel excavated in the bedrock between the upstream and downstream sections of the river. The purpose of the Control Structure has been to divert and regulate the **CRD**. After construction of the **Notigi Project** the Notigi Control Structure will act as the Spillway. The purpose of the Spillway will be to pass **CRD** flows when required.

Provincial Road 391 currently crosses on top of the structure.

Notigi Main Dam

The existing Main Dam is an earthwork structure that is located across the former channel of the Rat River. The Main Dam is constructed from earth and rock-fill materials obtained from the local areas. The purpose of the Main Dam as part of the existing system of Principal and Secondary Structures is to maintain upstream water levels within a designated range.

Provincial Road 391 currently crosses on top of the structure.

Saddle Dams

There are two existing saddle dams located approximately two kilometres southwest of the Notigi Control Structure. The purpose of these structures, as part of the system of Principal and Secondary Structures, is to maintain upstream water levels within a designated range.

Provincial Road 391 currently crosses on top of the structures.

SCHEDULE 5.5

DESCRIPTION OF SUPPORTING INFRASTRUCTURE

Electrical Power and Communication

There will be various electrical power and communications support infrastructure for the main construction camp and work area including the electrical distribution systems, construction power sub-station, emergency annunciation systems and communication systems.

Initial Construction Camp and Work Area

An initial construction camp and work area will be located in the immediate vicinity of the **Notigi Project** for the purpose of constructing the support facilities including the main construction camp. The initial construction camp will accommodate approximately 50 people and will be required to commence the work of clearing and grading of support facilities areas and installing: sewer and water services, pumphouse, sewage treatment plant, and the initial portion of the main construction camp. The initial construction camp will consist of portable structures. Portable structures will also function as dining buildings, recreational areas, etc. As the main construction camp is put in place, these units will be incorporated into the main construction camp.

Main Construction Camp and Work Areas

The main construction camp will provide accommodation when required for workers employed in the construction of the **Notigi Project**. The main construction camp will be a temporary facility, designed to support the construction of the **Notigi Project**, and it will not be designed to accommodate families.

The general features of the construction camp will be:

- Portable structures;
- Employee accommodations consisting of a single room for each person with a bed, table and lamp, and closet, with communal washrooms/showers and laundry facilities;
- A central dining room/kitchen facility which will supply all meals;
- Recreation areas, training rooms, a beverage room, first aid facilities, and chapel;
- Sewer and water systems;

- Separate accommodation buildings for male and female workers; and
- 24-hour security and fire alarm monitoring.

The purpose of the project support facilities will be to provide buildings and areas to accommodate project site engineering and administrative functions and services.

The project support facilities will include the following:

- General Contractor's work area (concrete batch plant, rock processing plant, maintenance and equipment storage areas, offices etc.);
- Manitoba Hydro Project offices;
- Manitoba Hydro maintenance garage and camp maintenance facilities;
- Materials Laboratory Testing Facilities;
- Allied Hydro Council and Hydro Projects Management Association office building; and
- Stores materials buildings and storage areas.

Both Manitoba Hydro and the General Contractor will store materials at the construction site. The General Contractor will use silos for cement storage and open area storage for rebar, piping, etc. Manitoba Hydro will supply a secured open site storage area for items such as structural steel, anchors, gates, etc. and closed, heated and unheated storage buildings for smaller materials.

There will be various types of support equipment that will be part of the support infrastructure including but not necessarily limited to:

- Fire fighting equipment;
- Vehicle garage equipment;
- Marine equipment;
- Survey equipment;
- Material lab equipment;
- Field exploration equipment;
- Camp and work area maintenance equipment;
- Mechanical and electrical test equipment
- Oil spill handling equipment; and
- Ambulance.

SCHEDULE 5.6

DATUM

Topographic mapping, geotechnical and water level information for planning and design of the **Notigi Project** will be based upon Canadian Geodetic Vertical Datum (CGVD) Revision No. 3, 1971, which is generally referred to by Manitoba Hydro as the 1969 local adjustment. The original basis of Revision No. 3 is the CGVD published in 1928.

The **1996 Implementation Agreement** references CGVD Revision No. 2, 1970. Revision No. 3 does not change any relevant elevation defined by Revision No. 2. Either reference refers to the same elevation and for the purposes of this agreement will be treated as equivalent.

All water levels referenced in the **AIP** are to be inferred as measured in terms of elevations **ASL**, CGVD 1971, Revision No. 3.

The existing drawings for the Notigi Control Structure and related works and the water level information upstream of the Notigi Control Structure generally refer to the Churchill River Construction Datum. All relevant information will be converted to CGVD Revision No. 3, 1971, as required for the purposes of development of the **Notigi Project**.

SCHEDULE 5.7

**RAT - BURNTWOOD RIVER OPEN WATER LEVEL PROFILE
SOUTH BAY TO EARLY MORNING RAPIDS
EXISTING & DEVELOPED CONDITIONS
WITH NOTIGI PROJECT**