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**MANAGEMENT AGREEMENT**

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between

**WUSKWATIM POWER LIMITED PARTNERSHIP**

- and -

**THE MANITOBA HYDRO-ELECTRIC BOARD,**

**DATED June 26, 2006.**

THIS MEMORANDUM OF AGREEMENT made the 26<sup>th</sup> day of June, 2006.

BETWEEN:

**WUSKWATIM POWER LIMITED PARTNERSHIP,**

(hereinafter called the “**Limited Partnership**”),

OF THE FIRST PART,

-and-

**THE MANITOBA HYDRO-ELECTRIC BOARD**

(hereinafter called “**Hydro**”),

OF THE SECOND PART.

WHEREAS:

- A. The **Limited Partnership** was established pursuant to a Limited Partnership Agreement dated December 9, 2004, as amended and restated by a Limited Partnership Agreement dated the date hereof (the “**Partnership Agreement**”) made between 5022649 Manitoba Ltd. (the “**General Partner**”), as general partner and **Hydro** and Taskinigahp Power Corporation, as limited partners;
- B. The **Limited Partnership** was registered as a limited partnership in the Corporations Branch of the Province of Manitoba in accordance with *The Partnership Act* (Manitoba) on December 9, 2004;
- C. Pursuant to the **Partnership Agreement** the **General Partner** is required and is authorized to carry on the business of the **Limited Partnership** with full power and authority to administer, manage, control and operate the business and any activities incidental or related thereto with a view to making a profit therefrom (the “**Business**”);
- D. The **Limited Partnership** was created for the purposes of planning, designing, constructing, owning, operating and maintaining the proposed Wuskwatim generating station and related works to be located at Taskinigup Falls near Wuskwatim Lake, in Manitoba (the “**Wuskwatim Project**”); and
- E. Pursuant to a certain project development agreement (the “**PDA**”) made between the **Limited Partnership**, the **General Partner**, **Hydro**, Nisichawayasihk Cree Nation and Taskinigahp Power Corporation dated June 26, 2006, the **Limited Partnership** has agreed to contract with **Hydro** to perform certain functions on behalf of the **Limited Partnership** including, without limitation, the management of the affairs of the **Limited Partnership**;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the premises and the mutual covenants contained in this agreement, and other good and valuable consideration (the receipt and sufficiency of which is acknowledged by each of the parties), the parties hereto hereby agree as follows:

## ARTICLE I

### MANAGEMENT SERVICES

#### Services

1.1 **Hydro** shall provide the following services and perform the following functions (collectively, the “**Services**”) for the **Limited Partnership** and shall provide or perform such other services and functions as may be agreed upon from time to time:

- (a) supply all office, secretarial, telephone answering, bookkeeping and clerical services required for the efficient carrying on of the **Business**;
- (b) order and supply all office supplies necessary for the carrying on of the **Business**;
- (c) pay all expenses incurred by the **Limited Partnership** in the **Business**;
- (d) conduct the banking of the **Limited Partnership** with respect to the **Business** and furnish the **Limited Partnership** with monthly reports about the accounts;
- (e) prepare and maintain separate and proper accounting records for expenses and revenues relating to the **Limited Partnership** in accordance with the requirements set forth in the **Partnership Agreement** and furnish the **Limited Partnership** with periodic reports as provided in the **Partnership Agreement**;
- (f) report periodically to the **Limited Partnership** on the operation of the **Business**, and make recommendations in connection with it;
- (g) obtain and maintain all licenses, permits, orders, authorizations and approvals as are required for the **Wuskwatim Project**, including maintaining compliance with the terms and conditions of all such licenses, permits, orders, authorizations and approvals; and
- (h) undertake such follow-up and monitoring and reporting activities as may be necessary or desirable in order to verify predictions, resolve any uncertainties, track project induced changes to the environment and socio-economic conditions and generally monitor the performance of the **Wuskwatim Project**, in some cases in accordance with requirements imposed by regulatory authorities. Such follow-up and monitoring activities shall include, without limitation, activities to confirm impact predications in the EIS (as defined in the **PDA**); identify unexpected effects and impacts; monitor the effectiveness of mitigation measures; identify other mitigation or remedial actions that may be implemented; confirm

compliance with regulatory requirements, including the Closing Licenses (as defined in the **PDA**); and provide baseline data and information as required by the **Limited Partnership** from time to time.

#### **Amendment to Description of Services**

1.2 Any material amendment to the description of the **Services** set out in section 1.1 shall be in writing.

#### **Employees and Staff**

1.3 **Hydro** agrees to employ and pay the wages and salaries of all personnel reasonably required in order to provide the **Services**. All personnel provided by **Hydro** shall remain employees of **Hydro** and **Hydro** shall be responsible for payment of their wages, employment insurance, workers' compensation, tax and pension deductions and remittances, holiday pay and all other matters arising out of the normal relationship of employer and employee, and **Hydro** shall also be solely responsible for the supervision of the employees.

#### **Hydro's Services not Exclusive**

1.4 The **Services** provided to the **Limited Partnership** by **Hydro** pursuant to this Agreement shall not be exclusive to the **Limited Partnership**. **Hydro** will continue to be free to carry out current and future business responsibilities and enter into contracts, including providing management services to other parties, as it sees fit.

## **ARTICLE II**

### **FEES AND EXPENSES**

#### **Management Fee**

2.1 The **Limited Partnership** shall pay to **Hydro** during the term of this Agreement the aggregate of all direct and indirect costs and expenses, at cost, of any nature or kind, including, without limiting the generality of the foregoing all overhead costs and expenses, incurred or paid for by **Hydro** in providing the **Limited Partnership** with the **Services** in accordance with this Agreement. **Hydro's invoices to the Limited Partnership** shall be itemized to provide sufficient details to support all costs and expenses billed. **Hydro** shall provide reports detailing its labour costs to the **Limited Partnership** as requested by the **Limited Partnership** from time to time, acting reasonably.

#### **Payment of Fee**

2.2 The **Limited Partnership** shall pay **Hydro's** monthly invoices without deduction or set-off within five (5) business days following receipt. Monthly invoices received by the **Limited Partnership** prior to 4:00 pm central standard time ("CST") on any business day shall be deemed to have been received that day. Monthly invoices received on any non-business day or after 4:00 pm CST on any business day shall be deemed to have been received by the **Limited**

**Partnership** on the first business day that follows. The term “business day” shall mean any day on which the offices of **Hydro** are open for business.

## **Budget**

2.3 The **Limited Partnership** and **Hydro** shall from time to time and at least annually prepare a budget for the cost of the **Services** and other charges as provided herein for the next ensuing fiscal year of the **Limited Partnership** or the remainder of the current fiscal year, as the case may be.

## **ARTICLE III**

### **TERM AND TERMINATION**

#### **Term**

3.1. This Agreement shall become effective on the **Date of the PDA** (as defined in the **PDA**) and shall continue for a period of 25 years following the **Final Closing Date** (as defined in the **PDA**) unless extended as hereinafter provided. This Agreement will be extended automatically at the end of the initial 25-year term or subsequent extension, as the case may be, for periods of 25 years each, unless either party provides written notice to the other 365 days prior to the end of the initial term or subsequent extension that the initial term or subsequent extension is not to be extended. If the initial term is extended, **Hydro** may terminate this Agreement at any time by providing two years written notice to the **Limited Partnership**.

#### **Termination**

3.2 If an **Arbitrator** appointed pursuant to section 4.5 makes a determination that **Hydro** failed to perform or observe any term, covenant or agreement contained in this **Agreement** on its part to be performed or observed and such failure shall remain unremedied after the end of the period within which the **Arbitrator** determined **Hydro** was required to remedy such failure, then the **Limited Partnership** shall be entitled to terminate the obligations of the **Limited Partnership** under this Agreement by providing written notice to **Hydro**, without limiting any rights that the **Limited Partnership** may have at law or under this **Agreement**.

## **ARTICLE IV**

### **DISPUTE RESOLUTION**

#### **Dispute Resolution**

4.1. All disputes and claims which arise under this Agreement relating to the application, interpretation, meaning, alleged violation, performance or non-performance of this Agreement shall be settled by final and binding arbitration pursuant to the provisions of this Article IV.

#### **Arbitration**

4.2 A party (a “**Claimant**”) who wants to settle a dispute or claim referred to in section 4.1 (a “**Claim**”) shall provide the other party a written notice (a “**Claim Notice**”) which shall contain the following:

- (a) a detailed description of the **Claim**; and
- (b) the relief, remedy, redress or declaratory order sought.

A **Claim Notice** shall be delivered within 180 days from when the **Claimant** knew or reasonably ought to have known of the existence of a **Claim**, subject to the written agreement of the parties to extend this time limit. A **Claimant** who fails to deliver a **Claim Notice** with respect to a **Claim** within the prescribed period shall be deemed to have waived and abandoned the **Claim**.

### **Reply**

4.3 The party who receives a **Claim Notice** (a “**Respondent**”) shall, within 60 days of receiving the **Claim Notice**, provide the **Claimant** with a written reply (a “**Reply**”), which sets out in detail the **Respondent’s** position with respect to the **Claim**.

### **Referral to Chief Executive Officers**

4.4 Within 30 days of the **Claimant’s** receipt of the **Reply**, if the **Claim** has not been settled, the **Claimant** and the **Respondent** shall provide the **Claim Notice** and **Reply** to its chief executive officer, or person having like authority. The chief executive officers or persons appointed by them respectively to act on their respective behalf with authority to settle the **Claim**, shall meet and in good faith attempt to settle the **Claim**. If no settlement is achieved within 30 days of the referral of the **Claim** to the chief executive officers, the **Claim** shall be referred to binding arbitration pursuant to the provisions of *The Arbitration Act* (Manitoba) and the following sections of this Article IV, provided that if there is any inconsistency between the provisions of the said Act and the said sections, the provisions of the said sections shall prevail.

### **Appointment of Arbitrator**

4.5 Subject to section 4.6, an arbitrator (the “**Arbitrator**”) shall be appointed to adjudicate the dispute, using the following procedure:

- (a) the **Claimant** shall provide to the **Respondent** and the **Respondent** shall provide to the **Claimant** the names, addresses and occupations of not more than three individuals, each of whom it would accept as an **Arbitrator**;
- (b) if any one of the persons on the list of proposed arbitrators is acceptable to the **Claimant** and the **Respondent** and is willing and able to act as the **Arbitrator**, then that person shall be appointed as the **Arbitrator** forthwith;
- (c) if within 45 days of the referral of the **Claim** to the chief executive officers the **Claimant** and the **Respondent** cannot agree upon a person to act as **Arbitrator**, any of them may request that the **Arbitrator** be appointed by the Chief Justice or

the Associate Chief Justice of the Court of Queen's Bench of **Manitoba** by application to the said court served on each of the other parties to the arbitration.

### **Qualifications of Arbitrator**

- 4.6 An **Arbitrator** appointed pursuant to section 4.5 shall:
- (a) be qualified to pass upon the particular matter in dispute;
  - (b) not have a pecuniary interest in the particular matter in dispute; and
  - (c) not have had, within a period of one year prior to the date on which the matter was referred to arbitration pursuant to section 4.2, acted as solicitor, counsel or agent for any of the parties.

### **Length of Hearing**

4.7 The **Arbitrator** once appointed shall proceed expeditiously to hear and determine the question or questions in dispute as set out in the **Claim** and **Reply**, subject to any reasonable delay due to, or resulting from, any unforeseen circumstances.

### **Place of Hearing**

4.8 The arbitration shall take place at such location, place and time as the parties may agree or as the **Arbitrator** shall fix. The law applicable to the arbitration shall be the laws of Manitoba and the laws of Canada applicable in Manitoba.

### **Powers of the Arbitrator**

4.9 The **Arbitrator** may determine all questions of law, fact and jurisdiction and all matters of procedure relating to the arbitration. The **Arbitrator** shall have the right to grant all legal and equitable relief necessary to provide a final and conclusive resolution of the **Dispute** including, without limitation, the right to relieve, on just and equitable terms, against breaches of time limits set out in the relevant agreement, the right to determine, if applicable, the monetary value of any loss or injury suffered by a party to the **Dispute** and to make an order directing a party to pay the monetary value of any loss or injury so determined and to award costs (including legal fees and the costs of the arbitration) and interest. Except as the parties to an arbitration otherwise expressly agree, the **Arbitrator** shall not have the authority or jurisdiction to change, alter, or amend this **PDA** or any agreement which is the subject matter of the arbitration or any term or provision contained therein, but shall have the authority to resolve any inconsistencies between any such agreements or any terms or provisions contained therein.

### **Counsel**

4.10 Any party involved in an arbitration may be represented by counsel.

### **Evidence**

4.11 Evidence submitted in an arbitration may be presented in writing or orally. The parties to an arbitration at a minimum shall disclose all relevant information and documents as would be compellable in a court of law. The **Arbitrator** may require relevant information and documents to be disclosed by any party, either prior to or during a hearing, except such documents as would not be compellable if the action were brought in a court of law.

### **Arbitrator's Award**

4.12 The **Arbitrator** shall deliver the award within 90 days following the completion of the hearing.

### **Award Final**

4.13 The decision of the **Arbitrator** shall be final and binding on all of the parties to the arbitration. The right of any affected party to appeal an award will be limited to a question of law, provided that leave is first obtained from the Court of Queen's Bench based on the criteria listed in Section 44 of *The Arbitration Act* (Manitoba).

### **Costs of the Arbitration**

4.14 Each party to an arbitration shall bear its own costs and an equal share of the costs of the **Arbitrator**, subject to a different award as to costs by the **Arbitrator** made following completion of the arbitration.

### **Performance of Obligations**

4.15 Each party to an arbitration agrees to continue performing its obligations under this Agreement while any **Claim** is being resolved or arbitrated, subject to any interim order to the contrary issued by the Arbitrator.

### **Confidentiality**

4.16 All hearings before the **Arbitrator** shall be closed to the public. All statements and evidence submitted for the arbitration, the decision of the **Arbitrator**, the fact of the arbitration itself and all other aspects regarding the arbitration shall be kept strictly confidential except as otherwise required by applicable law.

### **Arbitrator's Undertaking**

4.17 Upon appointment, every **Arbitrator** shall swear or affirm an undertaking in the form set forth in Schedule 4-1.

### **Vacancy**

4.18 Where a vacancy occurs in the office of the **Arbitrator** after the commencement of proceedings, the proceedings need not recommence but may, with the unanimous consent of the



parties to that arbitration, continue before a replacement **Arbitrator**. In the absence of such unanimous consent, the arbitration must recommence as if it were a new matter before a new **Arbitrator**.

### **Days**

4.19 The word “days” wherever used in this Article IV shall mean calendar days.

## **ARTICLE V**

### **GENERAL PROVISIONS**

#### **Limited Liability of Limited Partners**

5.1 The parties hereto acknowledge that the Limited Partnership is a limited partnership formed under the laws of the Province of Manitoba, a limited partner of which is only liable for any of its liabilities or any of its losses to the extent of the amount that the limited partner has contributed or agreed to contribute to the capital of the limited partnership and the limited partner’s pro rata share of any undistributed income. The parties hereto acknowledge that the obligations of the Limited Partnership shall not be personally binding upon, nor shall resort be had to, the property of any of the limited partners, their heirs, successors and assigns, and that resort shall only be had to the property of the the Limited Partnership or the property of its general partner. 5022649 Manitoba Ltd. is the sole general partner of the limited partnership.

#### **Notice**

5.2 All notices and other communication provided for in this Agreement shall be in writing, and shall be given by personal delivery or sent by registered mail or facsimile, charges pre-paid and confirmed by telephone, to the applicable addresses or facsimile numbers set out in this section, or to addresses or facsimile numbers which a party may from time to time designate to the other parties. Any such communication shall be deemed to have been validly and effectively given on the date of such delivery, if such date is a business day and such delivery has been made during the normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the business day next following such date of delivery. The addresses for the parties are:

#### **To the Limited Partnership:**

Wuskwatim Power Limited Partnership  
c/o 5022649 Manitoba Ltd.  
Attention: Chairman  
3<sup>rd</sup> Floor, 820 Taylor Avenue  
Winnipeg MB R3C 2P4  
Fax Number:

#### **To Hydro:**

Manitoba Hydro

Attention: General Counsel  
3<sup>rd</sup> Floor, 820 Taylor Avenue  
Winnipeg MB R3C 2P4  
Fax Number:

**Governing Law**


5.3 This Agreement shall be governed by and construed in accordance with the laws of the Province of Manitoba and the laws of Canada applicable therein.

**Binding Effect, Enurement**

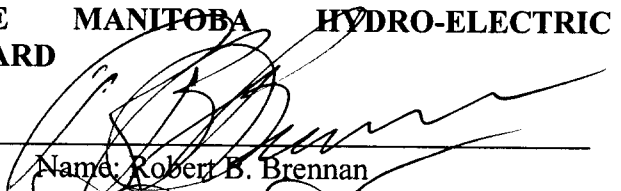
5.4 This Agreement shall enure to the benefit of and be binding on the parties and their respective successors and assigns.


IN WITNESS WHEREOF the parties hereto have executed this Agreement on the day and year first written above.

**WUSKWATIM POWER LIMITED  
PARTNERSHIP, by its General Partner 5022649  
Manitoba Ltd.**

Per:   
Name: Ken R. F. Adams  
Title: Chairman

**THE MANITOBA HYDRO-ELECTRIC  
BOARD**

Per:   
Name: Robert B. Brennan  
Title: President and Chief Executive Officer

Per:   
Name: Victor H. Schroeder  
Title: Chairman

**SCHEDULE 4-1**

**Form of Oath or Undertaking of the Arbitrator**

I, \_\_\_\_\_, do swear and affirm that I will well and truly try the matters referred to me as provided for by the Management Agreement and The Arbitration Act (Manitoba) in the matter of:

(State particulars of the matter)

and make a true and impartial award, according to the evidence and my skill and knowledge.

DATED this \_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_

Sworn or Affirmed before

A Commissioner, Notary, etc.

at \_\_\_\_\_

this \_\_\_ day of \_\_\_\_\_, 20 ,