

APPENDIX B

Fox Lake Cree Nation Socio-Economic Technical Report Component (*prepared by
Manitoba Hydro and reviewed by Fox Lake Cree Nation*)

Fox Lake Cree Nation – Bipole III/Keewatinoow Socio-Economic Technical Report Component

*Prepared by Manitoba Hydro and reviewed by Fox Lake Cree Nation at the Impact
Settlement Agreement Working Group Table – June- August 2011*

Manitoba Hydro and Fox Lake are in the process of negotiating an adverse effects agreement in relation to the potential anticipated effects of the development and operation of the Bipole III/Keewatinoow Converter Station and the information provided to Manitoba Hydro by Fox Lake to assist Manitoba Hydro in completing its Environmental Impact Statement are without prejudice to Fox Lake in such negotiations or in any other process undertaken by Fox Lake to secure compensation from Manitoba Hydro in relation to such adverse effects. By providing information to Manitoba Hydro Fox Lake is not to be taken as supporting the Project or endorsing the Manitoba Hydro Environmental Impact Statement or any conclusions contained within such a statement.

Summary

The Keewatinoow Converter Station and other components of the Bipole III Project will be located within the Fox Lake Resource Management Area and Fox Lake Traditional Territory, as defined within the 2004 Fox Lake Impact Settlement Agreement, an area that is used intensively by Fox Lake members for a variety of activities. The Keewatinoow Converter Station will be located approximately 35 km (25 minute drive) from the Fox Lake Cree Nation community of Bird and approximately 91 km (45-50 minute drive) from the Town of Gillam, the historic and present-day home of the Fox Lake Cree Nation. Fox Lake and Manitoba Hydro interact across a range of projects and processes and have been in discussions in relation to Bipole III since November 2009. This report is intended to:

- i) document Manitoba Hydro's current understanding of Fox Lake's main issues of concern related to the Bipole III project, and
- ii) describe the anticipated process by Manitoba Hydro to: continue discussions with Fox Lake regarding these concerns; to establish offsetting and mitigation measures as required; and to negotiate an Adverse Effects Agreement with respect to the Keewatinoow Converter Station. Such discussions will continue beyond the filing of the Bipole III Environmental Impact Statement.

This report may be drawn upon to prepare components of the main volume of the project Environmental Impact Statement.

Background

The Town of Gillam is an important area for both Fox Lake and Manitoba Hydro; the Town is the historic and present-day home of the Fox Lake Cree Nation and, since the 1960s, the town has served as the base for Manitoba Hydro's operations in the lower Nelson River area. These Manitoba Hydro facilities include Radisson and Henday

Converter Stations, and the Kettle, Long Spruce, and Limestone Generating Stations. In 2006, the population of Gillam was 1,209 (Statistics Canada 2007), including over 250 Fox Lake members. The nearby Fox Lake reserve community of Bird is home to some 134 Fox Lake members (INAC 2011).

In 2004, Manitoba Hydro, Manitoba, and Fox Lake Cree Nation signed the Fox Lake Impact Settlement Agreement (“ISA”) to address the impacts of past Manitoba Hydro developments on the community. The agreement also outlined a process to address the adverse effects of certain types of future developments in the area, including a new converter station.

Manitoba Hydro is planning to develop Bipole III, a high voltage direct current (“HVdc”) transmission line, to link power generating complexes in the lower Nelson River area with the distribution system in southern Manitoba. The HVdc line will originate at a new northern converter station, the Keewatinoow Converter Station, located approximately 91 km downstream from Gillam (35 km from the Fox Lake reserve at Bird), and terminate at a new southern converter station near Winnipeg. In addition to the HVdc transmission line and the new converter stations, the Bipole III project will also include new collector lines linking the Keewatinoow Converter Station to the northern collector system at the existing switchyards at Henday Converter Station and Long Spruce Generating Stations. The Keewatinoow Converter Station will also require the development of a separate ground electrode, connected to the station by a low voltage feeder line.

Crown consultation discussions with Fox Lake will be undertaken by the Province of Manitoba through a process that is separate from the Environmental Act approval process.

ISA Keewatinoow Consultation Process

The proposed Keewatinoow Converter Station will be located within the Fox Lake Resource Management Area and Traditional Territory, as defined in the ISA. Section 8.5 of the ISA includes provisions for Manitoba Hydro to undertake a consultation process with Fox Lake in relation to the development of a Converter Station or Switchyard in the Traditional Territory. This process is to include: providing information on the project and criteria for locating alternative sites; identifying Fox Lake concerns related to the development; identifying and evaluating potential mitigation measures; reviewing Manitoba Hydro employment, training, and business policies to identify potential opportunities for Fox Lake; and negotiating and endeavoring to finalize an agreement to compensate Fox Lake for adverse effects.

Manitoba Hydro and Fox Lake have met on a monthly or biweekly basis since late 2009 in relation to the ISA Keewatinoow Converter Station Consultation process. As the development of Keewatinoow is occurring as a component of the overall Bipole III Transmission Reliability Project, this process has also been used as a forum for dialogue related to the other Bipole III project components, including the high-voltage direct current line, the electrode site, and a series of collector lines.

Discussions to date have covered a range of topics, including the selection of the preliminary preferred electrode site; evaluation and selection of the preliminary preferred Converter Station site; discussion of pre-construction field work, permit applications, and associated employment and business opportunities; discussion and follow up regarding archaeological findings at the Keewatinoow site; potential adverse effects and general discussions regarding the regulatory approvals process and construction employment opportunities.

In addition to the ISA Converter Station process, Fox Lake's experiences are also informed by its *Fox Lake Cree Nation Bipole III Traditional Knowledge Project*, which gathered and documented Fox Lake traditional knowledge about the areas which are in the vicinity of, and have the potential to be affected by, the construction of the Bipole III project facilities. The interim results of this study are included in the Bipole III Environmental Impact Statement along with this report as an Appendix to the Bipole III Traditional Knowledge Report.

Adverse Effects

Beginning in the 1960s, Manitoba Hydro undertook a series of developments in northern Manitoba which altered the landscape and waterways and contributed to significant changes in the lives of Fox Lake members. These developments include a series of generating stations (Kettle, 1974; Long Spruce, 1979; Limestone, 1990), converter stations (Radisson, 1971; Henday, 1977), and associated transmission lines, as well as the development of the town of Gillam as the base for Manitoba Hydro's operations along the lower Nelson River.

Manitoba Hydro and Fox Lake have worked to address the adverse effects of previous projects through the ISA. The Fox Lake Keeyask Adverse Effects Agreement provides a framework for addressing anticipated Keeyask adverse effects. In previous agreements, Adverse Effects have been defined as:

“the direct or indirect negative consequences of the project, including: impacts on, or changes to, the physical, chemical or biological characteristics of the environment; risks or injuries to the health, safety, well-being, comfort or enjoyment of life by Fox Lake or Fox Lake citizens; and impacts on interest in and the exercise of rights in relation to lands, pursuits, activities, opportunities, lifestyles and assets of Fox Lake or Fox Lake Citizens.”

Manitoba Hydro and Fox Lake have not agreed on the definition to be used in the Adverse Effects Agreement to be negotiated for the Keewatinoow Converter Station.

To the extent practical, Manitoba Hydro's approach in addressing adverse effects is to:

- i) prevent or avoid works or measures which will cause adverse effects;
- ii) lessen or reduce unavoidable adverse effects (i.e. those than cannot be prevented or mitigated);
- iii) provide appropriate replacements, substitutions or opportunities to offset any adverse effects; and

iv) pay fair compensation for the loss or damage suffered as a consequence of adverse effects, to the extent such effects are not fully addressed by other measures. Where practical, the preference is to avoid, reduce, or offset adverse effects rather than pay monetary compensation.

The Keeyask Adverse Effects Agreement also contained provisions to modify the agreement in the event that the project description was altered or new and material information about potential adverse effects became known.

The Keewatinoow Converter Station will be located within the Fox Lake Resource Management Area and Traditional Territory, as defined in the ISA. Section 8.5.2 (h) of the Impact Settlement Agreement requires that Manitoba Hydro negotiate and endeavour to finalize an agreement to compensate Fox Lake for negative impacts associated with the development of a new converter station or switchyard in the Fox Lake Traditional Territory that cannot be prevented or mitigated through other measures.

Manitoba Hydro's Understanding of Fox Lake's Main Areas of Concern Related to the Bipole III Keewatinoow Project

Throughout the ISA Keewatinoow consultation process, Fox Lake has communicated its concerns regarding project adverse effects, including: the potential for effects associated with an influx of workers into the area, and concerns regarding potential project effects on the environment and resources used by Fox Lake members to exercise the customs, practices and traditions integral to their cultural identity and treaty and aboriginal rights. These concerns have arisen from Fox Lake's previous experience with development in its Traditional Territory, as well as the results of its Bipole III Traditional Knowledge Project and its ongoing consultations with members. Fox Lake has agreed to assist Manitoba Hydro in completing its Environmental Impact Statement by, among other things, providing a report summarizing those concerns it has identified to date with respect to the Bipole III project (attached as Appendix to Bipole III Traditional Knowledge Technical Report). The information provided in Fox Lake's report is subject to the qualifications and limitations set out in that report.

Manitoba Hydro understands that Fox Lake does not view the Bipole III project in isolation, but rather, views the previous and future project as a multi-staged, inter-dependent project. The cumulative impacts of all Manitoba Hydro projects are an important consideration for Fox Lake. As a result of previous developments in the Gillam region, including the development of the Town of Gillam as Manitoba Hydro's base for its lower Nelson River operations, Fox Lake considers its existing environment and human condition to be one that is already heavily impacted by previous developments.

Human and Social Issues

Fox Lake has identified the following human and social issues of concern in relation to Bipole III:

Influx of Workers

- Negative consequences of worker interactions with Fox Lake members; consequences of short-term influx of workers in Gillam and possibly Bird; concerns regarding Fox Lake members visiting the construction camp; Fox Lake member anxiety regarding the number of outsiders in the community; a sense of powerlessness and loss of control over the community; distress as a result of reliving negative experiences from previous developments; and fear of the cumulative effects of influx of workers on an already affected population.
- Potential for increased use and abuse of alcohol and illegal drugs and an increase in violent incidents in the area, arising from an influx of outside workers and increased construction income.
- Potential for an increase in criminal gang activity in the area, arising from an influx of outside workers and increased construction income.
- Pressure on Fox Lake support services for Members dealing with family stress arising from project employment, or anxiety resulting from the project and the potential influx of outside workers.
- Fox Lake member fear and anxiety over the rate of potential Manitoba Hydro construction activities in the Gillam region and the resulting environmental and social changes, over which members feel they have little control and fear could exacerbate existing social issues in the community.
- Fox Lake member fear of an increase in racism and discrimination, arising from an influx of outside workers; Fox Lake members feeling like they are “outsiders” and unwelcome in their own community and homeland, a feeling derived from past experience and from the physical disparity in the standard of living of Fox Lake members compared to the other residents of Gillam.
- Fox Lake member fear that further development will result in an increase in the physical disparity in the standard of living of Fox Lake members compared to the other residents of Gillam.

Safety and Community Services

- General safety concerns ranging from road safety concerns, arising from increased local and construction traffic, to concerns regarding sexual and physical assaults arising from an influx of outside workers; community concerns that the current policing structure will be inadequate to the needs of Fox Lake Cree Nation.
- Increased demand for housing and accommodation (temporary and long-term) in Gillam and Bird during the construction and operation phases of the project, which could exacerbate the existing housing shortage.

- Potential increased pressure on emergency services in Gillam related to construction site incidents.
- Potential for increased pressure on Gillam housing, daycare, school and other amenities as a result of new Manitoba Hydro employees moving into Gillam during the Keewatinoow operational phase.

Manitoba Hydro aims to avoid, reduce and offset adverse effects through the project planning process. The following are potential mitigation measures that could avoid, reduce and offset potential socio-economic effects, as well as enhance potential positive effects:

Project Measures:

- The location of Keewatinoow worker accommodations on-site at Keewatinoow, provision of services on-site to limit worker trips to Gillam (including leisure amenities); workers will not be reimbursed for accommodation or food expenses incurred in Town;
- The development and implementation of a Keewatinoow Access Management Plan, in conjunction with Fox Lake;
- Development of Keewatinoow camp rules to address site visitors, illegal drugs, alcohol consumption, harassment, discrimination, and violent incidents. Clear communication regarding expected behavior of workers with respect to interactions with community residents;
- Provision of emergency medical services at the main Keewatinoow construction camp;
- Implementation of Cultural Awareness Training for workers at Keewatinoow that facilitates understanding about the effects of worker interaction of past projects and is clear about the expected behavior of workers with respect to their interactions with community residents;
- The provision of a shuttle service from the Gillam airport to Keewatinoow;
- Length of shifts and shift rotation would serve to limit worker trips to Gillam;
- Use of company vehicles for leisure activities will be restricted;
- Rigorous enforcement of consequences for impaired driving; provision of impaired driving education to workers (including camp security personnel);
- Provision of employee retention programs at Keewatinoow (e.g. on-site counseling);
- Provisions to involve Fox Lake in the management of the Keewatinoow construction camp;
- Development and implementation of a socio-economic monitoring plan.

In addition to the project specific measures, the following measures aimed at Fox Lake members and other Gillam residents could aid in avoiding, reducing, or offsetting potential socio-economic effects:

- Business and employment opportunities; and

- Development of a Keewatinoow Adverse Effects Agreement, which could include implementation of measures to strengthen social institutions in Gillam and to address Fox Lake housing concerns.

Fox Lake has indicated that they see the business opportunities associated with the project as an important means of mitigating potential effects associated with the project, particularly socio-economic effects. Such opportunities are discussed more fully in the Project Opportunities section below.

Land, water, and resource-based issues of concern

Fox Lake Cree Nation is currently undertaking its *Fox Lake Cree Nation Bipole III Traditional Knowledge Project*. Arising from its previous experiences and the interim results of its Traditional Knowledge Project, Fox Lake has identified the following issues of concern in relation to land, water, and resource-based issues:

- Interference with the right to hunt, trap, fish and gather. The Keewatinoow project will permanently remove land from Fox Lake use and alter this land base that has sustained Fox Lake for generations.
- Fox Lake members have indicated that good quality Cree foods are fundamental to their physical, emotional, social, and cultural well-being. Being “Cree” is intrinsically linked to being able to access, provide and consume Cree foods that are high in quality, variety, and availability. Fox Lake members fear significant human impacts when access to Cree foods is hindered or when members believe the land, water and food are “spoiled” and not safe to consume.
- Loss of historical connection to the land that will be altered. The well-being of Fox Lake members is directly linked to the well-being of its land and water base, which are associated with the enhancing and reinforcing of kinship relationships, the passing on of place specific Cree knowledge, the maintenance of personal and group identity, and the overall physical and mental health of individuals and the community. Fox Lake has indicated that members undertake a range of activities in the area that will be affected by the project. The footprint area is known to contain burials and other sites of cultural importance.
- Loss of Cree items important to the physical and social health of Fox Lake, which are harvested in the project area. Fox Lake members have indicated that they harvest items such as berries and medicines from the project area which are integral, historically and currently, to the well-being of individuals and the community. Fox Lake asserts that this relationship with the land, which is integral to the culture of the community, will be affected as a result of the Project.
- Disruption of the Cree relationships to the land, as well as a diminishment in the aesthetic value of the land as a result of the project and the increase in transmission lines in the area.

- Reduced opportunities to experience traditional learning and living in the project footprint area. Young people are traditionally taught values and respect for the environment through lessons demonstrated on the land. The practices, customs, and traditions that mark Fox Lake’s distinctive culture are based upon their relationship to the land and water. The project is located in the heart of the region that sustains the Fox Lake community and this area will be altered by the project, interfering with these relationships and learning opportunities.
- Potential for increased pressure on resources by non-Fox Lake members who are frequenting the area as a result of employment during the construction phase of the project.
- Potential for reduced income from commercial resource harvesting activities due to project related disturbance in the area.
- Concerns regarding impacts to species of critical importance to Fox Lake, including brook trout, geese, caribou, and moose.
- Fear of the potential health impacts of transmission lines on the physical and mental health of members and the broader ecosystem.
- Concern regarding impacts of the Project on the function and integrity of the ecosystem.

Manitoba Hydro aims to avoid, reduce and offset adverse effects through the project planning process. The following are potential mitigation measures that could avoid, reduce and offset potential land, water, and resource-based effects, as well as enhance potential positive effects:

- The development of an appropriate Keewatinoow Access Management Plan, in conjunction with Fox Lake, to allow existing resource users to access the Keewatinoow construction area, as appropriate and safe;
- Keewatinoow camp rules will prevent workers from having firearms on-site and limit them from exiting the site to harvest resources;
- Environmentally sensitive transmission line construction practices, described in the Environmental Protection Plan
- Implementation of the Trappers Compensation Policy;
- Development of a Keewatinoow Adverse Effects Agreement and implementation of associated offsetting programs;
- Implementation of Keeyask Adverse Effects Agreement offsetting programs.
- Implementation of Conawapa offsetting programs being supported by Manitoba Hydro in advance of project development;
- Development and implementation of appropriate monitoring plans; and
- Development and implementation of Keewatinoow environmental reclamation and rehabilitation measures.

Project Opportunities

Fox Lake has indicated that the community sees the adverse effects of the project, particularly the socio-economic impacts arising from an influx of workers, as potentially being partially offset by business, employment and other opportunities. Manitoba Hydro has taken this into consideration and is working to establish further details regarding the business opportunities for Fox Lake associated with this project. Preliminary perspectives regarding opportunities are outlined below:

Keewatinoow Business Opportunities: Manitoba Hydro anticipates that a number of work packages associated with the construction of Keewatinoow and associated facilities could be directly negotiated with Fox Lake.

Keewatinoow - general construction employment as per the Burntwood Nelson Agreement (BNA): The BNA is a collective agreement that governs working conditions such as wages, hours of work or work schedules, overtime, hiring procedure and referral system, etc. on major northern Manitoba Hydro construction projects. The BNA will apply to the construction of Keewatinoow and gives first employment preference to Aboriginal people from the Churchill, Burntwood, and Nelson River areas.

Keewatinoow - operational employment opportunities: A number of Fox Lake members are currently employed at the Radisson and Henday Converter Stations, and it is anticipated that members will obtain employment with Manitoba Hydro at the Keewatinoow Converter Station, once it is operational.

Transmission Line Construction: Transmission line construction occurs over a relatively short period of time and, as such, it is anticipated that transmission line construction opportunities will be somewhat more limited the opportunities associated with converter station construction. That said, Manitoba Hydro's approach to transmission line construction is to provide first employment preference to local Aboriginal residents and we anticipate that Fox Lake members will have opportunities associated with transmission line construction.

Community Development Initiative (CDI): Fox Lake Cree Nation will be eligible for the CDI, a program created by Manitoba Hydro in the context of the Bipole III project to provide direct benefits to communities in the vicinity of the Bipole III project facilities. The CDI funds are to be used to support community development projects that benefit a broad segment of the community. Payment amounts will be based on community population and proximity to the line/length of line in the area. Payment will begin upon receipt of regulatory approvals and will continue for 10 years, with the potential for renewal.

Manitoba Hydro's Proposed Approach to Negotiate a Keewatinoow Adverse Effects Agreement and Address Concerns with Respect to Bipole III

Beyond the filing of the Bipole III Environmental Impact Statement, Manitoba Hydro and Fox Lake Cree Nation will continue efforts to identify potential adverse effects and conclude an Adverse Effects Agreement with respect to the Keewatinoow Converter

Station, pursuant to the process set out in Article 8 of the ISA. Consistent with the approach outlined in section 8.5 of the ISA, the effort will be to prevent or avoid, to lessen or reduce, to compensate in kind and through offsetting programs and finally to provide monetary compensation for any residual adverse effects of the Converter Station. Manitoba Hydro is committed under section 8.5 of the ISA to provide funding for this process. Manitoba Hydro has entered into a series of process funding agreements (the "Process Funding Agreements") with Fox Lake, which have provided funding for Fox Lake's participation in this process since late 2009.

While section 8.5 of the ISA relates specifically to the development of a new converter station, Manitoba Hydro and Fox Lake have used the ongoing ISA section 8.5 process to discuss issues of interest or concern related to the other components of the Bipole III project. Funding is available under the Process Funding Agreements for such purposes.