

OMUSHKEGO ISHKOTAYO TIPACHIMOWIN

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FNEI Prepares for Spring Break-up

Spring in our communities is always welcomed after a long cold winter; however, this welcome is always tempered with the fear that comes with the unpredictable behaviour at the spring break-up of the Albany and Attawapiskat rivers. Five Nations has prepared as best as it can in case the ice takes out any poles like last year's damage to FNEI's transmission system which resulted in a power outage. Learning from the damage we incurred last year, Five Nations undertook a work program last summer to better protect the transmission system from ice damage.

The most important work that was done to prepare for possible ice jamming and flooding was constructing a new

berm around one of the most vulnerable poles and reinforcing it. Pole structure #909, which is located on the north side of the north channel of the Albany River, was threatened last year when the flooding and ice destroyed the original berm. In order to prevent damage to structure #909 in the future, a new and much stronger berm was constructed. The new berm is 13 feet high, constructed of wood and stainless steel, and reinforced by earth which was built up behind the berm wall.

The spring break-up is a time of concern for all who live in the communities. Many of us have seen the water rise into our communities and damage our homes. As always we must not underestimate the power of our rivers

and we must take precautions and be ready for possible power interruptions.

If the power supply is interrupted by damage to the transmission line, Five Nations will move to repair the line as soon as the damaged area can be safely accessed. This usually means when the water recedes so that we can fly work crews in to the damaged areas in order begin repairs and restore power as quickly and safely as possible.

Fibre-Optic Connection Moves Forward

As part of its overall capital improvement plan for the transmission system that services Attawapiskat, Kashechewan and Fort Albany, Five Nations Energy Inc. is installing a fibre-optic telecommunications cable from Moosonee to Attawapiskat. The new fibre optic line will contain 24 fibre cables of which 12 will be retained by FNEI for its use to provide real time monitoring of the transmission system, and the remaining 12 will be made available to the Western James Bay Telecom Network. This new project is valued at \$7.5 million.

Improved telecommunication services and access to high speed internet and broadband services are essential



The new berm built to protect Structure 909 from ice-jamming during spring break-up.

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President's Message

As leaders or people in places of authority, it is our obligation to thank all those folks who are involved in making Five Nations Energy Inc. an ongoing success. Without our group of talented and dedicated personnel, we would not be able to boast such of accomplishments. I would especially like to recognize our General Manager, Cecil McDonald, who continues to dedicate himself to the well-being of the organization despite having to deal with his own personal challenges. I recently had a chat with him and it just amazed me how committed he is to the success Five Nations Energy Inc. On behalf of the Board and the communities, I say Thank You - We are very fortunate to have people like you working for the ongoing success of Five Nations Energy Inc.

I would also extend the same courtesy and acknowledgment to FNEI's other staff members, to the group of consultants who continue to plug away despite the criticisms, and to the current and past Board members who continue to provide their support and wisdom. It is through teamwork and the combined efforts of all involved that Five Nations continues to succeed.

As we continue nurturing the growth of Five Nations, the potential of the communities grows as well. If I can just reflect back on when I first started working on this project from my community, it was the belief that we

needed infrastructure to be in place in order for our communities to grow and prosper, that made us determined to see Five Nations succeed. The diesel generators that had historically supplied our communities were designed to meet the basic needs of the community at the time, but they limited the ability for the communities to meet their growing economic and social needs.

Because we have put the basic infrastructure in place, today our opportunities are boundless. We now have the capacity to meet the challenges to fulfill our obligations to our community members, keep our communities safe and remain good stewards of the environment. Take the Victor Diamond Mine as an example. Our communities were totally opposed to seeing shipments of diesel fuel transported through the Hudson's and James Bay because of the potential for spills and resulting damage to the environment. Together we voiced our opposition and were able to offer a feasible alternative, which was to supply electricity to the mine through the Five Nations transmission line. This success was made possible only because we had the infrastructure and management capacity in place to propose an alternative power supply. We need to pat ourselves on the back for this. We did this together. If the infrastructure had not been in place, if we had not worked together, would the result have been?

The need for De Beers Canada to twin the existing transmission line in order to bring electricity to the Victor Mine site has provided FNEI with an opportunity to install a fibre optic communication line which will connect to each of its substations in the communities. Five Nations will use part of the fibre-optic capacity to assist in managing the transmission line, and the excess capacity will be available for communication services to replace the current analog/micro-wave based phone system. This modern digital/

light-based communication capacity has the potential to greatly improve the communications services available to community members, but there will be a need for people to step up and put the rest of the network in place, as this goes beyond the mandate of Five Nations Energy. Once again, Five Nations is in the process of bringing more regional infrastructure improvements to our communities. This technology will help in all sectors of service delivery. The potential is endless.

Ontario Power Generation is considering the development of dam(s) on the Albany River to generate hydro-electricity. There is also significant wind power potential also in our area and developers are starting to look at this potential. We already have many of the basic assets that would be required to transport this power to where it is needed. The discussions to construct a line from Manitoba to Sudbury may also have potential for our transmission line. Five Nations is currently not directly involved in those discussions but could get involved if we wish to work together to propose an option to assist our north-western sister communities, who are not as fortunate as we are to be connected to a grid-based electricity supply.

Despite the optimism I am conveying I realize the community membership does not often have enough information made available to them to have the same enthusiasm. This is why we have to keep communicating and keep our minds open to new opportunities. Once we can get the technology in place, our young population will be the ones to benefit. It will help them through education, enhanced health services, access to limitless information and overall improvements in other services. The potential is there and it is our job to go out and find those other opportunities that will create jobs and better prospects for our future generations.

Michael Metatawabin, President

Electricity Rates

When Five Nations Energy Inc. (FNEI) was first started in September 1997, the electricity market in Ontario was very different than it is today. At that time, Ontario Hydro was the main company that was responsible for generating and delivering electricity, and with the “break up” of Ontario Hydro in 1998, big changes were on the horizon.

FNEI’s development team moved forward with the belief that according to the rules that were in place in 1997, local distribution companies (LDC’s) would purchase electricity directly through the transmission companies (Hydro One Networks and FNEI), and pay them for it. This would have meant that Attawapiskat Power Corporation, Kashechewan Power Corporation and Fort Albany Power Corporation would buy electricity directly from FNEI, and pay FNEI for this electricity. FNEI would then pay the electricity generator, and possibly other transmission companies, depending on where the power originated. Based on the market rules at the time, FNEI’s project team explained how the new electricity system would work for the communities that it served. In fact, this is the way the system did work from December 2001 until May 1, 2002 when the electricity market was opened for generation

competition. As it was developing and building the Five Nations transmission system, the development team also understood that the rules were changing, but there was no way to know how they would ultimately end up.

As of May 1, 2002 the provincial government drastically changed the way the electricity system works. This happened for a number of reasons, including the fact that the three communities of Attawapiskat, Fort Albany and Kashechewan all use electricity that has actually traveled over at least two different transmission systems, and sometimes more, depending on where the electricity was generated. This system was not fair for the residents of remote communities who had to pay two different transmitters, just because they are located in a remote region. In addition to our communities there are other remote and rural communities that were in the same situation. The solution developed for this problem was a “postage stamp” transmission rate that would be paid by all residents of Ontario, regardless of where they were located. All five transmission companies (including FNEI) became part of a transmission pool, and are paid out of that pool by the Independent Electricity System Operator (IESO).

The IESO was formed to handle the financial dealings of the electricity market. They pay the generators and the transmitters, from money that is collected from the local distribution

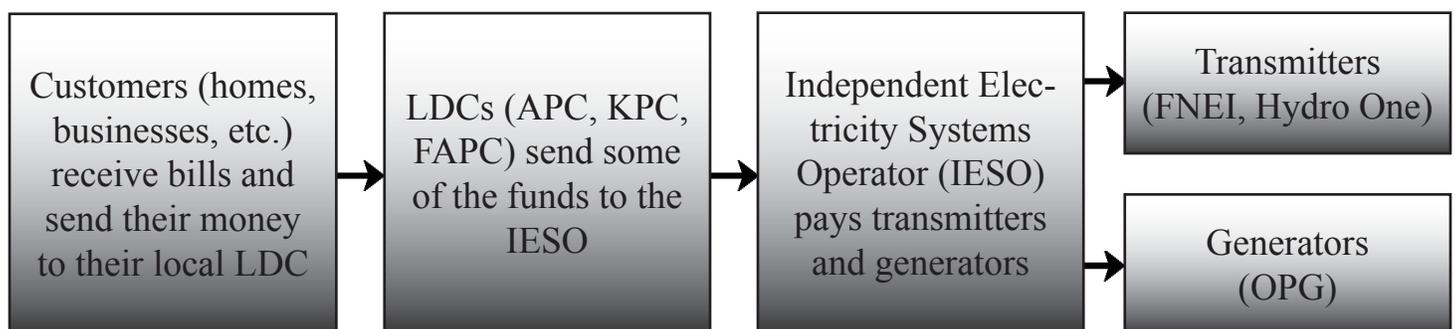
companies which in turn the LDC’s collected from their customers. So, instead of the LDC’s paying FNEI for the electricity, they pay the IESO. The payment system is set out in the diagram below.

A question that is often asked is who sets the prices for electricity? How are the prices that end up on YOUR bill decided?

If you look at your invoice, electricity bills in Ontario typically have four different charges as set out in the table on the next page.

As you can see, all of the prices for electricity are controlled by the government of Ontario through the Ontario Energy Board. Five Nations Energy Inc. and your local distribution companies must get approval from the Ontario Energy Board for their rates, which are calculated based on what it costs to run the system. The OEB has the final say and is there to make sure that electricity rates are fair for customers.

The money that FNEI receives from the IESO is used to pay the salary of FNEI’s staff, to maintain and upgrade the transmission system including the installation of the fibre-optic line, to provide donations and the scholarship programs to community members, to pay back the debt that the company has taken on to build and improve the system, and ensure that FNEI has enough money to repair the line if something goes wrong.



Five Nations Energy Inc.'s New Operations Technician

In our last newsletter, we told you that Five Nations Energy Inc. hired Chris Innes on November 6, 2006 as our new Operations Technician. Now that he has had a chance to settle into his role, he sat down with the writer of the Omushkego Ishkotayo Tipachimowin for the following interview.

OIT: Congratulations on joining the FNEI team. Can you tell us a little bit about your educational background?

CI: I have an Advanced Electrical Engineering Technology Diploma from Northern College in South Porcupine. I went to high school in Timmins, at Timmins High and Vocational School (THVS).

OIT: What kind of work experience did you have before you joined FNEI?

CI: I spent two summers working for Hydro One as a summer student. The first summer, I worked on a civil maintenance crew. We were responsible for maintaining the grounds of Hydro One's facilities. The second summer I worked on an electrical maintenance crew. That was a really great experience because I got to work at Hydro One's transmission stations every day, working inside control buildings and watching and learning from the other workers. It made me familiar and comfortable with the systems that I am now responsible for at FNEI.

OIT: What has your experience at FNEI been like so far?

CI: It has been a great experience so far. I have had the opportunity to learn a lot about FNEI's transmission system through reading and also by visiting all of the substations in each of the three communities.

OIT: What have you been focusing on lately?

CI: Lately I have been familiarizing myself with the new transmission line being built by Valard Construc-

tion. I have been reviewing the Auto-CAD diagrams of the line, visiting the equipment and stations and observing the crew from Hydro One inspection methods.

I have also had the opportunity to take courses about project management, arc flash training, and MicroScada software. The Canadian Electricity Forum Arc Flash training is basically safety training on how to go about troubleshooting certain faults on an electrical power system to avoid the hazard of an arc flash which can be fatal on a high voltage system like FNEI.

MicroScada software allows FNEI to monitor our power system from remote locations. MicroScada allows FNEI to take readings such as Voltage, Amperage and Wattage. Also, with MicroScada, FNEI has control over the components involved in our power system allowing us to transmit power safely and efficiently.

I am also learning about the fibre-optic project since that is one of my responsibilities, and overseeing the construction of the shelters in each of the communities.

OIT: Can you tell us more about the fibre-optic project? What kinds of benefits will FNEI get from this project?

CI: Currently FNEI monitors its transmission system through copper wires, which transmit data slowly, and the signal is not always reliable. Also, we only get updates on the status of the system every 30 minutes. That means that if a problem happens on the line, we might not know about it for 30 minutes.

Once the fibre-optic system is up and running, we will be able to monitor the system in real-time. That means if there is a problem on the line, we will know about it right away. Overall, it will be a much more reliable system.

OIT: Who have you been working



with the most and who have you been able to meet through your job?

CI: I have been working closely with Cecil MacDonald, FNEI's General Manager as well as Larry Brooksbank, our Technical Advisor. They are both very knowledgeable and I've learned a lot from them. I have also met with people from the Independent Electricity Systems Operator – the IESO is responsible for managing the entire Ontario power grid and making sure that the supply of electricity is meeting the demand.

OIT: So what are your plans in the next few months?

CI: I will be traveling with people from the Electrical Safety Authority to Attawapiskat, Fort Albany and Kashechewan to give the "Hazard Hamlet" presentation to kids at the schools. This presentation is a fun way for the kids to learn about how to be safe around electricity, both inside and outside the home. I will also be working on the completion of the fibre-optic installation.

OIT: Thanks for telling us about your new job and what it's like to work at FNEI.

CI: You're welcome.

