BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of PUGET SOUND ENERGY, INC. For an Accounting Order Authorizing Accounting Treatment Related to Payments for Major Maintenance Activities	DOCKET UE-130583 (*Consolidated*)
WASHING TON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PUGET SOUND ENERGY, INC. Respondent.	DOCKET UE-130617 (*Consolidated*)
In the Matter of the Petition of PUGET SOUND ENERGY, INC. For an Accounting Order Authorizing Accounting the Sale of the Water Rights and Associated Assets of the Electron Hydroelectric Project in Accordance with WAC 480-143 and RCW 80.12.	DOCKET UE-131099 (*Consolidated*)
In the Matter of the Petition of PUGET SOUND ENERGY, Inc. For an Order Authorizing the Sale of Interests in the Development Assets Required for the Construction and Operation of Phase II of the Lower Snake River Wind Facility	DOCKET UE-131230 (*Consolidated*)

DECLARATION OF MICHAEL MULLALLY IN SUPPORT OF THE REPLY BRIEF OF PUGET SOUND ENERGY, INC. TO THE PUYALLUP TRIBE OF INDIANS' BRIEF IN OPPOSITION TO THE PROPOSED SALE OF THE ELECTRON HYDROELECTRIC PROJECT

DECLARATION OF MICHAEL MULLALLY IN SUPPORT OF THE REPLY BRIEF OF PUGET SOUND ENERGY, INC. TO THE PUYALLUP TRIBE OF INDIANS' BRIEF IN OPPOSITION TO THE PROPOSED SALE OF THE ELECTRON HYDROELECTRIC PROJECT

Michael Mullally, under penalty of perjury, declares as set forth below:

1. I am over the age of 18 years and competent to be a witness in this proceeding.

2. I am Manager, Business Initiatives for Puget Sound Energy, Inc. ("PSE").

3. As a Senior Energy Resource Planning Acquisition Analyst, one of my roles was to review, analyze, and negotiate submittals into PSE's 2011 generation Request for Proposals process in which PSE considered the bid of Electron Hydro, LLC ("Electron Hydro") for the purchase of the Electron Hydroelectric Project (the "Electron Project"). I participated in the negotiations that resulted in the sale of the Electron Project to the Electron Hydro.

4. After the Puyallup Tribe filed its brief on August 28, 2014, Electron Hydro contacted PSE wishing to clarify information and allegations with respect to Electron Hydro raised in the Puyallup Tribe brief.

5. On September 11, 2014, PSE received a letter from Electron Hydro that contains further information about the Electron Hydro and its plans for the Electron Project after the closing of the proposed transaction. Attached as Exhibit A to this declaration is a true and complete copy of the letter from Electron Hydro, dated September 11, 2014.

6. I certify under the penalty of perjury that the foregoing is true and correct.

Signed at Bellevue, Washington, this 11th day of September 2014.

Michael Mullally
Manager, Business Initiatives
Puget Sound Energy, Inc.

ATTACHMENT A TO THE
DECLARATION OF MICHAEL MULLALLY IN SUPPORT OF THE
REPLY BRIEF OF PUGET SOUND ENERGY, INC. TO THE
PUYALLUP TRIBE OF INDIANS' BRIEF IN OPPOSITION TO THE
PROPOSED SALE OF THE ELECTRON HYDROELECTRIC PROJECT

September 11, 2014

Michael Mullally
Puget Sound Energy, Inc.
10885 NE 4th Street
Bellevue, WA 98009-9734

RE: Electron Hydro LLC's Purchase of the Electron Hydroelectric Facility; *WUTC v. Puget Sound Energy (2013 PCORC)* Docket: UE-130583, UE-130617, UE-131099, UE-131230

Dear Michael:

As we have discussed, Electron Hydro, LLC ("EH") has reviewed the Puyallup Tribe of Indians' ("Tribe") brief filed with the Washington Utilities and Transportation Commission ("Commission") on August 28, 2014. EH is providing this letter to present you (and, understanding that PSE may file it in the pending WUTC proceedings, present the Commission) with further information about EH and its plans for the Electron Project after the closing of the purchase transaction.

EH appreciates the opportunity to reiterate that we remain fully committed to the acquisition, financing, repowering, environmental enhancement, and the long-term operation of the Electron Project. We disagree with many of the assertions and allegations made by the Tribe and its consultant, but suspect that the only way to convince the Tribe of our capabilities, financial backing, and plans to restore and enhance the Electron Project will be through our actions and management. It appears that the Tribe simply prefers to have PSE remove the project and that goal is driving the Tribe's tactics and strategy. If the Commission approves the sale, EH will restore the Electron Project to its original capacity in order to make competitively-priced power sales to PSE pursuant to the power purchase agreement the parties have agreed to enter into upon the closing of the purchase transaction. Further, as part of the restoration project, EH will also voluntarily invest in facilities to make the Electron more fish friendly in accordance with all applicable federal and state law.

Electron Hydro, LLC has the experience necessary to restore the Electron Project

While EH is a special purpose corporate entity created specifically to acquire, finance, restore and operate the Electron Project (which is typical of all independent power companies), the EH team assembled to carry out these actions is substantial and experienced. Most of the expertise is found in the companies behind EH: Tollhouse Energy Company ("Tollhouse"), Whitewater Engineering Corporation ("Whitewater"), and Valtec Power, LLC ("Valtec").

1. **Tollhouse** and its subsidiary **Whitewater** have been active in the development, engineering, licensing, commercial arrangements, and regulatory matters for hydroelectric projects since 1990. As described in the attached statement of

qualifications, the Tollhouse and Whitewater teams have worked on a variety of hydro projects in Alaska, Washington and Montana. *See* **Attachment A**. The Tollhouse and Whitewater teams are comprised of professional engineers, fish and environmental resource scientists, hydrologists and often collaborate with other professionals on an as-needed basis.

EH recognizes that hydropower projects raise unique issues with respect to fisheries management. To ensure that its hydropower assets coexist with fish and other aquatic life and operate under appropriate requirements, Tollhouse brings numerous fish biologists to EH. Chris Spens has a B.S. degree in Watershed Science. Chris Fairbanks has a B.S. degree in Biological Science and a M.S. degree in Marine and Estuarine Science. C. Mike Prewitt has a B.A. degree in Zoology, M.S. degree in Fishery Biology and Ph.D. Aquatic Biology. All three of these professionals have thirty years applied science, land use and regulatory experience. In addition, EH also collaborates with experts in environmental science such as Confluence Environmental Company. *See* **Attachment B**.

2. **Valtec** is the other key partner the EH's efforts. Valtec is majority owned and managed through JAVA Holdings Ltd. by Victor Budzinski and Roland Bailey, two of the leading utility project construction executives in Canada. In addition to bringing to EH the financial resources described below, Victor serves as the Chief Executive Officer of Valard Construction Limited, which he founded in 1978. Victor has been the driving force behind the growth and evolution of Valard Construction, which provides engineering, procurement, construction, and maintenance services in Canada, and is now one of leading utility contractors and the ninth largest construction group in Canada with over 1,200 employees. See http://www.valard.com/about-us/history.aspx Roland is Executive VP, Business Development and Aboriginal Partnerships of Valard Construction Limited and has served in financial and accounting roles as well as leading Valard's engagement with First Nations regarding energy projects throughout Canada. Valard's commitment to collaborating with First Nations is well documented, as reflected in **Attachment C**.

As you know, an affiliate of EH purchased the Black Creek Hydro Project from PSE in 2010. Since then, this EH affiliate has repaired and upgraded the facility, and automated its operations. The Black Creek facility now delivers twice as much annual energy as it did during the previous 16 years of operation by PSE. Tollhouse is also developing two hydroelectric projects in Washington and Montana with a nameplate capacity of 25 and 15 megawatts and planned operation dates of 2018 and 2016, respectively. These are only a few examples of EH's institutional knowledge of electric projects; companies controlled by or otherwise affiliated with the principals of EH have constructed over $1 Billion in energy projects, including generation and transmission assets in the last few years.

While PSE remains responsible for oversight of these fisheries issues with respect to the Tribe under the Resource Enhancement Agreement ("REA"), EH is committed to operating within the requirements of the REA for the remainder of its term, and intends always to operate and manage mindful of the fisheries' importance with the hope of improving the existing conditions. EH understands that the fisheries resource in the Puyallup River is important to the Tribe and other

local and downstream stakeholders. EH looks forward to working with the Tribe for the responsible use of renewable generation to not only permit but *to increase* fish population, habitat values, and passage.

Electron Hydro, LLC has the financial backing necessary to restore the Electron Project

EH and its member companies recognize that the mechanical, operational and legal improvements to the Electron Project will take both time and significant financial resources. EH expects to perform the major work on the Project during the first two years following acquisition (with most work on the project being done in the late Spring through late Summer seasons). EH understands that some of the fish passage enhancement work may need to wait for the environmental planning process to be completed as outlined below. EH has developed full cost financial models with estimates of all work to be completed. The majority, if not all, of this work will be financed by EH member JAVA Holdings Ltd. EH has three other parties interested in providing debt financing, two of which are large national banks.

As PSE is the only party properly before the Commission with respect to the sales transaction, the precise financial plans for the Electron Project's restoration are not properly before the Commission. As with any independent power provider, we do not believe it is appropriate to disclose these financial details to our counterparty (or the market). That said, we note that EH is not naive and would not enter into the power purchase agreement with PSE, requiring us to sell power to PSE over its term, if we were not intent on and capable of financing the improvements to the Electron Project's operation in order to perform the requirements of our power sales commitment. To do so would be akin to throwing away the purchase payment, the acquisition costs, the development costs, and signing up for a lawsuit by PSE. It is also worth noting that Victor Budzinski and Roland Bailey, who are responsible for financing Electron Project's restoration, have over 30 years of history in the construction and/or financing of projects worth several billion dollars. *See* www.valard.com

Electron Hydro, LLC will restore the Electron Project in accordance with applicable law

EH plans to start repairs and maintenance to the Electron project as soon as practicable after the sale is closed. Major work includes replacing failing wood flume supports with steel supports, replacing the flume liner to bring it back to full structural strength, and installing new efficient turbine runners in the powerhouse. Operation of the Electron Project will be automated such that there will be flow level sensors in the Puyallup River above and below the diversion, every mile along and inside the flume, and in the forebay. Intake valves will also be automated. This, along with automation improvements, will give EH the ability to control the plant and monitor environmental aspects of the project in real time, both locally and remotely, giving EH the ability to respond quickly to any detected or potential issues.

Aside from these mechanical and operational improvements, EH will, as soon as practicable after close of the sale, start the approval process for a voluntary Habitat Conservation Plan ("HCP") pursuant to the Endangered Species Act. The National Marine Fisheries Service will be the lead agency, but it is expect that the U.S. Fish & Wildlife Service and other federal and state agencies will participate in the planning and approval process. The Tribe will have the opportunity to comment, as well as other stakeholders. More specifically, EH intends to obtain an HCP that

provides sufficient flows for the maintenance of all Endangered Species Act-listed fish species. EH plans to install fish screens at the intake to exclude fish from the Project and maintain instream flows necessary for fish habitat. EH also plans on assuring passage of upstream migration to fish around the diversion by providing greater assistance to the Tribe with maintenance of the fish ladder. EH is committed to completing the HCP process and fisheries improvements as we believe it is in the best interest of the fish and our planned long-term operation of the Project to be clearly compliant with the Endangered Species Act. EH is not content to wait until 2018 or 2026 to bring the Project into clear ESA compliance; rather, we will start the process immediately and try to resolve any issues over the coming few years.

EH does not believe that the Electron Project implicates FERC regulation of hydroelectric projects under Part I of the Federal Power Act (FPA). (EH acknowledges the applicability of Part II of the FPA and notes that FERC has already approved PSE's sale of the Electron Project to EH. *Puget Sound Energy, Inc.*, 144 FERC ¶ 62,104 (2013).) The Electron Project has been determined by the U.S. Court of Appeals for the Ninth Circuit to be a non-jurisdictional hydroelectric facility because it was constructed prior to the effective date of the Federal Power Act. EH's planned restoration and improvements to the Electron Project are designed to not compromise its non-jurisdictional status.

In summary, EH has the operational and financial resources necessary to restore, operate and maintain the Electron Project. EH also has a plan to address fish passage issues and otherwise enhance the environmental values of the project. Consequently, we believe the Commission's approval best serves the public interest:

1. PSE and its ratepayers get both competitive-priced high-quality hydro power and they get to avoid costly project removal and environmental restoration efforts;

2. The Tribe and others concerned about fish and environmental values will get an open process led by a federal agency in which to explore habitat and impacts and a significant reduction in negative environmental impacts of the Electron Project; and

3. EH gets to engage its team's extensive experience in the field of hydropower to restore, operate, maintain and maximize the efficiency and reliability of the Electron Project in accordance with applicable law, including the Endangered Species Act.

Thank you for the opportunity to provide this information.

Sincerely,

Thom A. Fischer, P.E.
Chief Operations Officer
Electron Hydro, LLC

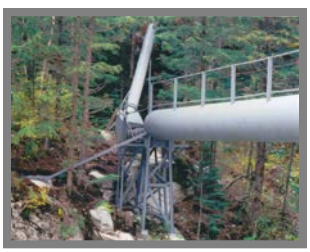
ATTACHMENT A

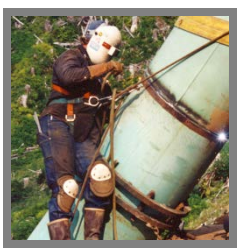
STATEMENT OF QUALIFICATIONS

Hydroelectric Engineering & Construction

TOLLHOUSE energy company

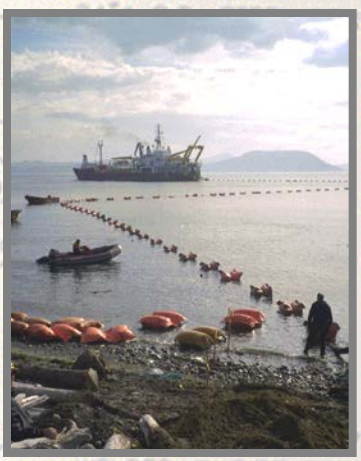
WHITEWATER engineering corporation





1800 James Street, Suite 201, Bellingham, WA 98225
www.tollhouseenergy.com

Contact Information



Your contact at Tollhouse Energy Company is:

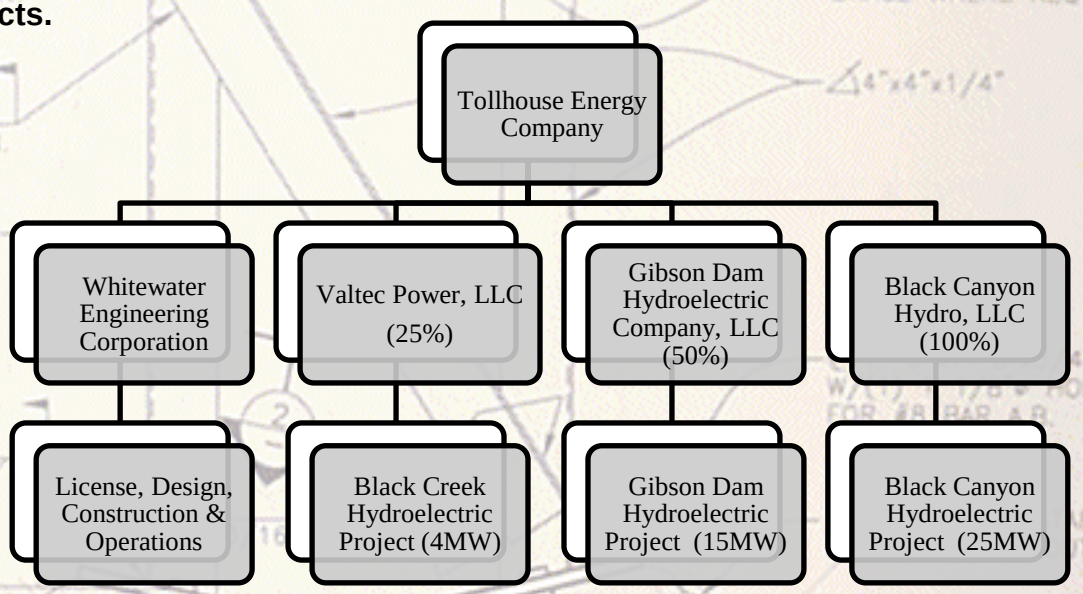
Thom A. Fischer, P.E.
President
Tollhouse Energy Company
1800 James Street, Suite 201
Bellingham, WA 98225
phone: (360)738-9999 ext. 111
email: thom@tollhouseenergy.com
website: www.tollhouseenergy.com

Company Profile

Tollhouse Energy Company is a private, Washington-based corporation engaged in the development, ownership, and operation of green, environmentally friendly renewable energy facilities. The company is currently developing an attractive portfolio of hydroelectric projects in Alaska, Montana, and Washington, and continues to investigate and pursue other renewable energy opportunities.

Tollhouse, and its wholly owned subsidiary Whitewater Engineering Corporation, were strategically formed to better serve our client and project needs, and to allow flexibility in how we approach each project. Our corporate structure makes available all the needed resources to take a project from the conceptual stage through plant startup and operations. This turn-key approach provides timely, efficient, and professional service assuring the success of each project we begin.

It is the Company's desire to continue building strategic partnerships with various other entities that will provide key alliances necessary to enhance project development. Tollhouse is committed to working with all stakeholder groups and local communities in the development of its renewable energy projects.



Company Profile

The Tollhouse Energy group of companies offers the efficiency, responsiveness and personal attention of a design build construction and engineering firm comprised of a diversified group of engineers and managers. With an extensive background in the hydroelectric / power generation industry, together with decades of experience in the heavy civil, mechanical and general contracting arena, Tollhouse Energy has and will perform.

Hydroelectric generation has proved to be a reliable source for clean renewable energy, and the Tollhouse companies have been at the forefront of system design, development and construction.

Over the past 30+ years, we have gained experience in all project phases – licensing, design, specifications, bidding, inspections, construction, start-up, and operations. In addition, we have also become an integral resource in the licensing and relicensing process, which addresses a growing market of 35 to 45 year-old power plants that will be reapplying for permits in the coming decade.

It is the company philosophy to assemble a project specific team of experts to fulfill the requirements as demanded by each project. We direct your attention to the qualifications of a few members of our professional staff that would have initial involvement in your important project.

Services Provided

General Overview

Whitewater Engineering performs the following services with our own forces:

Engineering & Project Management

-Project management & construction supervision
-Contract administration
-Civil engineering and CAD development
-Structural engineering and CAD development
-Electrical engineering and CAD development
-FERC licensing and special permitting
-Economic analysis
-Feasibility studies
-Hydrology & energy generation analysis

Heavy Civil Construction

-Mass earthwork and excavation
-Large water transmission line installation
-Remote site clearing and road construction
-Survey and construction flagging
-Tunneling and boring WEC/MSM
-Slope stabilization and shotcrete

General Construction

-Demolition
-Pile driving and micro pile installation
-Concrete forming and placement
-Wood framing and erection
-Structural steel erection
-Installation of machinery and equipment

Specialty Construction

-Aerial construction via helicopter
-Tower and microwave installations
-Hydroelectric machinery selection & installation
-High voltage electrical systems
-Water system intake, design, and construction
-Subsea transmission cable

Relevant Hydroelectric Experience

In-House Project Developments:

15 MW Gibson Dam Hydroelectric Project – in progress

25 MW Black Canyon Hydroelectric Project – in progress

Third Party Contracts:

1.2 MW Humpback Creek - Construction Management
Cordova Electric Cooperative, Cordova Alaska

4 MW Black Bear Lake - Design and Construction
Alaska Power & Telephone, Craig, Alaska

4.3 MW Goat Lake - Design and Construction
Alaska Power & Telephone, Skagway, Alaska

6 MW Power Creek - License, Design, and Construction
Cordova Electric Cooperative, Cordova, Alaska

7.5 MW Young's Creek - Turbine/Generator Installation
Snohomish County PUD, Sultan, Washington

22 MW Electron - Design Review and Analysis
Puget Sound Energy, Bellevue, Washington

45 MW Snoqualmie Falls Design Review
Puget Sound Energy, Bellevue, Washington

60 MW Baker Lake - Design Review
Puget Sound Energy, Bellevue, Washington

140 MW Lower Granite Dam - Turbine Runner Cavitation Repairs
Army Corps of Engineers, Washington

100 MW Wanapum Dam - Turbine Replacement
Grant County PUD, Washington

4 MW Black Creek Hydroelectric Project – Operations
(Purchased from Puget Sound Energy in 2010)

Project Fact Sheet

Young's Creek
Hydroelectric Project

Completed:

February 2011

Contact:

Danny W. Miles, P.E.
Principal Engineer
Young's Creek Project Manager
Snohomish County PUD No.1
2320 California Street
Everett, WA 98201
(425) 783-8312

Description:

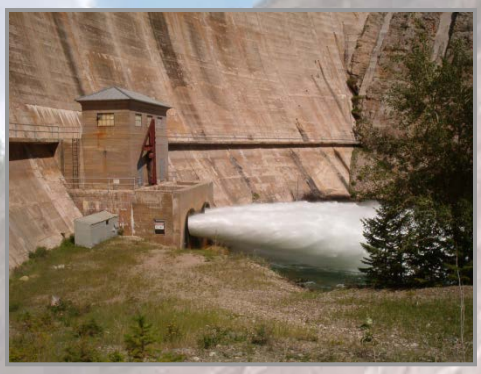
Whitewater Engineering Corporation provided machinery installation services under a subcontract to TEK Construction for the 7.5 MW project located in Snohomish County in Western Washington. The project owner is Snohomish County PUD.

The scope of work included installation of the Gilkes manufactured twin jet horizontal shaft Pelton turbine & casing, turbine distributor piping, turbine main inlet valve, generator & exciter manufactured by Hyundai Ideal Electric, hydraulic power unit & piping, lube oil cooler, and penstock drain piping. Once completed, the project is estimated to generate 27 average annual GWh of renewable energy for the PUD.

Project Fact Sheet

Gibson Dam

Hydroelectric Project



Completed:

In Progress

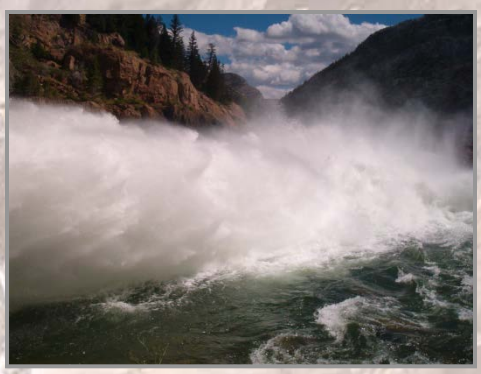
Contact:

Steven C. Marmon, Manager
Gibson Dam Hydroelectric Company, LLC
1800 James Street, Suite 201
Bellingham, WA 98225
(360) 738-9999

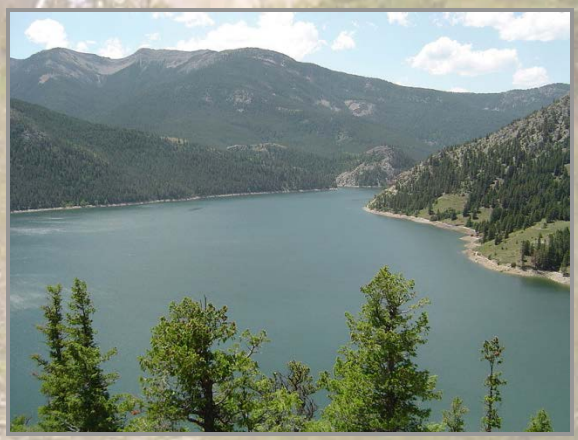
Description:

Whitewater Engineering Corporation is performing FERC licensing and design services for the proposed 15 megawatt project located near Augusta, Montana. A final license application was accepted by FERC in May 2010 and a FERC order issuing a new license is anticipated in mid 2011.

The Gibson Dam hydroelectric project consists of an existing 199-ft high concrete arch dam that impounds a reservoir with a surface area of 1,420 acres. The proposed powerhouse will be located at the base of the dam near the existing outlet structure and will house the required turbine and electrical components. Roughly 26 miles of new transmission will be constructed for interconnection. The project will generate 40 average annual GWh of renewable energy each year.



Gibson Dam Hydroelectric Company, LLC is a 50% owned subsidiary of Tollhouse Energy Company and sister company to Whitewater Engineering Corporation.



Whitewater Engineering Corporation *Augusta, Montana*

Project Fact Sheet

Black Creek

Hydroelectric Project

North Bend, WA


Intake

Completed

Operations in progress

Contact

Roland Bailey
Valtec Power, LLC
1800 James Street, Ste 201
Bellingham, WA 98225
780-975-2728


Diversion

Description

Whitewater Engineering Corporation is operating and maintaining the 4 MW facility East of Seattle, Washington, FERC Project Number 6221. The project operates as a run-of-the-river facility, certified by the Low Impact Hydropower Institute. The project includes a diversion weir and intake on Black Creek, a thirty inch diameter steel penstock delivering water to the powerhouse with hydraulic head of 1,352 feet. A two-jet horizontal shaft Pelton turbine-generator unit and related mechanical and electrical are located in the powerhouse. A ten mile long buried transmission line extends from the powerhouse to the Puget Sound Energy electrical grid.


Turbine Housing

The project began commercial operation in 1994, and was owned and operated by a subsidiary of PSE. In 2010, the facility was purchased by Valtec Power, LLC, of which Tollhouse Energy is a member.

Whitewater designed and built improvements to the facility that doubled the annual generation to 11.5 GWh of renewable energy.


Penstock


Powerhouse

Project Fact Sheet

POWER CREEK
Hydroelectric Project

Completed:

December 2001

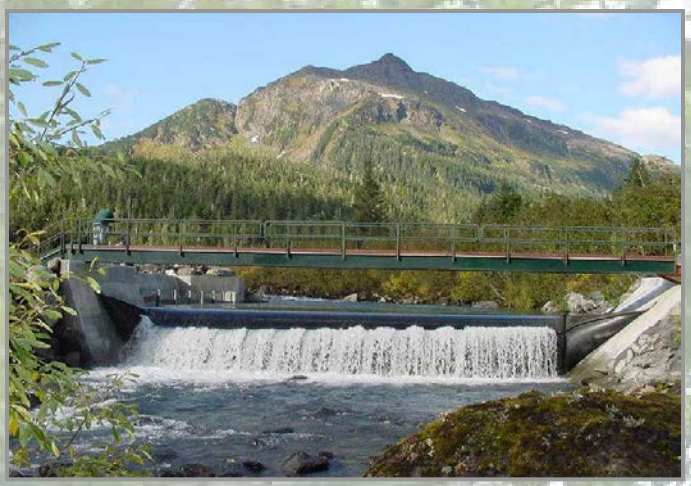
Contact:

Donald J. Hammelman, Owner's Rep.
Summit Construction Consultants
2100 - 124th Ave. N.E., Ste 113
Bellevue, WA 98005
(425) 869-0832

Description:

Whitewater Engineering provided full turn-key services to Cordova Electric Cooperative to license, design, and construct the 6.0 MW Power Creek hydroelectric project near Cordova Alaska. The project has the capacity to generate 30 average annual GWh of renewable energy.

The scope of work was split into two phases; Phase 1 was licensing and design of the project, and Phase 2 was the construction of the project. Project features include a concrete diversion and intake structure, an 8' high inflatable dam, 3,000' of 9 foot diameter tunnel, 160' structural bridge, 3,000' of 76" steel penstock in the tunnel, 3,000' of buried 84" steel penstock, a 40' x 100' metal powerhouse structure with two turbine generators and associated electrical control equipment, and 7.2 miles of underground and submarine transmission line. The project also includes approximately 2.5 miles of gravel access roads.



Project Fact Sheet

GOAT LAKE
Hydroelectric Project

Completed:

December 1997

Contact:

Bob Grimm, President
Alaska Power & Telephone Co.
P.O. Box 222
Port Townsend, WA 98368
(360) 385-1733

Description:

Whitewater Engineering provided design and construction services to Alaska Power & Telephone for the 4.3 MW hydroelectric project near Skagway, Alaska. The project generates 12.7 average annual GWh of renewable energy and is certified by the Low Impact Hydropower Institute.

The project included construction of 7,200-ft of 24" steel penstock, concrete and steel powerhouse, concrete core earth filled dam, submerged intake, and siphon arrangement to lower the lake level an additional 25 feet. The project also includes an access road blasted from bedrock. This project has over 2000' of vertical head with 997 psi at the turbine.

Project Fact Sheet

BLACK BEAR LAKE

Hydroelectric Project

Completed:

October 1995

Contact:

Bob Grimm, President
Alaska Power & Telephone Co.
P.O. Box 222
Port Townsend, WA 98368
(360) 385-1733

Description:

Whitewater Engineering provided design and construction services to Alaska Power & Telephone for the 4.5 MW hydroelectric project on Prince of Wales Island, near Craig, Alaska. The project generates 23 average annual GWh of renewable energy and is certified by the Low Impact Hydropower Institute.

The project included excavation and road building, concrete placement, installation of 5,000-ft of 30” steel pipe, submerged installation of 700-ft of 36” HDPE pipe, a submerged intake structure, concrete and metal powerhouse, and associated mechanical works. This project has 1500-ft of vertical head. Installation of the upper portion of the penstock and the intake structure was accomplished with a cable system that spanned approximately 4000-ft and over 1100 vertical feet.

Whitewater Engineering Corporation

Prince of Wales Island, Alaska

Project Fact Sheet

HUMPBACK CREEK
Hydroelectric Project

Completed:

November 1991

Contact:

Valerie J. Covel, Manager of Finance
Cordova Electric Coop., Inc.
P.O. Box 20
Cordova, AK 99547
(907) 424-5555

Description:

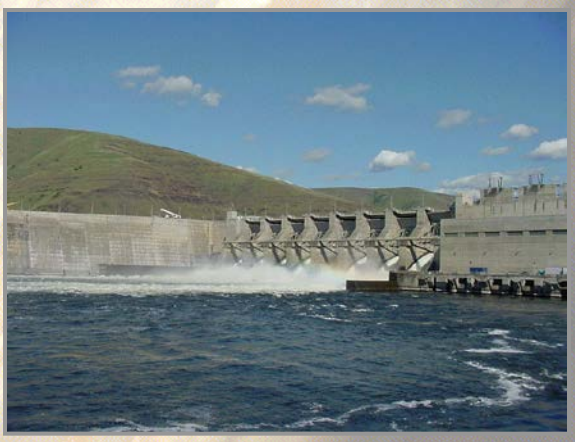
The 1.2 MW hydroelectric project was designed and started by others. Whitewater provided force account project management and construction supervision to complete the $6,500,000 project in Cordova, Alaska.

The project features include a wood diversion dam, intake, 300' wood flume, 2500' of 42" diameter penstock, structural bridge, concrete and steel powerhouse, three turbine generators, switchgear and controls, operator's house, and 4 miles of undersea cable connecting the project to the local electric grid in Cordova.

Project Fact Sheet

LOWER GRANITE DAM

Unit No. 1 Turbine Cavitation Repairs



Completed:

2004

Contact:

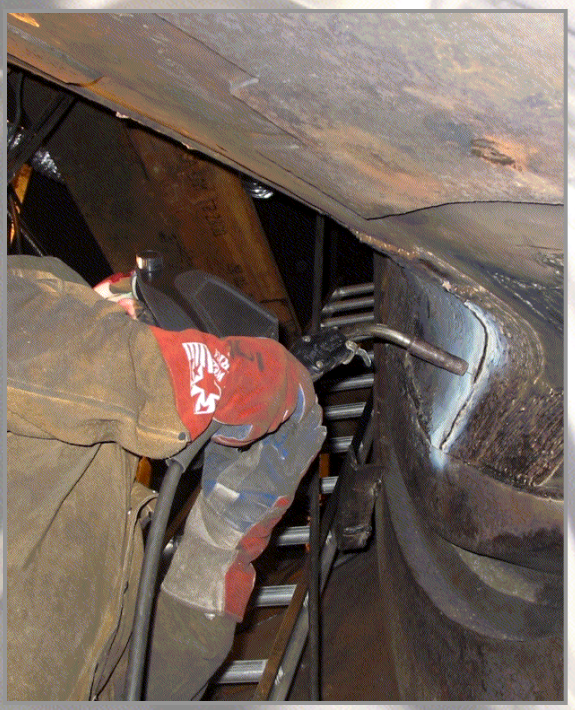
John Berglin
Project Manager
U.S.C.O.E.- Walla Walla District
201 N. Third Avenue
Walla Walla, WA 99362
(509)527-7059

Description:

The project involved cavitation repairs to the 140MW Unit No. 1 turbine runner blades, hub, cone and the discharge ring. Each Kaplan runner is twenty six feet in diameter with six blades.

The cavitation damage was removed from the affected surface area by both arc air gouging techniques and portable milling equipment developed specifically for this project.

Nearly 3,000 pounds of weld metal was applied to the blades during the repair work. After welding was completed, the weldment was ground to a smooth finished surface equal to 125 microinches or better.



Project Fact Sheet

Nexans Norway A/S

BPA San Juan Cable #5

Completed:

December 2001

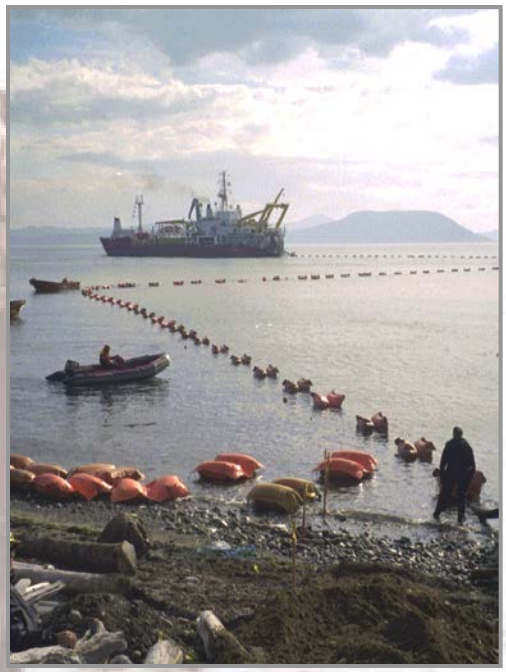
Contact:

Rune Rimereit, Project Manager
Nexans Norway
Oster Aker Vei 33 PO Box 130
N0509 Oslow, Norway
(011) 47 22 6376 34

Description:

The San Juan Cable #5 Project is a 69kV - 6 mile long submarine transmission cable located in Puget Sound between Anacortes and Lopez Island, Washington. The cable is owned by the Bonneville Power Administration and provides additional electrical capacity and reliability, with a fiber optic link for the San Juan Islands.

Whitewater Engineering provided land based construction support services to Nexans Norway for the project; including excavation and installation of the cable at four landing sites, termination assistance, installation of cathodic protection, and logistical support throughout the duration of the project.



Whitewater Engineering Corporation

San Juan Islands, Washington

Project Fact Sheet

138 kV Tyee Transmission Line

Improvement Project

Completed:

December 1999

Contact:

Stan Sieczkowski
Alaska Energy Authority
480 West Tudor Road
Anchorage, Alaska 99503
(907) 269-3015

Description:

This project included construction of micro pile foundations for new transmission line towers, placement of new towers via helicopter, tensioning of existing conductors, including new connections, and the installation of 49 helicopter pads. The project spanned 49 miles across three different islands in a remote part of Southeast Alaska.

Whitewater completed the project under a Joint Venture agreement with Alaska Power & Telephone.

Hydropower Advisor to Puget Sound Energy

Whitewater Engineering Corporation, a subsidiary of Tollhouse Energy Company, has been advisor to Puget Sound Energy, a local utility with 1 million customers. The utility owns several existing hydropower projects built over 100 years ago that need repair and upgrade. Whitewater has evaluated the projects to cost-effectively rebuild them, complying with new regulations imposed by the Federal Energy Regulatory Commission and local environmental authorities. Below are a few of the projects evaluated.

LOWER BAKER POWERHOUSE ADDITION

The new FERC license requires the utility to provide 1200cfs in-stream flow in the Baker River below the powerhouse at all times. Currently the required in-stream flow is 50cfs. The Lower Baker powerhouse has only one turbine that operates between 3500cfs and 5000cfs. To accommodate the new flow requirements, a new powerhouse is required. Five possible powerhouse sites were evaluated.

It is expected the utility will extend the existing powerhouse and add an additional Francis turbine and vertical sleeve valve to satisfy the 1200cfs requirement. The powerhouse would be constructed in a landslide area that destroyed the old powerhouse in 1965. The powerhouse would be designed such that it could withstand another landslide, with a similar design to the rebuilt powerhouse shown below.

Whitewater was part of an evaluation team to determine the best location for placing the new powerhouse, and which location would be most cost-effective with the least risk.

engineering WHITEWATER corporation
3633 ALDERWOOD AVENUE • BELLINGHAM, WASHINGTON • 98225
(360) 738-9999 • FAX: (360) 733-3056

SNOQUALMIE FALLS HYDROPOWER PLANT

Snoqualmie Falls hydropower plant was constructed in 1898 by Stone and Webster. The powerhouse on the left bank (looking down river) was the world's first underground powerhouse. There is a diversion weir across the river that creates a pool for both right and left intakes. A newer powerplant was constructed on the right bank. Water runs through a tunnel under the lodge, then down two penstocks to a powerhouse.

New FERC license requires increased instream flows and new restrictive ramping rates.

The diversion weir is being lowered to prevent flooding of the town of Snoqualmie just upstream. This affects the intakes for both powerplants.

Whitewater Engineering provided assistance to the utility in evaluating the design of all components of rebuilding both powerplants, and economically evaluation of proposed improvements. Whitewater worked with the utility to select ways and means on the construction and rehabilitation of the powerplants.

Part of the process involved making decision to rebuild the old Pelton turbines or install new Kaplan turbines in powerhouse 1. Rebuild all the buildings to bring up to earthquake loading, or replace them. All decisions have economic and environmental implications or requirements.

Rebuilding or replacing the intakes at both projects, enlarging the tunnel at powerhouse 2 for increased flows, replacing one of the penstocks, and replacing the powerhouse and installing a new turbine.

Old trashrack and intake for Powerhouse 2, needs rebuild and upgrade for new weir elevations

Diversion Weir prior to rebuild and lowering

Company References

PUGET SOUND ENERGY
The Energy To Do Great Things

Puget Sound Energy
P.O. Box 97034
Bellevue, WA 98009-9734
PSE.com

June 3, 2009

Re: Letter of Reference – Thom A. Fischer PE, President, Whitewater Engineering Corp.

To Whom It May Concern:

Puget Sound Energy is the largest utility producer of renewable electricity in the Pacific Northwest. PSE serves over 1 million electric customers in Washington State, has over $8 billion in assets, and owns 2,900 MW of generating capacity, with 386 MW of wind and 236 MW of hydro generation. Several of these hydropower projects were built over 100 years ago and require repair and upgrade to be in compliance with current environmental and regulatory standards.

For the past two years, PSE contracted with Whitewater for professional engineering services for design review, economic analysis, and development of solutions for several of our hydropower projects. These projects include a 25 MW addition to the existing 79 MW Lower Baker powerhouse, upgrading and increasing the capacity of the 44 MW Snoqualmie Falls project, and flume upgrade and refurbishment of the 22 MW Electron hydropower project.

Whitewater brought practical engineering and construction expertise to our hydro design team, providing design and constructability review for all major improvements of these projects. Improvements varied from rebuilding intakes, tunnels, and penstocks to powerhouses and turbine replacement and additions. These were challenging projects that required innovative and economic solutions.

When it comes to economic and design evaluations for challenging hydropower projects, we highly recommend Thom Fischer and the Whitewater team.

Sincerely,

Joel L. Molander
Manager, Hydro Assets
Puget Sound Energy

Company References

Suite 215 10451 Shellbridge Way
Richmond BC V6X 2W8
Canada

EPCOR

June 1, 2009

TO WHOM IT MAY CONCERN

Letter of Reference: Whitewater Engineering Corporation
Thom A. Fischer P.E., President

With headquarters in Edmonton AB, EPCOR Utilities Inc. is one of Canada's top providers of energy. EPCOR employs more than 3,000 people, and serves over one million electrical customers. EPCOR owns 3,400 MW of generating capacity in Canada and the United States. EPCOR generates power from wind, small hydro, biomass, landfill gas, and waste heat recovery (wood chips and discarded tires).

EPCOR operates several hydropower projects in British Columbia, Alberta and New York State. Over the past three years, EPCOR was actively looking to expand its renewable energy generation, including hydropower. Whitewater was hired by EPCOR to develop solutions for existing hydropower resources, and to evaluate the development potential of several new hydropower projects in British Columbia. Professional services provided by Whitewater included modeling hydrology, cost estimating, constructability, and economic analysis. Thom Fischer, PE was the principal engineer for Whitewater.

Whitewater brings a combination of practical construction and value engineering expertise to EPCOR's development team. Whitewater has the ability to deliver innovative and customized solutions to challenges associated with hydropower projects. EPCOR benefited from Whitewater's value added expertise and highly recommends their services for new and existing hydropower projects.

Sincerely,

Fred Shafai
Vice President BC Region

vancouver 2010
OFFICIAL SUPPLIER

Company References

ALASKA POWER & TELEPHONE COMPANY
PO BOX 3222 – 193 OTTO STREET
PORT TOWNSEND, WA 98368
(360) 385-1733 – (800) 982-0136
FAX (360) 385-5177

January 13, 2009

RE: Letter of Reference;
Whitewater Engineering Corp., Thom A. Fischer, President

To Whom It May Concern:

Our company has worked with Whitewater Engineering and its president Thom Fischer, P.E. on three projects in Southeast Alaska. The projects include two hydropower storage projects; Black Bear Lake and Goat Lake, and the rebuild of 49 miles of 138kV transmission line. These projects were our most challenging to build due to the remote nature of the projects, difficult access, and the steep terrain. Much of the equipment required to construct the projects had to be specially designed and manufactured by Whitewater. The projects began construction in 1995 and were completed approximately 5 years later. These projects have a combined value of approximately $34,000,000. The projects were designed and built in conjunction with Alaska Power and Telephone.

Whitewater has the ability to develop hydroelectric projects and transmission lines through its design/build process. Whitewater understands the complexities of developing hydropower resources, and in difficult and remote locations. They also know how to develop them in a cost-effective manner, ultimately building projects that are economic in today's competitive energy market. Whitewater has delivered these projects under budget, under schedule, and under very difficult circumstances. I highly recommend Whitewater as a good energy solutions provider or partner for any renewable energy project you might consider.

Sincerely,

Robert S. Grimm
President

Company References

CORDOVA
ELECTRIC
COOPERATIVE, INC
P.O. Box 20, 705 Second Street, Cordova, Alaska 99574-0020 (907) 424-5555 Fax (907) 424-5527

January 4, 2009

RE: Letter of Reference; Whitewater Engineering, Thom Fischer, President

To Whom It May Concern:

In 1998, Whitewater Engineering began construction of the Power Creek Hydroelectric Project for Cordova Electric Cooperative. The project was completed and placed in full revenue service on January 1, 2002. The project was completed as a 6MW, $23,000,000 Run-of-River Hydroelectric project. As of October of 2008, the project has saved the community of Cordova over $9,200,000 in diesel fuel costs. In addition, the project was recently certified by Green-E as a renewable energy project, which will create a new revenue stream for the Cooperative. The project performance has exceeded my expectations.

The project was a challenging one as evidenced by the long completion time and final price. A difficult regulatory environment, back-to-back record snowfall years, and two major setbacks from avalanches contributed to the cost and completion time. I have high regard for Whitewater's persistence through these challenges to place the project in service. Cordova Electric Cooperative would likely have been insolvent otherwise.

For power projects that are cost-constrained in technically and logistically challenging environments, Whitewater Engineering is well suited. Whitewater has shown that they deliver what they set out to deliver.

Sincerely,

Clay Koplin, PE
CEO, Cordova Electric Cooperative

ATTACHMENT B

CONFLUENCE
ENVIRONMENTAL COMPANY

August 15, 2014

Mr. Thom Fischer, PE
Tollhouse Energy Company
1800 James Street, Suite 201
Bellingham, WA 98225

Re: Letter of Commitment to Provide Technical Consulting Services

Dear Mr. Fischer:

On behalf of Confluence Environmental Company, Inc. (Confluence), I am writing this letter of commitment to provide technical consulting services to Tollhouse Energy Company and its subsidiary companies, Whitewater Engineering Corporation and Electron Hydro, LLC, in support of the Electron Hydro project. We understand that Tollhouse Energy intends to modify the infrastructure and operation of the existing Electron Hydro project to improve the facility and its future operation. We are pleased to be a part of your team.

Confluence enjoys an ongoing working relationship with you on the Black Canyon Hydro project located on the North Fork Snoqualmie River near North Bend, Washington. In addition to our experience working with you on that project, our key staff members have experience providing specialized technical support to other hydropower generation projects and diverse projects requiring analysis of rivers, watersheds, and ecosystems. Abbreviated résumés for four Confluence principal scientists are attached to illustrate our relevant experience and capabilities. Other staff members are available to support the project as specific technical needs arise.

We appreciate the opportunity to provide these services to the project. Please let us know if you have any questions or need additional information about our capabilities and services.

Respectfully yours,

SHANE CHERRY
Principal Scientist/Partner
425.218.9748
shane.cherry@confenv.com

Attachment: Key staff résumés

Attachment

Key Staff Résumés

shane.cherry@confenv.com
425.218.9748

CONFLUENCE
ENVIRONMENTAL COMPANY

SHANE CHERRY

Principal Geomorphologist

Shane Cherry, principal geomorphologist and partner with Confluence, has served as a principal investigator on geomorphology and hydraulic studies for many of the large rivers in Western Washington. He has worked since 1996 in the fields of fluvial geomorphology, open-channel hydraulics, watershed science, and sedimentology. Shane leads projects involving river process modeling, environmental permitting, mitigation strategy, and ecosystem restoration. Shane leads hydraulic and hydrologic analyses and sediment transport studies supporting a wide range of projects in aquatic environments. Shane's river and stream restoration experience includes over 80 projects involving site selection, feasibility and alternatives analysis, hydraulic design, soil bioengineering techniques, sediment transport analysis, construction inspection, and post-construction monitoring. Over 50 of those projects have been constructed successfully, and Shane's experience during the implementation phase gives him great depth in the practical know-how necessary to get large river and stream restoration projects built and performing well.

Representative Projects

Geomorphology and Groundwater Studies for Hydropower Licensing Application, Black Canyon Hydro LLC, North Bend, WA. *Principal Scientist.* Developed and conducted technical studies for Geomorphology and Groundwater to evaluate potential effects of a proposed hydropower generating facility on the North Fork Snoqualmie River. Conducted field data collection and channel surveys to characterize existing conditions. Modeled hydraulics and sediment transport for existing conditions and post-project conditions to evaluate potential changes in sediment dynamics resulting from changes in flow regime. Compiled and evaluated geologic and groundwater data to assess the potential for groundwater recharge from the river to an aquifer feeding a municipal water supply. Documented study results in two technical reports submitted to Federal Energy Regulatory Commission (FERC).

Skagit River Geomorphology Study, U.S. Army Corps of Engineers, Skagit County, WA. *Project Manager, Technical Analyst.* Designed and implemented a study to survey geomorphic conditions within the lower Skagit River and its floodplain. The study included a comprehensive inventory of geomorphic features through aerial photo analysis, verified and complemented with field data collection. The study also included development and implementation of a sediment sampling plan to measure and characterize bed load and suspended sediment transport within the project area. The study provided a basis for continued analysis of the potential geomorphic response to proposed flood hazard mitigation alternatives.

Lake Tapps Water Supply Project, Washington State Department of Ecology, Pierce County, WA. *Technical Analyst.* Performed a technical review of hydrologic and hydraulic studies supporting a water rights application. Evaluated the effects of existing and proposed water withdrawals from the White River.

Education

Johns Hopkins University, Baltimore, MD, M.S., Geography & Environmental Engineering
Massachusetts Institute of Technology, Cambridge, MA, B.S., Earth, Atmospheric, and Planetary Sciences

Certifications

Certified Sediment and Erosion Control Inspector, WSDOT, 2000

Expertise

Fluvial Geomorphology
Ecosystem Restoration
Environmental Permitting
Mitigation
Hydrology and Hydraulics
Geomorphology
Watershed Planning

Licenses and Registrations

Professional Licensed Geologist, WA, No. 1180
Level 2 Watershed Analyst, Hydrology and Channel Processes, WSDNR

Taylor Creek Sediment Transport and Geomorphology Investigation, Seattle Public Utilities, Seattle, WA. *Principal Scientist.* Conducted sediment transport evaluation to predict sediment loading to Taylor Creek and inform habitat restoration design for Lower Taylor Creek Restoration Project. Conducted field data collection including characterizing channel morphology, sediment composition, and location and nature of sediment sources on slopes above the stream. Analyzed sediment transport capacity compared to projected sediment loading rates. Prepared a technical report to document results of the analysis.

Chehalis River Geomorphology Study, U.S. Army Corps of Engineers, Seattle District, Lewis County, WA. *Project Manager, Technical Analyst.* Designed and performed a combined field and modeling study to evaluate and describe channel morphology and geomorphic processes within the upper and middle Chehalis River Basin. Conducted a field survey of channel conditions, collected sediment samples, modeled sediment transport and deposition within the project area, and analyzed aerial photographs to identify historical trends. Combined these study components to develop a conceptual geomorphic model of the river basin, and used this model to evaluate and compare the effects of each potential flood control alternative on channel morphology and geomorphic process. This study supported the alternatives evaluation for flood hazard mitigation alternatives for the Chehalis River near Centralia and Chehalis.

Cockreham Island Levee Alternatives Study, Skagit County Public Works, Skagit County, WA. *Project Manager, Technical Analyst.* Served as project manager and provided senior technical oversight to the project. Assessed the condition of the levee and the configuration of the Skagit River through field observations combined with analysis of aerial photographs and maps. Performed a detailed analysis of channel hydraulics and channel migration by combining hydraulic modeling and river analysis using aerial photographs. Evaluated the effects of river flows on the levee, slough, and adjacent floodplain using unsteady flow modeling analysis, based on cost, feasibility, and impacts on stakeholders. Developed a permitting strategy and coordinated an on-site field meeting with agency representatives from state and federal regulatory agencies.

Horne Lake Water Management Plan, Arvay Finlay Barristers, Vancouver Island, B.C. *Project Manager.* Performed a geomorphic characterization of the Qualicum River including channel surveys, habitat surveys, and characterization of bed and bank composition. Developed a model for evaluating sediment transport and scour within the riverbed over a range of flows. Developed a continuous-flow hydrologic model including the Qualicum River and Horne Lake. Used the continuous-flow model to perform a multi-objective evaluation of alternative reservoir management rules for lake level and flow releases. Developed recommendations for implementing an alternative water management plan that balanced the ecology and physical stability of the lake with the productivity and quality of the fishery in the river upstream and downstream of the reservoir. The analysis included an evaluation of the effects of alternative flow regimes on instream habitat quality, channel stability, sediment transport, and lake-level fluctuation.

State Route (SR) 520 Corridor Improvement and Bridge Replacement Program, WSDOT, Seattle to Redmond, and Grays Harbor, WA. *Natural Resources Manager, Mitigation Technical Lead.* Working as a co-located team member in the SR 520 project office, provided technical oversight for natural environment studies supporting NEPA and permitting processes for a $4.6 billion program comprising three major transportation projects. Provided leadership and strategic planning for mitigation and environmental permitting. Facilitated meetings with regulators and other external stakeholders to coordinate project impact analysis, mitigation site selection, and compliance with published state and federal guidance on mitigation. Provided technical oversight in the development of conceptual mitigation plans proposing the restoration of approximately 100 acres of wetland at multiple mitigation sites.

kate.engel@confenv.com
206.395.7583

CONFLUENCE
ENVIRONMENTAL COMPANY

KATE ENGEL

Principal Ecologist

Kate is a project manager and wildlife ecologist specializing in NEPA, SEPA, and Endangered Species Act (ESA) compliance strategy and documentation. An innovative and energetic project manager, Kate has significant and diverse experience focusing on NEPA and Endangered Species Act (ESA) compliance strategy and documentation, particularly with respect to species recovery planning and development of landscape-scale, multi-species Habitat Conservation Plans (HCPs). She manages complex, often controversial projects requiring excellent scope, schedule, and budget management, as well as strong communication, negotiation, facilitation, and team-building skills. Kate's projects have addressed a variety of natural resource management activities including, forestry, hydroelectric development, aquatic land leasing, conservation planning, fisheries management, prescribed burning, grazing, and whale hunting.

Representative Projects

State Forestlands Habitat Conservation Plan (HCP), Washington State Department of Natural Resources (DNR), Olympia, WA. *Project Manager.* Assisted DNR in preparing a multi-species HCP for more than 1.6 million acres of state-managed forestlands within the range of the northern spotted owl. Plan included applications for Incidental Take Permits for both the spotted owl and marbled murrelet and unlisted species agreements for salmonids, as well as design and implementation of conservation measures for more than 100 other species of interest, including bryophytes, plants, invertebrates, fish, and wildlife. Managed scientists, including subconsultants, in the preparation of species accounts and technical evaluation of proposed alternatives. Worked with DNR to organize and facilitate Science Team meetings that included agency experts on the species of interest. Developed innovative techniques for constructing and evaluating alternatives for the multi-species HCP, particularly those with respect to the aquatic ecosystem. Presented these techniques to other agencies (USFWS, NMFS, Northwest Indian Fisheries Commission) for consideration. These techniques were later expanded upon by the agencies for constructing and evaluating future HCPs. Also proposed and managed the preparation of a Decision Analysis that assisted DNR in making the final decision to adopt the HCP.

Montana Forested Trust Lands Habitat Conservation Plan (HCP) and NEPA/MEPA EIS, U.S. Fish and Wildlife Service and Montana Department of Natural Resources and Conservation (DNRC), Missoula, MT. *Project Manager.* Served as project manager for the preparation of a multi-species HCP and programmatic third-party NEPA EIS covering the management of over 700,000 acres of state forested trust lands throughout Montana. The HCP covers threatened, endangered, and sensitive (TES)

Education

University of Wisconsin, Madison, WI,
M.S., Wildlife Ecology
Oregon State University, Corvallis, OR,
Postbaccalaureate, Wildlife Science
Oregon State University, Corvallis, OR,
B.S., Wildlife Science

Expertise

Endangered Species Act
Conservation Planning
NEPA
Ecological Research
Natural Resource Management
Public Involvement Strategy

Affiliations

Society for Conservation Biology
The Wildlife Society
Society for Northwest Vertebrate Biology
American Ornithologists' Union
Raptor Research Foundation

mammals (grizzly bear, Canada lynx, fisher, wolverine, wolf), birds (northern goshawk, bald eagle, black-backed woodpecker, pileated woodpecker, flammulated owl) and fish (redband trout, bull trout, and cutthroat trout). The project involved extensive alternatives development with screening criteria; negotiations between state and federal agencies; and substantial GIS analysis for wildlife modeling, alternatives development, and resource analysis, including support for the USFWS biological opinion.

Cedar River Watershed Habitat Conservation Plan (HCP) and Third-Party SEPA/NEPA EIS/EA, U.S. Fish and Wildlife Service, National Marine Fisheries Service, and Seattle Public Utilities, Seattle, WA. *Assistant Project Manager.* Served as assistant project manager and technical lead for assisting the City of Seattle in preparing a multi-species HCP and EIS/EA covering more than 90,000 acres of forestland in western Washington. The plan included design and implementation of conservation measures for more than 100 species of plants and animals, including salmon, northern spotted owl, marbled murrelet, and the northern goshawk.

Angoon Hydroelectric Project Draft EIS, U.S. Forest Service Region 10, Juneau, AK. *Project Manager.* Managed NEPA Draft EIS evaluating the effects of constructing a small hydroelectric project within the Admiralty Inlet National Monument near Angoon, Alaska. The Final EIS was prepared by the U.S. Forest Service.

North Umpqua Hydroelectric Project Relicensing Studies, Pacific Power and Light Company (PacifiCorps), Portland, OR. *Lead Wildlife Biologist.* Prepared PacifiCorp's North Umpqua Hydroelectric Project Federal Energy Regulatory Commission relicense application.

Washington State Wildlife Areas Habitat Conservation Plan (HCP) and EIS, Washington Department of Fish and Wildlife, Olympia, WA. *HCP/NEPA Advisor.* Supporting WDFW in development of a statewide multi-species HCP covering over 600,000 acres of state-managed wildlife areas in Washington. Will prepare the NEPA/SEPA EIS when the HCP is developed enough to do so.

Habitat Conservation Plan (HCP) Evaluation, Washington Department of Fish and Wildlife, Olympia, WA. *Project Manager.* Assisted WDFW in scoping two statewide programmatic HCPs by gathering information from other relevant HCPs nationwide. This information was then summarized to compare the scope, conservation strategies, adaptive management strategies, and associated costs of preparing the HCPs. Interviews were conducted with HCP applicants to gather and summarize lessons learned, benefits, and detriments of establishing HCPs selected for more detailed study. This information was used by the WDFW to better understand the range of options and investments by HCP applicants and the potential pitfalls in HCP development.

Aquatic Lands Habitat Conservation Plan (HCP) Third-Party NEPA EIS, U.S. Fish and Wildlife Service, National Marine Fisheries Service, and Washington Department of Natural Resources (DNR), Olympia, WA. *Project Manager.* Responsible for the preparation of a multi-species aquatic lands management HCP third-party NEPA EIS in Washington State. The proposed HCP will cover 18 threatened or endangered species of fish and wildlife occurring on more than 2.7 million acres of state-owned aquatic lands. DNR is currently seeking HCP coverage for several activities for which they lease state-owned lands, including aquaculture of fin fish and shellfish; overwater structures (docks, boat ramps, boat launches, mooring buoys, nearshore buildings, floating homes, marinas, and shipyards and terminals); and log booming and storage. Thus far, the project has involved schedule, HCP, and EIS development, internal scoping, HCP species effects modeling, EIS alternative development, public scoping, and preparation of the internal Draft EIS.

mike.mcdowell@confenv.com
206.356.6624

CONFLUENCE
ENVIRONMENTAL COMPANY

MIKE MCDOWELL

Principal Aquatic Scientist

Mike McDowell is a principal aquatic scientist at Confluence with 35 years of experience conducting instream flow, fisheries, and aquatic habitat studies in support of hydroelectric licensing and a wide range of other developments with potential effects on streams and rivers. His first experience with these studies was in 1981 while working for Seattle City Light, when he designed and conducted the first evaluation of the effects of a proposed hydroelectric project on Illabot Creek using the Instream Flow Incremental Methodology (IFIM) developed in the late 1970s by the U.S. Fish and Wildlife Service in Ft. Collins, Colorado (the Instream Flow Group is now part of the U.S. Geological Service). Based on this work he was hired by Dames & Moore to manage the most extensive IFIM project on a single river system in Washington State on the Snoqualmie River for a proposed combined hydroelectric and water supply project on the North Fork Snoqualmie River by the City of Bellevue. This study included multiple study reaches covering more than 42 river miles of the Snoqualmie from the North Fork through the main stem Snoqualmie downstream of the falls to just upstream of its confluence with the Skykomish River. He also designed and conducted multiple fish surveys using both electrofishing and snorkel techniques throughout the Snoqualmie system as well as tributaries to the North Fork. He also conducted physical habitat studies throughout the system. He has continued to employ these skills on numerous projects in the Pacific Northwest and Alaska.

Representative Projects

Environmental Flows Study for Hydroelectric Project Licensing, Whitewater Engineering, North Bend, WA. *Principal Biologist.* Conducted a study of the potential effects of a proposed hydroelectric project on flow-dependent resources in the North Fork Snoqualmie River. The project area is a canyon reach in the upper Snoqualmie River basin that is not accessible to anadromous fish. The study used the Physical Habitat Simulation (PHABSIM) component of the Instream Flow Incremental Methodology (IFIM) to characterize the relationship between available fish habitat and flow rates in the river. Worked with the PHABSIM model to assess habitat availability over a range of flows to assess the potential operations flows and potential effects on habitat within and downstream of the diversion reach. Used Habitat Time Series Analysis to develop operational flow recommendations for the project. Managed and directed a sound and noise study and analysis to determine the potential effects of project operations on sound receptors in the vicinity of different project features, including both construction and operational phases of the project. Worked with

Education

University of Washington, Seattle, WA, Certificate, The Management Program
University of Washington, Seattle, WA, Graduate Studies in Fisheries
Western Washington University, Bellingham, WA, B.S., Environmental Studies: Ecosystems Analysis and Environmental Policy

Certifications

Certified Fisheries Professional, American Fisheries Society, No. 2715, 2004-present

Expertise

Project Management
Environmental Permitting
Salmonid Fish Biology
Endangered Species Act Compliance
Ecosystem Restoration
Instream Flow Incremental Methodology
Water Quality Analysis
Risk Assessment
Sediment Management

Affiliations

Northwest Environmental Business Council, President, 1996 to 1998

resource agencies and presented findings to the project's Aquatic Resources Working Group.

North Fork Snoqualmie Hydroelectric Project, City of Bellevue, King County, WA. *Project Manager.* Performed instream flow evaluations, including determining optimal flows for multiple sites with weighting for several different species and life stages. Along with related aquatic studies, these evaluations provided the basis for proposed instream flow minimums in the North Fork and Mainstem Snoqualmie River for a major new hydroelectric and water supply project on the North Fork Snoqualmie River.

Rock Creek Fisheries Studies, City of Kent, Kent, WA. *Principal-in-Charge.* Directed and conducted fisheries, habitat, and instream flow studies on Rock Creek for the City of Kent for over 3 years. Participated in habitat mapping, instream flow measurements, spawner surveys, and assessments of habitat access and suitability for chinook salmon spawning. Served as technical lead for fisheries studies for the Rock Creek biological assessment (BA). Also served as an advisor to the city and Mr. Thomas Mortimer, attorney, on issues of strategy and direction of the BA and a proposed habitat conservation plan. Conducted special studies at the direction of Mr. Mortimer and prepared technical memoranda to report the results of these efforts.

Big Quilcene and Elkhorn Hydroelectric Projects, Jefferson County Public Utility District, Olympic Peninsula, WA. *Project Manager.* Performed instream flow and aquatic studies on two high-gradient streams for planned hydroelectric projects (Big Quilcene and Dosewallips rivers). Surveyed aquatic habitat on both rivers encompassing the proposed diversion location, bypass reach, and downstream reaches to the mouth of each river on Hood Canal. Conducted fish population studies using both snorkeling and electrofishing techniques. Conducted spawning surveys for salmon and steelhead on both rivers using snorkel techniques because the narrow canyon habitat on both rivers prevented the use of more traditional spawner survey approaches. Selected study sites and transects, with agency participation, for use in application of the Instream Flow Incremental Methodology (IFIM). Collected all data and performed modeling using the Physical Habitat Simulation System (PHABSIM) to assess the potential effects of project operations on flows in both rivers. Used Habitat Time Series Analysis to develop operational flow recommendations for both projects.

Illabot Creek Instream and Fish Population Studies, Seattle City Light, Concrete, WA. *Project Manager.* Designed and performed instream flow needs and fish population assessments for a proposed small hydroelectric project on the Skagit River system. The high-gradient stream required special modifications of standard practices. Developed proposed instream flow reservations, prepared EIS sections and a detailed technical report, and provided agency coordination.

Reynolds Creek Hydroelectric Project, Haida Corporation, Prince of Wales Island, AK. *Project Manager.* Planned and conducted instream flow studies using the Instream Flow Incremental Methodology to assess minimum flow requirements for the bypass reach of a proposed small hydroelectric project on Reynolds Creek. Three study sites were chosen to address concerns regarding flow changes as power generation responded to changes in demand: two sites were in the bypass reach, and one site was below the powerhouse in the stream reach accessible to anadromous salmonids. Species of concern included bull trout, coho salmon, and cutthroat trout.

Newhalem Creek Hydroelectric Project, Seattle City Light, Newhalem, WA. *Project Manager.* Participated in the planning and design of tailrace facilities and structures for three hydroelectric projects in western Washington. Tailrace structures were designed on two of the projects to minimize or eliminate the potential entrainment of migratory fish. The third project involved the preliminary design for enhancement of fish habitat in an existing tailrace.

paul.schlenger@confenv.com
206.601.1405

CONFLUENCE
ENVIRONMENTAL COMPANY

PAUL SCHLENGER

Principal Fisheries Biologist

Paul Schlenger, principal fish biologist and partner at Confluence, specializes in salmon biology, aquatic ecology, habitat assessment, and habitat restoration planning and design. He has extensive experience working in freshwater systems of all sizes, collecting biological and physical data to meet project objectives. His work focuses on characterizing fish and other aquatic resource distributions in relation to habitat conditions such as water flow, cover structure, and manmade modifications. Paul has developed fish population models to assess potential impacts/benefits associated with watershed-scale actions. Paul often serves as a technical expert in stakeholder meetings to discuss assessment findings and project direction. He has also applied his technical skills while serving in technical committees focusing on multispecies planning at the watershed scale. He has worked on dam studies in the Columbia River basin, the Chehalis River basin, and in Puget Sound. Paul serves as a Review Panel member on the Washington State Salmon Recovery Funding Board, which has an annual grant program for salmon-focused projects addressing restoration and conservation needs of the basin.

Representative Projects

Environmental Flows Study for Hydroelectric Project Licensing, Whitewater Engineering, North Bend, WA. *Project Manager.* Managed a study of the potential effects of a proposed hydroelectric project on flow-dependent resources in the North Fork Snoqualmie River. The project area is a canyon reach in the upper Snoqualmie River basin that is not accessible to anadromous fish. The study used the Physical Habitat Simulation (PHABSIM) component of the Instream Flows Incremental Methodology to characterize the relationship between available fish habitat and flow rates in the river. Coordinated PHABSIM model calibration with resource agencies and presented findings to the project's Aquatic Resources Working Group.

Nooksack River Habitat Conservation Plan and Fisheries Investigation, City of Bellingham, WA. *Fisheries Biologist, Field Lead*. Led a series of technical studies to address data gaps multi-year fisheries study to support the City of Bellingham's (City's) plans to prepare a Habitat Conservation Plan for species listed under the Endangered Species Act that may be affected by the activities associated with the City's surface water withdrawals for municipal uses. Studies included a 3-year investigation of salmonid distributions and habitat utilization in the water bodies along the water supply system route, water quality, and biological characteristics of the watershed. This work included large river, small creek, and lake/pond habitats. The information was used with channel habitat information in the Instream Flow Incremental Methodology (IFIM) and Physical Habitat Simulation (PHABSIM) to evaluate the relationship between available fish habitat and river flow rates. Paul represented the City on the WRIA 1 Technical Committee to assist in the development of a multi-species plan for fisheries

Education

University of Washington, Seattle, WA, M.S., Fisheries
University of Virginia, Charlottesville, VA, B.A., Environmental Sciences

Certifications

Certified Fisheries Professional, American Fisheries Society, No 3074, 2003-present
Forage Fish Biologist, WDFW, 2001
Eelgrass and Macroalgae Surveyor, WDFW, 2000
Open-Water 1 SCUBA, NAUI, 1991
Lightweight Commercial Surface-Supplied Air Diver, NAUI, 2002

Expertise

Fish Ecology and Marine Biology
Habitat Restoration
Endangered Species Act

Additional Training

Theory and Application of IFIM and PHABSIM Modeling, Utah State University, 2000

Affiliations

American Fisheries Society, 1999-present
Pacific Estuarine Research Society, 2012-present

conservation and restoration in the watershed. The Technical Committee included representatives from state, local, and tribal governments. Provided technical review of the IFIM analysis based on his observations salmonid habitat utilization in the Nooksack River.

Watershed Recovery Plan for Deschutes River Coho Salmon, Squaxin Island Tribe and Thurston County, Thurston County, WA. *Project Manager and Lead Biologist.* Led efforts to prepare a Watershed Recovery Plan for coho salmon in the Deschutes River. Habitat restoration projects in the watershed were identified and prioritized. Utilized the SHIRAZ population simulation model to evaluate the types of restoration actions that would contribute most significantly to coho productivity and river capacity. This model uses recent historical data to evaluate the linkages between habitat conditions and coho salmon production. The model also was used to investigate anticipated coho population size responses to various combinations of potential restoration actions.

Chehalis River Fisheries Impact Study, Chehalis River Basin Flood Authority, Chehalis, WA. *Project Manager and Lead Fisheries Biologist.* Applied salmon ecology expertise in an assessment of the potential effects to salmonids by a proposed upper-watershed dam intended to alleviate flooding problems in the Chehalis River basin. Assessment included hydrologic, water quality, and instream flow studies, as well as the SHIRAZ fish-population simulation model. Led the development of the SHIRAZ models for coho, spring Chinook, and steelhead. Ensured effective communication with the stakeholders and community members throughout efforts to compile, collect, and analyze the data. In a second phase of the work which is ongoing (2012-2014), leading additional fish population modeling to inform the development of an Aquatic Species Enhancement Plan for the watershed and feasibility analysis of specific dam alternatives.

Chelan River Fish Habitat Restoration, Chelan County Public Utility District (PUD), Chelan, WA. *Assistant Project Manager.* Helped manage project to design a habitat restoration on the Chelan River as part of Chelan County PUD's Settlement Agreement for the Federal Energy Regulatory Commission relicensing of the Lake Chelan Project. The project includes conveying water from the powerhouse tailrace along a 1,000-ft canal and spilling the water through an outlet structure into a newly created stream channel. Managed a team of engineers, fluvial geomorphologists, and biologists to prepare the innovative design for the tailrace spawning area, canal, side channel, and hydraulic control structure in the river mainstem. The restoration design included state-of-the-art techniques for channel design and river restoration to restore spawning and rearing habitat for chinook salmon and steelhead. Constructed in 2009, the design provided more than 3 acres of restored habitat in the river and power-house tailrace. The restoration project received a Gold Award for Engineering Excellence by the American Council of Engineering Companies (ACEC) Washington and a national award from the National Hydropower Association.

Lake Chelan Water Quality Monitoring, Chelan Public Utilities District, Lake Chelan, WA. *Lead Field Technician.* Led field sampling efforts for a water quality assessment of Lake Chelan that was conducted as part of the Federal Energy Regulatory Commission relicensing process for the outlet dam. Collected vertical profiles of water quality in the lake and Chelan River for a variety of key parameters, including total dissolved gas, total suspended solids, and nutrients. Conducted statistical analyses of the data and applied data to models designed to assess the operation of the reservoir drawdown management in the lake.

Salmon Habitat Investigation of Sequalitchew Creek, Cal Portland, Dupont, WA. *Fisheries Biologist.* Led an effort to assess the availability of spawning and rearing habitat for salmonids under current and proposed flow conditions in Sequalitchew Creek, which flows into South Puget Sound near Dupont, Washington. As part of a proposed gravel mine expansion, additional surface water will flow through Sequalitchew Creek. Developed and implemented a field protocol to characterize the existing availability of spawning and rearing habitat and the upstream migration conditions. Modeled the availability of habitat under proposed conditions. This analysis was conducted separately for each salmonid species of interest.

ATTACHMENT C

Valard
A QUANTA SERVICES COMPANY

Respect

Building successful Aboriginal partnerships in Canada's electrical transmission and distribution sector

Published January 2012

Valard is a Canadian utility contractor whose operations have grown to span across Canada, bringing it into contact with numerous Aboriginal communities. The company has committed itself to improving the social and economic conditions of Aboriginal people in Canada. It does so primarily by creating employment opportunities, developing individual skills and enhancing business development.

Introduction

Since its founding in 1978, Valard has evolved into one of the largest, most innovative and most respected utility contractors in Canada. It has come a long way from a small partnership whose bulk of work was maintaining local electrical distribution systems in northern Alberta. Over the years, the company has expanded its services and territory, taking on larger and more logistically challenging projects across Canada.

Many of these projects are in or near the traditional territories of Aboriginal communities, creating the opportunity for Valard to build partnerships and pioneer its unique approach to community relations. Even though Valard is a self-sustaining company with a large workforce and equipment fleet, its practice is to engage Aboriginal workers and enterprises to complete projects adjacent to their communities.

After several meaningful and successful experiences, Valard has now formalized its vision and principles for growing these community partnerships. The company has developed a number of best practices over the years based on respect and trust, and its approach is the subject of this paper.

Valard's Aboriginal Vision and Operating Principles are supplied as appendices A and B, and a sample of community reference letters can be found in appendix C.

"I found Valard to be very respectful of the First Nation and its Lands. They work very hard with the community to ensure that no harm came to the Land and followed instructions from the community to protect it, which was the most important part..."

Betty Gill, Selkirk First Nation

The beginnings

The commitment Valard has shown to Canada's Aboriginal Peoples begins with its founder and CEO, Victor Budzinski. Mr. Budzinski spent many years working in the power line industry in northern Canada. He worked closely with Aboriginal people and gained a deep understanding of the barriers and struggles their communities faced. As a result of this experience, Mr. Budzinski committed his company to providing opportunities and support to these communities and their members. This is an integral part of who Valard is as a company.

A management priority

As the company grew and took on transmission projects bordering Aboriginal territories, Mr. Budzinski hired his longtime friend Roland Bailey to serve as Executive Vice President. Mr. Bailey, a highly successful Aboriginal business professional, also started his career in Canada's North and is familiar with the area's developmental challenges. With a professional background in commerce, Mr. Bailey has owned his own financial business; worked as an investment manager for the Northwest Territories; and served the Government of the Northwest Territories as Deputy Minister of Economic Development and as Secretary to the Cabinet, its highest ranking non-political position.

At Valard, Mr. Bailey has been the lead project manager on various projects. He has negotiated contracts and other legal agreements with Aboriginal communities and subcontractors and has provided financial administration. His expertise in northern community development has transformed Valard into a leader in Aboriginal business initiatives in the utility sector. The joint ventures and relationships that have grown as a result of his efforts have become central to Valard's culture and a key strategic focus.

In addition, Valard's management team and numerous employees throughout the organization have extensive experience with relationship, business and employment development, as well as the varied and complex cultures of Aboriginal communities across Canada.

"Communities have the very reasonable expectation that your word should mean something. Unfortunately, we see many promises made to communities but not kept, and we see the reaction these broken promises have. For us, it's all about respect, honesty and trust."

Victor Budzinski, Valard CEO

Values align with communities

Because of the foundations of the company and the people who have built it over the last 30 years, Valard has a corporate culture that is well in tune with Canada's Aboriginal Peoples.

At its core, Valard and its people:

- Respect the land, environment and traditional ways of life of Aboriginal communities and ensure their operations cause no harm
- Speak and act openly and transparently
- Keep their word and work collaboratively to solve any problems
- Look for mutual benefit and help wherever they can
- Stick with communities for the long-term, maintaining their commitment beyond individual projects

What respect means

Respect is a term often written and talked about, but when it comes to large electrical projects – what exactly does it look like?

Most importantly, respect is acknowledging an Aboriginal community's rights to a particular geographic area. This includes not only the areas formally recognized by governments and treaties but also the lands traditionally used by the community. These traditional lands hold great significance for members and are considered part of their territory.

Respect means learning how a project may impact these lands and then working with communities to minimize those impacts. Protecting the environment and preserving culturally important areas such as hunting or trapping grounds and sites with religious or traditional significance are vital. The land of Aboriginal communities is filled with varied and complex medicinal, cultural, resource and historical significance. To begin to understand it, one needs to ask – and to listen.

To gain this understanding, Valard meets with communities as early on in the process as possible. Timing is crucial to showing respect, and this will be explored in more detail below.

"A transmission project can be very beneficial, especially to a remote community. It can create local employment opportunities, bring money in, build businesses and invite residents to have meaningful input into the future of their community. Done right, it can be talked about in a positive light for years afterwards."

Adam Budzinski, Valard President

Benefits for everyone

Valard seeks to create meaningful relationships with Aboriginal communities, by including them in decision-making and sharing in the project outcome. Route and site selection, job and economic opportunities, environmental impacts and long-term benefits are all discussed. To make a partnership and a project successful, benefits must be realized by everyone.

On one hand, Valard benefits from local experts who know the land and environment best. Who is better equipped than the local community to help select project sites and routes that will mitigate negative environmental impact? Valard also benefits from acquiring labour, supplies and equipment locally and saving on the accommodation, meal, fuel and transportation costs associated with bringing in workers and supplies from farther away. Moreover, Valard has been able to grow their own skilled workforce by training and developing trades people from communities and hiring them full time.

On the other hand, the community gains jobs – some that go beyond the project to long-term employment, perhaps with the project proponent or a local utility, or through new community businesses that win long-term maintenance and service contracts. The community also gains in the economic investment and spin-off benefits that any large project brings. As well, there are the long-lasting effects of having built up new skills and enhanced capacity through the job training, apprenticeships, business advice and support provided by Valard. The community is that much better off to take advantage of future projects or to pursue new business opportunities themselves.

When it comes to community relations, Valard understands that the sum is greater than the parts and that by working together both sides benefit in ways that would otherwise be impossible.

So how does it all come together? Where does the partnership start?

"Inclusion and transparency is key. We communicate who we are and our intentions to all layers of the community: the Chief and Council, the Business Development Department, the Elders, the kids in school and the community as a whole. We do this respectfully and in a manner acceptable to the community's leadership."

Roland Bailey, Valard Executive VP

"One of the key things is working with a contractor that's committed to developing business relationships with the Aboriginal contractors in the area and can work hand in hand with the local political organizations as well. The biggest question I raised was whether or not Valard kept their word. That's important for us – that partners commit to a process and then keep their word and stick with you over the long term. And that's what Valard has done."

Elmer Derrick, Chief Negotiator, Chief's Office, Gitxsan First Nation

Starting off on the right foot

The first step in any successful project is critical and so simple, and yet more often than not, it is overlooked. The first step is merely this: to meet with the communities that neighbour the project at the earliest stages of project planning. The timing is critical and is a clear sign of respect.

In worst-case scenarios where Valard is not involved, the community first hears about the project when the construction equipment begins to arrive. More commonly, it first hears about the project through the media or rumour mill. When the project proponent comes around weeks or even months later to "consult" – their words ring false. Business relationships rarely bounce back from starting on so wrong a foot. And the consequences can be serious, starting with project opposition and schedule delays and ramping up from there.

Valard's practice is to meet with Aboriginal communities whose treaty or traditional lands are in proximity to the proposed project as early on as possible. Representatives from Valard introduce themselves to community members and begin to get acquainted. When the community is ready, the proposed project is discussed. Valard shares information about the project and its role and, even more importantly, listens to the community to understand their concerns and interests.

When a foundation for a relationship has been built and the community signals it is ready to move forward with discussions, the next step is to discuss how Valard and the community can help each other.

Exploring the potential together

Valard and the community discuss the resources the project requires and together explore the community's capacity:

- What is the status and availability of the local workforce?
- What is the local interest for training in power line and related trades?
- What clerical, first aid, environmental monitoring and technical resources could be provided?
- What equipment and assets does the community have – or is trying to build?
- What local suppliers and businesses are available – or could be developed?

Case study: De Beers Canada project

In 2007, Valard was awarded an engineer, procure and construct contract for a 415- kilometre transmission line to a diamond mine owned by De Beers Canada in the traditional territory of the Attawapiskat First Nation in the James Bay Region of Ontario. De Beers Canada had entered into an Impact and Benefits Agreement with the Attawapiskat First Nation to construct the mine, and the company called for Aboriginal inclusion in the form of employment/training and business opportunities. The transmission line also crossed through the traditional territories of four other First Nations in the region.

Before bidding on the project, Valard's then President Victor Budzinski (now CEO) and Executive Vice President Roland Bailey made two trips to each of the First Nations in the James Bay Region. They met with community representatives to identify and explain the employment, training and business opportunities that would be available during construction. During those meetings community resources were identified, capacity was investigated and equipment was inspected.

After Valard won the contract, the company entered into its own Benefit Agreement with the Attawapiskat First Nation Development Corporation to facilitate Aboriginal inclusion. Valard hired three people from the region and transported them to Alberta to work on transmission line projects, so they could become familiar with Valard, its working conditions and transmission line construction. These individuals then explained the work and work environment to other interested community members.

All five First Nations bordering the project became deeply involved in the construction of the project, creating a true sense of shared ownership in its successful completion.

Valard filled construction positions with qualified and trained First Nation people to the maximum extent possible. During certain phases of construction up to 40 per cent of workers on site were from the local First Nations.

(cont'd)

From these discussions, Valard formalizes what resources and services it can secure from the community and the community gains an understanding of what benefits it may derive from the project. These arrangements are then made official with a formal partnership.

Creating the partnership

Valard and Aboriginal communities formalize their business partnerships through memoranda of understanding and joint venture agreements.

For large projects, Valard's preferred approach is a joint venture. This way, communities are properly represented in all decisions concerning the project and both sides demonstrate their commitment to the project's success by having a vested interest in it.

These agreements include commitments and targets to:

- Fill positions with qualified Aboriginal workers
- Hire reliable and certified equipment from Aboriginal owners
- Sub-contract Aboriginal enterprises that have the capacity and experience to provide required services

Valard works closely with the communities to maximize the employment and business opportunities that a project can generate. Most of these opportunities are realized during the construction phase of the project, which includes activities like surveying, right of way clearing, access road construction, material storage and handling, structure staking, material distribution, foundation installation, structure assembly, structure setting and conductor installation.

There are also longer lasting benefits to joint ventures and partnerships, but first, let us discuss the immediate benefits a project brings for employment, training and business development.

"When we are discussing the community's capacity, we ask not only what their current status is but also what they are trying to build for the long term. The most important question for us is 'Where can we help?'"

Marc Ouimet, Valard Senior Manager Lands, Forests and Environment

Valard also:

- Hired apprentice lineman from the First Nation-owned power companies to enhance training hours required under the apprenticeship program.
- Involved local First Nation labour in all aspects of project execution.
- Subcontracted a First Nation company to clear right of way corridors and construct ice bridges and access roads.
- Rented camp/lay down yards from the First Nations and contracted them to provide services to the sites.
- Hired equipment owned by First Nation enterprises first and to the maximum extent possible.
- Used First Nation-owned commercial accommodation where available.
- Required subcontractors to implement the same measures.

Community leaders identified that working capital was an issue, so Valard took several steps to reduce the working capital requirements of First Nation enterprises. In addition, Valard made contributions to community celebrations and events. The company sponsored school functions and student travel to events outside the region. Some of the timber cleared from the transmission right of way corridor was also hauled to the community to be used by members as firewood.

When the project was successfully completed, the company and the involved communities were filled with a sense of accomplishment and feeling of pride. This project remains a standout in Valard's memory because it shows what can be gained by working together with respect and open collaboration.

(To hear about the project from the perspective of the Fort Albany First Nation, read Chief Andrew Solomon's letter in appendix C.)

Employment opportunities

The biggest tangible benefit that large projects bring to communities is employment, and this is a key element in every partnership. Employment includes both temporary positions during the project execution as well as permanent opportunities for operation and maintenance.

Valard hosts open houses and job fairs to talk with potential employees and help them understand the opportunities that are available. For trades and labour positions, Valard hires as many Aboriginal employees from the local communities as possible, with the exception of critical and specialized tasks that can only be filled by Valard staff.

On a typical project, Valard hires community members to fulfill a number of roles that can range from warehousing and materials management to assembling and erecting transmission towers, and from environmental monitoring and land surveying to project administration and health and safety duties. The company makes a sincere effort to involve the community in all aspects of a project's execution in order to build their capacity and experience.

Furthermore, these employment opportunities are above the services that Valard subcontracts to community enterprises.

Training opportunities

To those interested in working on the project, Valard provides project orientation, basic skills training and safety and environmental training. Workers are then placed in crews with experienced leaders to learn on the job, picking up transferable skills that can apply in the broad industrial and construction industries. If a worker is unqualified to be trained to work, but is interested, Valard helps out by providing qualifying training to get them up to speed and able to participate.

Apprenticeship opportunities are available for those interested in a career in the trades. Work experience on a Valard project can contribute to certification as a power line technician, heavy equipment technician, electrician or crane operator.

For those showing particular interest and proficiency, there may be opportunities to complete their apprenticeship training with Valard and be offered continued employment. This is one of the long-term benefits of partnership that will be discussed in more detail further on.

"The key point is meaningful participation. We depend on the community for a major contribution of resources to make the project happen."

Roland Bailey, Valard Executive VP

Business opportunities

Valard also engages Aboriginal enterprises to provide needed equipment and project supplies. These opportunities are identified to communities before they are publically advertised to the general public, so they have advance notice to respond and negotiate.

Valard's commitment to supporting and growing Aboriginal economies is evidenced in the wide range of services it has sub-contracted over the years:

- Environmental and archeological monitoring
- Equipment and material procurement
- Right of way clearing and vegetation management
- Road building and maintenance
- Bridge construction
- Logging operations
- General labour
- Truck driving and fuel delivery
- Security and traffic control
- First aid and medical services
- Catering and camp facilities
- Communications
- Legal services

Also, while the majority of the equipment needed for a large utility project is highly specialized and therefore provided by Valard, general equipment is also needed – and Valard looks to rent as much of it from Aboriginal communities as possible. This kind of equipment can include backhoes, graders, bulldozers, forklifts, trucks and waste bins. This equipment stays in the community, allowing new business enterprises to start up with the capability to participate in virtually any kind of construction project that comes along in the future.

If a community enterprise is weak in meeting specific project needs, Valard will actually work with them to strengthen their business. Say for example a community business has been contracted to provide road construction services, but it does not have enough grading equipment. Valard may loan them the graders to fulfill their contract, or help them lease the equipment, or guarantee the financing so the enterprise can lease new graders – whatever form of assistance the business owner believes will work best.

A sample of Valard's sub-contract partners across Canada

First Nation	Location
Little Salmon Carmacks First Nation – Council of Yukon First Nations	Yukon
Selkirk First Nation	Yukon
First Nation of Na-Cho Nyak Dun	Yukon
Opaskwayak Cree Nation / Cormorant Métis Settlement	Manitoba
Attawapiskat First Nation	Ontario
Wahgoshig First Nation	Ontario
Kashechewan First Nation	Ontario
Fort Albany First Nation	Ontario
Moose Cree First Nation	Ontario
Lake Huron Anishinabek Transmission Company	Ontario
Woodland Cree / Lubicon Lake First Nation	Alberta
Tahltan First Nation	British Columbia
Nisga'a Lisims First Nation	British Columbia
Kitsumkalum First Nation	British Columbia
Gitxsan First Nation	British Columbia
Gitanyow First Nation	British Columbia
Shuswap First Nation (Kinbasket Development Corporation)	British Columbia

Keeping the partnership strong

Regular and predictable communication during the project is key to keeping business relationships strong. Valard invites community business representatives to internal meetings, as well as to external meetings with the project owner, so the community can be assured their interests are represented.

Involving community partners allows for greater collaboration and information sharing, which shows respect and builds trust. In some cases, Valard hires Aboriginal persons as project coordinators whose job is to take key communications back to their communities.

Going beyond the contract

Beyond formal business partnerships or joint ventures, Valard also invests in Aboriginal communities and its members in other ways. Valard has provided computers to classrooms, helped fund arenas and sponsored athletes. In 2008, for example, the company sponsored Danielle Marcotte, a sharpshooter from the Yukon, to attend a competition in Brazil. The company has also supported youths pursuing hockey scholarships in the United States, helping them to achieve their dreams and inspire others in their community.

Even after a project ends and Valard's operations in a region are complete, the company does not cut ties with the community. In fact, the relationships Valard creates with communities are highly valued by the company and viewed as permanent friendships. It is common for Valard to support scholarships, sports tournaments and community events long after a particular project ends.

However community sponsorships are not the only way Valard invests in its community partnerships for the long term. The company enhances community capacity in a variety of ways, to be discussed below.

"We develop relationships with our Aboriginal partners that are based on trust and respect for each other. And on our projects to date, Valard has exceeded everyone's expectations with respect to employment, training and business opportunities. That's a track record we've worked hard for and are quite proud of."

Victor Budzinski, Valard CEO

"Can't speak enough good words about the outfit that Valard runs. It is professional and the people love working for them. Guys are wearing their Valard sweaters around proudly and saying 'We work with Valard.' They're proud to be part of it."

Wayne Eldridge, General Manager
Woodland Cree Development Corp

Building community capacity for the long term

Because of the way it does business, Valard has built a reputation for fostering economic development for Aboriginal businesses and building skill bases in communities that benefit its members for the long term.

After all, a project can leave many benefits behind it, including increased community capacity, new business skills, self-reliant enterprises, a more diverse local economy, renewed interest in education and stable jobs. In addition, some of the assets acquired because of a project – things like vehicles, emergency equipment, offices and roads – also become an enduring part of the community.

Stronger community businesses

Aboriginal businesses have an especially long-lasting impact. The businesses that are created or expanded to take advantage of sub-contracting opportunities can outlast the individual project. The experience, assets and equipment they have built to provide services such as road construction, right of way restoration and first aid can apply to various industries and projects.

Valard's management team works closely with these businesses and provides any mentoring, expertise and advice that may help them succeed. The focus is on the self-reliance and longevity of these enterprises, so they can continue to provide employment and economic benefits to their communities.

Enhanced skill base

Skills that community members acquire on a project also provide obvious long-term opportunities. People who gain assembly experience and are trained in health and safety requirements can apply those skills to future construction and industrial projects. Workers who develop supervisory skills can become forepersons on the next project. Other skills – materials management, clerical and medical skills, to name just a few – are also highly transferable. And the apprenticeship opportunities Valard offers during a project can give individuals the basis to pursue a trades career in the power line, construction, logging, mining or oil and gas industries.

More than this, those who show particular talent and interest in the power line trade can be entered into Valard's own apprenticeship program and offered continued employment with the company.

"What we leave behind in the neighbouring communities is just as important to us as completing the project safely, on time and on budget. We want to have a positive effect, and if we can say that we helped the communities to be a little better off, then we consider that a success."

Victor Budzinski, Valard CEO

Apprenticeship and continued employment

Valard has an apprenticeship program open to Aboriginal people who wish to join the Valard team. Apprentices are mentored by some of the most highly skilled individuals in the power line contracting industry. These individuals are employees of Valard, and they are invested in the safety and skills development of the company's apprentices.

Valard's apprenticeship program covers tuition, a living allowance and any tutoring that may be needed. The company wants its apprentices to succeed and goes the extra mile to help them. It assists them in finding a place to live and provides one-on-one support as needed to help apprentices feel comfortable in a new city environment and with the demands of school. It helps them fill out paperwork to ensure they receive federal apprenticeship grants. And with each year of training that an apprentice completes, Valard provides a bonus.

As a result of its supportive apprenticeship and hiring practices, the company employs people from every Canadian province and territory, excluding only Nunavut. (Although that may soon change as Valard is currently working on a project in Iqaluit.)

Valard employs many Aboriginal people who started working with the company when it had projects in their communities. After the project ended, they chose to stay with the company to complete their apprenticeship or to maintain full-time employment. Positions have included equipment operators, steel assemblers, power linemen, industrial electricians, crane and boom truck operators and labourers.

Because these employees travel to work on other Valard projects across Canada, the company adapts their work schedule and pays their transportation costs so they can return to their home communities for days off.

Canada's first all-female line crew

When you think of the crews who venture out in unforgiving terrain, moving mountain and earth to assemble giant electrical towers and stringing wire across massive spans – who do you picture? Any women included in your mental image? You are forgiven if not, as power line crews are typically all-male affairs. But when Valard was building 98 new kilometres of transmission line to connect the towns of Carmacks and Pelly Crossing in northern Yukon, the scene was anything but typical.

The project was the largest in the Yukon at the time, and Valard was constructing it for Yukon Energy as a joint venture with Arctic Power of Whitehorse and three local First Nations. As is its practice, Valard was using as much local labour and services as possible. Some women in the local community were seeing the men go off to work and wanted to get involved. So they asked their community's development corporation for the opportunity to join in.

As a result, Valard trained seven women and formed them into Canada's first all-female power line crew. They were hired to hand-dig holes for transmission poles in very challenging and environmentally sensitive terrain. In addition to being an exciting first and an inspiration to their community, the female crew performed as well as the other two (all-male) crews on the project and were kept on for pole-setting activities as well.

Adam Budzinski was Valard's project manager on the job (he has since become Valard's president) and he remembers the experience fondly. A year after the project was completed, he was visiting in the Yukon and met one of the women from the trailblazing crew.

"The particular section of line they worked on is visible from the Klondike Highway, and she told me that she feels proud every time she drives by it," he says with a smile. "It reminds you that these projects have long-lasting effects. To be able to give local people new skills and to increase community pride – that's real success."

So, what's next?

Valard leads the industry in proactively seeking and maintaining strong and successful Aboriginal partnerships. Most of these partnerships were formed to build a project owned by somebody else, be it a utility, mine or oil and gas company. Of late, however, a new development is emerging. Aboriginal communities are starting to form their own electrical transmission and generation companies. Their plan is to build and own their own projects to secure a sustainable source of revenue.

For example, Lake Huron Anishinabek First Nations are bidding to develop new transmission lines in northeast Ontario. In early 2010, 21 communities joined to form the Lake Huron Anishinabek Transmission Co. to own, build and operate transmission lines within their lands. This comes at a time when the provincial utility is planning new transmission corridors through their territories.

It is a move that Valard sees as highly positive and as a natural next step from the business partnerships and joint ventures it has formed with communities across Canada. This network of positive relationships has been built over years by respect and a commitment to working with communities inclusively and transparently – a true partnership where decisions are made together, economic benefits are shared and the door is left open for future opportunities.

Valard believes it will become more common in the future for Aboriginal communities to be project owners, and the company supports and endorses this direction. As project owners, communities will be looking for strategic partners and sub-contractors to provide utility construction expertise and experience. If an opportunity arises for the tables to turn and for Valard to work for an Aboriginal project proponent – then all the better. That is a future that Valard believes in.

"I would highly recommend Valard as a contractor to any client that requires their services. Their character is impeccable and will be a welcomed addition to any organization."

Ross R. Assinewe, CEO,
Lake Huron Anishinabek Transmission Co.

"I think it's very positive that Aboriginal communities are working for an ownership stake in electrical transmission and generation projects. At Valard, we fully respect and support that effort. We want to partner with these companies and put our utility expertise and experience to work for them."

Victor Budzinski, Valard CEO

APPENDIX A

Valard's Aboriginal vision statement

Valard acknowledges that Aboriginal Peoples have distinct historic cultural values and rights across Canada. Recognizing this, we are committed to building mutually beneficial, sustainable and collaborative relationships, partnerships and growth with Aboriginal Peoples. This vision is based on Recognition, Openness, Fairness, Respect and Trust.

Recognition

We recognize that Aboriginal Peoples across Canada have traditional and overlapping territories and have areas of cultural value and heritage lands rights.

Openness

We are committed to timely and open two-way communications with Aboriginal governments, Peoples and communities.

Fairness

We commit to engage and consult with Aboriginal Peoples proactively, openly and honestly, providing access to business opportunities, economic benefits, employment and investment opportunities.

Respect

We recognize the importance of mutual respect and that Aboriginal Peoples have a diversity of interests and cultures and unique connections to the lands and resources of their traditional territories.

Trust

We will consult and work collaboratively with Aboriginal Peoples by listening and communicating in a respectful and productive manner. We are committed to diligently working towards earning the trust and respect of our Aboriginal Partners.

APPENDIX B

Valard's Aboriginal operating principles

Valard's ongoing commitment is to enhance existing and new relationships with Aboriginal Peoples and communities throughout Canada. Valard continues to support Aboriginal Peoples to obtain business, education, training and employment opportunities with the intent to grow and strengthen Aboriginal Peoples and their communities. To achieve this, we will continue to focus on the following principles.

Communications and consultations

We undertake forthright and sincere communications and consultations with Aboriginal Peoples and communities about our projects that may affect them. All individuals involved in our projects are recognized as essential members of our team.

Business opportunities and employment

We seek out business opportunities with Aboriginal Peoples, contractors and communities to increase mutually beneficial economic benefits. We do this by enhancing the quality and quantity of Aboriginal participation in full-time and part-time employment, contracting opportunities, joint ventures, partnerships and strategic alliances.

Education and training

We will continue to support education, pre-employment training and employment training programs and processes that build capacity for Aboriginal Peoples and contractors. We continue to seek the ongoing assistance of Aboriginal communities to identify candidates eligible for internships, scholarships, apprenticeships and industrial trades development programs.

Land, culture and environment

We are committed to respecting the land, Aboriginal Peoples' heritage, cultural sites and the environment. We recognize Aboriginal Peoples' strong attachment to their ancestral territories, their dependence on the natural resources in their traditional areas and the importance of the natural environment in their spiritual and cultural traditions and values.

APPENDIX C

FORT ALBANY FIRST NATION

FIRST NATION COUNCIL

P.O. Box 1, Fort Albany, ON P0L 1H0
Tel: (705)-278-1044 Fax: (705)-278-1193

February 20, 2009

To Whom It May Concern:

RE: Letter of Reference

It is with great pleasure that I, Chief Andrew Solomon, on behalf of the Fort Albany First Nation highly recommend Valard Construction Limited. They designed and constructed hydro lines for communities along the James Bay coast and were a part of our community for over one year and half years.

During this time, Valard Construction Limited displayed both high professional standards and a genuine respect for the community they served. They demonstrated considerable cultural sensitivity during their regular consultations with community members in Fort Albany. They also contributed to the local economy by training and deploying many local people in the project including retaining some of them as permanent company employees.

The Fort Albany First nation is very happy to recommend Valard Construction Limited based on their high quality of workmanship, professionalism, efficiency and cultural sensitivity.

We have every confidence that they will go on successfully complete other projects with the same level of care and skill.

If you have any further questions please do not hesitate to contact me at 705-278-1044.

Thank you.

Yours in brotherhood,

Chief Andrew Solomon
Fort Albany First Nation

Mayo Office:
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Ph: 867-996-2248
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NND-DC

NACHO NYAK DUN
DEVELOPMENT CORPORATION

February 10, 2009

Valard Construction
Suite 209, 4209 99St
Edmonton, AB
T6E 5V7

Attention: Mr. Victor Budzinski

To Whom It May Concern:

This letter is provided as a reference for Valard Construction Ltd. with respect to their commitment to their partnership with the NaCho Nyak Dun Development Corporation (NNDDC). Over the course of 2007-2008, the NNDDC was party to a joint venture with Valard Construction and the other Northern Tutchone development corporations. The purpose of this joint venture was to propose on construction of the first phase of the Carmacks-Stewart Transmission Line, then in the tendering stage by our local utility, Yukon Energy Corporation. This 130km power line passed through Northern Tutchone traditional territories and settlement lands in several locations to the South of the NaCho Nyak Dun First Nation. NNDDC was included in the joint venture as part of a cooperative agreement between the three Northern Tutchone First Nations. The terms of the joint venture featured a profit sharing plan, as well as an active plan to train and employ people from the Northern Tutchone communities. Our proposal for this project was accepted, and planning commenced in January of 2008.

While the project was geographically remote to the NNDDC, I was regularly consulted over the course of the project. A system was setup so that people could apply for work through our two partner development corporations and work on the project on a subcontract basis. For the minor subcontracts involved with the project, Valard Construction consulted with and took recommendations from the representatives of the development corporations; these consultations resulted in a measure of work being provided to the entire Northern Tutchone contractors local to the project.

While the geographical location limited NNDDC's direct participation in these initiatives, I witnessed a sincere commitment to work with the local First Nations and to value their contribution to the project. Everyone was treated with dignity and respect, and the feeling in the communities was that people were realizing genuine benefits from the joint venture.

While the total value of the profit share provided to the NaCho Nyak Dun Development Corporation is confidential, I can state that we were very pleased with the combined revenues from this project. Valard certainly lived up to all of the commitments that they made over the course of preparing the joint venture and proposal, and we are looking forward to working with them again on Phase II of the Carmacks-Stewart project.

Yours truly,

Tom Lie, General Manager
NaCho Nyak Dun Development Corporation

Little Salmon Carmacks First Nation

Together today for our children tomorrow.

February 12, 2009

To Whom it May Concern:

This letter is provided as a reference for Valard Construction Ltd. with respect to their commitment to their partnership with the Carmacks Development Corporation. Over the course of 2007-2008, the Carmacks Development Corporation was party to a joint venture with Valard Construction and the other Northern Tutchone development corporations. The purpose of this joint venture was to propose on construction of the first phase of the Carmacks-Stewart Transmission Line, then in the tendering stage by our local utility, Yukon Energy Corporation. This 130km power line passed through our traditional territories in several locations. The terms of the joint venture featured a profit sharing plan, as well as an active plan to train and employ people from our community. Our proposal for this project was accepted, and planning commenced in January of 2008.

Over the course of the project, the Carmacks Development Corporation was regularly consulted. A system was setup so that people could apply for work through the Development Corporation and work on the project on a subcontract basis; in addition to providing work to local people, this system made the development corporation an active participant in the project and provided substantial revenues. For the minor subcontracts involved with the project, Valard Construction consulted with and took recommendations from the representatives of the Development Corporation. A measure of work was provided to all local contractors.

After the project got moving, there was a constant draw for local workers. At it's peak, the project employed 15 people through eh development corporation, inclusive of two drivers and vehicles ferrying people to the project. Valard worked closely with the development corporation and Yukon Energy to develop positive press coverage for the project, and was very fair in ensuring that all parties received due credit. Valard's contribution to the community was immediately evident, and the way that they worked with us to maximize local opportunities was outstanding.

Post Office Box 135, Carmacks, YK, Y0B 1C0
Phone (867)863-5576 Fax (867)863-5710

credit. Valard's contribution to the community was immediately evident, and the way that they worked with us to maximize local opportunities was outstanding.

While the total value of the profit share provided to the Carmacks Development Corporation is confidential, we can state that we were very pleased with the combined sum of revenues from subcontract labor and profit sharing. Valard certainly lived up to all of the commitments that they made over the course of preparing the joint venture and proposal, and we are looking forward to working with them again on Phase II of the Carmacks-Stewart project.

Thank you

Chief Eddie Skookum
Little Salmon Carmacks First Nation

James Baker
Executive Director
Little Salmon Carmacks First Nation

James Wilson
General Manager
Carmacks Development Corporation Ltd.

SELKIRK
DEVELOPMENT CORPORATION

P.O. Box 33230
Whitehorse, YT
Y1A 6S1
Phone: (867)393-2181
Fax: (867)393-2182

February 12, 2009

To Whom It May Concern:

This letter is provided as a reference for Valard Construction Ltd., with respect to their commitment to their partnership with Selkirk Development Corporation. Over the course of 2007-2008, the Selkirk Development Corporation was party to a joint venture with Valard Construction and the Northern Tutchone development corporations. The purpose of this joint venture was to propose on construction of the first phase of the Carmacks-Stewart Transmission Line, then in the tendering stage by our local utility, Yukon Energy Corporation. This 130 km power line passed through our traditional territory in several locations, which in some cases included Category A and B lands. The terms of the joint venture featured a profit sharing plan, as well as an active plan to train and employ people from our community which exceeded our expectations. Our proposal for this project was accepted, and planning commenced in January of 2008.

Over the course of the project, the Selkirk Development Corporation and representatives of the Selkirk First Nation were regularly consulted. A system was setup so that people could apply for work through the Development Corporation and work on the project on a subcontract basis; in addition to providing work to local people, this system made the development corporation an active participant in the project and provided substantial revenues. For the minor subcontractors involved with the project, Valard Construction consulted with and took recommendations from the representatives of the Development Corporation. A measure of work was provided to all local contractors.

After the project got moving, there was a constant draw for local workers. Valard entered into an arrangement with a local driver to ferry people to and from the project, and made arrangements for their training and employment. In our opinion, the contribution to our community was immediately evident. All of the employees were treated with respect, and the feeling in the community was that people were generally satisfied with the way that the project and joint venture was progressing.

While the total value of the profit share provided to the Selkirk Development Corporation is confidential, we can state that we were very pleased with the combined sum of revenues from subcontract labour and profit sharing. Valard certainly lived up to all of the commitments and expectations that they made over the course of preparing the joint venture and proposal, and we are looking forward to working with them again on Phase II of the Carmacks-Stewart Project.

Yours truly,

[illegible], Director

For Frank Vullings.
President
Selkirk Development Corporation

Manitoba Hydro

P.O. Box 7950 Stn Main • Winnipeg, Manitoba, Canada • R3C 0J1
Telephone: (204) 360-3693 • Fax: (204) 360-6164
Delivery Address: 3rd Floor - 820 Taylor Avenue
E-Mail Address: kducheminsky@hydro.mb.ca

May 27, 2010

To Whom It May Concern:

Dear Sir or Madam:

Re: Valard Construction Ltd. – Aboriginal Relationships

Valard Construction Ltd. is currently working on the construction of a 230 kV transmission line for Manitoba Hydro from Herblet Lake Station in Snow Lake to Rall's Island Station in The Pas, Manitoba. It is a 16-month project, scheduled to be completed in March of 2011.

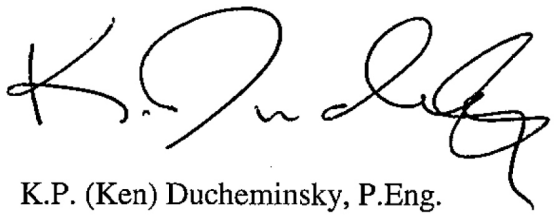
One of Manitoba Hydro's corporate goals is to "Be a leader in strengthening working relationships with aboriginal peoples". This is reflected in the requirements of our Purchasing Policies and tender documents.

To that extent, Manitoba hydro is extremely pleased with the performance of Valard Construction Ltd. on this project. Their aboriginal hiring has been in excess of 50% (with their overall hiring in excess of 90% Manitoban). They have supported the local communities of Cormorant, Opaskwayak Cree Nation (OCN) and The Pas through their hiring practices and local purchases (fuel, hotels, industrial supplies, rental equipment).

Manitoba Hydro is satisfied with Valard's overall progress to date and look forward to a successful completion of this project in early 2011.

Yours truly,

MANITOBA HYDRO



K.P. (Ken) Ducheminsky, P.Eng.
Transmission Line & Civil Construction Dept.
Transmission Construction & Line Maintenance Div.
Transmission Business Unit

WOODLAND CREE INDUSTRIES LTD.
General Delivery, Cadotte Lake. AB
T0H - 0N0
Phone: (780) 629 - 3818 / 3808
Fax: (780) 629 - 2835

June 3, 2010

To: Whom it may concern

This letter is commend Valard Construction Ltd. For their commitment to a fair, respectful and successful partnership with the Woodland Cree First Nation.

Valard Construction was contracted by ATCO Electric Ltd. To construct the first section of the Wesley Creek to Meikle transmission line in Northern Alberta. This transmission line passed through our lands, and Valard Construction approached our community to form a joint venture with Valard Construction in December 2009. Construction on the transmission line occurred during the winter of 2009-2010.

The terms of the joint venture included a profit-sharing measure and a commitment by Valard Construction to create local employment opportunities and use local contractors. The company not only met its commitments, but in fact exceeded them by delivering above the targets specified in the joint venture agreement. Valard Construction created numerous opportunities for local workers and local contractors, and treated them very well as well; we were very pleased with the revenues gained from the profit sharing measure and the subcontractor labour.

Our experience with Valard Construction is that they are an open and respectful partner. They are true to their word, and our community saw many benefits as a result of this joint venture.

In fact, because of the success of this venture, I have asked the company to enter a more inclusive general agreement with us to provide services on the Shell oil sands facility located on our lands. The Woodland Cree First Nation looks forward to continuing to work with Valard Construction.

Wayne Eldridge

Manager

October 2, 2011

President
Valard Construction LP
#209, 4209 - 99 Street
Edmonton, Alberta T6E 5V7

Re: Reference Letter

Dear Mr. Adam Budzinski,

Re: Reference Letter

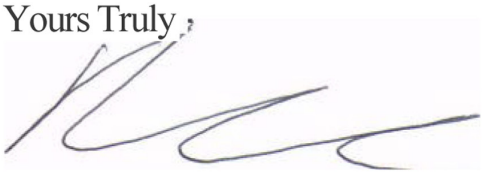
Please accept this Reference Letter for Valard Construction LP (Valard). I have known Valard since early 2011. In my opinion, Valard comes across as a very friendly, family oriented business that cares for their clients and business associates in a very professional manner. In order to be successful as one of Canada's largest powerline contractors one must provide a level of service that is second to none. I have worked alongside various representatives of Valard and the professional and courteous manner that is exhibited throughout the organization is truly a wonderful experience.

Valard and the Lake Huron Anishinabek Transmission Company (LHATC) are currently in the process of developing a Joint Venture Partnership and the business development has been progressing smoothly and the discussions are very favorably for a prosperous Partnership for all. I have thoroughly enjoyed the business discussions.

I would highly recommend Valard as a contractor to any client that requires their services. Their character is impeccable and will be a welcomed addition to any organization.

Should you have any questions regarding this Reference Letter please contact me at (705) 662-0863 for further information.

Yours Truly,



Ross R. Assinewe, C.E.O.

LAKE HURON ANISHINABEK TRANSMISSION CO.