

Waneta Expansion Project Socio-Economic Monitoring Program Report for the First Quarter of 2011

1. Introduction

The following report summarizes key impacts resulting from construction of the Waneta Expansion Project (WAX), including both benefits to, and stresses on local communities. The report covers the period of January 1 to March 31, 2011 and represents the first quarterly report of the first full year of construction activities.

The report focuses on those indicators of the Project that can be monitored cost effectively on a quarterly basis and which were confirmed by the Project's Community Impact Monitoring Committee (CIMC). These indicators include the following direct and indirect impact indicators:

Direct

Project Employment
Local Employment
Equity Employment
Project Occupations
Project Employment Income
Regional Project Expenditures
Project Injuries

Indirect

Unemployment Rate
Housing
Traffic Safety
Other Community Concerns

2. Project Employment

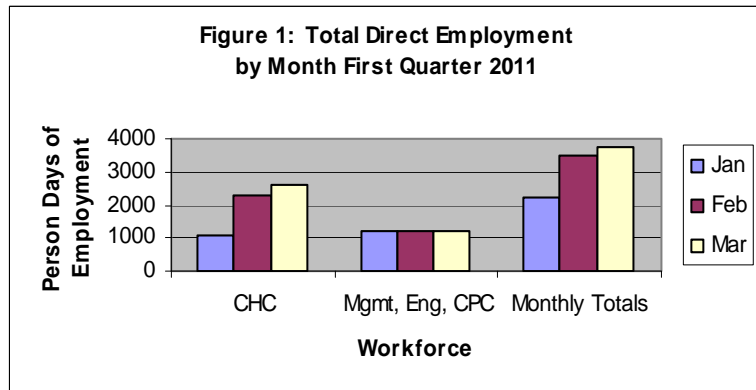
The total Person Days (PDs)¹ of employment for the first quarter of 2011 was 9,463. Columbia Hydro Contractors (CHC) employees (mainly trades people) accounted for 63% of the employment, with local management, engineers and Columbia Power Corporation's (CPC) staff comprising the remaining 37% of employment for this quarter. Information on managers and engineers from outside the region who may be contributing to WAX is unavailable.

CHC employment in the first quarter increased, as was expected in the start-up phase of WAX. Involvement of management, engineers and CPC staff was relatively constant over the quarter.

Table 1: Direct Project Employment for First Quarter, 2011

Workforce	Person Days of Employment
Total CHC Employees	5915 (63%)
Management, Engineers, CPC	3548 (37%)
Total	9463

Source: CHC, ASL-JV, CPC



¹ A PD is the equivalent of one person working for eight hours. The actual number of people employed may vary as some employees may work longer than an eight hour day with others being employed for less than a full eight hour day.

3. Regional Unemployment

While employment for WAX was increasing over the first quarter of 2011, the regional unemployment rate (which relates to both the East and West Kootenays) rose in March, 2011. While WAX has a positive impact on local employment, in particular in the building trades sector, as shown by the data the impact on the overall regional unemployment rate is limited.

Table 2: Kootenay Unemployment Rate Compared to Province of BC

Month	Unemployment Rate Kootenay	Seasonally Adjusted Rate Kootenay	Unemployment Rate Province of BC	Seasonally Adjusted Rate Province of BC
January	8.4	8.1	8.3	8.8
February	8.4	7.9	8.3	8.8
March	9.4	8.7	8.7	8.1

Source: Statistics Canada

4. Local Employment

The Terms of Reference for the socio-economic monitoring program define “local” as being within a 100km radius of WAX. Information about the residency of CHC employees is available based on postal codes. Hence, “local employees” includes residents of Trail, Castlegar, and Nelson as well as people who reside in rural areas and smaller communities within the West Kootenay. The latter category can include residents of Nakusp or the Lardeau Valley, which is outside the 100km radius, but postal codes were the most cost-effective means of identifying residency.

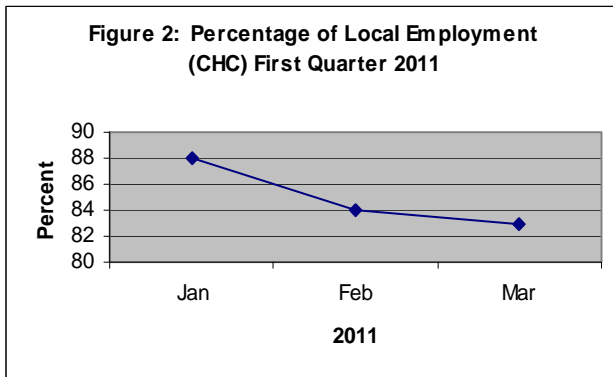
Within the first quarter an average of 84% of CHC workers were local employees, which exceeds the 75% target for local employment outlined in the 2006 CPC submission to the provincial Environmental Assessment Office (EAO). The largest segment of local workers is from small communities and rural areas of the West Kootenay, with the second largest group residing in Castlegar.

The target for local employment for managers and engineers was 50%, however information about managers and engineers from outside the area who may be contributing to WAX is unavailable; hence, the data presented reflect staff who are currently residing within the local area.

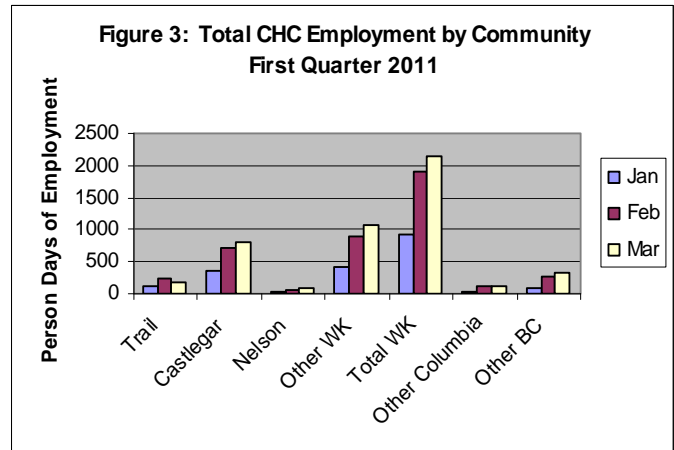
Table 3: Local CHC Employment for First Quarter, 2011

Location	Person Days of Employment	Percentage of Employment by Community
Trail	539	9%
Castlegar	1879	32%
Nelson	172	3%
Other West Kootenay	2381	40%
Total Local Employment	4970	84%
Other Columbia Basin	287	5%
Other BC	657	11%
Total	5915	100.0%

Source: CHC



Source: CHC



5. Equity Employment

Equity employment is reported for two categories of workers: the first is those who declare themselves to be women, people with disabilities, and/or visible minorities. In its 2006 submission to the EAO, CPC stated the total target for this category of equity workers was 10%.

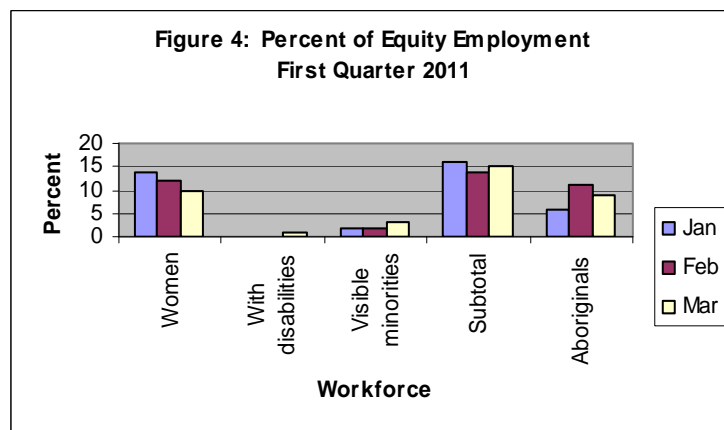
The second category is those who identify themselves as First Nations. However, it is recognized that First Nations is a legally defined term and there is no means to validate that all respective employees meet the requirements, hence the socio-economic monitoring program will report on employees of aboriginal ancestry. The target set for First Nations/aboriginal employees was 5%.

Equity hiring for the first quarter of 2011 exceeded both targets, including for all three months. Women are most strongly represented in the first category with aboriginal participation varying somewhat over the three month period.

Table 4: Equity Employment for First Quarter, 2011

Workforce	Average Percent of Equity Workers
Women	12%
People with Disabilities	<1%
Visible Minorities	2%
SubTotal	15%
Aboriginals	9%

Source: CHC



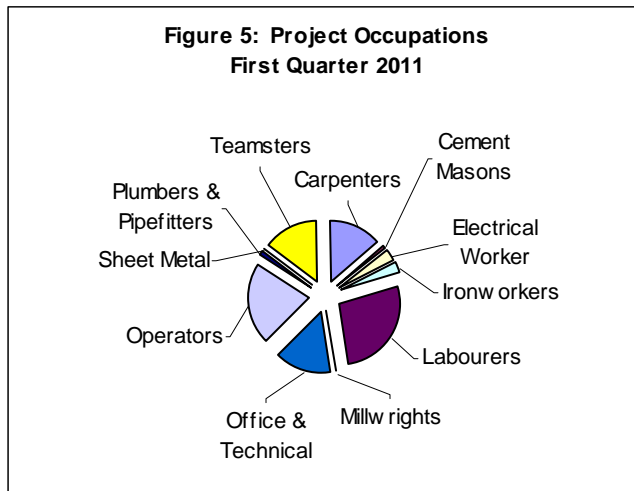
6. Project Occupations

During the first quarter of 2011, the greatest percentage of occupations consistently employed was labourers, followed by office and technical and then operators, carpenters, and teamsters. Each of the remaining occupations comprised less than 10% of the workforce.

Table 5: Project Occupations for First Quarter, 2011

Occupations	Person Days	Average Percent of Workforce
Carpenters	836	14%
Cement masons	12	<1%
Electrical worker	224	4%
Ironworkers	169	3%
Labourers	1568	26%
Millwrights	7	<1%
Office & technical	873	15%
Operators	1278	22%
Plumbers & pipefitters	66	1%
Sheet metal	6	<1%
Teamsters	880	15%
Totals	5915	100%

Source: CHC



Source: CHC

Although there were no apprentices onsite during January, an average of 3 were onsite in February and an average of 5 for March.

7. Employment Income

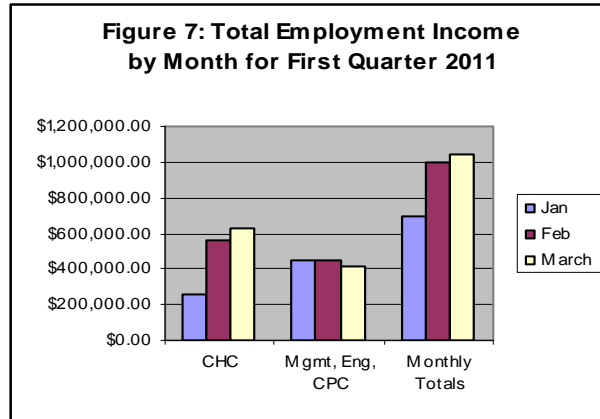
The total employment income for the first quarter of 2011 was \$2,746,902.54. This includes wages earned by CHC employees, which was 53% of the total employment income for the first quarter. Local managers, engineers and CPC staff earned the remaining 47%. Over the three month period, the monthly

percentages shifted with CHC workers earning a greater share of the overall employment income as the CHC workforce increased over the first quarter. The workforce and earnings for management, engineers and CPC staff remained relatively stable over the quarter.

Table 6: Total Employment Income for First Quarter, 2011

Workforce	Total Employment Income
Total CHC Employees	\$1,442,954.83 (53%)
Management, Engineers, CPC	\$1,303,947.71 (47%)
Total	\$2,746,902.54

Source: CHC, ASL-JV, CPC



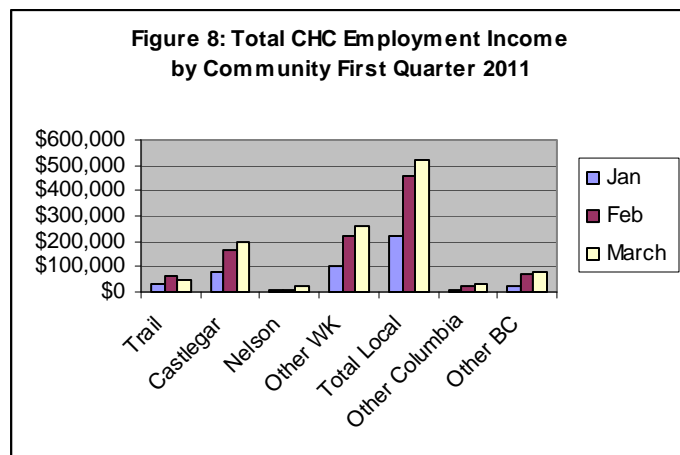
The total local employment income (within the West Kootenay) for January, 2011 was \$2,508,551.24. This includes both employees of CHC as well as management, engineering and CPC staff. Information regarding contributing managers and engineers who reside outside of the local study area is not available.

With respect to CHC workers, the largest percentage of local employment income (40%) was earned by residents of smaller communities and rural areas within the West Kootenay; workers residing in Castlegar earned the second greatest percentage of employment income (31%).

Table 7: CHC Employment Income by Community for First Quarter, 2011

Location	Wages	Percent of Total Wages
Trail	\$136,241.18	9%
Castlegar	\$446,386.55	31%
Nelson	\$41,145.48	3%
Other West Kootenay	\$577,830.32	40%
Total Local Employment Income	\$1,201,603.53	83%
Other Columbia Basin	\$68,680.86	5%
Other BC	\$172,670.44	12%
Total	\$1,442,954.83	100%

Source: CHC



8. Local Project Expenditures

ASL-JV reported that total local expenditures, such as on sub-contractor goods and services, for WAX up to March 2011 was \$8.8 million. Postal codes are used to identify companies that are based in the local area. It is not possible to determine if all the locally-based companies use only local labour or materials sourced from local suppliers in the goods and services they provide to WAX.

9. Injuries and Lost Time Accidents

CPC reported no incidents, issues or safety concerns during the first quarter of 2011.

10. Housing

Although statistical data related to housing is not available for reporting on a quarterly basis, it is reasonable to assume that the start up phase of WAX could have involved demand for housing by managers, workers, and CHC employees moving into the area. Therefore, anecdotal information was obtained from real estate brokers and property managers in the Trail and Castlegar areas which suggested a small amount of interest in rental properties in the Rossland and Castlegar areas and very limited interest in purchasing housing, although one or two clients are known to be connected with WAX. All those interviewed stated that this represented a benefit to the communities as there are vacancies and the housing market remains “soft” in these communities so the supply can easily accommodate the small demand that has been demonstrated from WAX to date.

Concern was expressed by a real estate agent that housing was being constructed for workers and that this would diminish demand for local rentals, but this was a misunderstanding in that it was believed that the office complex was worker housing. CIMC members reported hearing this same misunderstanding in their communities during the first quarter.

It was suggested by the CIMC that out of town workers who are offered temporary employment may choose to utilize the trailer park at Beaver Creek campground as accommodation. As the campground does not currently have any sani-dump facilities, the CIMC asked if ASL-JV could address this issue should it arise. ASL-JV has committed to providing sani-dump facilities if workers on the project use the trailer park. To date, there is no indication that workers are using the Beaver Creek trailer park.

11. Traffic Safety

CIMC members reported concerns over traffic incidents and issues along Highway #22A during the first quarter of 2011. There were no formal reports made to the Ministry of Transportation or to the RCMP of any accidents or incidents. The RCMP did receive complaints of people speeding, both close to the WAX project site as well as through the residential area. As the complaints related to the early morning hours (5:00 – 7:00 AM), it was assumed that workers associated with WAX were involved. The RCMP initiated traffic monitoring and speed control for a few days, which they feel addressed the concerns.

ASL-JV reported that protocols have been developed for the Nelway Road closure. There is a 24 hour security monitoring protocol in place that will ensure the gate is unlocked in a timely fashion if needs be. Many people have keys, including the RCMP and Search and Rescue. The CIMC asked for clarification as to what a timely fashion means. ASL-JV reported that it should be quicker than 15 minutes for an emergency. If it is not an emergency, then the Ministry of Transportation needs to be notified and conduct an inspection before the main road would be reopened.

12. Other Community Concerns

The following are other key questions or concerns raised by the CIMC during the first quarter of 2011, along with responses from CPC and/or ASL-JV.

The CIMC asked if there might be opportunities for summer student employment associated with WAX. CPC responded that as the project requires skilled trades people, there is no opportunities for summer students on site although some apprentices are expected to be on site. It was also noted that CPC will be hiring a summer student to support stakeholder and community engagement and that the student will be involved with WAX.

The CIMC asked if there is a policy in place as to when and how to engage with outside emergency services. ASL-JV has resources on site, including two ambulances, which will transport any injured workers to the hospital. However, it was agreed that discussions with emergency services, like was done with the local volunteer fire department, would be beneficial and ASL-JV committed to having such conversations.

As the project will require construction of a new section of transmission line, the CIMC asked who would be taking the lead in working with residents on issues associated with the transmission line. CPC reported that Fortis BC will take the lead in negotiations with landowners, although CPC will remain as the lead in building the transmission line.