

## **SUMMARY OF COMMENTS/RECOMMENDATIONS**

**PROPONENT:** Town of Minnedosa  
**PROPOSAL NAME:** Minnedosa Water Supply Upgrade  
**CLASS OF DEVELOPMENT:** Two  
**TYPE OF DEVELOPMENT:** Water Development and Control  
**CLIENT FILE NO.:** 5205.00

### **OVERVIEW:**

The Proposal was received on July 31, 2006. It was dated July 27, 2006. The advertisement of the Proposal was as follows:

“A Proposal has been filed by the Town of Minnedosa for the construction and operation of a water supply system upgrade for the Town. The project would consist of the replacement of water treatment equipment in the Town’s #2 water treatment plant, increasing the capacity of the plant from 38 litres per second to 50 litres per second. Combined annual water withdrawals by the Town’s #1 and #2 water treatment plants would be increased from the present 1,450 cubic decametres per year to 1,900 cubic decametres per year, to address growth projections over the next 20 years. Water for the two plants is proposed to continue to be obtained from three existing wells in or near the plants. For the equipment upgrade in the #2 water treatment plant, filtration equipment would be replaced and piping, pumping, chemical feeding and disinfection equipment would be replaced. Additional treated water storage capacity would be provided, and a settling pond would be constructed to accommodate filter backwash water. Supernatant from the settling pond would be discharged to the Little Saskatchewan River. Construction of the project is proposed for the fall of 2006.”

The Proposal was advertised in the Minnedosa Tribune on Monday, August 14, 2006. It was placed in the Main, Winnipeg Public Library, Manitoba Eco-Network and Western Manitoba Regional Library (Brandon) public registries and in the Town of Minnedosa office as a registry location. It was distributed to TAC members on August 1, 2006. The closing date for comments from members of the public and TAC members was September 8, 2006.

### **COMMENTS FROM THE PUBLIC:**

**Larry Powell** Please consider this a *formal comment* in response to your invitation for input into the move to increase water usage in the Town of Minnedosa.

While I do not live nearby, water, I'm sure you will agree, is something that touches us all.

I am extremely concerned that more and more industry will place an impossible burden on our finite supply of this precious resource. (The latest case in point is now Tofino, B.C!)

Not only that, more and more industry is bound to mean more and more water *pollution*. Apparently, the Little Saskatchewan River, which flows through Minnedosa, is *already the most polluted in the province!* How can we be sure that this project will simply not worsen this situation?

If this expansion project *must* proceed, have you at least sought out the *best scientific evidence on the value of ethanol* in the first place?

It strikes me that using food to produce fuel for vehicles that *may or may not have* a net benefit in terms of the environment, raises questions that have not only environmental and economic implications, but *ethical ones as well*.

Just *how much industry is enough?*

I would very much appreciate a response.

Many thanks for your consideration.

Disposition:

These comments address industrial water pollution and ethanol production, which are beyond the scope of this assessment. The wastewater discharge from the proposal has been addressed in the proposal's documentation.

**J. Doug Crookshanks**

I am a cottage owner on the shore of Lake Minnedosa. Our family very much enjoy our cottage and the lake and we spend every summer there. We just learned that, seemingly as a consequence of a lack of forethought on the part of those planning the project and/or a phenomenon of being outmaneuvered by big business, there will be a need for a vast amount of water to service the needs of the new Husky ethanol plant---a situation that has come to light after much of the construction has occurred. This increased demand for water will in the end come from Lake Minnedosa. We further learned that, although there are general predictions of minimal impact most of the time on the lake, there is absolutely no certainty of lack of impact and that, furthermore, there could be significant impact on a periodic basis. Having been present when the lake has been deliberately lowered for the purposes of dredging the lake or for repairs to the dam at the south end of the lake, I can very much attest to the impact of loss of water from the lake. In short, the lake will cease to exist as such, areas of the lake that are only 4 or 5 feet deep when the lake is at full level will no longer exist, the healthy fishing population will die, and my cottage will be all but

worthless on the market---not to mention the loss of enjoyment that cottage owners, campers, and townspeople experience as a result of our beautiful lake.

As a result of our concerns about this situation, I am asking that you conduct a Clean Environment Commission hearing on the plan that has been developed to draw such excessive amounts of water as a result of the Husky expansion. I would also request that you place a suspension on the environment licence issued to Husky Energy until all parties are satisfied that sufficient water exists in the system. This is a situation that needs to be properly assessed here and now in my opinion. Once the plant expansion is operational, there will be no going back and those of us who have been in the area long before Husky moved in will be the ones who will suffer.

**Disposition:**

The effect of water level drawdowns on Lake Minnedosa are described in the proposal. The matter of a CEC hearing is discussed below. A suspension of Environment Act Licence No. 2698 for Husky Oil Limited is not relevant to this assessment.

**LITTLE SASKATCHEWAN RIVER CONSERVATION DISTRICT**

The Little Saskatchewan River Conservation District has reviewed Town of Minnedosa Water Supply Upgrade Project Environment Act Proposal Submission prepared by UMA Engineering Ltd. and Town of Minnedosa Water Supply Upgrade Project Environmental Assessment Report prepared by North/South Consultants Inc. Currently, the Little Saskatchewan River Conservation District is involved in preparing an integrated watershed management plan for the Little Saskatchewan River Watershed. Since this process is in its early stages, the Little Saskatchewan River Conservation District does not have sufficient information to comment on this application at the present time. The Little Saskatchewan River Conservation District would encourage the proponent to work with the conservation district throughout the integrated watershed management plan process to ensure that natural resources within the Little Saskatchewan River Watershed are protected and managed responsibly. By working co-operatively, the natural resources within the watershed can be managed to sustainably produce for future generations. The Little Saskatchewan River Conservation District reserves the right to comment on the Town of Minnedosa Water Supply Upgrade Project as the Little Saskatchewan River Integrated Watershed Management Plan comes to fruition.

**Disposition:**

The proposal recognizes that the Conservation District is preparing an integrated watershed plan, and suggests that the mitigation proposed in connection with this project could be part of an adaptive management framework in the forthcoming plan. This matter can also be addressed as a licence condition.

**John Fefchak**

I support a clean environment hearing on this project. I, and many other citizens are very concerned about the very serious consequences that could develop if a hearing is not undertaken to establish our most precious resource.....WATER.

I invite you to read the following "Open Letter to the Water Stewardship Minister", and while doing so, consider these words .....Very Carefully.

" The significant problems we have, or create, cannot be solved at the same level of thinking with which we reated them".

ALBERT EINSTEIN

## AN OPEN LETTER TO THE WATER STEWARDSHIP MINISTER

22 March, 2006.

Dear Minister Steve Ashton

On 10 &11 March, a well attended seminar at Onanole Man.,under the organization of the Manitoba Ecol Network addressed several disturbing developments and issues that all Manitobans should have concerns with. I will focus on ONE issue, concerning water.

Discharging a few miles upstream of the city of Brandon, into the Assiniboine River, the Little Saskatchewan River, [also recognized as the Minnedosa River] is under siege and dying.

This is the conclusion of specialist, Dr. Bill Paton, who over many years has carried out countless studies and samples, and from the statistics gathered, has determined the prognosis for recovery is not favourable. Dr, Paton identified several of the invasive components that this river system is being subjected to; and in a condensed version, the bottom line is POLLUTION and NEGLECTFUL overuse of the water system.

Other presentors agreed with Dr. Paton's conclusions. Their studies and calculations also verified that with the existing and continuing demands, this river system cannot and will not continue as a viable water source, to support and sustain a healthy Eco- life.

To some degree, this is the result of over utilization and irresposible issuing of water permits. It seems, the province, not knowing the threshold of the river system or ignoring it, for the sake of over zealous developers,[under the disguise of "economics"] keep handing out licenses. The river system cannot withstand this continuous abuse.

Using a modified reflection, of John F. Kennady's inaugural address, I would urge that the Guardians and Friends of the Little Saskatchewan consider these words. "Ask not, what the river can do for you---ask what you can do for YOUR river"

The Little Saskatchewan will not survive without help. If no help is forthcoming....nothing will remain for the people to do,...except, attending the Wake and share in the Grieving!!.

I challenge our Provincial Government to initiate immediately, a watershed study of The Little Saskatchewan River and its tributaries, as recommended in the new Water Protection Act.

Here is a system, that unlike Lake Winnipeg is not influenced by three other provinces and four states. It is alone; completely integral to our province, Manitoba. All its problems are Manitoba generated and must be solved by all parties who use this water system for drinking, recreational, agricultural and industrial uses.

It should be a model of How Well, a pristine river system should be maintained and protected; Not how badly, we scourge, pollute and overuse our most precious resource!

Disposition:

The matter of a CEC hearing is discussed below. A watershed planning process has been initiated by the Little Saskatchewan River Conservation District and Manitoba Water Stewardship.

**Bransosa Beach Association** As a cottage and recreational association we are most concerned with the matter of the possibility of lower lake levels on the Minnedosa Reservoir due to the extra demand needed for the Husky Energy Ethanol plant.

Our Association of **50 members** (established 1961) on the West shore of The Reservoir has in the past **experienced** these lower lake levels and the impact is Immediate. Some of the implications as a result of these lower lake levels were:

- When there is poor flow on the Lake algae buildup deters us from using the lake for boating or swimming.
- Siltation in the north end of the lake makes it inaccessible for boating
- Private water wells on the shoreline dry up.
- Members are deterred from using their cottages which in turn has an economic impact on the town.

We would ask that you extend the public comment period so that it would enable our Membership to review the reports and ask the pertinent questions.

Disposition:

Drawdowns on Lake Minnedosa due to the project would occur between September and March, with the largest magnitude each year occurring just before spring inflows to the lake begin. Therefore, significant water level changes would not occur during the recreation season, and changes during the open water season would be minimal. The frequency and effects of these changes are described in the proposal. Sufficient time has been provided for existing information on the project to be reviewed.

**Glen Koroluk** We are still seeking an extension to this deadline so that the many identified data deficiencies can be brought into the public light.

We are also asking that this proposal (File 5205) be subject to a Clean Environment Commission hearing.

Furthermore, we ask that you relay to Mr. Struthers our wish to have Environment Act Licence No. 2698 placed in suspension. We believe provisions of the license and the Environment Act have been violated and that irreparable or costly environmental damage is likely to occur. This suspension should be in effect until we all are satisfied that a sustainable source of water can be found in the region.

Our additional comments are as follows:

1) UMA Engineering points out that Well #2 and Well #3 are both in a state of deterioration and their remaining service is questionable. They suggest that consideration should be given to installing a new well instead, but not until a hydrogeologic study is completed to optimize a location that has the required capacity while minimizing the interaction between the river and the alluvial aquifer. If this is the case, why is the department even considering this current application?

To highlight this concept even further, UMA identifies alternative water supply options (direct withdrawal, capturing high-spring run-off, Clanwilliam dam, headwater storage and other groundwater sources) but withdraws them for further review, as they do not consider these options to be within the scope of the study. All these alternatives should be within the scope of the review, especially since the full lateral extent of the alluvial deposits has never been defined. Even limited information is available on the nature of the stratigraphy to the east of Well #1.

2) There is insufficient information to assess the groundwater flow regime within the alluvial aquifer system, including seasonal variations.

3) An instream flow need (IFN) to sustain aquatic life has not been determined for the various reaches of the Little Saskatchewan River. Nor has a required flow been established for assimilating wastewater effluent from the Town.

4) There is no drought contingency plan.

5) It appears that water conservation or demand management is absent in this proposal.

6) The proposal will not take into consideration any watershed plan, which is currently under development.

7) The release of 10 cfs + 2.1 cfs (avg day withdrawal) does not take into account the maximum instantaneous withdrawal of 3.45 cfs. In dry periods and during drought, this may have adverse effects downstream of the proposal. Downstream impacts or cumulative impacts are not addressed in this proposal.

8) We are still unclear as to what the evaporative losses are in the hydraulic analysis.

9) The hydraulic analysis assumes that the Lake operates constantly at 1681 ft (fsl),

which may not occur if inflows into the Lake are inadequate and evaporation and seepage rates are high.

10) It also appears that the hydraulic analysis utilizes flow data from a much wetter part of the century. It appears more data is available but was not utilized.

11) There was no socio-economic assessment analysis performed on this proposal. For example what impacts would a 2 foot drop or 4 foot drop in the Lake have on the economy in the area? What would be the impacts to property values?

12) There was also mention of an open house. How many people showed up? What were there concerns? Did anyone attend who actually lives on the lake?

**Disposition:**

An extension in the review period for the proposal and Environment Act Licence No. 2698 are discussed above. The matter of a CEC hearing is discussed below. Additional information was requested to address comments 4 and 5. Comments 1, 6 and 10 are addressed in the proposal. The proposal discusses comment 2, and suggests confirmatory monitoring. This can be addressed through licence conditions. Comment 3 involves a determination by Manitoba Water Stewardship (MWS). Rather than providing an instream flow needs assessment, MWS has provided a flow supplement recommendation, which has been adopted in the proposal. Comment 7 can be addressed through flow monitoring as a licence condition. Comments 8 and 9 involve the hydraulic analysis performed by MWS on the proposed lake management regime during drought periods. Evaporation losses (comment 8) in modeling use evaporation data from a nearby climate station. With respect to comment 9, inflows to the lake are sufficient to refill it every spring, since the volume of the lake is small in comparison to inflows. As a result, multi-year drought situations do not occur, and it is reasonable to assume that a seasonal dry period would begin with the reservoir at its full supply level during the summer and that the maximum drawdown would occur immediately prior to the next spring runoff. This is the scenario that has been used in the hydraulic analysis in the proposal. With respect to comment 11, the assessment addressed environmental effects rather than socio-economic effects. It is not clear why an infrequent drop in lake level during the winter months would have a significant effect on the area economy or on property values. The open house mentioned in comment 12 was held by the proponent on August 17, 2006. Information on the open house was provided to the Branch by the proponent's consultants. Four people attended the open house, including three town residents; no concerns were reported.

**Bill Paton**

I write as current President of the Brandon & Area Environmental Council and of course as a Faculty member and researcher at Brandon University. We are requesting that a Clean Environment Commission Hearing be held to clearly examine the data that exists and does not exist with respect to both water supply and water quality at Minnedosa.

I and my students and research assistants have been working on the River for the past 3 years. It is clearly based upon the available data in government and other published water quality and quantity reports the most polluted river in its lower stretches in the province. As a researcher and consultant also in the area of ethanol production from biomass I would have thought that the owners of the new plant would have laid down some very specific requirements on water quality and quantity and would be foolish to blindly believe consultants etc. that have no data to make such assurances. Associated with the distillery is intensive animal production which also entails significant water demand in the area. In some years the flow in many of the tributaries of the Little Saskatchewan is down to zero and the quality particularly in the late fall when the aquatic vegetation dies in the main stream will require major treatment and purification. The effect of cyanobacterial toxins on the ethanol fermentation is not known but many other biological processes (e.g. photosynthesis) and organisms are severely impacted.

An ongoing issue that still remains is the in-stream flow needs for the river biota. Joel has promised these data for at least 15 years. At every CEC hearing where it is relevant the promise is soon within months was the word at the Hearings on the Second Shift at Maple Leaf Meats Brandon. Alberta has dealt with this issue why can't Manitoba.

A CEC Hearing would also allow the many users downstream of Minnedosa to address any water concerns they might have historically with the operation of the Dam by the town of Minnedosa and perhaps give some more insight into the historical experience with that system.

Disposition:

The matter of a CEC hearing is discussed below. There is some discussion of water quality requirements for ethanol production in the proposal documents. Instream flow requirements are discussed above. Matters concerning livestock issues and downstream water user concerns with the past operation of the Minnedosa Dam by the proponent would more appropriately be addressed during the watershed planning process being conducted by the Little Saskatchewan River Conservation District.

**Lindy Clubb** We are alarmed by the proposal the town of Minnedosa submitted for expansion and improvement of its water supply and treatment to enable the Husky Ethanol Plant. Wolfe Creek Conservation's mandate is to protect the quality and quantity of water sourced from Riding Mountain National Park within the Odanah Shale Aquifer, our geographic area. Mixedwood Forest Society operates in southwest Manitoba supporting activities that increase our understanding of and benefits for the mixedwoods. Friends of the Little Saskatchewan River is an alliance of people committed to a watershed based approach for management of this resource, including traditional ecological knowledge. We have found deficiencies in and unacceptable motives for the current application.

Improving water supplies and treatment is customarily of benefit to a community. This proposal appears to be a hasty solution for the crisis in how to provide the vast amounts of water necessary for ethanol production (9 litres of water is required for each 1



of ethanol.) If the Town of Minnedosa didn't have the foresight to conduct an analysis of water supplies BEFORE the plant was promised, I'm sure you can understand our lack of confidence in their presumption for adequate amounts to juggle domestic, agricultural, commercial, industrial and downstream activities. What will they do if user needs are greater than anticipated? A thorough hydrological study is in order and Clean Environment Commission Hearings are called for.

An additional concern is the lack of definition in the consultant's information about the hydrology and geography of our area. Consequences of inaccuracy for predicting the amounts of water to be used, reliability of supply, and effects on land and water may be catastrophic to all of us, not just the proponents.

I have a second home in this area, and we experienced a severe drought this season. I'm not at all convinced the fluctuating levels of the Little Saskatchewan River and Lake Minnedosa can supply large quantities of water during a drought cycle. Where are the water saving measures to reduce use dictated by circumstance ? Where are the measures to free up existing use for supply to new developments? Conservation measures (installed and regulated) are an oversight in most industries and are absent from this proposal. This contradicts Water Stewardship Department's policies and planning initiatives and grants. Another contradiction lies in the investment the province recently made for the formation of a comprehensive watershed management plan by the Little Saskatchewan Conservation District. One has to ask why a major extractive development is proceeding BEFORE the strategies for the watershed's protection have been developed. This sends the message to Manitoba' public that we are making an end run around protection of a major aquifer where and when it's convenient or opportunistic. A moratorium on development should be in effect until the area's residents have formulated watershed management plans to guide activities that extract water in large volumes.

Another major concern is the lack of information on in-stream flows for the river. Continuity of flow regimes represent a basic consideration for sustainable use. Both the communities and First Nations that live by this river should be assured by more than a consultant's predictions that no harm will come to our vital water resources.

And of what use is the information and engineers opinions if isn't transmitted ? What protocol was developed by the consultants and the proponents for communication with First Nations in the area? To the best of my knowledge, Waywayseccappo, Keeseekoowenin, Rolling River Reserve and West Region Tribal Council all have environmental health officers and/or Chiefs and Councils. Have they been contacted and asked to provide comments on this proposal? If not, in good faith, your department should extend the public comment period and wait for all the stakeholders, such as cottage associations, native people, and the farmers who are busy in their fields this time of year , to contribute to this process.

The people who live in the area and are likely to be affected by the water supplies for the ethanol plant are not fully aware of the scope or implications of this project, such as the feedlots that may follow on its heels. At the least, we need to fully discuss and recommend options for the health and well being of all the local people, the

forests and the fish and the wildlife within the reach of the Little Saskatchewan River, before we begin taking its life for fuel production.

We look forward to your response on this matter.

Disposition:

The matter of a CEC hearing is discussed below. Other comments are addressed above.

**Tom Price** As a seasonal resident of Minnedosa, I was more than a little disturbed by the information that I received by way of an e-mail today. If it is indeed true that our political leaders are set to allow the overtaking of our local water supply, at the same time as approving a substantial cattle operation upstream and nearby the same supply, I can only ask that we be allowed the courtesy of a say.

Failing that our alternative is to express our opinion with our vote!

**Manitoba Wildlands** We are writing to express our concerns about the plan to supply more water to the Town of Minnedosa for the Husky Ethanol plant.

We are requesting the Minister to direct the Clean Environment Commission (CEC) to hold public hearings on this project in order to bring enough information forward to determine whether there will be enough water in the Little Saskatchewan River system and Lake Minnedosa to protect the environment and supply water to other users, upstream and downstream of the proposed project. We also urge the Minister and the Director of Environmental Approvals to suspend any environment license issued to Husky Energy for their new/expanded ethanol plant until concerns regarding the adequacy of water supply in the system have been satisfied and the CEC has made its recommendations.

We feel a CEC hearing for the Town of Minnedosa's proposal is strongly warranted for several reasons.

***Water Supply and Husky's Environmental Review***

The environmental review of Husky's ethanol proposal failed to conduct an evaluation of the area's water supply to determine if there was enough water to supply the proposed ethanol plant. Compounding this major deficiency is the fact that the consultant report (UMA Engineering and Cochrane Engineering) for the Town of Minnedosa proposal indicates that, "the anticipated water demand by Husky for its new ethanol facility, has increased."<sup>1</sup> As a result we have a situation where the adequacy of water supply for Husky's proposal was not analyzed sufficiently in the initial environmental licence review. We now have an opportunity to correct this situation and examine water supply in detail. Given the Manitoba Government's priority on watershed planning and water

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<sup>1</sup> Cochrane Engineering Ltd. *Town of Minnedosa Water Infrastructure Planning Study – Water Demand Update*, February 2006.

management, a CEC hearing to encourage complete technical and community review of the Town of Minnedosa's proposal is essential.

***Information Gaps – Town of Minnedosa Proposal***

There are large information gaps and uncertainties associated with the Town's proposed project to upgrade their water supply.

As part of the assessment the potential environmental impacts within the Lake Minnedosa impact area, North/South Consultants predicts that the proposed draw down scenarios will not have significant adverse effects on the aquatic and terrestrial ecosystems. However, in the Executive Summary (page ii), they acknowledge that "there is considerable uncertainty in the assessment of effects, as the assessment is largely based on qualitative information and professional judgment due to the general lack of empirical data on the biological communities of the study area."<sup>2</sup>

Uncertainty also exists concerning river flows and the interaction of the Town of Minnedosa wells with the Little Saskatchewan River. The UMA Engineering Report states that, "in the fall and winter, flows in the (Little Saskatchewan) River are low and the withdrawal of water for this project may have an adverse effect."<sup>3</sup> UMA also indicates the distinct possibility that Wells 1, 2 and 3 interact with the Little Saskatchewan River, based on the inconclusive hydrogeologic studies conducted in the area, which indicate that the alluvial aquifer has a very high transmissivity rate and that groundwater levels correlate to surface water flows.

Both UMA and North/South Consultants identify numerous other data deficiencies in their reports. For example, it has been suggested that Well 2 and Well 3 are deteriorating and their length of continued service is questionable. UMA suggests that options for installing a new well should be explored, but not until a hydrogeologic study is completed to optimize a location that has the required capacity while minimizing the interaction between the river and the alluvial aquifer. Another example of the lack of comprehensiveness of this proposal – and one of the most serious – is that no drought contingency plan and water conservation plan have been developed by the Town, even though their own consultants point out the need for such a plan in their report.

The *Precautionary Principle* tells us that due diligence must be done to address these information gaps. A Clean Environment Commission hearing would enable this to occur in a transparent fashion, including so that local business operators, farmers, and residents would be provided information that is not available to them at this time.

Even putting the precautionary principle aside, there is not enough information to confidently proceed with the Town of Minnedosa's proposed project with any degree of assurance that water supply will be adequate. Further, it is unacceptable economics to

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<sup>2</sup> North/South Consultants Inc. *Town of Minnedosa Water Supply Upgrade Project Environmental Assessment Report*. July 2006

<sup>3</sup> UMA Engineering, Management, Consulting. *Town of Minnedosa Water Supply Upgrade Project – Environment Act Proposal Submission*, July 2006.

expend funds to upgrade a system that may very well fail to address the water supply needs

### ***Watershed Planning***

The Town of Minnedosa's proposal does not take into consideration the watershed plan that is currently in the initial development stage. This means that watershed planning in the immediate future will conform to this project (and Husky's ethanol plant water use footprint), rather than this project conforming to a watershed plan. This is poor planning and one must wonder whether this project is being submitted – with its considerable deficiencies and uncertainties – to secure an environmental licence prior to watershed planning being completed. This kind of approach would contradict the government's stated priorities concerning watershed planning and development. A CEC hearing could explore this issue in depth.

### ***Staged Licencing***

It should be very apparent that the licencing of the Husky Ethanol plan, without consideration of water supply, followed by a proposal for a 'separate project' to upgrade water systems that supply the Husky Ethanol plant is an obvious example of staged licencing.

An end to staged licencing was a commitment of the Manitoba Government when it first came into office and Manitoba Wildlands has raised this issue on numerous occasions. This sort of circumvention of licencing standards is unacceptable and is another reason to suspend Husky's environmental licence pending the outcome of CEC hearings. Both public policy and the Environment Act need to be upheld, including as instruments to make sure that the water supply is adequate for all current residents and businesses.

### ***Access to Information & Notification***

As a small, regional, Manitoba-based environmental organization, Manitoba Wildlands has once again been surprised at the level of effort required to access information about these two linked projects and their proposals under The Environment Act. We are obligated to remind the Department of Conservation that other jurisdictions have internet-based access to proposals and their supporting documentation. To make an even more evident observation, if accessing these materials was onerous for us, it must be even more difficult for affected local communities to have all the information necessary to provide constructive, informed comments about the proposed Minnedosa water supply project.

Other water users that may be affected have not been notified of the potential implications of the Husky Ethanol Plant increased water supply needs and the Town of Minnedosa proposed Water Supply Upgrade project. Minnedosa Lake has a cottage and tourism sector that could be affected. We would suggest that the Town of Minnedosa may not be fully aware of its own risk in undertaking this proposal without fully informing the local stakeholders. All potentially affected parties should have the opportunity to review and comment on the proposal. The best way to ensure that this occurs is to direct the CEC to hold a public hearing.

Manitoba Wildlands appreciates the opportunity to participate in this environmental review process and we trust that our comments will be considered carefully. We assume that our comments / this letter will be posted to the file in the public registry for this project.

**Disposition:**

The matter of a CEC hearing is discussed below. The matter of Environment Act Licence No. 2698 is discussed above, as is the connection between the project and the ongoing watershed planning initiative of the Little Saskatchewan Conservation District. With respect to information gaps, the proposal properly identifies gaps and proposes measures to acquire additional information. The Branch does not consider that the present project represents a staged licensing approach – the Husky project involves a different proponent, and was assessed and licensed approximately one year ago. It is noted that the proponent organized a public open house on the project on August 17, at which information on the project was available.

**Ruth Pryzner** The Environment Act E125 was enacted “to develop and maintain an environmental management system in Manitoba which will ensure that the environment is maintained in such a manner as to sustain a high quality of life, including social and economic development, recreation and leisure for this and future generations.” The Act provides for (i) “the environmental assessment of projects which are likely to have significant effects on the environment,” (ii) the recognition and utilization of existing effective review processes that adequately address environmental issues, and” (iii) public consultation in environmental decision making while recognizing the responsibility of elected government including municipal governments as decision makers.”

The Environment Act provides the basis for the public trusting in the government to ensure that environmental sustainability is paramount when development is proposed and that our collective environment and natural resources are protected for the public good and future generations. However, the manner in which the legislation is applied has led to a great deal of mistrust and criticism on the part of members of the public and the conclusion that the health of the environment and people and the mandate of sustainability are taking a back seat to the needs of corporate interests.

The process of assessment for the Town of Minnedosa Water Treatment Plant Upgrade, includes, as a primary component, the need to supply water for the Husky Oil Ethanol Plant. The “*Environmental Assessment of the Husky Minnedosa Ethanol Plant, November 17, 2005 CEAR No. 05-01-13924*,” prepared by Natural Resources Canada reports in section 6.1.2.3 that “Investigations by Husky indicated that there is not enough well water available on the Husky property to meet the water needs of the new plant. Husky’s plan is to purchase treated water from the Town of Minnedosa.” The report goes on to state that an agreement has been reached between the Town of Minnedosa and Husky Oil to provide water through the existing License #73-10 which had been issued to the Town of Minnedosa. I would note that this license had expired in 1983. (See

Attachment 1) It is through the Town that the water needs are to be supplied for the Husky Ethanol Plant expansion. (section 6.1.2.3 NRC report)

I object to the fact that Environmental Assessment of the Husky Ethanol project was completed and given approval prior to the Environmental Assessment process being completed for the Town of Minnedosa Water Treatment Upgrade given that a significant component of the upgrade is to supply water to the ethanol plant. The primary reason for this objection is the fact that sufficient water to supply the Town's upgrade, and hence, the ethanol plant, without the result being adverse impacts on the LSR and Lake Minnedosa, have not been identified. It is reasonable to conclude that there will be significant impacts on downstream needs when the ethanol plant becomes operational and the agreement with the town to supply water for the development will ensure that the water supply needs of the ethanol plant will take precedence over the aquatic and riparian communities in the Little Saskatchewan River. This is contrary to the intent and purpose of the Environment Act. It is also reasonable to conclude that the ethanol plant will be serviced ahead of other municipal needs i.e. the use of water by citizens in Minnedosa for domestic purposes. There is no legally binding agreement between the Town of Minnedosa and the citizens of Minnedosa but one does exist between the Town and Husky Oil.

In investigating the claim that there are sufficient volumes of water in the LSR system to accommodate the ethanol plant, I have come to understand that there is a significant difference between volumes at spring runoff and rain events and instream flow amounts and requirements. Any assessment of the water availability for the plant has to take this into account and the idea of assessing the project on the basis of volume, discarded. In other words, the assessment approach must be based on instream flow needs and availability, not volumes. Otherwise, the ecological needs of the system will be compromised and be adversely impacted.

In any case, it is clear that both applicants, Husky Oil and the town of Minnedosa were aware that environmental assessment would be required for both projects and that both projects are integrally connected. Assessment of both projects, in concert with each other would have been a more prudent approach to take. Such an approach would be in keeping with the purpose and intent of the Environment Act. The logical conclusion one can draw from the way in which this matter has been handled is that taking a piecemeal approach ensures that the ethanol plant would be built and operational before a determination was made that there was in fact, enough water available without any adverse impacts on the Little Saskatchewan River environment. I expect that there will be adverse impacts and insufficient mitigation. I have been provided with no evidence to support an alternative conclusion.

The North/South Consultants Inc. "Town of Minnedosa Water Supply Updgrade Project Environmental Assessment Report, July 2006" (MWSUP EAS) reports on page (i) that "For the purposes of this assessment, an assumption is being made that the Lake Minnedosa is maintained at FSL throughout the year," while also recognizing that there is variability in flow and supply of water within the system as well as deficiencies in the hydrogeological data base for the LSR. Kurt Mazur, the report's author acknowledges that "there is considerable uncertainty in the assessment of effects, as the assessment is

largely based on qualitative information and professional judgement due to the general lack of empirical data on the biological communities of the study area.” (p. (ii)

The fact is, the local approving authority for the Husky Oil ethanol plant is the Town of Minnedosa. It is in the interests of the Town of Minnedosa to shed the best possible light on its capacity to provide water to the ethanol plant. It has made an agreement with Husky Oil to supply the water. (The terms of which are not yet available, although requested.) The Town of Minnedosa, as project proponent, is responsible for securing consulting services for the purpose of Environmental Assessment and provides the consulting engineers with their terms of reference. As Mr. Mazur explained to me during a telephone conversation in August 2006, North South Consultants were subcontracted by UMA engineering to complete the assessment on Lake Minnedosa. When I contacted UMA engineering to secure a copy of their reports, I was told by Mr. Eric Blais that “proper protocol” was for me to request this information from the Town of Minnedosa as they were the authority that hired UMA to do the reports for them and that the Reports were the property of the Town.

The point here is that this process is contrary to the purpose and intent of the Environment Act. It is impossible to complete a proper assessment of the environmental impacts of both projects and to honour the intent of Section 1(10 (iii) which provides for public consultation, when conducted in this fashion. It is also difficult for members of the public to be properly engaged in the process without access to all the available information relating to such a project. I, for one, am still awaiting information.

As the person responsible for reviewing these assessments, I would expect that you would object to the manner in which this process has been handled by the Town of Minnedosa and Husky Oil. I would expect that you will make a strong recommendation to the Minister of Conservation that a Clean Environment Commission Hearing be conducted on the MWSUP, including in the terms of reference, the water supply parameters for the Husky ethanol plant. A comprehensive assessment must be conducted. In order for a comprehensive assessment to be conducted, data and information gaps must be identified and addressed prior to the project being approved.

Indeed, in conversing with Mr. Mazur by phone, he admits that the scoping of his investigation was determined by the Town of Minnedosa – the client and that a more extensive investigation was possible but not desired by the Town. I expressed my concern about the effects this may have on his professional integrity to which he responded by saying that his professional integrity was maintained because the report clearly outlined that conclusions were based on available information. These facts fail to serve the need to protect the environment.

#### Information Deficiencies necessary for a Proper Decision

1. Minimum Instream Flow requirements for the Little Saskatchewan River System based on actual streambed and flow regime investigations. Modelling based on historic flows is insufficient to ensure that the ecosystem is protected. Merely assigning a MIF on the basis of control structure operations does not provide this

information. According to Mr. Mazur, the Province has assigned an MIF of 10cfs discharge from the Minnedosa Dam. He is unaware of the scientific basis for this assignment. We agreed that we would both like to be provided with the evidence for this assignment. Has this MIF been assigned to protect the health of the aquatic ecosystem? Or, has it been assigned to assimilate high strength (high b.o.d., etc.) waste from the Town of Minnedosa?

2. Has a management plan for the LSR system and the Minnedosa dam control structure been developed to ensure that water supply to the Husky ethanol plant through the Town of Minnedosa upgrade will be responsive to the ecological needs of the LSR system both up and downstream of the Town? I note pages 31 and 32 of the UMA EAS Report.
3. Where is the requirement that nutrients be removed from wastewater by the ethanol plant? Where is the plan for the Town of Minnedosa to do so? Why has this not been made a requirement and part of the assessment?
4. The notice provided for public participation in the entire review process has been minimal. This has not provided the opportunity for members of the public up and downstream of the project to be fully engaged. A Clean Environment Commission hearing would provide such an opportunity.
5. The Mazur EAS report states on page 2 that “As this project will not result in a decrease to the flow in the Little Saskatchewan River downstream of the Lake Minnedosa Dam during low flow periods, an assessment of instream flow needs in the river is not included.” However, this statement is based on the assumption that the Minnedosa Dam is at FSL and that the province has assigned a 10cfs MIF. Where is the evidence that this MIF can be achieved in low flow years, with expected demand from the Town and the ethanol plant? An assignment simply is not enough. Again, what is the 10cfs MIF designed to accommodate? Waste assimilation or aquatic ecosystem protection?
6. The information on the effects of fish populations is lacking (Section 3.4 of the UMA EAS). Answers to these deficiencies must be addressed prior to the issuance of a license. I question the suitability of DO monitoring and aeration as the primary mitigation strategy here, as well as the conclusion drawn by Mr. Mazur, when there is the admission that, “it is difficult to assess the effects of a reduction in volume on the fish community in Lake Minnedosa due to the lack of quantitative information on fish populations within the lake during the period in which the changes will occur.” (p. 37)
7. I am concerned about the effects of the project on the Leopard Frog, in particular. The Leopard Frog is a species at risk. I submit that DO and water levels are not the only threat to this species. Frogs are particularly sensitive to pollutants. As there is no information on how the Town is to treat the waste from the ethanol plant, this ought to be a significant consideration and answers must be obtained prior to the issuance of a license.



As I am still in the process of trying to source information on this project, I have to limit my comments here.

I strongly encourage you to recommend to the minister that a Clean Environment Commission hearing be held on the Town of Minnedosa Water Plant Upgrade to include, in its scope, the questions asked by members of the public who have submitted comments as part of the EAS process.

I also submit that it is necessary to suspend the existing Husky Oil ethanol plant license until the matter of whether or not there is indeed enough water in the area to meet ecological and aquatic needs has been established. I ask that you make this recommendation to the minister.

Disposition:

The matter of a CEC hearing is discussed below. Other comments are addressed above.

**Minnedosa Cottage Association** Very recently it has been brought to our attention that the Ethanol Plant Expansion will require more water than was previously anticipated.

We are a group of cottages off the east shore of the Lake and lease our property from the Town of Minnedosa. People began building here in the late 50s being attracted to the Lake for the purpose of skiing and boating recreation. We wish to share with you the concerns we have should the water usage of the Ethanol Plant cause lowering of the Lake.

In our history we have seen times when the lake has been lowered or lower than usual. The problems that appear are:

- algae which is unsightly and often smelly
- silt build up near the north end of the lake which we were told would make our lake disappear should it not be removed
- water lines (wells) drying up that were within close proximity to the lake, namely the one that supplied the cottages.

How will this affect us and what impact will there be on the Town?

People will not come to a lake to swim if it is full of algae, will not be able to fish should the levels get too low and therefore the Town will see a decline in revenue from the Tourism Industry which they have fought so long and hard to build.

Property values will go down as it becomes unattractive to be there.

We would like to ask you to extend the public comment period so that we may review the issues and get better informed. We do not wish to risk all we have now by rushing into something without finding out the effects on the environment and water users from either end of the source. Perhaps a Clean Environment Commission hearing on this plan should be conducted to fully investigate the matter.

Thank you for your consideration in this matter.

Disposition:

The matter of a CEC hearing is discussed below. Other matters are discussed above.

**COMMENTS FROM THE TECHNICAL ADVISORY COMMITTEE:**

**Manitoba Conservation – Sustainable Resource and Policy Management Branch** No concerns.

**Manitoba Water Stewardship – Planning and Coordination**

Manitoba Water Stewardship has reviewed the above noted file and submit the following comments for your consideration:

- According to the consultants, the proposed project will use groundwater that is under the influence of surface water. The upcoming Drinking Water Safety Regulations under the Drinking Water Safety Act set conditions for these types of water sources. Office of Drinking Water can be contracted for further information.
- Section 6.3 suggests a long term monitoring plan. Water quality parameters to be monitored were not elaborated.
- The expected discharge wastewater quality could be included with the proposal. Section 4.4 suggests that the supernatant will be monitored before discharge. It is unclear what parameters will be monitored other than chlorine.
- Section 7.0 suggested alternative water supplies. It is not clear what ‘deleterious effect’ would require the use of the alternative sources. The proposed water treatment upgrade is designed to treat groundwater that is under the influence of surface water. Office of Drinking Water would have serious concerns if the plant is switched to a surface water source.

Backwash water and filter-to-waste water should be tested prior to discharge to the Little Saskatchewan River. Variables should include total suspended solids, total dissolved solids, iron, manganese, and chlorine. The recommended sampling frequency is a minimum of once per month.

The proponent has suggested surface water quality monitoring in the Little Saskatchewan River near Water Treatment Plant #1. The Water Quality Management Section would support this suggestion and recommend adding *Escherichia coli* to the analytical suite.

The Water Quality Management Section would also strongly support the suggested dissolved oxygen monitoring program for Lake Minnedosa. The monitoring program

should be ongoing as impacts to Lake Minnedosa from water level variations could depend on climate conditions that will vary annually. For example, fall air temperatures can greatly impact the date of ice formation and the subsequent dissolved oxygen concentrations at the end of the winter. The Water Quality Management Section and the Fisheries Branch should be consulted on the design of the dissolved oxygen monitoring program.

The Water Quality Management Section would appreciate the opportunity to review the annual monitoring report.

The Water Quality Management Section is concerned with any discharges that have the potential to impact the aquatic environment and/or restrict present and future uses of the water. Therefore it is recommended that the license require the proponent to actively participate in any future watershed based management study, plan/or nutrient reduction program, approved by the Director, for the Little Saskatchewan River, the Assiniboine River and associated waterways.

Manitoba Water Stewardship has reviewed the above noted file and submits the following comments as an addendum to previously submitted comments for your consideration:

- Since there is ample evidence that the groundwater and surface water systems are hydraulically interconnected and the pumping wells are near the river, the system should be treated as “groundwater under the influence of surface water” and the protocols for such systems, in terms of studies and groundwater quality analyses, established in Ontario or other jurisdictions with similar regulations should be applied.
- There should be a well head protection evaluation carried out and a program for protecting the aquifer from contamination initiated.
- As part of the enhanced monitoring program being suggested, monitoring wells should be established not only in close proximity to the pumping wells but also at key locations within the aquifer to monitor the overall aquifer response, not just the aquifer response near the pumping wells.
- As part of the test drilling program a modest study should be carried out between the pumping wells and the river to evaluate the geochemical aspects of the interconnection between the river and the aquifer and examine the potential for transport of organic and inorganic species from the river to the wells.
- There was a suggestion that manual monthly readings would be carried out in some of the new monitoring wells, at least initially. I would recommend that continuous readings be taken from the start since monthly readings will not provide a lot of detail on hydraulic responses which is the key question in this system.

Disposition:

These comments were provided to the consultant for information. Several of the comments can be addressed as licence conditions.

**Historic Resources Branch**

No concerns.

**Mines Branch** No concerns.

**Transportation and Government Services – Highway Planning and Design Branch**

No concerns.

**Intergovernmental Affairs and Trade – Community Planning Services Branch**

I have reviewed this proposal, and it appears to me that the most significant issues related to this project involve water management and habitat issues at Minnedosa Lake and the Little Saskatchewan River. As these issues are largely outside of our purview, I would advise that I have no objections or major concerns with regard to this proposal.

At the water treatment plant, the land within 125 ft. of the river is zoned as "OR" Open Space/Recreational Zone, and the land to the north of this is zoned as "MH" Industrial (Heavy) Zone, according to the Town of Minnedosa Zoning By-law. This by-law provides for water treatment plants as a permitted use in both of these zones.

There are several minor comments that I would like to make with regard to the proposed facilities at the water treatment plant:

1. The proposed facilities would appear to be located slightly above the elevation of the 100 year flood plain of the river. I would suggest that this should be reviewed and confirmed by Manitoba Water Stewardship.
2. The site plan diagram appears to show a property boundary crossing the two proposed settling ponds. This matter should be reviewed prior to construction to ensure that the facilities will be constructed entirely on property that is owned by the Town of Minnedosa. If additional land is required for this facility, a subdivision application may be required, to provide for the enlargement of the water treatment plant site.

Disposition:

These comments were provided to the proponent's consultant for information.

**Canadian Environmental Assessment Agency** I have undertaken a survey of federal departments with respect to determining interest in the project noted above. I can confirm that the project information that was provided has been reviewed by all federal departments with a potential interest. I am enclosing copies of the relevant responses for your file.

Based on the responses to the federal survey, the application of the *Canadian Environmental Assessment Act* (the Act) will be required for this project. Western Economic Diversification (WD), through that department's delivery of the Canada-Manitoba Infrastructure Program (CMIP), must complete a federal environmental assessment (EA) pursuant to the Act since the project is being considered for federal funding under that program. I have not yet received a response from Fisheries and Oceans Canada (DFO). However, DFO may have an environmental assessment requirement for this project due to the potential effects of the project on fish habitat. The DFO response will be forwarded to you as soon as it is available.

Please note that Health Canada (HC), Environment Canada (EC) and NRCan have all indicated that they possess specialist advice that may assist in the environmental assessment of the proposed project, if requested. EC has also indicated they wish to participate in the provincial review of the project. Indian and Northern Affairs Canada and Transport Canada have indicated they have no interest in this project.

I have attached the relevant responses from the federal departments, and included the related contact information. The Prairie Region office of the CEA Agency will act as the Federal Environmental Assessment Coordinator (FEAC) for the project. Our office is also assisting WD in conducting a federal environmental screening. In that capacity I am providing a list of questions for inclusion in the TAC review process prepared by this office.

As the project requires a review under both provincial and federal environmental legislation, a cooperative assessment under the Canada-Manitoba Agreement on Environmental Assessment Cooperation will be required. Please forward any federal review comments to the proponent for response as part of the TAC review process.

#### Response to TAC on Minnedosa Water Supply Upgrade EIA

1. What additional water treatment is Husky doing once they receive water from Minnedosa? If it includes reverse osmosis (RO) or other membrane treatment, the volume of reject water could be quite high and may have the potential to be recycled. Has this been considered or accounted for in water demands for the Husky plant?
2. Why are water supply wells #2 and 3 shown as extending far into the till layer on Figure 4? The figure suggests that the wells are drawing from the till layer, which is not supported by the well logs.
3. Has discharge from the school wells been accounted for in the river flow and requirements for supplemental flow?
4. How has seepage from the stop log control structure been accounted for in the hydraulic analysis? What effect will this have on the analysis? Observation suggests that a significant volume of water passes through the stop logs and into the river downstream.
5. What would be the impacts to the lake drawdown if flow enhancement starts at 20 cfs instead of 10 cfs? A 20 cfs threshold would be more consistent with DFO guidelines for water withdrawals from the river.

6. Why hasn't Well #1 been looked at as a possible source of additional water since it has a higher capacity and it is in an area where there is a clay layer down to approximately 501 meters perhaps limiting its effects on the river?
7. What is the approximate cost of lake aeration to supply a minimum dissolved oxygen levels to sustain fish and aquatic during the winter, if it is required?
8. What erosion control measures will be used to protect the settling pond discharge route?
9. What is the current land use (not zoning) at the WTP site where new settling ponds and building extension is proposed. What are the potential impacts of construction and operation at this site, and mitigation measures?
10. What is the source of the supposition on p. 1 of the EA report that states "increased water withdrawals from the wells, and therefore from the river, would be unacceptable due to potential effects on the aquatic environment"? Has other effects assessment been done on the Little Saskatchewan River?
11. What are the potential effects of lake drawdown on navigation and safety? What mitigation is proposed?

Disposition:

CEAA's list of comments was provided to the proponent's consultant for follow-up as requested.

**Environment Canada**

Environment Canada (EC) received a copy of the above proposed project on August 08, 2006 from the Canadian Environmental Assessment Agency (CEAA) for review. EC would like to participate in the provincial review of the proposed project consistent with the intent of Clause 59 of the expired and Clause 61 of the proposed new Canada-Manitoba Agreement on Environmental Assessment Co-operation.

Environment Canada has reviewed the above project description proposed by Town of Minnedosa for the construction and operation of a water supply system upgrade for the town.

EC provides the following comment:

Environment Act proposal appears to address most of the issues of interest to Environment Canada. We support the treatment of water treatment plant residues as opposed to their direct discharge back into the receiving water and therefore pleased to see the incorporation of settling pond in the water treatment upgrade. The proposal, however, does not make any mention of treatment plant #1 backwash residues. Is it right to assume that this will also be directed to a settling pond as well?

EC will also be pleased to see all the proposed monitoring programs and mitigation measures implemented.

Disposition:

A response will be provided to EC concerning the comment about backwash residues from treatment plant #1, which are licensed separately and will not be directed to a settling pond as part of this project.

**Department of Fisheries and Oceans** Preliminary comments from DFO led to further discussion. As of September 19, 2006, final comments were not available. Once additional comments are received, any necessary additional information will be requested and can be taken into consideration in a final licence for the project.

**ADDITIONAL INFORMATION:**

Additional information was requested on September 11, 2006 to address public and Technical Advisory Committee comments received during the preliminary review of the project. The attached reply dated September 19, 2006 was received on the same date.

**PUBLIC HEARING:**

Seven requests were received for a public hearing. A number of the requests involve matters outside the scope of the project, and others involve matters that were adequately addressed in the proposal or could be addressed through licence conditions. Accordingly, a public hearing is not recommended.

**RECOMMENDATION:**

Comments received on the Proposal have been addressed in the additional information or can be addressed as licence conditions. Therefore, it is recommended that the Development be licensed under The Environment Act subject to the limits, terms and conditions as described on the attached Draft Environment Act Licence. It is further recommended that enforcement of the Licence be assigned to the Western Region.

**PREPARED BY:**

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September 20, 2006

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