

April 8, 2011

Ms. Anne Snowdon and Mr. William Niess
Bala United Church
3114 Muskoka Road 169,
P.O. Box 313
Bala, ON
P0C 1A0

Dear Ms. Snowdon and Mr. Niess:

Thank you for your recent letter regarding the proposed Bala Falls hydroelectric facility. Your letter has been forwarded to me from the office of Minister Linda Jeffrey and I am pleased to respond.

The Crown lands associated with the Ministry of Natural Resources (MNR) Bala North Dam and MNR Bala South Dam have been identified for inclusion in a Crown land lease with Swift River Energy Ltd should the waterpower project proceed and receive all required authorizations and permits leading to construction.

The Crown land lease would include the Crown land parcels in the locations locally known as Margaret Burgess Park adjacent to the Bala North Dam, and Diver's Point adjacent to the Bala South Dam. I understand that the Bala United Church is in close proximity to Margaret Burgess Park.

A Crown land lease is intended to provide the company secure and long-term access for the operation and maintenance of the two MNR dams in addition to their waterpower facility. MNR currently uses these same Crown lands for the operation, maintenance and periodic reconstruction of the MNR dams.

If the waterpower project is approved, a Crown land lease will be required before the facility can begin commercial operation. A Water Power Lease Agreement (WPLA) will be used for this purpose. It will specify the requirements and conditions for the use of leased Crown land. The WPLA will also specify that the company is not permitted to develop or build on Crown land other than those Crown land parcels or portions thereof required for the construction of the waterpower facility.

In addition, the WPLA will specify that the traditional public use of the Crown land parcels associated with Margaret Burgess Park and Diver's Point will be reasonably maintained throughout the duration of the lease. The MNR is aware of the value of these two locations for tourism and recreation within Bala and the local area. However, one or both of these locations may be required by the company as a staging area for equipment and materials during construction of a waterpower facility in the event another reasonable location is not available for this purpose.

If you have any additional questions about the Ministry's role in the Bala Falls waterpower proposal, including legislative authority under the *Lakes and Rivers Improvement Act* and *Public Lands Act*, please contact Steve Taylor, Water Resources Coordinator for the MNR Parry Sound District at (705) 646-5509.

Again, thank you for writing.

Sincerely,



Andy Heerschap
District Manager
Parry Sound District Office
Ministry of Natural Resources

- c: The Honourable Linda Jeffrey, Minister of Natural Resources
 The Honourable Michael Chan, Minister of Tourism and Culture
 The Honourable Brad Duguid, Minister of Energy
 The Honourable John Wilkinson, Minister of the Environment
 Steve Taylor, Water Resources Coordinator, MNR, Parry Sound District
✓ Sandy Currie, President, Moon River Property Owner's Association