



**SHAREHOLDER'S LETTER OF EXPECTATIONS**

**BETWEEN**

**THE MINISTER OF ENERGY, MINES AND PETROLEUM RESOURCES  
(AS REPRESENTATIVE OF THE SHAREHOLDER,  
THE GOVERNMENT OF BRITISH COLUMBIA)**

**AND**

**THE CHAIR OF COLUMBIA POWER CORPORATION  
(AS REPRESENTATIVE OF THE CORPORATION)**

**PURPOSE**

This Shareholder's Letter of Expectations between the Shareholder and the Corporation is an agreement on the respective roles and responsibilities of each, and serves as the basis of agreement between the Shareholder and the Corporation on corporate mandate including high-level performance expectations, public policy issues and strategic priorities<sup>1</sup>. The Letter is also the basis for developing the Corporation's Service Plans and Annual Service Plan Reports. It will be reviewed annually and updated as required.

The Shareholder's Letter of Expectations is the basis for the development of the Corporation's Service Plans and Annual Service Plan Reports. The Letter applies to the Shareholder and the Corporation. This Letter does not create any legal or binding obligations on the part of the Shareholder or the

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<sup>1</sup> The Province of British Columbia's Crown Agency Accountability System (CAAS) ([http://www.gov.bc.ca/cas/down/crown\\_agencies\\_reader.pdf](http://www.gov.bc.ca/cas/down/crown_agencies_reader.pdf)) establishes guiding principles for the governance of Crown corporations. The CAAS also identifies roles and responsibilities for the Shareholder and Crown corporations, and provides for a Shareholder's Letter of Expectations (Letter) to be jointly developed.

Corporation but rather is intended to define and promote a positive and co-operative working relationship.

## **CORPORATION ACCOUNTABILITIES**

Government confirms the following mandate direction to the Corporation:

- To efficiently develop and operate commercially viable, environmentally sound and safe power project investments for the benefit of the Province and the residents of the Columbia Basin; and
- To act as the manager of power project joint ventures with the Columbia Basin Trust.

In responding to the performance expectations and the general and specific frameworks and direction of the Shareholder, the Corporation will:

- Conduct its affairs to achieve its mandate and the performance expectations and objectives of the Shareholder, including establishing and implementing corporate strategies, policies, programs, plans and financial outcomes that are consistent with the Shareholder's general direction and consistent with principles of efficiency, effectiveness, and customer service;
- Prepare Service Plans with clearly articulated goals, objectives, strategies and performance measures and targets, and Annual Reports that detail progress toward achieving those goals, and post both documents on its website;
- Display all annual Statement of Financial Information schedules prepared under the *Financial Information Act* in an easily accessible location on its website (some of this information is included in annual reports and does not need to be otherwise displayed);
- Conduct its operations and financial activities in a manner consistent with the legislative, regulatory and policy framework established by the Shareholder;
- Develop and implement strategies to manage risks identified in the Service Plan;
- Provide the Shareholder with reports and other information that would enable the Shareholder to carry out its responsibilities;
- Provide information to the Shareholder if the Corporation is unable to meet the targets identified in its Service Plan; and
- Take appropriate action to ensure that if Shareholder-directed transactions affect the Service Plan or financial targets of the Corporation, the Shareholder is informed of any impacts.

In addition, the Shareholder directs the Corporation to take the following

specific actions:

- Undertake a recruitment process for a President for the Corporation with the successful candidate preferably residing in the Columbia Basin;
- Continue to work with the Columbia Basin Trust to increase efficiency and reduce the cost of power development and management activities; and
- Develop and bring forward by November 30, 2006, for consideration and review by the Shareholder, an interim plan for the development of the Waneta Expansion Project.

## **SHAREHOLDER'S RESPONSIBILITIES**

The Shareholder is responsible for the legislative, regulatory and public policy framework in which Crown corporations operate. In order to meet these responsibilities and support achievement of government's performance expectations, the Shareholder will:

- Establish, review, revise and communicate Crown corporations' mandates;
- Establish the overall and Crown-specific financial frameworks under which Crown corporations operate (borrowing, investment, and payment to the Shareholder);
- Issue performance management guidelines, including guidelines for service planning and annual reports (<http://www.gov.bc.ca/cas/rpts/>);
- Provide strategic input and advice to Crown corporations in the development of their Service Plans and Annual Reports;
- Provide broad policy direction and confirmation of general frameworks/principles to Crown corporations, within which the Crown corporations may establish and apply specific policies/processes;
- Advise Crown corporations of government's priorities, strategic decisions and public policy and performance objectives and expectations that may impact the Crown corporations; and
- Issue directives or orders or sponsor submissions on behalf of Crown corporations that may be required to seek decisions or policy direction by the Executive Council or its committees, in order to facilitate Crown corporations fulfilling their mandates and achieving the performance targets outlined in Crown corporations' Service Plans.

The Shareholder has developed policies for ministries and Crown corporations for Capital Asset Management (<http://www.fin.gov.bc.ca/tbs/camf.htm>) and Board remuneration policies for Crown agencies. The shareholder has also issued Best Practice Guidelines for board governance and disclosure and expects them to be implemented by all Crown corporations by April 2006 (<http://www.fin.gov.bc.ca/oop/brdo/corporateguidelines.pdf>). During the term of this Letter, the Shareholder may provide policy direction to the Crown

corporation sector, and will communicate any such direction to Crown corporations, including implementation expectations, as decisions are made.

The Shareholder will also, on a continuing basis, monitor the achievement of the goals, objectives and targets identified in the Crown corporation's Service Plans.

Specific to the Corporation, the Shareholder:

- Will continue the Corporation under the *Business Corporations Act*;
- Confirms the Corporation as an agent of the government pursuant to the September 13, 1995, Agency Agreement (as amended) and reserves for Treasury Board the ultimate decision-making authority for material financial decisions related to power project development and marketing; and
- Has established a skills-based nomination process with the Columbia Basin Trust for appointment of one-third of the membership of the Corporation's Board of Directors.

## **AREAS OF SHARED ACCOUNTABILITY**

### **Communications**

It is agreed by both the Shareholder and the Corporation that, to ensure effective and efficient day-to-day communications and relationship building, officials representing both parties will be tasked with implementing the contents of this Letter and keeping the Minister Responsible and the Board of Directors informed of progress in a timely fashion.

### **Reporting**

The Shareholder and the Corporation are committed to enhanced transparency and accountability to the public. The Shareholder has put in place a public reporting structure set out in the *Budget Transparency and Accountability Act*, the *Financial Administration Act*, and the *Financial Information Act*. The Shareholder has provided the Corporation with a reporting calendar which sets out financial and performance reporting requirements (<http://www.gov.bc.ca/cas>). The Corporation agrees that it will meet these financial and performance reporting requirements. If government determines that changes to the reporting requirements are necessary, the Shareholder will communicate these to the Corporation.

It is agreed by both the Shareholder and the Corporation that there will be advance discussion and review of key strategic documents such as Service Plans, Quarterly Financial Reports and Annual Reports. These discussions will

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be completed sufficiently in advance of deadlines to ensure effective and timely input by the Shareholder.

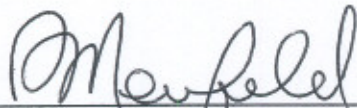
In addition to these financial and performance reporting requirements, the Corporation agrees to provide information to the Shareholder related to risks and opportunities anticipated in achieving financial forecasts.

The Shareholder and the Corporation agree that, as a matter of course, each will advise the other in a timely manner of any issues that may materially impact the business of the Corporation or the interests of the Shareholder.

It is agreed that the Corporation will post the most recent signed copy of the Shareholder Letter of Expectations on its website. The Ministry will also post a signed copy of the Letter on its website.

#### **Review and Revision of this Letter**

In addition to co-ordinating the overall process for preparing this Letter on behalf of the Shareholder, the Minister Responsible is accountable for undertaking reviews of this Letter and monitoring its implementation. If deemed necessary by either party, the Shareholder and the Corporation will discuss any issues and may agree to amend this letter.



Honourable Richard Neufeld  
Minister of Energy, Mines and  
Petroleum Resources



Lee Doney  
Chair of the Board

Nov. 8, 2006.

Date

Nov 6/06

Date

cc. Honourable Gordon Campbell  
Premier

Jessica McDonald  
Deputy Minister to the Premier and Cabinet Secretary

Ed Pietraszek  
A/President  
Columbia Power Corporation

October 2, 2006

Greg Reimer  
Deputy Minister  
Ministry of Energy, Mines and Petroleum Resources

Dana Hayden  
Deputy Minister, Strategic Policy, Natural Resources and the Economy

Tamara Vrooman  
Deputy Minister and Secretary to Treasury Board  
Ministry of Finance

Molly Harrington  
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