



## GOVERNMENT'S LETTER OF EXPECTATIONS

BETWEEN

THE MINISTER OF ENERGY AND MINES AND MINISTER RESPONSIBLE FOR CORE REVIEW  
(AS REPRESENTATIVE OF THE GOVERNMENT OF BRITISH COLUMBIA)

AND

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

FOR 2014/15

### PURPOSE

This Letter of Expectations (the Letter) provides Government's annual direction to CPC and is an agreement on the parties' respective accountabilities, roles, and responsibilities. The Letter confirms CPC's mandate and priority actions, articulates the key performance expectations as documented in the Government's Expectations Manual for British Columbia Crown Agencies<sup>1</sup>, and forms the basis for the development of CPC's Service Plan and Annual Service Plan Report. The Letter does not create any legal or binding obligations on the parties. It is intended to create an opportunity for dialogue between the parties and to support an open, positive and co-operative working relationship, resulting in the achievement of government's policy and performance expectations in a transparent and accountable manner.

### CORPORATION ACCOUNTABILITIES - MANDATE

Government has provided the following mandate direction to CPC:

- 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.

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<sup>1</sup> The Province of British Columbia's Crown Agency Accountability System (<http://www.gov.bc.ca/caro/publications/index.html>) establishes guiding principles for the governance of Crown corporations. The *Government's Expectations for British Columbia Crown Agencies* provides for a Government's Letter of Expectations (Letter) to be developed.

For those Crown corporations that are commercial entities, they are expected to earn positive returns for their shareholders, the people of British Columbia.

## **SPECIFIC CORPORATION ACCOUNTABILITIES**

To achieve this mandate, CPC is directed to take the following specific actions:

- Manage the construction of the Waneta Expansion to completion in 2015 — safely, on-schedule and on-budget, while meeting CPC’s community, First Nations and environmental commitments;
- Manage the operation of existing facilities to meet financial and other performance targets;
- Report to Government on the progress of the CPC/BC Hydro Joint Development Committee including providing timetables and a budget of proposed activities;
- Work with the Government to identify current or upcoming issues that could require provincial policy development and assist with implementation of any such policies.

## **GENERAL CORPORATION ACCOUNTABILITIES**

Over the past decades, British Columbians have come to expect high quality products and services delivered by their Crown corporations. The Province is well served by our Crown corporations and it is up to the Boards and Senior Management teams of these organizations to manage in the best interests of the Province and our citizens and conduct its affairs with the principles of integrity, efficiency, effectiveness, and customer service.

As a Crown corporation, it is critical that the operations of the entity be done as efficiently as possible, in order to ensure families are provided with services at the lowest cost possible.

Government sets broad policy direction to ensure the CPC’s operation and performance is consistent with the Government’s Strategic Plan, found at:

[http://www.bcbudget.gov.bc.ca/2013\\_June\\_Update/stplan/2013\\_June\\_Strategic\\_Plan.pdf](http://www.bcbudget.gov.bc.ca/2013_June_Update/stplan/2013_June_Strategic_Plan.pdf)

and as such, CPC will:

- Ensure that its priorities reflect Government’s priorities of:
  - Strong Economy**  
A government that supports our economy by controlling spending to balance the budget, keeping taxes and government debt affordable and protecting B.C.’s hard-earned triple-A credit rating.
  - Jobs**  
A government that is focused on job creation and investment in the province.
  - Families**  
A government that works continuously to improve social programs that support families of every description, and improve the lives of British Columbians.

- Comply with Crown Agency Accountability System guidelines, policy, due dates and best practices, as set out from time to time and as applicable to CPC, found at <http://www.gov.bc.ca/caro/publications/index.html> including the Information and Events Calendar for commercial and service delivery Crown corporations, Government's Expectations Manual for British Columbia Crown Agencies and the Best Practices Guideline & Disclosure Requirements for Governing Boards of British Columbia Sector Organizations.
- Comply with all legislation and policies applicable to CPC including but not limited to:
  - The executive compensation policies for Crown corporations. Found at: [http://www.fin.gov.bc.ca/psec/disclosedocs/crown\\_corporation\\_executive\\_compensation\\_july\\_2012.pdf](http://www.fin.gov.bc.ca/psec/disclosedocs/crown_corporation_executive_compensation_july_2012.pdf);
  - Ensure Government is advised in advance of the release of any information requests by CPC under the *Freedom of Information and Protection of Privacy Act*;
  - Government's requirements to be carbon neutral under the *Greenhouse Gas Reduction Targets Act*.
- Follow the spirit and intent of the financial policy requirements in the Ministry of Finance Core Policy and Procedures Manual found at: <http://www.fin.gov.bc.ca/ocg/fmb/manuals/CPM/CPMtoc.htm>
- Participate in Government's Core and Crown reviews, which may include the review of Crown mandates, and implement the recommendations of these reviews.
- Ensure that any planned deficit spending or use of the retained earnings is approved in advance by Treasury Board.
- Inform Government immediately if CPC is unable to meet the performance and financial targets identified in its Service Plan.

## **GOVERNMENT RESPONSIBILITIES**

Specific to CPC, Government will:

- Review progress reports of the CPC/BC Hydro Joint Development Committee.
- Work with Columbia Power Corporation to identify and address any current or upcoming issues that could require provincial policy responses.

During the term of this Letter, Government may provide further policy direction to the Ministry of Energy and Mines who will communicate any such direction, including implementation expectations, to Columbia Power Corporation as decisions are made.

## **AREAS OF SHARED ACCOUNTABILITY**

Government and CPC are committed to transparency and accountability to the public and have planning, reporting and disclosure requirements in the *Budget Transparency and Accountability Act*, the *Financial Administration Act*, and/or the *Financial Information Act*.


On a quarterly basis, the Minister Responsible, Honourable Bill Bennett, the Deputy Minister, Dave Nikolejsin, the Board Chair, Lee Doney, and the A/Chief Executive Officer, Frank Wszelaki, will meet to discuss relevant and current CPC business. The meeting will be to review the achievement of the goals, objectives, performance measures, financial targets and risk assessments identified in CPC's Service Plan.

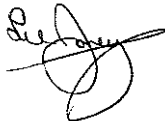
The parties agree that each will advise the other in a timely manner of any issues that may materially affect the business of CPC and/or the interests of Government, including information on any risks to achieving financial forecasts and performance targets.

CPC and the Crown Agencies Resource Office will post the most recent signed copy of the Government's Letter of Expectations on their respective websites.

**REVIEW AND REVISION OF THIS LETTER**

The Minister of Energy and Mines is accountable for undertaking reviews of this Letter and monitoring its implementation. Government and CPC may agree to amend this Letter on a more frequent than annual basis.

  
Honourable Bill Bennett  
Minister of Energy and Mines  
and Minister Responsible for Core Review

  
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Lee Doney,  
Chair, Columbia Power Corporation

Jan 12, 2014  
Date

December 19, 2013  
Date

- cc. Christy Clark  
Premier
  
- John Dyble  
Deputy Minister to the Premier and Cabinet Secretary
  
- Peter Milburn  
Deputy Minister and Secretary to Treasury Board  
Ministry of Finance
  
- Cheryl Wenezenki-Yolland  
Associate Deputy Minister  
Ministry of Finance
  
- Dave Nikolejsin  
Deputy Minister  
Ministry of Energy and Mines
  
- Frank Wszelaki  
A/Chief Executive Officer  
Columbia Power Corporation