

**BRITISH  
COLUMBIA**

The Best Place on Earth

**SHAREHOLDER'S LETTER OF EXPECTATIONS**

**BETWEEN**

**THE MINISTER OF ENERGY  
(AS REPRESENTATIVE OF THE SHAREHOLDER,  
THE GOVERNMENT OF BRITISH COLUMBIA)**

**AND**

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

**FOR 2011/12**

**PURPOSE**

This Letter of Expectations between the Shareholder and Corporation is an agreement on their respective roles, responsibilities and on corporate mandate including high level strategic priorities, public policy issues and performance expectations as documented in the Shareholder's Expectations Manual for British Columbia Crown Agencies<sup>1</sup>.

The Letter is the basis for the development of the Corporation's Service Plans and Annual Service Plan Reports and is reviewed and updated annually. The Letter does not create any legal or binding obligations on the parties and is intended to promote a cooperative working relationship.

**CORPORATION ACCOUNTABILITIES**

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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 Shareholder's Expectations Manual identifies roles and responsibilities for the Shareholder and Crown corporations and provides for a Shareholder's Letter of Expectations (Letter) to be jointly developed.

Government has provided 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.

To achieve this mandate direction, and in response to the Shareholder's general direction, frameworks and principles, the Corporation will:

- ensure that the Corporation's priorities reflect Government's goals of building a strong economy, job creation, infrastructure and private sector investment, First Nations reconciliation and climate action initiatives;
- conduct its affairs to achieve its mandate and the performance expectations of the Shareholder with the principles of integrity, efficiency, effectiveness and customer service;
- display annual *Financial Information Act* – Statement of Financial Information and Executive Compensation Disclosure Schedules, a Remuneration for Appointees to Crown Agency Boards Schedule and Corporate Governance Disclosure in an easily accessible website location; and
- inform the Shareholder immediately if the Corporation is unable to meet the performance and financial targets identified in its Service Plan.

The Shareholder also sets broad policy direction to ensure the Corporation's operation and performance is consistent with Government's strategic priorities and Fiscal Plan. As such, the Corporation will:

- comply with the Shareholder's requirements to be carbon neutral under the *Greenhouse Gas Reduction Targets Act* including accurately defining, measuring, reporting on and verifying the greenhouse gas emissions from the Corporation's operations, implementing aggressive measures to reduce those emissions and reporting on these reduction measures and reduction plans and offsetting any remaining emissions through investments in the Pacific Carbon Trust which will invest in greenhouse gas reduction projects outside of the Corporation's scope of operations;
- ensure the Shareholder is advised in advance of the release of any information requests by the Corporation under the *Freedom of Information and Protection of Privacy Act*;
- ensure any debit/credit card payment services provided to the public are in compliance with the international Payment Card Industry (PCI) Data Security Standards;
- ensure the Corporation's membership in the Crown Corporation Employers' Association is in good standing;
- annually assess the Board appointment process to ensure that succession results in a balance of renewal and continuity of Board membership and provide the results of this assessment to the Shareholder for consideration; and
- comply with Government's requirement that lobbyists not be engaged to act on behalf of the Corporation in its dealings with Government.

In addition, the Shareholder directs the Corporation to take the following specific actions:

- support the Shareholder's energy objectives as described in the *Clean Energy Act* by helping to identify strategies that would further these objectives;
- implement the Corporation's strategic plan which considers the appropriate strategic direction following a Waneta Expansion Project decision and enterprise risk management assessment that are currently underway and subject to approval by the representative of the Shareholder; and
- work with the Shareholder to identify current or upcoming issues that could require Provincial policy development and assist with implementation of any such policies.

## **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:

- issue performance management guidelines including guidelines for Service Plans and Annual Service Plan Reports (<http://www.gov.bc.ca/caro/publications/index.html>); and
- review and provide feedback and final approval of the Corporation's Service Plans and Annual Service Plan Reports.

The Shareholder has developed policies for Ministries and Crown corporations for Capital Asset Management (<http://www.fin.gov.bc.ca/tbs/camf.htm>) and Remuneration Guidelines for Appointees to Crown Agency Boards (<http://www.gov.bc.ca/caro/publications/index.html>). The Shareholder has also issued the Best Practice Guidelines – BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations (<http://www.lcs.gov.bc.ca/brdo/governance/index.asp>). During the term of this Letter, the Shareholder may provide additional policy direction to the Crown agency sector and will communicate such direction to the Corporation as decisions are made.

The Shareholder will also, on a continuing basis, monitor the achievement of the goals, objectives, performance and financial targets and risk assessments identified in the Corporation's Service Plan.

Specific to the Corporation, the Shareholder:

- continues the Corporation under the *Business Corporations Act*;
- confirms the role of the Minister of Finance as fiscal agent to the Corporation providing the Corporation with access to Government financing and banking services; and
- continues the Corporation as an agent of the Crown.

## **AREAS OF SHARED ACCOUNTABILITY:**

### **Reporting**

The Shareholder and the Corporation are committed to transparency and accountability to the public. The Shareholder has put in place a public reporting structure which is set out in the *Budget Transparency and Accountability Act*, the *Financial Administration Act* and the *Financial Information Act* and has provided the Corporation with an Information Requirements and Events Calendar which sets out financial and performance reporting requirements (<http://www.gov.bc.ca/caro/publications/index.html>). 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.

The parties 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 and/or the interests of the Shareholder including information on any risks to achieving financial forecasts and performance targets.

It is agreed that the Corporation will post the most recent signed copy of the Shareholder's Letter of Expectations on its website. Crown Agencies Resource Office will also post a signed copy of the Letter on its website.

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

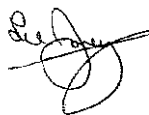
The Minister of Energy is accountable for undertaking reviews of this Letter and monitoring its implementation. The Crown Agencies Resource Office is responsible for coordinating the overall process for preparing Letters of Expectation and may assist the Minister in undertaking reviews of this Letter 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 on a more frequent than annual basis.



Honourable Steve Thomson  
Minister of Energy

Jan 20 2011

Date



Lee Doney  
Chair, Columbia Power Corporation

December 15, 2010

Date

pc: Honourable Gordon Campbell  
Premier

Mr. Allan Seckel  
Deputy Minister to the Premier and Cabinet Secretary

Mr. Graham Whitmarsh  
Deputy Minister and Secretary to Treasury Board  
Ministry of Finance

Mr. Robin Junger  
Deputy Minister  
Ministry of Energy

Ms. Jane Bird  
President and Chief Executive Officer  
Columbia Power Corporation

Ms. Marie Ty  
Executive Director  
Crown Agencies Resource Office