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July 16, 2013

Ms. Erica Hamilton
Commission Secretary
British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

**RE: Project No. 3698720
British Columbia Utilities Commission (BCUC)
British Columbia Hydro and Power Authority (BC Hydro)
BC Hydro Power Purchase Agreement (PPA) - RS 3808, TS No. 2 & 3**

BC Hydro writes to the BCUC further to its May 24, 2013 Application for Approval of New Power Purchase Agreement (**New PPA**), and associated agreements, with FortisBC Inc. (**the Application**). As discussed in section 4.5 of the Application, the need for amendments to the General Wheeling Agreement (**GWA**) to align with the New PPA, and associated agreements, was determined late in the negotiations between the parties and as a result the amended GWA was not included as part of the May 24, 2013 filing. In fulfillment of its commitment to file an amended GWA by July 16, 2013 BC Hydro attaches the final version of the Amended and Restated Wheeling Agreement (**the ARWA**) and an amended Rate Schedule 3817 as Attachment A. BC Hydro and FortisBC are in the processing of executing the final agreement and in the interest of time, BC Hydro is filing an unexecuted final version. BC Hydro will be filing the final executed ARWA as Attachment 5 of Appendix A to the Application as soon as possible.

Background

In 1985, differences with respect to the issue of power supply and wheeling rates could not be resolved by negotiation as between BC Hydro and FortisBC, and the resolution of these issues was brought before the BCUC. A decision was issued by the BCUC in 1986¹ and the direction provided by the BCUC pursuant to this decision, ultimately led to the GWA, the Power Purchase Agreement, and their respective rate schedules.

The GWA has been in effect since October 1986, and was originally filed and approved in 1988 pursuant to BCUC Order G-61-86. The GWA was amended in 2002 and more recently in 2004 to reflect various FortisBC reinforcement projects that impacted system

¹ Matters in Dispute between British Columbia Hydro and Power Authority and West Kootenay Power and Light Company, Ltd. dated October 15, 1986. See Appendix F of the Application.

configurations, most notably changes to the Point of Interconnection and Point of Supply. The existing amended GWA expires in 2045.

The GWA, in tandem with the PPA, is used by FortisBC for the purpose of meeting its load obligations, particularly with respect to its remote load centres at Princeton, Okanagan and Creston². Specifically, the GWA enables FortisBC to use its generation resources at South Slokan to serve its remote load centres by wheeling through BC Hydro's transmission system. A wheeling nomination is provided by FortisBC for each remote load centre (i.e., the Points of Interconnection) and energy is delivered from essentially South Slokan (the "Point of Supply") up to these nominated amounts.

Unlike transmission service provided pursuant to BC Hydro's Open Access Transmission Tariff (**OATT**), energy is not scheduled but is determined after-the-fact as a result of the accounting complexities related to the Canal Plant Agreement (**CPA**). It is a unique agreement, which works together with the PPA and the CPA, to allow FortisBC to balance its load and resources within its service territory.

Summary of Changes

In substance, the ARWA continues to provide the same access to the BC Hydro transmission system as FortisBC has had in the past with the PPA and the GWA. The ARWA includes changes to align with the new accounting required under the New PPA, and associated agreements, and to ensure issues related to transmission capacity are properly allocated and accounted for in the agreements. The changes can be generally categorized as follows:

1. The addition of provisions that ensure firm transmission capacity at each of the Points of Interconnection takes into account both general wheeling nominations and PPA firm deliveries³.
2. The addition of provisions that provide for the nominations that will apply in the event that FortisBC fails to submit their nominations by the required date⁴.
3. The addition of provisions that ensure FortisBC continues to balance its load and resources at each Point of Interconnection⁵.
4. The addition of non-firm imbalance wheeling service to reflect that an energy surplus/deficit may occur at each Point of Interconnection which needs to be reconciled after-the-fact through the accounting and agreed allocation of resources⁶. Previously any deficits were addressed after the fact under the PPA. This change allows FortisBC to use its own resources to balance at its remote load centres.

² See Figure 1 on page 6 of the Application.

³ See provisions regarding Total Transmission Nominations in Section 6.2 of the ARWA.

⁴ See Sections 6.4(b)-(d) of the ARWA.

⁵ See Sections 8.1 and 8.5 of the ARWA.

⁶ See Sections 8.2-8.6 of the ARWA.

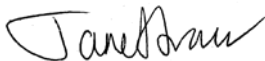
5. Due to the availability of non-firm imbalance wheeling under the ARWA which applies between the Points of Interconnection and the Point of Supply, and the proposed Imbalance Agreement under which there is an Energy Imbalance charge to FortisBC from a system to system perspective, a new provision is added to exclude FortisBC from OATT Energy Imbalance service eligibility⁷.
6. For the purpose of ease of contract administration, the Point of Supply definition has been updated such that it aligns with the definition of the "Kootenay Interconnection" as provided in the CPA.⁸
7. The addition of new or modifications to existing provisions and related definitions to align with the New PPA, Imbalance Agreement and Master Accounting Agreement⁹.

BC Hydro has also included some general housekeeping changes in the ARWA including the consolidation of the original 1986 agreement, 2002 amendment, 2004 amendment, and relevant technical decisions into a single agreement, as well as updating general legal provisions to modernize the agreement and make it more consistent with the other associated agreements¹⁰.

For reference, BC Hydro has included the existing GWA and its related amendments, currently approved as Tariff Supplement No.2, and its associated Rate Schedule 3817 as Attachment B.

For further information, please contact Gordon Doyle at 604-623-3815 or by email at bchydroregulatorygroup@bchydro.com.

Yours sincerely,



Janet Fraser
Chief Regulatory Officer

jm/tn

Enclosure

Copy to: BCUC Project No. 3698720 (BC Hydro PPA - RS 3808, TS No. 2 & 3)
Registered Intervener Distribution List.

⁷ See Section 8.2(c) of the ARWA.

⁸ See section 1.1(bb) of the ARWA.

⁹ See primarily Sections 1.1, 2.4, 2.5, 7.2, 9.1, 9.2, 9.4, 11, and 15.

¹⁰ See, for example, Sections 1.2, 12, 13, 14.6 and 16-20, as well as Appendices I and III.

AMENDED AND RESTATED WHEELING AGREEMENT

This Amended and Restated Wheeling Agreement is made as of the 16th day of July, 2013, to be effective on the Effective Date.

BETWEEN: BRITISH COLUMBIA HYDRO AND POWER AUTHORITY,
having its head office at 333 Dunsmuir Street, Vancouver, British
Columbia

(“BC Hydro”)

AND: FORTISBC INC., a body corporate having its head office at 10th Floor,
1111 West Georgia Street, Vancouver, British Columbia

(“FortisBC”)

WHEREAS:

- A. BC Hydro and FortisBC (then known as “West Kootenay Power and Light Company Limited”) entered into a general wheeling agreement made as of October 15, 1986 (together with amendments thereto, the “**Original GWA**”);
- B. FortisBC and BC Hydro serve adjacent areas in British Columbia and have various points of electrical system interconnection which permit the transfer of electricity to and from their respective systems;
- C. FortisBC desires to wheel electricity on a firm basis over BC Hydro transmission facilities and on a non-firm basis in certain circumstances;
- D. BC Hydro is willing to wheel electricity for FortisBC under the terms and conditions as are provided for by this Agreement; and
- E. The Parties have recently entered into a Power Purchase Agreement respecting power purchases by FortisBC from BC Hydro, and other associated agreements including the Imbalance Agreement and the Master Accounting Agreement, all of which required them to make certain changes to the Original GWA; and in addition the Parties desire to update the Original GWA, as reflected in this Agreement.

THIS AGREEMENT WITNESSES that in consideration of the covenants and agreements set forth in this Agreement and of other good and valuable consideration, the Parties hereby covenant, agree and declare as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) “**Accounting Procedures**” means the accounting procedures established from time to time under the Master Accounting Agreement;
- (b) “**Agreement**” means this Agreement, as amended, restated and/or supplemented from time to time, and any schedules or exhibits referred to in it as being attached to it;
- (c) “**Allocated Resources**” at a Point of Interconnection means the total amount of resources available to FortisBC pursuant to (i) the Power Purchase Agreement, and (ii) this Agreement, including General Wheeling and Emergency Wheeling but excluding any POI Imbalance Wheeling, as allocated to that Point of Interconnection in accordance with the Accounting Procedures. For clarity, unless there is an Energy Deficit or Energy Surplus, the Allocated Resources at a Point of Interconnection will be equal to the Net Obligations at that Point of Interconnection;
- (d) “**Billing Month**” means a calendar month;
- (e) “**Business Day**” means any calendar day which is not a Saturday, Sunday or other day recognized as a statutory holiday in British Columbia;
- (f) “**Canal Plant Agreement**” means the Second Amended and Restated 2005 Canal Plant Agreement dated for reference November 15, 2011 among BC Hydro, FortisBC, Teck Metals Ltd., Brilliant Power Corporation, Brilliant Expansion Power Corporation and Waneta Expansion Limited Partnership, as amended, restated and/or supplemented from time to time;
- (g) “**Commission**” means the British Columbia Utilities Commission established pursuant to the *Utilities Commission Act* (British Columbia), or a successor thereto;
- (h) “**Contract Year**” means a period commencing on October 1 and ending on the following September 30, provided that if this Agreement terminates earlier than September 30, 2045, the last Contract Year shall end on the earlier termination date;
- (i) “**Creston Point of Interconnection**” has the meaning given to it in Appendix I;
- (j) “**Effective Date**” means October 1, 2013, provided that the conditions precedent in Section 2.4 have then been met;

- (k) “**electricity**” means inclusively electric capacity and electric energy unless the context requires otherwise;
- (l) “**Emergency Wheeling**” means the transmission by BC Hydro of FortisBC’s electricity from the Point of Supply to a Point of Interconnection in excess of the applicable Nominated Wheeling Demand to serve FortisBC’s Net Obligations at that Point of Interconnection, where such excess is required by FortisBC to meet unforeseen transmission outages or other bona fide emergencies on FortisBC’s transmission system, or is otherwise permitted by Section 4.2(b) or paragraph 2 of Appendix III of this Agreement;
- (m) “**Energy Deficit**” means that FortisBC’s Net Obligations at a Point of Interconnection exceed the amount of its Allocated Resources at that Point of Interconnection, as calculated for that Point of Interconnection pursuant to and in accordance with the Accounting Procedures;
- (n) “**Energy Surplus**” means that FortisBC’s Net Obligations at a Point of Interconnection are negative, as calculated for that Point of Interconnection pursuant to and in accordance with the Accounting Procedures;
- (o) “**Force Majeure**” means any cause which is beyond a Party’s reasonable control, in each case that directly affects the Party’s ability to perform hereunder; a Force Majeure event does not include an act of negligence or intentional wrongdoing or lack of money or credit or economic hardship;
- (p) “**General Wheeling**” means the transmission by BC Hydro of FortisBC’s electricity from the Point of Supply to a Point of Interconnection to serve FortisBC’s Net Obligations at that Point of Interconnection;
- (q) “**Good Utility Practice**” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be acceptable practices, methods or acts generally accepted in the WECC region;
- (r) “**Imbalance Agreement**” means the Imbalance Agreement entered into between BC Hydro and FortisBC concurrently with the Power Purchase Agreement, as amended, restated and/or supplemented from time to time;
- (s) “**load**” at a Point of Interconnection means the sum of all telemetered generation within the load centre served by that Point of Interconnection less the amount of electricity metered as flowing out of the load centre, calculated in accordance with paragraph 3 of Appendix III;

- (t) “**Master Accounting Agreement**” means the Master Accounting Agreement entered into between BC Hydro and FortisBC concurrently with the Power Purchase Agreement, including the Accounting Procedures established pursuant to it, in each case as amended, restated and/or supplemented from time to time;
- (u) “**Net Obligations**” means the total load at a Point of Interconnection, less any generation at that Point of Interconnection, less all imports scheduled to that Point of Interconnection, plus all exports scheduled from that Point of Interconnection. For clarity, Net Obligations at a Point of Interconnection, where positive, will be equal to the Allocated Resources at that Point of Interconnection plus any POI Imbalance Wheeling to that Point of Interconnection;
- (v) “**Nominated Wheeling Demand**” means the maximum rate as nominated by FortisBC and at which BC Hydro agrees to provide continuous firm General Wheeling from the Point of Supply to a particular Point of Interconnection during a stated Contract Year;
- (w) “**OATT**” means BC Hydro’s Open Access Transmission Tariff as approved by the Commission from time to time;
- (x) “**Okanagan Point of Interconnection**” has the meaning given to it in Appendix I;
- (y) “**Parties**” means the parties to this Agreement and “**Party**” means either of them;
- (z) “**POI Imbalance Wheeling**” means the transmission by BC Hydro of FortisBC’s electricity on a non-firm basis:
 - (i) from the Point of Supply to a Point of Interconnection, in the event of an Energy Deficit at that Point of Interconnection; and
 - (ii) from a Point of Interconnection to the Point of Supply, in the event of an Energy Surplus at that Point of Interconnection;
- (aa) “**Point of Interconnection**” means a point exclusive of the Point of Supply as specifically identified in accordance with Section 3;
- (bb) “**Point of Supply**” means the “Kootenay Interconnection” as defined in the Canal Plant Agreement. For purposes of this Agreement, the points of interconnection enumerated in such definition will, except in respect of Sections 4 and 10, be deemed, collectively, to be a single point of supply;
- (cc) “**Power Purchase Agreement**” means the Power Purchase Agreement between BC Hydro and FortisBC, to be effective October 1, 2013, as amended, restated and/or supplemented from time to time;

- (dd) “**Prime Rate**” means the annual rate of interest designated by the Bank of Montreal as its “prime rate” for Canadian dollar commercial loans to customers in Canada;
- (ee) “**Princeton Point of Interconnection**” has the meaning given to it in Appendix I;
- (ff) “**Rate Schedule 3817**” means Rate Schedule 3817 to BC Hydro’s Electric Tariff as approved by the Commission from time to time;
- (gg) “**Term**” has the meaning given to it in Section 2.1;
- (hh) “**Total Transmission Nomination**” means the amount nominated by FortisBC for each Point of Interconnection and accepted by BC Hydro pursuant to Section 6.2 for a stated Contract Year;
- (ii) “**WECC**” means the Western Electricity Coordinating Council, or a successor organization;
- (jj) “**Wheeling**” and all forms of the verb to “**Wheel**” means General Wheeling, Emergency Wheeling or POI Imbalance Wheeling, as applicable; and
- (kk) “**WTS-VAS Loop**” means, collectively, FortisBC’s transmission lines connecting its Vaseux Lake and Warfield Terminal Stations.

1.2 Interpretation

In this Agreement, except where otherwise expressly provided:

- (a) unless the context otherwise requires, words importing the singular include the plural and vice versa, words importing gender include all genders, “or” is not exclusive, “including” is not limiting, whether or not non-limiting language (such as “without limitation”) is used with reference to it, a grammatical variation of a defined term shall have a corresponding meaning, and reference to any person includes such person’s successors and assigns but, if applicable, only if the succession or assignment is permitted under this Agreement;
- (b) the inclusion of headings in this Agreement is for convenience only and shall not affect the construction or interpretation of this Agreement;
- (c) any reference to an hour, day or month is a reference to a calendar hour, day or month, unless specified otherwise;
- (d) any reference to a specified Section, subsection or other subdivision of this Agreement or to an Appendix is to the designated Section, subsection or other subdivision of, or Appendix to, this Agreement, unless the context otherwise requires;

- (e) any reference to a statute includes and is a reference to such statute and to the regulations made pursuant to it, with all amendments to them in force from time to time, and to any statute or regulations that may be passed which supplement or supersede such statute and such regulations;
- (f) all monetary amounts referred to in this Agreement are stated and shall be paid in Canadian currency;
- (g) the language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against either Party; and
- (h) in the event of any express conflict or inconsistency between this Agreement and the Master Accounting Agreement or the Accounting Procedures, this Agreement shall have priority and prevail.

2. TERM

2.1 Term

Subject to Section 2.4, the term of this Agreement (the “**Term**”) shall commence on the Effective Date and shall continue until September 30, 2045 and thereafter unless terminated pursuant to Section 2.2. Expiry or early termination of this Agreement shall not relieve either Party from any liability or obligation then accrued but unsatisfied.

2.2 Termination and Notice

At any time after October 1, 2039, either Party may notify the other of its intention that this Agreement be terminated and upon giving of such notice, this Agreement shall terminate without further notice or action by either Party, on the last day of September which next follows the passage of five full years from the date of the notice.

2.3 Regulatory Changes

- (a) If, at any time, there occurs a regulatory change that would result in a material incremental cost:
 - (i) to BC Hydro in providing General Wheeling to either (or both) of the Creston Point of Interconnection or the Princeton Point of Interconnection;
or
 - (ii) to FortisBC in taking General Wheeling at either (or both) of the Creston Point of Interconnection or the Princeton Point of Interconnection,

then, notwithstanding Sections 2.1 and 2.2, the Party so affected may notify the other of its intention to terminate General Wheeling to such relevant Point(s) of Interconnection.

- (b) Upon giving of such notice by either Party, General Wheeling and Emergency Wheeling to the specified Point of Interconnection shall terminate without further notice or action by either Party on the last day of September which next follows the passage of five full years from the date of the notice, and subject to Section 6.1(f) such Point(s) of Interconnection shall be deemed to be removed from this Agreement for the purposes of General Wheeling and Emergency Wheeling only.

2.4 Conditions Precedent to Agreement Becoming Effective

This Agreement and any amendments to Rate Schedule 3817 required as a result of this Agreement shall not be effective unless each of the following conditions precedent has, on or before October 1, 2013, been satisfied:

- (a) the Commission has issued an order under Sections 58 to 61 of the *Utilities Commission Act* (British Columbia) approving this Agreement, including the amended Rate Schedule 3817 attached as Appendix II, without imposing changes unless acceptable to both Parties; and
- (b) each of the Power Purchase Agreement, Imbalance Agreement and the Master Accounting Agreement has become, or will concurrently become, effective in accordance with its respective terms.

2.5 Support and Cooperation in Obtaining Commission Approval

FortisBC shall support BC Hydro's application for approval by the Commission of this Agreement and the amendments to Rate Schedule 3817 contemplated in this Agreement, including intervening in support of the application, provided that FortisBC reserves the right to oppose any changes proposed during proceedings before the Commission with which FortisBC does not agree. FortisBC shall cooperate with BC Hydro and provide such assistance as BC Hydro may reasonably request towards obtaining approval of this Agreement by the Commission.

2.6 Agreement Amends and Restates the Original GWA

The Original GWA, including all technical decisions thereunder, is as of the Effective Date amended and restated in its entirety by this Agreement, provided that such amendment and restatement of the Original GWA shall not relieve either Party from any liability or obligation accrued but unsatisfied thereunder as at the Effective Date, and provided that the Nominated Wheeling Demands delivered by FortisBC to and accepted by BC Hydro pursuant to the Original GWA shall continue to apply for the purposes of this Agreement in accordance with Section 6.3(a).

3. POINTS OF INTERCONNECTION AND SUPPLY

The Points of Interconnection between BC Hydro and FortisBC to which electricity may be Wheeled from the Point of Supply (or from which electricity may be Wheeled to the Point of Supply, in the event of an Energy Surplus) under this Agreement are as listed in Appendix I, which may be amended from time to time by agreement between the Parties.

4. INTERCONNECTED OPERATION

4.1 Maintenance of Voltage

BC Hydro shall operate its system facilities to maintain, under normal conditions and in accordance with Good Utility Practice, the voltage at the Point of Supply and each Point of Interconnection within plus or minus 10 percent of the nominal voltage (SOD, 230, 138, 63 kV) assuming that the FortisBC power flow taken at each Point of Interconnection is between unity power factor and 0.95 power factor leading.

4.2 Reactive Power (var) Requirement

- (a) FortisBC shall use its best efforts to plan and operate in accordance with Good Utility Practice to operate at reasonable reactive power (var) flow at the Point of Supply and zero var flow at each Point of Interconnection. If, in BC Hydro's opinion, actual operation indicates that excessive var flows occur at any of these Points, BC Hydro shall have the right to give notice to FortisBC to either rectify the situation or pay for the supply, installation and operation of var flow equipment necessary to rectify the situation.
- (b) During periods of time when the 40 Mvar capacitor bank installed at Vernon Terminal (paid for by FortisBC) is available for service, the var flow that is specified in this Section will be adjusted by the vars that are provided by such 40 Mvar capacitor bank. BC Hydro shall use reasonable efforts to plan the operation of such capacitor bank so that any required outages at Vernon have minimum cost impact on FortisBC. For emergency outages of the capacitor bank, BC Hydro will apply its post-contingency operating criteria in determining the var flow requirements at Vernon Terminal, and FortisBC may request relief under the Emergency Wheeling provisions of this Agreement.

4.3 Loop Operations

The Parties shall operate their respective transmission systems on a closed loop basis, except that the Creston Point of Interconnection and the Princeton Point of Interconnection may each be radially-connected to the FortisBC transmission system. If FortisBC desires closed loop operation for the Creston Point of Interconnection and/or the Princeton Point of Interconnection, then:

- (a) FortisBC shall give advance notice to BC Hydro of such desire;

- (b) BC Hydro shall make reasonable efforts to accommodate FortisBC and shall give notice to FortisBC of the times and extent to which closed loop operation will be acceptable to BC Hydro; and
- (c) BC Hydro, in consultation with FortisBC, shall correct for the effect of loop flows by making appropriate adjustments for billing purposes for periods of closed loop operation.

5. PLANNING AND OPERATING INFORMATION

5.1 General Information Requests

BC Hydro and FortisBC agree to cooperate in the full exchange of, and shall provide, such planning and operating information as may be reasonably necessary for the timely and efficient performance of the Parties' obligations or the exercise of the Parties' rights under this Agreement. Such information shall be provided on a timely basis and no reasonable request shall be refused.

5.2 Load-Resource Forecasts

By June 30 of each Contract Year, FortisBC shall provide BC Hydro with a forecast for the next ten Contract Years of loads and resources in its electrical system. Each such forecast shall include programs for resource acquisition, transmission and firm loads, and shall contain such detail as BC Hydro may reasonably require for purposes of planning to meet its obligations under this Agreement.

6. NOMINATIONS

6.1 General Wheeling Nominations

- (a) For each Contract Year during the Term in respect of which nominations are required pursuant to Section 6.3 or 6.4, as applicable, FortisBC shall provide to BC Hydro a proposed Nominated Wheeling Demand for each Point of Interconnection.
- (b) For the Okanagan Point of Interconnection, the proposed Nominated Wheeling Demand for any Contract Year shall not decrease by more than 15% of the Nominated Wheeling Demand for the immediately preceding Contract Year. Subject to the foregoing, the Nominated Wheeling Demand for the Okanagan Point of Interconnection at any time during the Term after October 1, 2014 may be any amount up to 600 MW; but any amount in excess of 600 MW will be subject to Section 6.1(c) below and will only be accepted by BC Hydro in its sole discretion.
- (c) Following receipt of a proposed Nominated Wheeling Demand from FortisBC, BC Hydro shall respond within 90 days and shall deliver to FortisBC a notice either (i) accepting such proposed Nominated Wheeling Demand as the

Nominated Wheeling Demand for the applicable Point of Interconnection and the applicable Contract Year or (ii) stating the maximum amount that can be Wheeled on a firm basis to such Point of Interconnection during that Contract Year by existing BC Hydro facilities and new facilities that are planned to be brought into service.

- (d) BC Hydro shall not be obligated to change its development, operation, maintenance or other plans for its transmission or substation facilities to accommodate FortisBC's General Wheeling requirements under this Agreement in respect of the Creston Point of Interconnection or the Princeton Point of Interconnection, or in respect of the Okanagan Point of Interconnection if any proposed Nominated Wheeling Demand for the Okanagan Point of Interconnection exceeds 600 MW. BC Hydro may consider changes to such plans to accommodate FortisBC's General Wheeling requirements if mutual agreement can be reached on the compensation payable to BC Hydro for the additional costs to be incurred.
- (e) If BC Hydro gives notice to FortisBC that it cannot accommodate a proposed Nominated Wheeling Demand for a particular Contract Year for any Point of Interconnection, then within 30 days after receiving such notice FortisBC may modify any or all of the proposed Nominated Wheeling Demands for that Contract Year. Provided that the new proposed Nominated Wheeling Demands do not exceed the maximums that BC Hydro can accommodate, and subject to Section 6.1(b), the new proposed Nominated Wheeling Demands shall be accepted by BC Hydro as the Nominated Wheeling Demands.
- (f) For greater certainty, POI Imbalance Wheeling will continue to be provided at each Point of Interconnection as long as the Imbalance Agreement remains in effect, and FortisBC must still provide Total Transmission Nominations for each Point of Interconnection and otherwise comply with Section 6.2 and any other relevant terms of this Agreement, even where the Nominated Wheeling Demand for the Point of Interconnection is nil or the Point of Interconnection is deemed to be removed from this Agreement for the purposes of General Wheeling and Emergency Wheeling pursuant to Section 2.3(b).

6.2 Total Transmission Nominations

- (a) Total Transmission Nominations for a Contract Year represent the total firm transmission required at a Point of Interconnection to accommodate the Nominated Wheeling Demand and deliveries under the Power Purchase Agreement for that Contract Year at the Point of Interconnection, and the Total Transmission Nomination amount is the aggregate firm import limit for that Point of Interconnection under this Agreement and the Power Purchase Agreement. The firm transmission capacity reserved by BC Hydro for deliveries under the Power Purchase Agreement to a Point of Interconnection will not exceed the "Contract Demand" (as defined in the Power Purchase Agreement).

- (b) For each Contract Year during the Term in respect of which nominations are required pursuant to Section 6.3 or 6.4, as applicable, FortisBC shall provide to BC Hydro a proposed Total Transmission Nomination for each Point of Interconnection.
- (c) Following receipt of a proposed Total Transmission Nomination from FortisBC, BC Hydro shall respond within 90 days and shall deliver to FortisBC a notice either (i) accepting such proposed Total Transmission Nomination as the Total Transmission Nomination for the applicable Point of Interconnection and the applicable Contract Year or (ii) stating the maximum amount that can be accommodated at such Point of Interconnection during that Contract Year by existing BC Hydro facilities and new facilities that are planned to be brought into service.
- (d) BC Hydro shall not be obligated to change its development, operation, maintenance or other plans for its transmission or substation facilities to accommodate Total Transmission Nominations under this Agreement in respect of the Creston Point of Interconnection or the Princeton Point of Interconnection, or in respect of the Okanagan Point of Interconnection if the proposed Total Transmission Nomination for the Okanagan Point of Interconnection exceeds 600 MW. BC Hydro may consider changes to such plans to accommodate FortisBC's requests if mutual agreement can be reached on the compensation payable to BC Hydro for the additional costs to be incurred.
- (e) For the Okanagan Point of Interconnection, the Total Transmission Nomination may be any amount up to 600 MW at any time during the Term; but any amount in excess of 600 MW will be subject to Section 6.2(d) above and will only be accepted by BC Hydro in its sole discretion.
- (f) If BC Hydro gives notice to FortisBC that it cannot accommodate the proposed Total Transmission Nomination for a particular Contract Year for any Point of Interconnection, then within 30 days after receiving such notice FortisBC may modify any or all of the proposed Total Transmission Nominations for that Contract Year. Provided that the new proposed Total Transmission Nominations do not exceed the maximums that BC Hydro can accommodate, the new proposed Total Transmission Nominations shall be accepted by BC Hydro as the Total Transmission Nominations.
- (g) BC Hydro will only Wheel or deliver, including deliveries under the Power Purchase Agreement, in excess of a Total Transmission Nomination on an available basis.

6.3 Initial Nominations

- (a) Nominated Wheeling Demands delivered by FortisBC to and accepted by BC Hydro pursuant to the Original GWA for the period from the Effective Date up to

and including September 30, 2018 shall continue to apply for the purposes of this Agreement.

- (b) For the first Contract Year of this Agreement, the Total Transmission Nominations will be deemed to be the following:
 - (i) for the Princeton Point of Interconnection: 30 MW;
 - (ii) for the Creston Point of Interconnection: 35 MW; and
 - (iii) for the Okanagan Point of Interconnection: 400 MW.
- (c) Within thirty (30) days after the Effective Date, FortisBC shall provide proposed Total Transmission Nominations for each Point of Interconnection for each of the four Contract Years immediately following the first Contract Year of the Term. Such nominations shall be subject to acceptance by BC Hydro pursuant to Section 6.2 and to the following. FortisBC's proposed Total Transmission Nominations for each of such four Contract Years will be subject to BC Hydro's acceptance after consideration of any constraints on BC Hydro's transmission system. If FortisBC's request cannot be accommodated, FortisBC and BC Hydro will seek to reach agreement, acting reasonably, on the Total Transmission Nomination for each Point of Interconnection for each of the four Contract Years. If the Parties fail to reach agreement on the Total Transmission Nomination for any Point of Interconnection for any one of the four Contract Years, then the Total Transmission Nomination for such Point of Interconnection for that Contract Year will be the same as the Total Transmission Nomination for that Point of Interconnection for the most recently-preceding Contract Year in respect of which the Parties have agreed or, if none has been agreed to, then as for the first Contract Year as set out in Section 6.3(b).

6.4 Nominations in Subsequent Contract Years

- (a) By June 30 in each Contract Year of the Term, FortisBC shall provide proposed Nominated Wheeling Demands and Total Transmission Nominations for each Point of Interconnection for the ensuing fifth Contract Year. Such nominations shall be subject to acceptance by BC Hydro as described in Sections 6.1 or 6.2, as applicable.
- (b) If FortisBC fails to submit a proposed Nominated Wheeling Demand for a Point of Interconnection by June 30 in any Contract Year, the Nominated Wheeling Demand for that Point of Interconnection for the applicable Contract Year shall be deemed to be:
 - (i) the same as the applicable Nominated Wheeling Demand for the immediately preceding Contract Year, in the case of the Okanagan Point of Interconnection; and

- (ii) nil, in the case of either the Creston Point of Interconnection or the Princeton Point of Interconnection.
- (c) If FortisBC fails to submit a proposed Total Transmission Nomination for a Point of Interconnection by June 30 in any Contract Year, the Total Transmission Nomination for that Point of Interconnection for the applicable Contract Year shall be deemed to be:
 - (i) the same as the applicable Total Transmission Nomination for the immediately preceding, Contract Year, in the case of the Okanagan Point of Interconnection; and
 - (ii) the Total Transmission Nomination for the immediately preceding Contract Year, less the Nominated Wheeling Demand for the immediately preceding Contract Year, in the case of either the Creston Point of Interconnection or Princeton Point of Interconnection.
- (d) If FortisBC fails to submit a proposed Nominated Wheeling Demand or Total Transmission Nomination by June 30 in any Contract Year, resulting in a deemed Nominated Wheeling Demand or Total Transmission Nomination pursuant to Section 6.4(b) or 6.4(c), respectively, then BC Hydro will not unreasonably refuse any subsequent request from FortisBC to change such Nominated Wheeling Demand or Total Transmission Nomination (as the case may be) at any time prior to September 30 of that Contract Year, provided that such subsequently proposed amounts remain subject to acceptance by BC Hydro as described in Sections 6.1 or 6.2, as applicable, and provided further that FortisBC agrees to compensate BC Hydro for any incremental costs or expenses reasonably or necessarily incurred by BC Hydro in reviewing and accepting such subsequent request and changing the applicable Nominated Wheeling Demand or Total Transmission Nomination, as the case may be.

6.5 Studies

BC Hydro will prepare a transmission study in response to the proposed Nominated Wheeling Demands and Total Transmission Nominations submitted by FortisBC for the applicable Contract Year in accordance with this Agreement and will provide the results to FortisBC, which study will provide a forecast of non-firm available transmission capacity for the Points of Interconnection for that Contract Year, and BC Hydro may post such study on BC Hydro's transmission website for information purposes at its discretion. As reasonably requested by FortisBC, BC Hydro may complete additional studies for other time periods, or shorter-term transmission studies on a semi-annual basis.

7. GENERAL WHEELING

7.1 General Wheeling Obligation

BC Hydro shall use its best efforts to provide General Wheeling up to the limits defined by the Nominated Wheeling Demands determined under Section 6.1.

7.2 Determination of Volumes

(a) In each hour, the amounts of electricity which BC Hydro Wheels to the Creston Point of Interconnection or the Princeton Point of Interconnection under General Wheeling shall be deemed to be the lesser of:

- (i) the Nominated Wheeling Demand for that Point of Interconnection, plus the amount of any Emergency Wheeling to that Point of Interconnection; and
- (ii) the Net Obligations at that Point of Interconnection less the amount, if any, of scheduled deliveries under the Power Purchase Agreement allocated to that Point of Interconnection in priority to the General Wheeling amount in accordance with the Accounting Procedures,

and shall be calculated for and allocated to that Point of Interconnection in accordance with the Accounting Procedures. For greater certainty, the Accounting Procedures as at the Effective Date do not allocate any scheduled deliveries under the Power Purchase Agreement to either the Creston Point of Interconnection or the Princeton Point of Interconnection in priority to the General Wheeling amount.

(b) In each hour, the amounts of electricity which BC Hydro Wheels to the Okanagan Point of Interconnection under General Wheeling shall be deemed to be the lesser of:

- (i) the Nominated Wheeling Demand for that Point of Interconnection, plus the amount of any Emergency Wheeling to that Point of Interconnection plus 120 MW when the WTS-VAS Loop is in operation; and
- (ii) the Net Obligations at that Point of Interconnection less the amount, if any, of scheduled deliveries under the Power Purchase Agreement allocated to that Point of Interconnection in priority to the General Wheeling amount in accordance with the Accounting Procedures,

and shall be calculated for and allocated to the Okanagan Point of Interconnection in accordance with the Accounting Procedures. For greater certainty, the Accounting Procedures as at the Effective Date allocate scheduled deliveries under the Power Purchase Agreement to the Okanagan Point of Interconnection in priority to the General Wheeling amount.

- (c) The 120 MW referenced in Section 7.2(b)(i) will not be taken into account for any purpose other than to determine the amount of General Wheeling pursuant to this Agreement.

7.3 Limits of Obligation

BC Hydro shall not be required to provide General Wheeling above the applicable Nominated Wheeling Demands under this Agreement unless otherwise agreed to in writing and in advance by BC Hydro. For greater certainty, any Energy Surplus or Energy Deficit at a Point of Interconnection will result in POI Imbalance Wheeling.

7.4 General Wheeling Rate

FortisBC shall pay for General Wheeling in accordance with the provisions of BC Hydro Rate Schedule 3817 and revisions thereto on file with the Commission from time to time.

8. POI IMBALANCE WHEELING

8.1 Obligation to Avoid POI Imbalance Wheeling and to Balance on a Planned Basis

- (a) Notwithstanding the availability of POI Imbalance Wheeling under this Agreement, FortisBC must still plan to balance its Net Obligations and Allocated Resources at each Point of Interconnection and the Point of Supply, and must use all reasonable efforts to ensure that its Net Obligations and Allocated Resources are in fact balanced at each Point of Interconnection and the Point of Supply.
- (b) FortisBC will not plan for an Energy Deficit or an Energy Surplus in any hour, and if an Unexpected Condition (as defined in the Imbalance Agreement) occurs that causes or may cause such an Energy Deficit or an Energy Surplus, then FortisBC shall use all reasonable efforts to avoid, minimize the amount and duration of, and end, such Energy Deficit or Energy Surplus, as the case may be.

8.2 POI Imbalance Wheeling

- (a) If there occurs an Energy Deficit or an Energy Surplus at a Point of Interconnection, BC Hydro will provide POI Imbalance Wheeling.
- (b) No POI Imbalance Wheeling will be available at the Point of Supply.
- (c) BC Hydro's OATT Schedule 6 (Energy Imbalance) is not available to FortisBC and there will be no application of unauthorized use of BC Hydro's transmission system pursuant to the OATT.

8.3 Determination of Volumes

The amount of POI Imbalance Wheeling in any hour will be the aggregate sum of the absolute values of all Energy Deficits and Energy Surplus at each Point of Interconnection, as calculated in accordance with the Accounting Procedures.

8.4 Reporting

For each event resulting in the use of POI Imbalance Wheeling, FortisBC will:

- (a) use reasonable efforts to provide to BC Hydro a report containing its calculation of the amount of POI Imbalance Wheeling by 1200 hours on the first Business Day following the day on which such event occurs, and in any event FortisBC will provide such report to BC Hydro by no later than 1600 hours on the second Business Day following the day on which such event occurs; and
- (b) provide a report to BC Hydro describing the circumstances resulting in the use of POI Imbalance Wheeling, within five Business Days after the day on which the event occurs.

8.5 Excessive POI Imbalance Wheeling

For any Point of Interconnection, if more than 8 hours or 50 MWh of POI Imbalance Wheeling occurs in a Contract Year, then the Technical Committee will convene to discuss the circumstances regarding the use of POI Imbalance Wheeling, and potential solutions for FortisBC to avoid the use of POI Imbalance Wheeling in future. If the Technical Committee cannot agree on a solution, then either Party may initiate a Dispute pursuant to Section 15, on the basis that repeated or continued use of POI Imbalance Wheeling in excess of the amounts set out in this Section 8.5 is not acceptable and is not contemplated by the POI Imbalance Wheeling provisions of this Agreement.

8.6 POI Imbalance Wheeling Rate

FortisBC shall pay for POI Imbalance Wheeling in accordance with the provisions of BC Hydro Rate Schedule 3817 and revisions thereto on file with the Commission from time to time.

9. EMERGENCY WHEELING

9.1 Emergency Wheeling

- (a) BC Hydro shall provide Emergency Wheeling to the extent that the normal operation of BC Hydro's system and service to BC Hydro's customers shall not be impaired. FortisBC must advise BC Hydro that FortisBC wishes the Emergency Wheeling provisions of this Agreement to apply to any otherwise unauthorized use of BC Hydro's transmission system as soon as reasonably

practicable in the circumstances, but in any event no later than two (2) hours after the occurrence of the relevant event, and must provide an estimate of the amount and duration of Emergency Wheeling required at that time. BC Hydro reserves the right to deny a request for Emergency Wheeling in circumstances which do not satisfy the definition of “Emergency Wheeling” in Section 1.1(k) or where FortisBC has not advised BC Hydro within the two (2)-hour time limit specified in this Section.

- (b) For greater certainty, Emergency Wheeling does not include additional transmission requirements due to planned outages for maintenance and construction.

9.2 Determination of Volumes

In any hour, the amounts of electricity which BC Hydro Wheels to any Point of Interconnection under Emergency Wheeling shall be calculated for and allocated to that Point of Interconnection in accordance with the Accounting Procedures.

9.3 Emergency Wheeling Rate

FortisBC shall pay for Emergency Wheeling in accordance with the provisions of BC Hydro Rate Schedule 3817 and revisions thereto on file with the Commission from time to time.

9.4 Reporting

Without limiting the notification requirements in Section 9.1(a), for each event of Emergency Wheeling, FortisBC will use reasonable efforts to provide to BC Hydro a report containing its calculation of the actual amount of Emergency Wheeling by 1200 hours on the first Business Day immediately following the day on which such event occurs, and in any event FortisBC will provide such report to BC Hydro by no later than 1600 hours on the second Business Day following the day on which such event occurs.

10. METERING FACILITIES

10.1 Metering

- (a) Electricity under this Agreement shall be measured and recorded at each Point of Interconnection and at the Point of Supply by energy and demand meters having one hour integrating intervals (or such other intervals as the Parties may from time to time agree), which meters shall be of types approved for revenue metering by the Canadian Department of Consumer and Corporate Affairs and shall comply with the provisions of the *Electricity and Gas Inspection Act* (Canada), as amended from time to time.
- (b) Each Party shall, if possible, make available to the other Party the second set of secondaries of the metering transformers owned by it for the purpose of installing backup metering, telemetering and control equipment as may be mutually agreed by

the Parties and shall provide space for the location of such equipment. In cases where back-up meters are installed, the Parties shall designate one meter to be used for revenue billing.

10.2 Tests of Metering Installations

- (a) Each Party shall, at its expense, test its metering components associated with this Agreement as provided by the *Electricity and Gas Inspection Act* (Canada) and field test the metering installation at least once every two years. If requested to do so, each Party shall make additional tests or inspections of such installations, the expense of which shall be paid by such other requesting Party unless such additional tests or inspections show the measurements of such installations to be registering outside the prescribed limit of error. Each Party shall give reasonable notice of the time when any such test or inspection is to be made to the other Party, who may have representatives present at such test or inspection. Any component of such installations found to be defective or inaccurate shall be adjusted, repaired, or replaced to provide accurate metering.
- (b) If a meter is found to be not functioning accurately, the amount of electricity Wheeled shall be determined as provided for in the *Electricity and Gas Inspection Act* (Canada).

10.3 Access to Equipment and Facilities

- (a) If any equipment or facilities associated with any Point of Supply or Point of Interconnection and belonging to a Party are, or are to be, located on the property of the other Party, a permit to install, test, maintain, inspect, replace, repair, and operate during the Term and to remove such equipment and facilities at the expiration of the Term, together with the right of entry to said property at all reasonable times in such Term, is hereby granted by the other Party.
- (b) Each Party shall have the right by giving suitable notice to enter the property of the other Party at all reasonable times for the purpose of reading any and all meters mentioned in this Agreement which are installed on such property.
- (c) If either Party is required or permitted to install, test, maintain, inspect, replace, repair, remove, or operate equipment on the property of the other, the owner of such property shall furnish the other Party with accurate drawings and wiring diagrams of associated equipment and facilities, or, if such drawings or diagrams are not available, shall furnish accurate information regarding such equipment or facilities. The owner of such property shall notify the other Party of any subsequent modification which may affect the duties of the other Party in regard to such equipment, and furnish the other Party with accurate revised drawings, if possible.

10.4 Ownership of Facilities

- (a) Except as otherwise expressly provided, ownership of any and all equipment installed or previously installed by either Party on the property of the other Party shall be and remain with the installing Party.
- (b) Each Party shall identify all equipment which is installed by it on the property of the other, by permanently affixing thereto suitable markers plainly stating the name of the owner of the equipment so identified within a reasonable time subsequent to initial installation, and subsequent to any modification of such installation, representatives of the Parties shall jointly prepare an itemized list of said equipment so installed.

10.5 Inspection of Facilities

Each Party may, for any reasonable purpose under this Agreement, inspect the other Party's electric installation at any reasonable time after giving suitable notice. Such inspection, or failure to inspect, shall not render such Party, its officers, agents, or employees, liable or responsible for any injury, loss, damage, or accident resulting from defects in such electric installation, or for violation of this Agreement. The inspecting Party shall observe written instructions and rules posted in facilities and such other necessary instructions or standards for inspection as the Parties agree to. Only those electric installations used in complying with the terms of this Agreement shall be subject to inspection.

11. OTHER RELEVANT INSTRUMENTS

11.1 Accounting Procedures

In the event of any change to the Accounting Procedures that renders calculations required under this Agreement impossible or meaningless, then the Parties agree to negotiate in good faith to restore or replace the applicable provisions of the Accounting Procedures as reasonably required to have the same effect in relation to this Agreement as the provisions replaced prior to such change. If the Parties are unable to agree on the replacement provisions, the matter will be subject to dispute resolution in accordance with the applicable provisions of the Master Accounting Agreement.

11.2 Rates and Agreements

In the event of any change to the Power Purchase Agreement, Imbalance Agreement, BC Hydro's OATT or BC Hydro's Electric Tariff that renders calculations required under this Agreement impossible or meaningless, then the Parties agree to negotiate in good faith an amendment to this Agreement containing such replacement provisions as may reasonably be required to have the same effect as the provisions replaced prior to such change. If the Parties are unable to agree on the replacement provisions, the matter will be subject to dispute resolution in accordance with Section 15.

12. INVOICES AND PAYMENT

12.1 Invoices

BC Hydro shall render an invoice monthly in respect of any General Wheeling, Emergency Wheeling or POI Imbalance Wheeling provided by BC Hydro under this Agreement in the immediately preceding month, based on best available billing and accounting information at the time of invoicing. Billing adjustments shall be made in subsequent months if the billing and accounting information is updated or revised. Invoices shall be due and payable upon receipt.

12.2 All Charges Exclusive of Applicable Taxes

All amounts payable hereunder, including in respect of General Wheeling, Emergency Wheeling or POI Imbalance Wheeling, are exclusive of all applicable taxes, including federal goods and services tax and provincial sales tax.

12.3 Billing Disputes

If a Party disputes an invoice or the billing or accounting information on which the invoice is based, the Party shall nevertheless pay the invoice in full and may dispute the invoice or the billing or accounting information on which it was based in accordance with Section 15.4. Those parts of the invoice which are paid notwithstanding the dispute or disagreement and which are subsequently determined not to have been properly rendered and due with that invoice shall be repaid with interest at the Prime Rate from the date paid by the disputing Party until repaid.

12.4 Late Payment

If the amount due on any invoice has not been paid in full after 20 days from the billing date shown on the invoice, a late payment charge shall be applied to the unpaid balance, and the resulting amount will be shown and identified on the next invoice to be rendered. The late payment charge shall be as specified in BC Hydro's Electric Tariff, as amended from time to time.

13. TRANSMISSION LOSSES

13.1 Responsibility for Deemed Wheeling Losses

In recognition of the fact that there will be transmission losses associated with General Wheeling, Emergency Wheeling and POI Imbalance Wheeling, the Parties agree that FortisBC shall make up for the amount of the deemed Wheeling losses pursuant to the terms of this Article 13.

13.2 Calculation

Until otherwise agreed, the deemed Wheeling losses in a given hour shall be calculated as 5 percent of the total hourly capacity and energy Wheeled by BC Hydro from the Point of

Supply to all Points of Interconnection (or from a Point of Interconnection to the Point of Supply in the event of an Energy Surplus). Unless otherwise agreed, Wheeling losses shall be scheduled to BC Hydro at the Point of Supply.

13.3 Obligation to Schedule

During each hour of the Term, FortisBC shall schedule to BC Hydro amounts of firm electricity equivalent to the hourly Wheeling losses calculated to have occurred in the 168th preceding hour. Fractional losses (i.e. less 1 MW/h) shall be truncated and added to losses calculated to have occurred in the hour immediately following such hour, to be scheduled together with such losses.

13.4 Technical Committee Review

From time to time the Technical Committee may review all relevant facts and technical information, and may, if it considers a change justified, revise the percentage to be used thereafter to calculate Wheeling losses.

14. TECHNICAL COMMITTEE

14.1 Establishment of Technical Committee

There shall be established and maintained throughout the Term, a technical committee (“**Technical Committee**”) consisting of one representative of each Party, each of whom shall serve until written notice has been given to the other Party of the selection of his successor.

14.2 Alternates

Each Party may give notice to the other Party of an alternate who shall serve during the inability or absence of the representative of the Party giving notice.

14.3 Authority of Technical Committee

Each Party’s representative on the Technical Committee shall have the authority to make decisions with respect to actions to be taken by its Party in the ordinary course of day-to-day management of the obligations of such Party under this Agreement. The Technical Committee shall have no authority, expressly or by course of conduct, to agree to amend this Agreement.

14.4 Function and Meetings

The Technical Committee shall determine all matters relating to administration and operation of this Agreement and shall decide questions that arise in operations under this Agreement. The Technical Committee shall meet upon the request of either Party’s representative.

14.5 Resolution

In reaching its decisions, the Technical Committee shall attempt to achieve a just and equitable resolution of any disagreements based on Good Utility Practice and shall not vary or amend the provisions of the Agreement in any way.

14.6 Written Records

The Technical Committee shall keep a written record of its decisions and shall promptly forward to each of the Parties a copy of the written record. Attached as Appendix III are operational considerations resulting from technical decisions made under the Original GWA which will continue to apply under this Agreement.

15. DISPUTE RESOLUTION

15.1 Disputes

If any dispute, question or difference of opinion between the Parties arises out of or under this Agreement (“**Dispute**”) including (i) the interpretation of any provision of this Agreement, (ii) any billing or invoice dispute, (iii) any matter on which agreement of the Parties is required and this Agreement provides may be submitted for dispute resolution in accordance with this Section 15 in the absence of agreement, or (iv) any proposed amendment to this Agreement, then a Party may give to the other Party a notice (“**Dispute Notice**”) specifying the Dispute and requiring its resolution under this Section 15. All Disputes shall be exclusively resolved in accordance with the provisions of this Section 15.

15.2 Technical Committee to Seek Resolution

If the Dispute is not resolved within 7 days after a Dispute Notice is given to the other Party, each Party shall forthwith refer the Dispute to the Technical Committee and cause its representative on the Technical Committee to negotiate in good faith to resolve the Dispute. This stage is not necessary where the Dispute has been initiated by the Technical Committee, in which case the Dispute should proceed directly to Section 15.3.

15.3 Referral to Senior Executives

If a Dispute is not resolved within 7 days of the Dispute being referred to the Technical Committee or within 14 days after the Dispute Notice is given, whichever is earlier, the Parties shall seek to resolve the Dispute through their respective senior executives (at the vice president level or higher) before proceeding to resolve the Dispute through dispute resolution in accordance with Section 15.5. Each Party shall appoint a senior executive to undertake such informal process within 10 days of a Party notifying the other Party that the Technical Committee has not timely resolved the Dispute and the Parties shall use commercially reasonable efforts to resolve the Dispute through their appointed senior executives within 30 days after notification.

15.4 Resolution of Billing Disputes

If any Dispute relating to billing or invoice matters is not resolved within 30 days of the Dispute being referred to the senior executives, or if either Party fails to appoint a senior executive for that purpose, then such Dispute shall be exclusively resolved by the expedited dispute resolution process in Section 15.6(e).

15.5 Referral to a Third Party for Resolution

If the Dispute is not resolved within 30 days of the Dispute being referred to the senior executives, or if either Party fails to appoint a senior executive for that purpose, then either Party may refer the Dispute for resolution in accordance with the following:

- (a) if the Dispute relates to any amendment to this Agreement proposed by either Party, then:
 - (i) BC Hydro may apply to the Commission; and
 - (ii) FortisBC may file a complaint with the Commission;in respect of the proposed amendment, and the other Party may intervene in such proceeding; and
- (b) if the Dispute relates to any other matter, then either Party may refer the Dispute to arbitration under the *Arbitration Act* (British Columbia) for resolution.

15.6 Arbitration Procedure

The following rules shall apply to an arbitration under this Agreement:

- (a) The arbitration shall be conducted before one arbitrator mutually agreed to by the Parties or if the Parties are unable to agree upon a mutually acceptable arbitrator within 15 days after a demand for arbitration has been given, either Party may apply to the court pursuant to the *Arbitration Act* (British Columbia) for the appointment of a single arbitrator, and the provisions of the *Arbitration Act* (British Columbia) shall govern such appointment;
- (b) The venue for the arbitration shall be the venue selected by the arbitrator in Vancouver, British Columbia, unless otherwise agreed between the Parties;
- (c) The arbitrator shall promptly fix the time, date and place of the hearing and notify the Parties;

- (d) The arbitration shall be dealt with on an expeditious basis with both Parties using commercially reasonable efforts to obtain and implement a timely decision of the arbitrator;
- (e) Where provided for in this Agreement, or the Parties agree, the arbitrator shall be instructed to impose time limits of no more than 10 days on the production of documents, filing of evidence, examination of witnesses and filing of arguments, such that a decision may be rendered within 45 days of appointment of the arbitrator;
- (f) All costs of the arbitration shall be paid by the Parties in such amount and proportions as the arbitrator may determine, and if the arbitrator does not make an award of costs, the Parties shall bear the costs of the arbitration equally and each Party shall bear its own costs;
- (g) The arbitrator shall promptly transmit an executed copy of its decision to the Parties and the decision of the arbitrator shall be final, binding and conclusive upon the Parties;
- (h) The arbitrator shall determine the Dispute in accordance with the internal laws of the Province of British Columbia and applicable Canadian federal law, without giving effect to any conflict of law rules or other rules that might render such law inapplicable or unavailable;
- (i) Neither Party shall commence or voluntarily participate in any court action or proceeding relating to any Dispute except:
 - (i) for enforcement of arbitral awards or orders as contemplated herein;
 - (ii) to restrict or vacate an arbitral decision based on corruption of the arbitrator; or
 - (iii) to seek injunctive relief if an arbitrator has not then been appointed.

15.7 Authority of Arbitrator

If the Dispute involves a matter on which agreement of the Parties is required and that this Agreement provides may be submitted for dispute resolution in the absence of agreement, each Party hereby expressly authorizes and directs the arbitrator to make the required determination. Any such determination by the arbitrator shall be deemed to have been the agreement of the Parties. No award or determination of an arbitrator may be inconsistent with the terms and conditions of this Agreement.

15.8 Equitable Remedies

The arbitrator shall adjudicate the Dispute, and may grant remedies in both law and equity. The Parties acknowledge that a declaratory judgment or damages may provide an inadequate remedy for breach of the provisions of this Agreement, and accordingly each Party shall be entitled to seek specific performance, injunction or other similar remedy to ensure full and proper performance by the other Party of its obligations under this Agreement. Subject to Section 15.6(i)(iii), such remedy may only be sought from the arbitrator appointed under Section 15.6(a).

16. FORCE MAJEURE

Neither Party to this Agreement shall be considered to be in default in the performance of any of its obligations under this Agreement to the extent that performance of those obligations is prevented or delayed by Force Majeure. If either Party is delayed or prevented from its performance at any time by Force Majeure, the Party so prevented or delayed shall give notice to the other Party of the cause of the prevention or delay but notwithstanding giving of that notice, the Party shall promptly and diligently use its best efforts to remove the cause of the prevention or delay.

17. INTERRUPTION OF TRANSMISSION

17.1 No Warranty of Continuous Transmission

BC Hydro does not warrant continuous or uninterrupted transmission of electricity or the maintenance of unvaried frequency or voltage.

17.2 Request to Suspend or Reduce

At any time, in the event there is a transmission outage or emergency on BC Hydro's transmission system, whether actual or apprehended by BC Hydro, BC Hydro may request FortisBC to curtail Wheeling. If FortisBC does not curtail Wheeling as requested, BC Hydro may suspend or reduce the Wheeling of electricity under this Agreement to FortisBC. BC Hydro shall use its reasonable efforts to advise FortisBC and to curtail service to FortisBC on a pro-rata basis with other BC Hydro transmission customers.

18. LIABILITY/INDEMNITY

18.1 Liability

- (a) All responsibility of BC Hydro for electricity Wheeled under this Agreement shall cease at the applicable Point of Interconnection.
- (b) Neither Party, its servants or agents, shall be liable to the other Party for any loss, injury, damages or expense of the other Party caused by or resulting from any suspension, discontinuance or defect in the transmission of electricity, or the

maintenance of unvaried frequency or voltage alleged or caused by an act or omission of the other Party, its servants or agents.

18.2 Indemnity

FortisBC shall indemnify BC Hydro and save it harmless from any and all claims from FortisBC's customers or other third parties in connection with the transmission of, or any suspension, discontinuance or defect in the transmission of, electricity, or the maintenance of unvaried frequency or voltage, by BC Hydro under this Agreement.

19. NOTICES

19.1 Notices

All notices, directions and other instruments required or permitted to be given under this Agreement (except for any advice or request given by FortisBC pursuant to Section 9.1(a)) shall be in writing, and shall be sufficient in all respects if delivered, or if sent by fax, or if sent by prepaid registered post mailed in British Columbia to the Parties at the following addresses respectively:

(a) BC Hydro:

British Columbia Hydro & Power Authority
333 Dunsmuir Street
Vancouver, B.C.
V6B 5R3

Attention: Vice President, Grid Operations
Fax Number: (604) 623-3578

With a copy to:

British Columbia Hydro & Power Authority
333 Dunsmuir Street
Vancouver, B.C.
V6B 5R3

Attention: Director of Legal Services
Fax Number: (604) 623-3606

(b) FortisBC:

FortisBC Inc.
10th Floor
1111 West Georgia Street
Vancouver, B.C.

V6E 4M3

Attention: Vice-President, Energy Supply
Fax Number: (604) 592-7620

Either Party shall have the right at any time to change its address by notice in writing sent to the other Party at the address in effect hereunder.

19.2 Delivery of Notices

Any notice, direction or other instrument shall be deemed to have been received on the following dates:

- (a) if sent by fax, on the Business Day next following the date of transmission;
- (b) if delivered, on the Business Day next following the date of delivery; or
- (c) if sent by registered mail, on the seventh day following its mailing, provided that if there is at the time of mailing or within seven days thereafter a mail strike, slowdown, lockout or other labour dispute which might affect the delivery, then any notice, direction or other instrument, shall only be effective upon actual delivery or if delivered or sent by fax.

19.3 Electronic Mail Notices

As an alternative to the methods of giving notice described in Section 19.1, a Party may give notices, directions and other instruments required or permitted to be given under this Agreement by electronic mail to the other Party's representative(s) identified in Section 19.1 who continues to be employed by the other Party and is not to the knowledge of the sending Party unavailable; provided (i) the notice, direction or other instrument is stated to be a notice, direction or other instrument required or permitted to be given under this Agreement, and (ii) the notice, direction or other instrument is concurrently also given by electronic mail to the Corporate Secretary of the other Party. Any notice, direction or other instrument given by electronic mail shall be deemed to have been received on the Business Day next following the date of sending, provided that no such notice shall be effective unless such notice is actually received by the representative(s).

20. MISCELLANEOUS

20.1 Time is of the Essence

If a Party persistently fails to perform any of its obligations hereunder by the time(s) provided for herein (and the result or effect of such failure is not provided for in this Agreement), then the other Party may, by notice to the Party, require that from the date specified in the notice, time shall be of the essence with respect to such obligations.

20.2 No Assignment Without Consent

Neither Party may sell, assign or otherwise transfer this Agreement or any of its rights, obligations or liabilities under this Agreement to any other person unless all such rights, obligations and liabilities are assigned, and then only with the prior consent in writing of the other Party.

20.3 No Third Party Beneficiaries

Nothing in this Agreement, express or implied, is intended or shall be construed to confer upon or to give any person, other than the Parties and their respective permitted successors and assigns, any rights or remedies under or by reason of this Agreement.

20.4 Further Assurances

Each of the Parties agrees that it shall take from time to time such actions and execute such additional instruments as may be reasonably necessary or convenient to implement and carry out the intent and purpose of this Agreement.

20.5 No Consequential Damages

No arbitrator shall award any special, incidental, exemplary, punitive or consequential damages with respect to, arising out of, relating to or in any way connected with a Party's performance or non-performance under this Agreement.

20.6 Waiver

The failure of a Party to insist on the strict performance of any provision of this Agreement or to exercise any right, power or remedy upon a breach hereof shall not constitute a waiver of any provision of this Agreement or limit that Party's right thereafter to enforce any provision or exercise any right.

20.7 Governing Law

This Agreement and all the terms and conditions contained in it shall be governed and construed in accordance with the laws of British Columbia and, to the extent applicable, shall be subject to (a) the provisions of the *Utilities Commission Act* (British Columbia), as amended or re-enacted from time to time, and (b) to the jurisdiction of the Commission.

20.8 Amendments

No amendment of this Agreement shall be valid unless made in writing and executed by the appropriate duly authorized signatories of the Parties (and approved by the Commission to the extent required by law) or unless ordered by the Commission in

accordance with its authority under the *Utilities Commission Act* (British Columbia), either upon its own motion or upon the application of either Party. A Party seeking amendment of this Agreement by the Commission shall give reasonable prior notice thereof to the other Party and the Parties shall negotiate in good faith to reach agreement on appropriate amendments, if any, before applying to the Commission.

20.9 Enurement

This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective successors and permitted assigns.

20.10 Counterpart Execution

This Agreement may be executed in counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same.

20.11 Electronic Delivery

Delivery by a Party of an executed copy of this Agreement by electronic means shall be effective delivery.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

Per: _____
Authorized Signatory

FORTISBC INC.

Per: _____
Authorized Signatory

APPENDIX I

POINTS OF INTERCONNECTION

The Points of Interconnection between BC Hydro and FortisBC to or from which electricity may be Wheeled under this Agreement are as follows:

- (a) FortisBC's 230 kV bus at the Lambert Substation (the "**Creston Point of Interconnection**").
- (b) BC Hydro's 230 kV bus at the Vernon Substation (the "**Vernon Delivery Point**"), and the point where BC Hydro's 500 kV bus interconnects with FortisBC's 500 kV transformer disconnects at the Vaseux Lake Terminal Station (the "**VAS Delivery Point**", and collectively with the Vernon Delivery Point, the "**Okanagan Point of Interconnection**"). For the purposes of this Agreement, Wheeling at the Okanagan Point of Interconnection will be summed and treated as a single delivery point.
- (c) FortisBC's tap on BC Hydro's transmission line 1L251 near Princeton (the "**Princeton Point of Interconnection**").

APPENDIX II

RATE SCHEDULE 3817

See attached.

SCHEDULE 3817 – WHEELING SERVICE – FORTISBC INC.

Availability: This schedule is available to FortisBC Inc. for the Wheeling of electricity over BC Hydro's transmission facilities in accordance with the terms and conditions of the Amended and Restated Wheeling Agreement entered into between BC Hydro and FortisBC Inc. and deemed effective the 1st day of October, 2013 (the "Amended and Restated Wheeling Agreement").

Applicable in: The Point of Supply and the Points of Interconnection specified in the Amended and Restated Wheeling Agreement.

CPI Adjustment: Each Contract Year, the applicable rates for General Wheeling and Emergency Wheeling to each Point of Interconnection identified in this Rate Schedule will be adjusted by increasing the prior Contract Year's applicable rates by the annual rate of inflation as published by Statistics Canada using the British Columbia Consumer Price Index (all items) for the month of July preceding the commencement of the Contract Year in which the adjustment will apply. These adjustments will become effective at the commencement of the next Contract Year on October 1 of that calendar year, and the adjusted rates will be posted on BC Hydro's transmission website.

Annual General Wheeling Rates: Subject to adjustment in accordance with the CPI Adjustment provision of this Rate Schedule, for the purposes of calculating the applicable rates for General Wheeling to each Point of Interconnection identified in this Rate Schedule for the Contract Year commencing October 1, 2013, the applicable rates for General Wheeling to each Point of Interconnection identified in this Rate Schedule for the prior Contract Year are:

1. Point of Supply to Creston Point of Interconnection
\$13,411.12 per MW of Nominated Wheeling Demand
2. Point of Supply to Okanagan Point of Interconnection
\$20,578.55 per MW of Nominated Wheeling Demand
3. Point of Supply to Princeton Point of Interconnection
\$54,874.45 per MW of Nominated Wheeling Demand

Monthly Charge: The monthly charge shall be one twelfth of the above annual rate per MW of Nominated Wheeling Demand for each Point of Interconnection.

Nominated Wheeling Demand: The maximum amount of electricity, as determined in Section 6.1 of the Amended and Restated Wheeling Agreement, that BC Hydro will Wheel for FortisBC Inc. under General Wheeling to each Point of Interconnection during a stated Contract Year.

POI Imbalance A rate shall be charged for each MW of POI Imbalance Wheeling that is equal

ACCEPTED: _____

ORDER NO. _____

Wheeling: to 200% of the then-current maximum rate that would apply to FortisBC Inc. under Schedule 01 of BC Hydro's Open Access Transmission Tariff for Hourly Non-Firm Point-To-Point Transmission Service.

Emergency Wheeling: Subject to adjustment in accordance with the CPI Adjustment provision of this Rate Schedule, a rate of 0.110¢ per kW.h shall be charged for each kW.h of Emergency Wheeling. This charge would only apply to Wheeled energy which cannot be accommodated within the limits of the Nominated Wheeling Demand applicable to the Point of Interconnection, and which meets the criteria for Emergency Wheeling in accordance with the Amended and Restated Wheeling Agreement.

Note: The terms and conditions under which Wheeling is provided to FortisBC Inc. are contained in the Amended and Restated Wheeling Agreement. All terms capitalized above are defined in the Amended and Restated Wheeling Agreement.

Taxes: The rates and charges contained herein are exclusive of the Goods and Services tax and the Social Services tax.

ACCEPTED: _____

ORDER NO. _____

APPENDIX III

OPERATIONAL CONSIDERATIONS FROM PRIOR TECHNICAL DECISIONS
AND ACCOUNTING PROCEDURES

1. At any time during the term of this Agreement, BC Hydro's obligations hereunder at the Vernon Delivery Point and the VAS Delivery Point, respectively, will be limited to the planned capability of the Vernon Delivery Point or the VAS Delivery Point, as the case may be, provided that the aggregate planned capability of the Vernon Delivery Point and the VAS Delivery Point is at least equal to: (i) 400 MW prior to September 30, 2014; and (ii) 600 MW thereafter. If and for so long as the aggregate planned capability of the Vernon Delivery Point and the VAS Delivery Point is less than such amount, this limitation will not apply.
2. For every hour during which the Parties' systems are transitioning from open-loop to closed-loop, or from closed-loop to open-loop, configuration at the Okanagan Point of Interconnection the systems will, for purposes of all immediate operating considerations, be deemed to be operating on an open-loop basis for the entire hour. Detailed calculations of loads and deemed transfers on FortisBC's No. 48 Line at Bentley will be performed manually on an after-the-fact basis. During any such transitioning BC Hydro will provide required Emergency Wheeling in accordance with then current practices under this Agreement.
3. The calculation of the load at the three load centres served by the Points of Interconnection is done as follows:
 - (a) For the Princeton Point of Interconnection, the load is the sum of all telemetered generation in the Princeton area that is connected to the Entitlement Parties' System, less the amount of electricity metered as flowing from the Entitlement Parties' System to BC Hydro at the Princeton Point of Interconnection;
 - (b) For the Creston Point of Interconnection, the load is the sum of all telemetered generation in the Creston area that is connected to the Entitlement Parties' System, less the amount of electricity metered as flowing from the Entitlement Parties' System to BC Hydro at the Creston Point of Interconnection; and
 - (c) For the Okanagan Point of Interconnection, the load is the sum of all telemetered generation in the Okanagan area that is connected to the Entitlement Parties' System, less the amount of electricity metered as flowing from the Entitlement Parties' System to BC Hydro at the Okanagan Point of Interconnection, plus the telemetered amount of electricity flowing from South Slokan to the Okanagan as measured on FortisBC's No. 48 Line at Bentley if the WTS-VAS Loop is in operation, less the Duck Lake load.

For the purposes of these calculations, the "Entitlement Parties' System" shall have the meaning ascribed thereto in Canal Plant Agreement.



FILED MAY 20 1986

[Handwritten Signature]
SECRETARY

BRITISH COLUMBIA
UTILITIES COMMISSION

GENERAL WHEELING AGREEMENT

MADE AS OF THE 15th DAY

of October, 1986.

BETWEEN: BRITISH COLUMBIA HYDRO AND POWER
AUTHORITY, having its Head Office at
970 Burrard Street, City of Vancouver,
Province of British Columbia (herein-
after called "B.C. HYDRO");

AND: WEST KOOTENAY POWER AND LIGHT COMPANY,
LIMITED, a body corporate having its
Head Office at Waneta Plaza, 8100 Rock
Island Highway, City of Trail, Prov-
ince of British Columbia (hereinafter
called "WEST KOOTENAY POWER").

WHEREAS:

(a) West Kootenay Power and B.C. Hydro serve adjacent areas in British Columbia and have various points of electrical system interconnection which permit the transfer of electricity to and from their respective systems.

(b) West Kootenay Power desires to wheel electricity on a firm basis over B.C. Hydro transmission facilities.

(c) B.C. Hydro is willing to wheel electricity for West Kootenay Power under the terms and conditions as are provided for by this Agreement.

(d) A hearing has been held before the British Columbia Utilities Commission (the "Commission") to address matters in dispute between B.C. Hydro and West Kootenay Power and this Agreement reflects the parties' mutual understanding of the Commission's decision and Order G-61-86 (the "Decision") on the matter of General Wheeling.

(e) The parties have concurrently entered into a separate Power Purchase Agreement to reflect the parties' mutual understanding of the Decision on power purchases by West Kootenay Power from B.C. Hydro.

THIS AGREEMENT WITNESSES that in consideration of the covenants and agreements set forth in this Agreement and of other good and valuable consideration, the parties hereby covenant, agree and declare as follows:

1. DEFINITIONS

1.01 Throughout this agreement the defined terms shall have the following meanings:

(a) "Agreement" means this Agreement, as amended from time to time, and any schedules or exhibits referred to in it as being attached to it;

(b) "Billing Month" means a calendar month;

(c) "Capacity Resources Available for Wheeling" means any West Kootenay Power capacity resources at the Point of Supply (excluding capacity purchases under the Power Purchase Agreement) which are surplus to its total system load minus the loads at the Points of Interconnection;

(d) "electricity" means inclusively electric capacity and electric energy unless the context requires otherwise;

(e) "Emergency Wheeling" means requirements for Wheeling which exceed the Nominated Wheeling Demands due to unforeseen outages or other bona-fide emergencies on West Kootenay Power's system. Emergency Wheeling does not include additional Wheeling requirements due to planned outages for maintenance and construction;

(f) "Nominated Wheeling Demand" means the maximum rate as nominated by West Kootenay Power and at which B.C. Hydro agrees to provide continuous firm Wheeling of electricity for West Kootenay Power from the Point of Supply to a particular Point of Interconnection during a stated Year;

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(g) "Point of Supply" means the point where B.C. Hydro's 60L225 Line connects to West Kootenay Power's South Slocan Switching Station;

(h) "Point of Interconnection" means a point exclusive of the Point of Supply as specifically identified in accordance with Section 3.01;

(i) "General Wheeling" and all forms of the verb "to Wheel" means the transmission by B.C. Hydro of West Kootenay Power's electricity from the Point of Supply to the Points of Interconnection to serve West Kootenay Power's loads in its service area; and

(j) "Year" means the operating years commencing 18 October in 1986, or 1 October in any other year, through to 30 September in the following year.

2. TERM

2.01 This Agreement shall become effective on the 18th day of October, 1986.

2.02 This Agreement shall continue until 30 September, 2005 and thereafter unless terminated as provided in Section 2.03 or Section 12.01.

2.03 At any time after 1 October, 1999, either party may notify the other of its intention that the Agreement be terminated and upon giving of that notice, the Agreement shall terminate without further notice or action by either party, on the last day of September which next follows the passage of five full years from the date of the notice.

3. POINTS OF INTERCONNECTION AND SUPPLY

3.01 The Points of Interconnection between B.C. Hydro and West Kootenay Power to which electricity may be Wheeled from the Point of Supply under this Agreement are as listed in Appendix I, which may be amended from time to time by mutual agreement.

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4. INTERCONNECTED OPERATION

4.01 Maintenance of Voltage

B.C. Hydro shall operate its system facilities to maintain, under normal conditions and in accordance with generally accepted utility practices, the voltage at the Point of Supply and each Point of Interconnection within plus or minus 10 percent of the nominal voltage (500, 230, 138, 63 kV) assuming that the West Kootenay Power power flow taken at each Point of Interconnection is between unity power factor and 0.95 power factor, leading.

4.02 Reactive Power (var) Requirement

West Kootenay Power shall use its best efforts to plan and operate in accordance with generally accepted utility practices to operate at reasonable reactive power (var) flow at the Point of Supply and zero var flow at each Point of Interconnection. If, in B.C. Hydro's opinion, actual operation indicates that excessive var flows occur at any of these Points, B.C. Hydro shall have the right to give notice to West Kootenay Power to either rectify the situation or pay for the supply, installation and operation of var flow equipment necessary to rectify the situation.

4.03 Loop Operations

All Wheeling shall be to radially-connected West Kootenay Power service areas, except that if closed loop operation is desired:

(a) West Kootenay Power shall give advance notice to B.C. Hydro of that need;

(b) B.C. Hydro shall make reasonable efforts to accommodate West Kootenay Power and shall give notice to West Kootenay Power of the times and extent to which closed loop operation will be acceptable to B.C. Hydro; and

(c) B.C. Hydro, in consultation with West Kootenay Power, shall correct for the effect of loop flows by making appropriate adjustments for billing purposes for periods of closed loop operation.

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S. J. [Signature]
SECRETARY

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5. PLANNING AND OPERATING INFORMATION

5.01 General Information Requests

B.C. Hydro and West Kootenay Power agree to cooperate in the full exchange of such planning and operating information as may be reasonably necessary for the timely and efficient performance of the parties' obligations or the exercise of rights under this Agreement. Such information shall be provided on a timely basis and no reasonable request shall be refused.

5.02 Load-Resource Forecasts

By June 30 of each year, B.C. Hydro and West Kootenay Power shall exchange a forecast for the next ten Years of loads and resources for their respective electrical systems. These forecasts shall include programs for resource acquisition, transmission and firm loads. The degree of detail in these forecasts shall be decided by mutual agreement.

6. NOMINATIONS

6.01 Wheeling Nominations

During each Year of this Agreement that nominations are required, West Kootenay Power shall provide to B.C. Hydro a Nominated Wheeling Demand for each Point of Interconnection.

Following receipt of the Nominated Wheeling Demands from West Kootenay Power, B.C. Hydro shall respond within 30 days and shall either accept such Nominated Wheeling Demands or state the maximum amount that can be wheeled by existing facilities and new facilities that are planned to be brought into service. B.C. Hydro shall not be obligated to change its transmission or substation plans to accommodate West Kootenay Power's Wheeling requirements under this Agreement. B.C. Hydro may consider changes to its transmission or substation plans to accommodate West Kootenay Power's Wheeling requirements in cases where mutual agreement can be reached on the compensation to B.C. Hydro for the additional costs to be incurred.

If B.C. Hydro advises West Kootenay Power that it cannot accommodate the Nominated Wheeling Demand during a particular Year at any or all Point(s) of Interconnection, then within 30 days West Kootenay Power may modify any or all of the Nominated Wheeling Demands for that Year. Provided that the new Nominated Wheeling Demands do not exceed the lesser of the original Nominated Wheeling Demands or the maximums that B.C. Hydro can accommodate, the new Nominated Wheeling Demands shall be accepted by B.C. Hydro.

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6.02 Initial Nominations

Upon execution of this Agreement, West Kootenay Power shall provide Nominated Wheeling Demands for each of the first five Years of this Agreement. Such nominations shall be subject to acceptance by B.C. Hydro as described in Section 6.01.

6.03 Nominations in Subsequent Years

By 31 May in each subsequent Year of this Agreement, West Kootenay Power shall provide Nominated Wheeling Demands for the ensuing fifth Year only. Such nominations shall be subject to acceptance by B.C. Hydro as described in Section 6.01.

6.04 Allowance for Transmission Losses

Unless otherwise agreed, all Nominated Wheeling Demands under this Agreement shall include provision for transmission losses which are deemed to occur between the Point of Supply and the Points of Interconnection.

7. WHEELING AND RATES

7.01 B.C. Hydro shall use its best efforts to Wheel electricity to each Point of Interconnection for West Kootenay Power up to the limits defined by the Nominated Wheeling Demands determined under Section 6 of this Agreement.

7.02 B.C. Hydro shall also provide Emergency Wheeling to the extent that normal operation of B.C. Hydro's system and service to B.C. Hydro's customers shall not be impaired. B.C. Hydro reserves the right to deny a request for Emergency Wheeling in situations which do not satisfy Definition (e) of Section 1.01.

7.03 In each hour, the amounts of electricity which West Kootenay Power requires to be Wheeled to each Point of Interconnection, shall be deemed to be the least of:

- (i) the respective kilowatts and the kilowatt hours metered as flowing from B.C. Hydro to West Kootenay Power at each Point of Interconnection; or
- (ii) the Nominated Wheeling Demand; or

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- (iii) an allocated portion of West Kootenay Power's capacity surplus at the Point of Supply (i.e. the Capacity Resources Available for Wheeling). The order of allocation of the Capacity Resources Available for Wheeling shall be firstly to the Koch Creek Wheeling Agreement, as filed with the Commission, until terminated, and secondly to the Points of Interconnection in the order listed in Appendix I. The amount of allocation to each Point of Interconnection shall be the least of the load; or of the Nominated Wheeling Demand; or of the remaining unallocated portion of the Capacity Resources Available for Wheeling.

Except as provided in Section 7.02, B.C. Hydro shall not be required to Wheel any electricity above the Nominated Wheeling Demands under the terms of this Agreement unless otherwise agreed to in writing and in advance by B.C. Hydro. Without such agreement, if West Kootenay Power's requirement for capacity at any Point of Interconnection exceeds the Nominated Wheeling Demand at that Point, the excess capacity and the associated energy shall be deemed to be purchased under rates, terms and conditions as defined in the Power Purchase Agreement.

7.04 West Kootenay Power shall pay for Wheeling and Emergency Wheeling in accordance with the provisions of B.C. Hydro Electric Tariff Rate Schedule 3817 and revisions thereto on file with the Commission from time to time.

8. METERING FACILITIES

8.01 Metering

(a) The electricity Wheeled under this Agreement shall be measured and recorded at each Point of Interconnection and at the Point of Supply by energy and demand meters having one hour integrating intervals, which meters shall be of types approved for revenue metering by the Canadian Department of Consumer and Corporate Affairs and shall comply with the provisions of the Electricity and Gas Inspection Act, as amended from time to time.

(b) Each party shall, if possible, make available to the other party the second set of secondaries of the metering transformers owned by it for the purpose of installing backup metering, telemetering and control equipment as may be mutually agreed by the parties and shall provide space for the location of such equipment. In cases where back-up meters are installed, the parties shall designate one meter to be used for revenue billing.

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8.02 Tests of Metering Installations.

(a) Each party shall, at its expense, test its metering components associated with this Agreement as provided by the Electricity and Gas Inspection Act and field test the metering installation at least once every two years. If requested to do so, each party shall make additional tests or inspections of such installations, the expense of which shall be paid by such other requesting party unless such additional tests or inspections show the measurements of such installations to be registering outside the prescribed limit of error. Each party shall give reasonable notice of the time when any such test or inspection is to be made to the other party, who may have representatives present at such test or inspection. Any component of such installations found to be defective or inaccurate shall be adjusted, repaired, or replaced to provide accurate metering.

(b) If a meter is found to be not functioning accurately, the amount of electricity wheeled shall be determined as provided for in the Electricity and Gas Inspection Act.

8.03 Access to Equipment and Facilities

(a) If any equipment or facilities associated with any Point of Supply or Point of Interconnection and belonging to a party to this Agreement are or are to be located on the property of the other party, a permit to install, test, maintain, inspect, replace, repair, and operate during the term of this Agreement and to remove such equipment and facilities at the expiration of said term, together with the right of entry to said property at all reasonable times in such term, is hereby granted by the other party.

(b) Each party shall have the right by giving suitable notice to enter the property of the other party at all reasonable times for the purpose of reading any and all meters mentioned in this Agreement which are installed on such property.

(c) If either party is required or permitted to install, test, maintain, inspect, replace, repair, remove, or operate equipment on the property of the other, the owner of such property shall furnish the other party with accurate drawings and wiring diagrams of associated equipment and facilities, or, if such drawings or diagrams are not available, shall furnish accurate information regarding such equipment or facilities. The owner of such property shall notify the other party of any subsequent modification which may affect the duties of the other party in regard to such equipment, and furnish the other party with accurate revised drawings, if possible.

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8.04 Ownership of Facilities

(a) Except as otherwise expressly provided, ownership of any and all equipment installed or previously installed by either party on the property of the other party shall be and remain with the installing party.

(b) Each party shall identify all equipment which is installed by it on the property of the other, by permanently affixing thereto suitable markers plainly stating the name of the owner of the equipment so identified. Within a reasonable time subsequent to initial installation, and subsequent to any modification of such installation, representatives of the parties shall jointly prepare an itemized list of said equipment so installed.

8.05 Inspection of Facilities.

Each party may for any reasonable purpose under this Agreement inspect the other party's electric installation at any reasonable time after giving suitable notice. Such inspection, or failure to inspect, shall not render such party, its officers, agents, or employees, liable or responsible for any injury, loss, damage, or accident resulting from defects in such electric installation, or for violation of this Agreement. The inspecting party shall observe written instructions and rules posted in facilities and such other necessary instructions or standards for inspection as the parties agree to. Only those electric installations used in complying with the terms of this Agreement shall be subject to inspection.

9. INVOICES AND PAYMENT

9.01 B.C. Hydro shall render a billing invoice monthly which is due and payable upon presentation.

9.02 If the amount due on any invoice has not been paid in full after 20 days from the billing date shown on the invoice, a late payment charge shall be applied to the unpaid balance, and the resulting amount will be shown and identified on the next invoice to be rendered. The late payment charge shall be as specified in B.C. Hydro's Electric Tariff, as amended from time to time.

10. ALLOWANCES FOR TRANSMISSION LOSSES

10.01 In recognition of the fact that there will be losses associated with Wheeling, the parties agree that West Kootenay Power shall make up for the amount of the deemed Wheeling losses, pursuant to the terms of this section.

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10.02 Until otherwise agreed, the deemed Wheeling losses in a given hour shall be calculated as 5 per cent of the total hourly capacity and energy wheeled by B.C. Hydro from the Point of Supply to all Points of Interconnection (see Section 7.03). Unless otherwise agreed, Wheeling losses shall be scheduled to B.C. Hydro at the Point of Supply.

10.03 During each hour commencing 168 hours after the effective date of this Agreement, West Kootenay Power shall schedule to B.C. Hydro amounts of firm electricity equivalent to the hourly Wheeling losses calculated to have occurred in the 168th preceding hour. Fractional losses, (i.e. less than 1MW or 1 MW.h) shall be truncated and added to losses delivered in the succeeding hour.

10.04 From time to time the Technical Committee may review all relevant facts and technical information, and may, if it considers a change justified, revise the percentage to be used thereafter to calculate Wheeling losses.

11. TECHNICAL COMMITTEE

11.01 There shall be established and maintained throughout the term of this Agreement, a Technical Committee consisting of one representative of each party, each of whom shall serve until notice has been given to the other party of the selection of his successor.

11.02 Each party may give notice to the other party of an alternate who shall serve during the inability or absence of the representative of the party giving notice.

11.03 The Technical Committee shall determine all matters relating to administration and operation of this Agreement and shall decide questions that arise in operations under this Agreement.

11.04 In reaching its decisions, the Technical Committee shall attempt to achieve a just and equitable resolution of any disagreements based on generally accepted utility practice and shall not vary or extend the provisions of the Agreement in any way.

11.05 The Technical Committee shall keep a written record of its decisions and shall promptly forward to each of the parties a copy of the written record.

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12. INVOLUNTARY AMENDMENT AND TERMINATION

12.01 If an applicable statutory or regulatory provision of any legislative body or governmental agency having requisite authority, or an order of a court of competent jurisdiction, renders or declares the Wheeling provided by this Agreement to be illegal or alters the arrangements or provisions of this Agreement, the Agreement shall terminate or be amended as the case may be, at a time the circumstances so provide.

13. FORCE MAJEURE

13.01 Neither party to this Agreement shall be considered to be in default in the performance of any of its obligations under this Agreement to the extent that performance of those obligations is prevented or delayed by any cause which is beyond the reasonable control of the party prevented or delayed by that cause. If either party is delayed or prevented from its performance at any time by any act, omission or neglect of the other party or its representatives, or by an act of God or the public enemy, or by expropriation or confiscation of facilities, compliance with any order of any governmental authority or order of a court of competent jurisdiction, acts of war, rebellion or sabotage, fire, flood, explosion, riot, strike or other labour dispute beyond the reasonable control of the party or any unforeseeable cause beyond the control and without the fault and negligence of the party, the party so prevented or delayed shall give notice to the other party of the cause of the prevention or delay but notwithstanding giving of that notice, the party shall promptly and diligently use its best efforts to remove the cause of the prevention or delay.

14. INDEMNITY

14.01 Each party shall indemnify and save harmless the other party from and against any and all of the following:

(i) claims including those under any statute for the protection of workers, demands, awards, judgements, actions and proceedings by whomsoever made, brought or prosecuted; and

(ii) fines, delays, expenses and costs suffered or incurred by that other party;

by reason of any act or omission of the party, its successors, assigns, servants, agents, invitees and licensees or any of them arising out of, or in connection with this Agreement.

15. NOTICES

15.01 All notices, directions and other instruments required or permitted to be given under this Agreement (except those given pursuant to Section 11) shall be in writing, and shall be

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[Signature]
SECRETARY

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sufficient in all respects if delivered, or if sent by telecopier, or if sent by prepaid registered post mailed in British Columbia to the parties at the following addresses respectively:

- (a) to B.C. Hydro --
British Columbia Hydro & Power Authority
970 Burrard Street
Vancouver, B.C.
V6Z 1Y3

Attention: Secretary
Telecopy Number 663-3423

- (b) to West Kootenay Power --
West Kootenay Power & Light Company Limited
Waneta Plaza
8100 Rock Island Highway,
P.O. Box 130
Trail, B.C.
V1R 4L4

Attention: Secretary
Telecopy Number 364-1270

Either party shall have the right at any time to change its address by notice in writing sent to the other party at the address in effect hereunder.

15.02 Any notice, direction or other instrument shall be deemed to have been received on the following dates:

(a) if sent by telecopier, on the business day next following the date of transmission;

(b) if delivered, on the business day next following the date of delivery; or

(c) if sent by registered mail, on the seventh day following its mailing, provided that if there is at the time of mailing or within seven days thereafter a mail strike, slowdown, lockout or other labour dispute which might affect the delivery, then any notice, direction or other instrument, shall only be effective upon actual delivery or if delivered or sent by telecopier.

16. COMMISSION APPROVAL

16.01 This agreement and all the terms and conditions contained in it shall be subject to the provisions of the Utilities Commission Act of British Columbia, as amended or re-enacted from time to time and to the jurisdiction of the Commission.

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[Handwritten Signature]
SECRETARY

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UTILITIES COMMISSION

17. ENUREMENT

17.01 This Agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN WITNESS WHEREOF THE PARTIES HAVE HERETO EXECUTED THIS AGREEMENT.

19838

The Common Seal of BRITISH COLUMBIA HYDRO AND POWER AUTHORITY was affixed in the presence of:

APPROVED AS
TO CONTENT
[Signature]
W. A. BEST

[Signature]
Authorized Signatory

[Signature]
Authorized Signatory

APPROVED
as to form only
RS
Solicitor
B. C. HYDRO

The Common Seal of WEST KOOTENAY POWER AND LIGHT, COMPANY LIMITED was affixed in the presence of:

[Signature]
Authorized Signatory
President & Chief Executive Officer

[Signature]
Authorized Signatory

SECRETARY
MAY 28 1988

[Signature] G-61-86
SECRETARY

BRITISH COLUMBIA
UTILITIES COMMISSION

APPENDIX I

POINTS OF INTERCONNECTION

The Points of Interconnection between B.C. Hydro and West Kootenay Power to which electricity may be Wheeled under this Agreement are as follows:

- (a) West Kootenay Power's 230 kV bus at the Lambert Substation (Creston).
- (b) B.C. Hydro's 230 kV bus at the Vernon Substation.
- (c) West Kootenay Power's tap on B.C. Hydro's transmission line 1L251 near Princeton.

FILED MAY 26 1988

G. Ballantyne G-61-26
SECRETARY

BRITISH COLUMBIA
UTILITIES COMMISSION

GENERAL WHEELING AGREEMENT AMENDING AGREEMENT (2002)

THIS AMENDING AGREEMENT is made as of the 13th day of December, 2002.

BETWEEN:

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY, a
crown corporation having its head office at 333 Dunsmuir Street,
Vancouver, British Columbia

("B.C. Hydro")

AND:

AQUILA NETWORKS CANADA (BRITISH COLUMBIA) LTD.,
formerly known as UtiliCorp Networks Canada (British Columbia) Ltd.
and, before that, West Kootenay Power Ltd., a corporation established by a
Special Act of the Legislature of the Province of British Columbia, and a
body corporate having its Head Office at 1290 Esplanade Ave., Trail,
British Columbia

("Aquila")

WHEREAS:

- A. Pursuant to the General Wheeling Agreement (the "General Wheeling Agreement") made October 15, 1986, Aquila and B.C. Hydro (the "parties") have agreed to terms and conditions governing the transfer of electricity to and from their respective systems; and
- B. The parties have agreed to enter into this General Wheeling Agreement Amending Agreement (2002).

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the mutual agreements between the parties and for other good and valuable consideration, B.C. Hydro and Aquila agree that the General Wheeling Agreement shall be amended as follows:

1. For the purposes of this Agreement, Aquila will be referred to as "West Kootenay Power" and a reference to a Section means a Section of the General Wheeling Agreement.
2. Section 1 is hereby deleted and replaced with the following:

"1. DEFINITIONS

1.01 Throughout this agreement the defined terms shall have the following meanings:

- (a) "Agreement" means this Agreement, as amended from time to time, and any schedules or exhibits referred to in it as being attached to it;

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- (b) "BCUC" means the British Columbia Utilities Commission;
- (c) "Billing Month" means a calendar month;
- (d) "Capacity Resources Available for Wheeling" means any West Kootenay Power capacity resources at the Point of Supply (excluding capacity purchases under the Power Purchase Agreement) which are surplus to its total system load minus the loads at the Points of Interconnection;
- (e) "Creston Point of Interconnection" has the meaning given to it in Appendix 1;
- (f) "electricity" means inclusively electric capacity and electric energy unless the context requires otherwise;
- (g) "Emergency Wheeling" means requirements for Wheeling which exceed the Nominated Wheeling Demands due to unforeseen outages or other bona-fide emergencies on West Kootenay Power's system. Emergency Wheeling does not include additional Wheeling requirements due to planned outages for maintenance and construction;
- (h) "General Wheeling" and all forms of the verb "to Wheel" means the transmission by B.C. Hydro of West Kootenay Power's electricity from the Point of Supply to the Points of Interconnection to serve West Kootenay Power's loads in its service area;
- (i) "Nominated Wheeling Demand" means the maximum rate as nominated by West Kootenay Power and at which B.C. Hydro agrees to provide continuous firm Wheeling of electricity for West Kootenay Power from the Point of Supply to a particular Point of Interconnection during a stated Year;
- (j) "Okanagan Point of Interconnection" has the meaning given to it in Appendix 1;
- (k) "Point of Supply" means the point where B.C. Hydro's 60L225 Line connects to West Kootenay Power's South Slochan Switching Station;
- (l) "Point of Interconnection" means a point exclusive of the Point of Supply as specifically identified in accordance with section 3.01 and for the purposes of Section 4 and Section 8, Point of Interconnection shall also include B.C. Hydro's 230 kV bus at the Vernon Substation and West Kootenay Power's 230 kV bus at the Vaseux Lake Terminal Station;

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- (m) "Power Purchase Agreement" means the Power Purchase Agreement made as of October 1, 1993 between B.C. Hydro and West Kootenay Power as amended from time to time;
- (n) Princeton Point of Interconnection has the meaning given to it in Appendix 1; and
- (o) "Year" means the operating years commencing 18 October in 1986, or 1 October in any other year, through to 30 September in the following year.

- 3. Section 2.02 is hereby amended by deleting the words "30 September, 2005" and replacing them with the words "30 September, 2045".
- 4. Section 2.03 is hereby amended by deleting the words "1 October, 1999" and replacing them with the words "1 October, 2039".
- 5. The General Wheeling Agreement is hereby amended by adding as Section 2.04 the following:

"2.04 If, at any time, there occurs a regulatory change that would result in a material incremental cost:

- (a) to B.C. Hydro in providing General Wheeling to either (or both) of the Creston Point of Interconnection or the Princeton Point of Interconnection; or
- (b) to West Kootenay Power in taking General Wheeling at either (or both) of the Creston Point of Interconnection or the Princeton Point of Interconnection;

then, notwithstanding Sections 2.02 and 2.03, the party so affected may notify the other of its intention to terminate Wheeling pursuant to this Agreement to such relevant Point(s) of Interconnection.

Upon giving of such notice by either party, Wheeling to the specified Point of Interconnection shall terminate without further notice or action by either party, on the last day of September which next follows the passage of five full years from the date of the notice and such Point(s) of Interconnection shall be deemed to be removed from this Agreement."

- 6. Section 4.02 is hereby amended by adding the following paragraph after the first paragraph:

"During periods of time when the 40 Mvar capacitor bank installed at Vernon Terminal (paid for by West Kootenay Power) is available for service, the var flow that is specified in this Section will be adjusted by the

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vars that are provided by such 40 Mvar capacitor bank. B.C. Hydro shall use reasonable efforts to plan the operation of such capacitor bank so that any required outages at Vernon have minimum cost impact on West Kootenay Power. For emergency outages of the capacitor bank, B.C. Hydro will apply its post-contingency operating criteria in determining the var flow requirements at Vernon Terminal, and West Kootenay Power may request relief under the Emergency Wheeling provisions of this Agreement.”

7. Section 4.03 is hereby amended by deleting the first paragraph and replacing it with the following:

“Upon interconnection of the Vaseux Lake Terminal Station, the parties shall operate their respective transmission systems on a closed loop basis, except that the Creston Point of Interconnection and the Princeton Point of Interconnection may each be radially-connected to West Kootenay Power service areas. If closed loop operation is desired for the Creston Point of Interconnection and/or the Princeton Point of Interconnection, then:

- (a) West Kootenay Power shall give advance notice to B.C. Hydro of that need;
- (b) B.C. Hydro shall make reasonable efforts to accommodate West Kootenay Power and shall give notice to West Kootenay Power of the times and extent to which closed loop operation will be acceptable to B.C. Hydro; and
- (c) B.C. Hydro, in consultation with West Kootenay Power, shall correct for the effect of loop flows by making appropriate adjustments for billing purposes for periods of closed loop operation.”

8. Section 6.01 is hereby amended by adding the following after the second paragraph:

“For the Okanagan Point of Interconnection, the Nominated Wheeling Demand for any Year shall not decrease by more than 15% of the Nominated Wheeling Demand of the previous Year.

Notwithstanding any other provisions of this Agreement, B.C. Hydro’s obligation to provide Wheeling to the Okanagan Point of Interconnection is capped at:

- (a) 230 MW for the period commencing October 1, 2005 through to September 30, 2009;
- (b) 264 MW for the period commencing October 1, 2009 through to September 30, 2010;

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- (c) 298 MW for the period commencing October 1, 2010 through to September 30, 2011;
- (d) 332 MW for the period commencing October 1, 2011 through to September 30, 2012;
- (e) 366 MW for the period commencing October 1, 2012 through to September 30, 2013;
- (f) 400 MW for the period commencing October 1, 2013 through to September 30, 2014; and
- (g) 600 MW less the amount of capacity nominated under the Power Purchase Agreement or its successor tariff, on an annual basis commencing October 1, 2014 through to termination of this Agreement.

West Kootenay Power may request additional General Wheeling from South Slocan to the Okanagan Point of Interconnection over and above the amounts set out above in this Section 6.01. Any such General Wheeling may be accepted by BC Hydro in its sole discretion.”

9. Section 7.03 is hereby amended by:

(a) deleting Subsection (i) and replacing it with the following:

“(i) the respective kilowatts and kilowatt hours metered as flowing from B.C. Hydro to West Kootenay Power at each Point of Interconnection, subject to the following exception. For the Okanagan Point of Interconnection, the kilowatts and kilowatt hours flowing from BC Hydro will be the sum of:

- A. the flows at the Okanagan Point of Interconnection, and
- B. the flow on West Kootenay Power’s 11 Line measured at West Kootenay Power’s Oliver Terminal;

less,

- C. the deemed capacity of 11 Line, which is either 120 MW when 11 Line is in operation or zero when 11 Line is not in operation;” and

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(b) by adding the following after the last paragraph:

“The deeming provision in the immediately preceding sentence shall apply for as long as the Power Purchase Agreement or its successor tariff is in effect.”

10. The General Wheeling Agreement is hereby amended by adding as Section 9.03 the following:

“9.03 Creditworthiness

For the purpose of determining the ability of West Kootenay Power to meet its payment obligations related to this Agreement, B.C. Hydro may require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices. If B.C. Hydro’s review determines that West Kootenay Power’s bond rating has fallen below investment grade (BBB (low) as determined by Dominion Bond Rating Service), then B.C. Hydro may require West Kootenay Power to provide and maintain in effect during the term, or a portion thereof, of this Agreement, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under this Agreement, or an alternative form of security proposed by West Kootenay Power and acceptable to B.C. Hydro. If West Kootenay Power disagrees with B.C. Hydro’s credit review or the parties cannot agree to the terms and conditions of security, or whether security is required, such dispute shall be referred to, and finally resolved by, the BCUC or other regulatory authority having jurisdiction.”

11. Appendix I to the General Wheeling Agreement is hereby deleted and replaced with the following:

“APPENDIX I

POINTS OF INTERCONNECTION

The Points of Interconnection between B.C. Hydro and West Kootenay Power to which electricity may be Wheeled under this Agreement are as follows:

- (a) West Kootenay Power’s 230 kV bus at the Lambert Substation (the “Creston Point of Interconnection”).
- (b) B.C. Hydro’s 230 kV bus at the Vernon Substation and West Kootenay Power’s 230 kV bus at the Vaseux Lake Terminal Station (collectively, the “Okanagan Point of Interconnection”). For the purposes of this Agreement, Wheeling at the Okanagan Point of Interconnection will be summed and treated as a single delivery point.
- (c) West Kootenay Power’s tap on B.C. Hydro’s transmission line 1L251 near Princeton (the “Princeton Point of Interconnection”).”


[Signature]
SECRETARY
B.C. UTILITIES COMMISSION

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12. Save as provided herein, the General Wheeling Agreement remains in full force and effect as amended herein and the effective date of the amendments provided for in this Agreement shall be the in-service date of the Vaseux Lake Terminal Station.
13. Each of the following are conditions precedent to all other provisions of this Agreement taking effect:
- (a) the granting by the BCUC of:
 - (i) each of the orders sought in Section 2.2 of the application by Aquila to the BCUC for orders in respect of the South Okanagan Supply Reinforcement Project; and
 - (ii) the order sought in the application by BC Hydro to the BCUC to amend the General Wheeling Agreement and the Power Purchase Agreement;
 - (b) the approval by the Aquila Board of Directors of: the letter dated December 13, 2002 from Aquila to BC Hydro (the "SOK/VAS Letter Agreement"); the Vaseux Lake Terminal Station Agreement dated December 13, 2002 between BC Hydro and Aquila (the "VLTS Agreement"); this Agreement; and the Power Purchase Agreement Amending Agreement (2002) dated December 13, 2002 (the "PPA Amending Agreement (2002)"); and
 - (c) the approval by the BC Hydro Board of Directors of: the SOK/VAS Letter Agreement; the VLTS Agreement; this Agreement; and the PPA Amending Agreement (2002).

IN WITNESS WHEREOF this Agreement has been executed as of the day and year first above written.

BRITISH COLUMBIA POWER AND HYDRO AUTHORITY

By: 
Ron Threlkeld
Senior Vice President, Transmission

AQUILA NETWORKS CANADA (BRITISH COLUMBIA) LTD.

By: 
Don Debienné
Vice President, Utility Operations

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Accepted for filing: **APR 17 2003**
Effective: **APR 17 2003**
Order No.: **C-03-2003**


SECRETARY
B.C. UTILITIES COMMISSION

GENERAL WHEELING AGREEMENT AMENDING AGREEMENT (2004)

THIS AMENDING AGREEMENT is made as of the 5th day of April 2004

BETWEEN:

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY, a crown corporation having its head office at 333 Dunsmuir Street, Vancouver, British Columbia

("B.C. Hydro")

AND:

AQUILA NETWORKS CANADA (BRITISH COLUMBIA) LTD., formerly known as UtiliCorp Networks Canada (British Columbia) Ltd. and, before that, West Kootenay Power Ltd., a corporation established by a Special Act of the Legislature of the province of British Columbia, and a body corporate having its Head Office at 1290 Esplanade Ave., Trail, British Columbia

("Aquila")

WHEREAS:

- A. Pursuant to the General Wheeling Agreement made October 15, 1986, (the "General Wheeling Agreement") Aquila and B.C. Hydro (the "parties") have agreed to terms and conditions governing the transfer of electricity to and from their respective systems; and
- B. The parties have agreed to enter into this General Wheeling Agreement Amending Agreement (2004);

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the mutual agreements between the parties and for other good and valuable consideration, B.C. Hydro and Aquila agree that the General Wheeling Agreement shall be amended as follows:

1. For the purposes of this Agreement Aquila may be referred to as "West Kootenay Power" and a reference to a Section means a Section of the General Wheeling Agreement.
2. Section 1 is hereby amended by deleting section 1.01 (g) and replacing it with the following:

"(k) "Point of Supply" means

- (i) the point where West Kootenay Power's 63 kV Line 13 interconnects with BC Hydro's Line 60L225 between West Kootenay Power's South Slocan Substation and BC Hydro's Kootenay Canal Substation;

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- (ii) the point where West Kootenay Power's 230 kV Line 79 (referred to by BC Hydro as Line 2L288) interconnects with BC Hydro's Kootenay Canal Substation; and
- (iii) the point where West Kootenay Power's 63 kV Line 12 (referred to by BC Hydro as Line 60L227) interconnects with BC Hydro's Kootenay Canal Substation

For purposes of this Agreement, the above-enumerated points will, except in respect of Sections 4 and 8, be deemed, collectively, to be a single point of supply."

3. Save as provided herein, the General Wheeling Agreement remains in full force and effect as amended herein and the effective date of the amendments provided for in this Agreement shall be the in-service date of the facilities required by the British Columbia Utilities Commission (the "BCUC") to be installed or modified on BC Hydro premises to connect Line 2L288 and Line 60L227 to the Kootenay Canal Substation.
4. The granting by the BCUC of each of the following orders is a condition precedent to all other provisions of this Agreement taking effect:
 - (a) an order approving the Interconnection Facilities Agreement for BC Hydro's Kootenay Canal Substation among British Columbia Transmission Corporation, BC Hydro and Aquila made the 5th day of April, 2004;
 - (b) an order approving this Agreement; and
 - (c) an order approving the Power Purchase Agreement Amending Agreement (2004) made as of the 5th day of April, 2004 between BC Hydro and Aquila.
5. This Agreement may be executed in counterparts, each of which when delivered shall be deemed to be an original, and each of which together shall constitute one and the same document and agreement. Each party may deliver an executed copy of this Agreement to the other party by fax, provided that such delivery by fax shall in a timely manner be followed by personal delivery to that other party of an originally executed copy of this Agreement.

IN WITNESS WHEREOF this Agreement has been executed as of the day and year first above written.

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

By: Y. Mansam

AQUILA NETWORKS CANADA (BRITISH COLUMBIA) LTD.

By: J. P. Pelletier
General Manager, Vice President
Utility Operations

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British Columbia Hydro and Power Authority
Electric Tariff
Tenth Revision of Page C-82
Effective:

SCHEDULE 3817

GENERAL WHEELING SERVICE –
WEST KOOTENAY POWER AND LIGHT COMPANY, LIMITED

Availability: This schedule is available to West Kootenay Power and Light Company, Limited for the Wheeling of electricity over BC Hydro's transmission facilities in accordance with the terms and conditions of the General Wheeling Agreement.

Applicable in: Rate Zone I between the Point of Supply and the Points of Interconnection specified in the General Wheeling Agreement.

<u>Annual Rates:</u>	1. <u>Point of Supply to Lambert</u> \$12,382.36 per MW of Nominated Wheeling Demand	c
	2. <u>Point of Supply to Vernon Terminal</u> \$21,387.70 per MW of Nominated Wheeling Demand	c
	3. <u>Point of Supply to Princeton</u> \$50,665.09 per MW of Nominated Wheeling Demand	c

Monthly Charge: The monthly charge shall be one twelfth of the above annual rate per MW of Nominated Wheeling Demand for each Point of Interconnection.

Nominated Wheeling Demand: The maximum rate, as determined in Section 6 of the General Wheeling Agreement, at which BC Hydro will Wheel electricity for West Kootenay Power over each Point of Interconnection during a stated Year.

Emergency Wheeling: A rate of 0.110¢ per kW.h shall be charged for each kW.h of Emergency Wheeling. This charge would only apply to Wheeled energy which cannot be accommodated within the limits of Nominated Wheeling Demands.

Note: All terms capitalized above are defined in the General Wheeling Agreement.

BC Hydro
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Effective: OCT 28 2010
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SCHEDULE 3817 – GENERAL WHEELING SERVICE – FORTISBC INC.

Availability: This schedule is available to FortisBC Inc. for the Wheeling of electricity over BC Hydro's transmission facilities in accordance with the terms and conditions of the General Wheeling Agreement.

Applicable in: The Point of Supply and the Points of Interconnection specified in the General Wheeling Agreement.

Annual Rates: The Annual Rate for Wheeling to each Point of Interconnection identified in this Rate Schedule will be adjusted by the annual rate of inflation as published by Statistics Canada using the British Columbia Consumer Price Index (all items) for the month of July in the calendar year in which the adjustment is made. These adjustments will become effective on October 1 of that calendar year. The Points of Interconnections with their base rates are:

1. Point of Supply to Lambert (Creston Point of Interconnection)
On 1 February 2006, \$12,382.36 per MW of Nominated Wheeling.
2. Point of Supply to Vernon Terminal and Vaseux Lake Terminal Station (Okanagan Point of Interconnection)
On 1 February 2006, \$19,000.00 per MW of Nominated Wheeling Demand.
3. Point of Supply to Princeton (Princeton Point of Interconnection)
On 1 February 2006, \$50,665.09 per MW of Nominated Wheeling Demand.

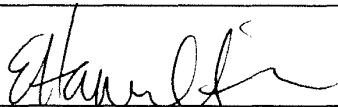
Monthly Charge: The monthly charge shall be one twelfth of the above annual rate per MW of Nominated Wheeling Demand for each Point of Interconnection.

Nominated Wheeling Demand: The maximum rate, as determined in Section 6 of the General Wheeling Agreement, at which BC Hydro will Wheel electricity for FortisBC, Inc. over each Point of Interconnection during a stated Year.

Emergency Wheeling: A rate of 0.110¢ per kW.h shall be charged for each kW.h of Emergency Wheeling. This charge would only apply to Wheeled energy which cannot be accommodated within the limits of Nominated Wheeling Demands.

Note: All terms capitalized above are defined in the General Wheeling Agreement.

ACCEPTED: OCT 28 2010
ORDER NO. G-164-10


COMMISSION SECRETARY