AGREEMENT DATED FOR REFERENCE FEBRUARY 16, 2018
("THIS AGREEMENT")

BETWEEN:

FORTISBC INC.

("FBC")

AND:

TECK METALS LTD.

("Teck")

WHEREAS:

A. FBC and Teck (together, the "Parties") are parties to a letter agreement dated January 20, 1987 (the "1987 Agreement");

B. The 1987 Agreement relates to Line 71, of which Teck is the owner;

C. British Columbia Hydro and Power Authority ("BC Hydro") and Teck Resources Ltd. have entered into the Waneta Purchase Agreement, dated August 1, 2017, pursuant to which, among other things, BC Hydro has agreed to purchase Teck’s remaining two-third undivided interest in the Waneta Dam encumbered by a lease to Teck (the "Waneta Lease") for an initial 20-year period and extendable to an aggregate 30-year period, and pursuant to which BC Hydro will provide wheeling rights to Teck from the U.S. border to Teck’s industrial load after the termination or expiry of the Waneta Lease, including any extension or renewal thereof, or after Teck no longer owns Line 71, whichever occurs first (collectively, the "Waneta 2017 Transaction").

D. During the term of the Waneta Lease, Teck will continue to own its transmission assets; however, at the expiration or termination of the Waneta Lease BC Hydro will purchase Teck’s transmission assets, including Line 71, between Teck’s industrial load and the U.S. border. In addition, under certain default scenarios, BC Hydro has the right to purchase Line 71 only prior to the end of the Waneta Lease term;

E. FBC has expressed some concerns regarding the Waneta 2017 Transaction, specifically in relation to its continued access to Line 71 and the status of the 1987 Agreement if the Waneta 2017 Transaction is completed; and

F. FBC and Teck wish to address those concerns and provide more certainty in respect of the terms and conditions of the 1987 Letter Agreement should the Waneta 2017 Transaction complete, all on the terms and conditions set out herein.
NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the sum of $10.00 now paid by each of the Parties to the other, the mutual covenants and agreements set forth below, and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each of the Parties), the Parties covenant and agree as follows:

1. With immediate effect from and after the time of completion of the Waneta 2017 Transaction ("Effective Date"), the Parties agree to amend the 1987 Letter Agreement as follows:

   (a) The 1987 Agreement, as amended hereby, will remain in full force and effect until the termination or expiry of the Waneta Lease, including any extension or renewal thereof, or until Teck no longer owns Line 71 by virtue of the exercise by BC Hydro of its right to purchase Line 71 pursuant to the Waneta Transmission Agreement between Teck and BC Hydro, whichever occurs first, except that:

      (i) Teck may suspend FBC's use of Line 71, or terminate the 1987 Letter Agreement:

         (A) to the extent required by applicable law;

         (B) to the extent required, as determined by Teck acting reasonably, to maintain Teck's exemption from regulation under Part 3 of the Utilities Commission Act; or

         (C) to the extent required, as determined by Teck acting reasonably, to avoid or mitigate a material increase to the cost or burden to Teck of meeting its obligations resulting from or in connection with the 1987 Letter Agreement, as amended hereby, relative to Teck's costs and burdens as at the Effective Date resulting from or in connection with the 1987 Letter Agreement, as amended hereby, provided Teck first gives FBC as much advance notice of the change as reasonably practicable and the Parties fail to agree upon an alternate means for Teck to avoid or mitigate the increase, each acting reasonably; and

      (ii) Teck may terminate the 1987 Letter Agreement on written notice to FBC after Teck has given FBC notice of any material default or breach by FBC pursuant to the 1987 Letter Agreement or this Agreement, which material default or breach was not remedied within thirty (30) days of such written notice from Teck.

   (b) Teck shall provide FBC with as much advance notice of any suspension or termination pursuant to Section 1(a) as reasonably practicable.

   (c) The charge as of the Effective Date shall be $1.00 per MWh, which charge:

      (i) shall escalate at 2% per annum on each January 1st following the Effective Date;
(ii) may be adjusted by Teck from time to time on reasonable advance notice to FBC (which period may be less than but never more than 12 months); and

(iii) shall never exceed BC Hydro’s rate for hourly non-firm point-to-point transmission service pursuant to BC Hydro’s Open Access Transmission Tariff.

2. The Parties acknowledge that Section 3 of the Memorandum of Understanding Regarding Partial Sale of Waneta Assets made effective October 30, 2009 among the Parties and BC Hydro remains in full force and effect, and will remain in full force and effect from and after the Effective Date.

3. FBC will, and will use reasonable efforts to cause its affiliates (including without limitation FortisBC Energy Inc., Waneta Expansion Limited Partnership and Waneta Expansion General Partner Ltd.) to:

   (a) provide such consents and approvals as Teck may reasonably require in order to complete the Waneta 2017 Transaction, including without limitation, amendments to the CPA and CPA Subagreement; and

   (b) support the completion of the Waneta 2017 Transaction, including as part of the proceedings currently before the BC Utilities Commission (Project No. 1598933), not file evidence as part of those proceedings, and support a written hearing process for ease and efficiency in connection therewith.

4. FBC will not, and will use reasonable efforts to cause its affiliates (including without limitation FortisBC Energy Inc., Waneta Expansion Limited Partnership and Waneta Expansion General Partner Ltd.) not to, object to the Waneta 2017 Transaction or the completion thereof under any applicable laws, statutory review, reconsideration, appeal or judicial review process, or regulatory proceedings.

5. FBC will support Teck’s efforts to maintain the interconnection between Line 71 and the Bonneville Power Administration (“BPA”) system (for example, by way of discussions with BPA or letters of support), provided that nothing shall require FBC to intervene in BPA regulatory processes.

6. This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

7. This Agreement shall be binding upon and enure to the benefit of each of the Parties hereto and its respective successors and permitted assigns.
8. This Agreement may be executed in counterparts and a counterpart signed by a party and delivered electronically shall have the same effect as a counterpart originally signed and delivered by such party.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

FORTISBC INC.
Per: 
Authorized Signatory Dennis Swanson 
VP, Energy Supply & Resource Development

TECK METALS LTD.
Per: 
Authorized Signatory ANDREW GOLDSING 
SVP CORPORATE DEVELOPMENT