



Highlights from

Annual Report 2009

April 1, 2008 – March 31, 2009

● *Building Connections*



BC Transmission
CORPORATION

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Introduction



BC Transmission Corporation is the publicly-owned planner, builder and operator of your province's electrical grid.

Our job is to deliver clean, safe and reliable power from where it's generated to the communities where it's needed. We help British Columbia meet its current and long-term electricity needs.

By connecting clean, renewable power to the grid, we reduce greenhouse gas emissions while creating new jobs. This is more important than ever to the future of our environment, quality of life and economy.

BC's goal, from the 2007 energy plan, is for at least 90 percent of our generation to be clean and renewable. In connecting communities to our vast renewable electricity resources, such as wind, hydro and biomass, we are helping British Columbians take centre stage in the new, green economy. We help to harness the strength of the wind and water, and enable biomass projects to tap the potential of our forests.

This sparks economic growth and creates jobs across the province.

Facilitating a new green economy is a big responsibility. We have to safeguard our heritage transmission system while integrating new technologies at the same time.

With our ten-year, \$5.3 billion capital plan, we're making bold, unprecedented investments in new transmission infrastructure, in all regions of the province. These investments will provide British Columbians with a strong and enduring economic, social and environmental legacy. We are building the connections of the future.

This report will highlight some of BCTC's achievements over the past year, and just a few of the positive contributions BCTC makes to British Columbia every day.

BCTC at a Glance

Who we are and what we do

The transmission system is BC's electricity highway. It's the backbone of our economy.

Working for British Columbians

BCTC was created as a Crown corporation of the Province of British Columbia in May 2003. Before that, our mandate was the responsibility of BC Hydro. This history brings BCTC a strong legacy of knowledge and experience in electricity transmission. We operate independently of all power producers, and ensure fair and open access to the transmission system for all electricity providers.

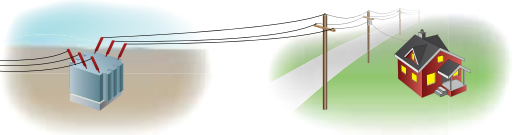
Understanding Transmission

**Generation:**

Electricity is generated by BC Hydro, FortisBC, Columbia Power and independent power producers.

**Transmission:**

BCTC moves electricity from where it is produced to where it is needed.

**Substations:**

Voltage is reduced at substations to provide power suitable for use in homes and businesses.

Distribution:

BC Hydro, FortisBC and municipal utilities like those of New Westminster and Nelson, provide low voltage electricity to neighbourhoods and businesses.

Fast Facts

BC's electrical transmission system is the second largest in the Pacific Northwest and is made up of an extensive network that includes:

- 18,589 kilometres (km) of transmission lines and underwater submarine cables
- 22,000 steel towers and 100,000 wood poles
- 292 substations
- A state-of-the-art system control centre and backup facility
- A series of interties, or grid connections, to Alberta and Washington State

BC's transmission system





BCTC has invested more than \$1.4 billion to maintain, improve and expand BC's electricity grid since beginning operations in 2003.

Five Years of Achievement

2008 marked BCTC's fifth year of operations. Since 2003, BCTC has invested more than \$1.4 billion to maintain, improve and expand BC's electricity grid. We help to keep the lights on in the province, plan and construct major transmission infrastructure expansions, and introduce innovative new technologies and services to the British Columbia electricity sector. Some examples of BCTC's accomplishments include:

- 2004** Adopted an Open Access Transmission Tariff that set out new rules to ensure open and fair access to the grid to all power producers.
- 2005** Filed our first Transmission System Capital Plan, which outlined \$2.8 billion in capital investment for the following 10 years and directed funds to maintain and expand the existing grid to meet current and future demand.
- 2006** Created Dynamic Scheduling, a valuable service that provides new market opportunities for BCTC's customers by opening access to markets (in other provinces and in the United States) in which they previously were not able to participate. In 2007, Dynamic Scheduling generated \$6.8 million in revenues for BC.
- 2007** Received approval to build the Vancouver Island Transmission Reinforcement project to meet the electricity needs of the residents of Vancouver Island and the southern Gulf Islands.
- 2008** Opened a new state-of-the-art system control centre to allow BCTC operators to control, monitor and operate BC's complex electricity system more efficiently. The control centre is an example of BCTC's adoption of Smart Grid technology.
- 2009** Expanded BCTC's capital plan to \$5.3 billion, with more than 400 projects planned over the next 10 years.
Put into service the Vancouver Island Transmission Reinforcement project to ensure a reliable power supply for more than 700,000 residents and businesses on Vancouver Island and the southern Gulf Islands.

NOTE: Our operating year runs from April 1 to March 31. We refer to the year running April 1, 2008 to March 31, 2009 as 2009 within this document.

Goals & Achievements

Our Corporate Goals

Every year, BCTC sets goals that outline the direction we're going to take. We develop a set of strategies to help us realize these goals, and set measures and targets for the BCTC team to achieve. In 2009, BCTC set the following five goals:

- 1) **Operational Excellence**
Operational excellence means making sure our grid is reliable and that the lights stay on; managing our costs to keep transmission rates competitive; and ensuring we do everything safely while mitigating effects on the environment.
- 2) **Market Access & Customer Service**
BCTC's mandate is to provide fair and open access to the transmission system so all BC power producers, large and small, have equal opportunity to connect to the public electricity grid.
- 3) **Long-term Capacity Build-out**
This goal is about planning where to build our Smart Grid – the next generation of transmission. We need to be ready to meet growing and future demand for electricity.
- 4) **Relationships**
Strong relationships with stakeholders and First Nations are critical to our success. This goal is focused on how we build, develop and maintain these relationships to benefit us all.
- 5) **Employees**
This goal outlines what we need to do to attract, develop, retain and motivate our employees so we can meet all of our business goals and objectives.

You can read more about our goals, strategies and how we measure our progress in the full BCTC annual report at www.bctc.com/annual_report/

GOAL 1: Operational Excellence

- Ensuring reliable transmission service is one of BCTC's fundamental responsibilities. To do this, BCTC must work to improve overall system reliability, manage capital and operating expenditures to keep electricity rates competitive, and make sure it's all done while meeting or exceeding strict safety and environmental principles.

2009 Achievements

Keeping the rates low

BCTC kept transmission rates below 2004 levels in 2009 by managing our expenditures wisely, even as we faced significant cost pressures on some of our major projects. Transmission rates directly affect electricity rates, so there's a ripple effect when there are rate fluctuations. If transmission rates are low, BCTC's transmission customers benefit. And that typically translates into lower electricity rates for residential and business customers, which is good news for us all.

Putting safety first

As we work to ensure our grid is the safest and most reliable it can be, we are always thinking about the safety of the public, our employees and the contractors who work for us.

The province's transmission lines cross more than 75,000 hectares of land. It's part of BCTC's job to have a vegetation management program in place to ensure that all along the transmission system, things like power lines, towers, and substations are free and clear of vegetation. Not doing so would result in increased risks to the safe operation of BC's electricity grid and, in turn, to the safety of the public, our employees and contractors. That's why, in 2009, we continued to make vegetation management a priority.

Whether we're working on vegetation management, or in any other area of our business, everyone on the BCTC team takes worker safety very seriously. Unlike many companies in the electricity industry, BCTC measures the safety performance of everyone involved in delivering our services and working on our projects. We do this because contractors play such an important role in our business and it's up to them, as well as our employees, to translate BCTC's safety principles into action.

Vegetation management along rights-of-way is critical to keeping BC's transmission system safe and reliable.



Replacing old infrastructure

In downtown Vancouver in the summer of 2007, the failure of one of two transformers at the Cathedral Square substation on Dunsmuir Street resulted in a request to customers to conserve electricity. This failure, and subsequent repair, highlighted the importance of updating and replacing aging assets on BC's electricity grid. In 2009, BCTC installed a third transformer at Cathedral Square to increase the reliability of existing electrical infrastructure and to address growing demand for power in the downtown core. The new transformer is scheduled to be in service in July 2009.

Protecting the environment

BCTC is committed to the environment, as part of its transmission projects and in response to government's climate change action plan. In 2009, BCTC planted 189,000 shoots of sub-tidal eel grass as part of the marine fish habitat plan for the Vancouver Island Transmission project. BCTC will continue to monitor the beds for the next four years, as one of more than 200 environmental commitments made as part of this project.

We also launched our Climate Change Response Program in 2009, undertaking a number of actions to promote awareness of climate change and reduce greenhouse gas emissions, with the goal of making BCTC carbon neutral by 2010. We recently completed our first report of BCTC's corporate responsibility initiatives, which describes these and other activities in more detail. You can read it at www.bctc.com/CSR/

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GOAL

GOAL 2: Market Access and Customer Service

Another of BCTC's responsibilities is to make sure the province's public transmission system is developed and used efficiently to benefit all power producers and BC Hydro ratepayers. That means providing efficient and timely service to all our customers, large and small. BCTC is also responsible for supporting the development of electricity policies in the province, and works to integrate BC with other regions and markets to benefit all British Columbians.

2009 Achievements

Planning for the future

Over the next 20 years, the demand for electricity in BC is expected to grow by as much as 30 percent. We know that our transmission system will be critical to our future economic success and way of life. But our transmission system is aging and we need to make significant investment to replace and upgrade our electricity grid so the system continues to deliver reliable power to BC's growing population. By doing this, we can ensure we retain the ongoing competitive advantage our transmission assets provide to British Columbians.

The British Columbia Utilities Commission is holding an inquiry to determine our province's long-term transmission needs. We're preparing evidence for this inquiry, looking at things like renewable low carbon opportunities in BC, forecasts for electricity demand, and our electricity import and export potential over the next 30 years. We're also facilitating discussions with our stakeholders throughout the process, to make sure they have a say in BC's transmission future. The information gathered throughout this inquiry will be incorporated into BCTC's 30-year planning.

Check out BC Transmission 2040 at www.bctransmission2040.ca to learn more and find out how to get involved.

We provide fair and open access for renewable energy generators to connect to BC's electricity grid.



Greening the grid

During 2009, BCTC found ways to improve how we interconnect new generation facilities to the electricity grid. BCTC completed 82 transmission studies during the year in response to BC Hydro's bio-energy and clean power calls. These interconnection studies help generator owners and independent power producers determine the technical and economic feasibility of connecting the power they produce to the grid.

Once interconnection projects receive the go-ahead, BCTC is involved in building them. We're already in the construction and commissioning phase on a number of interconnections. One, the Upper Stave/Kwalsa project, will connect approximately 146 megawatts (MW) of generation capacity in the Harrison Lake area, and is scheduled for completion in May 2009.

Connecting BC's first wind farm

BCTC also expects the Bear Mountain Wind Farm, the first wind farm in the BC Hydro system, to be in connected to the 138 kV transmission line between Chetwynd and Dawson Creek by July 2009. This \$12 million project will add 100 MW of renewable energy to BC's electricity supply.

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GOAL

GOAL 3: Long-Term Capacity Build-Out

- BCTC does more than just maintain and operate the transmission system today. We need to plan to meet the needs of tomorrow. Once we've made our investment decisions, we have to stay focused on delivering our capital projects on time and on budget.

2009 Achievements

Investing in technology

BCTC completed the \$133 million System Control Modernization Project in 2009, one of the biggest investments ever made to the provincial transmission system. Our new state-of-the-art system control centre is the nerve centre for BC's transmission system that allows system operators to control, monitor and operate BC's complex electricity system closer to its limits.

The control centre is one example of how BCTC is adopting Smart Grid technology. Smart Grid refers to the next generation of electrical transmission, which groups together different applications and digital technologies to enable the grid to operate more efficiently, reliably and safely.

Contributing to the economy

BCTC's capital projects don't just deliver power, they also bring economic benefits to the businesses and residents of BC. We anticipate the construction phase expenditures of the Interior to Lower Mainland project will total more than \$311 million in equipment, materials, wages and other benefits, and we estimate the project will:

- Employ about 70 percent of the project workforce from communities in the area of the project
- Create the equivalent of more than 500 full-time jobs
- Provide more than \$206 million in direct economic benefit to the province

Read more about the Interior to Lower Mainland Transmission project at: www.bctc.com/projects/ILM/

BC's publicly owned electricity highway includes over 18,000 kilometres of transmission lines.



Keeping BC connected

Another key project we completed in 2009 was the Vancouver Island Transmission Reinforcement project, which ensures a reliable supply of power for more than 700,000 residents and businesses on Vancouver Island and the southern Gulf Islands. Even with some significant technical challenges, the team successfully replaced and upgraded overhead transmission lines and one of the existing submarine cable circuits connecting southern Vancouver Island to the Lower Mainland.

BCTC also received initial approval for two other major projects in 2009. The Interior to Lower Mainland project is to build a new transmission line between Merritt and Coquitlam. The Interior to Lower Mainland system is the most critical transmission path in the province, transmitting energy from the interior of BC, where generation is located, to meet electricity demand in the Lower Mainland and on Vancouver Island. When completed, this project will reinforce the capacity of the Interior to Lower Mainland transmission system providing clean, renewable energy from BC's heritage hydro generation resources and independent power producers in the north and southern Interior. This upgrade will make available additional energy that would otherwise have been lost - enough energy to supply 30,000 - 50,000 homes.

The Central Vancouver Island project will build a new, 12 km transmission line expansion to the existing system on central Vancouver Island. High demand for electricity in peak periods causes the transmission system to overload and it's BCTC's job to ensure the grid continues to provide safe, reliable service. BCTC requested approval from the BC Utilities Commission in May 2008 and expects the new line and substation to be in service by October 2010.

You can read more about these and other BCTC projects at:
www.bctc.com/projects/



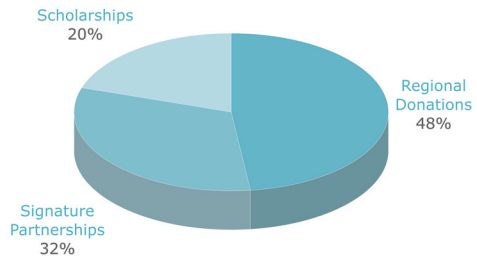
GOAL 4: Relationships

BCTC's relationships with First Nations and stakeholders are critical to the company's success.

2009 Achievements

Giving back to British Columbians

It's important BCTC gives back to the communities in which we operate. Our Community Investment Program provides funding to the non-profit and charitable organizations enhancing lives and communities around the province. In 2009, we contributed more than \$300,000 to projects and initiatives throughout BC. We also provided \$65,000 for undergraduate scholarships at universities and colleges in BC.



Making better decisions through consultation

A big challenge for the electricity industry comes from gaining local acceptance of new transmission facilities. At BCTC, we recognize our projects and operations can affect communities and that's why it's important to us to involve and consult with First Nations and stakeholders to help us make better business decisions and gain from local knowledge.

In 2009, we conducted 131 community relations activities. These activities give people the opportunity to hear about projects, gather information, ask questions, and express opinions to BCTC, *before* project designs are finalized. An example of community consultation in action is BCTC's creation of two community advisory committees to assist in project planning for both the Saanich Peninsula Transmission Project and the Mica expansion project.

You can read more about both of these projects at www.bctc.com/projects/

We're committed to developing positive relationships and partnerships with BC's Aboriginal communities.



Supporting Aboriginal communities

BCTC is also committed to developing positive, effective, long-term relationships and partnerships with BC's Aboriginal peoples.

We were proud to sponsor the North American Indigenous Games in the Cowichan Valley on Vancouver Island in August 2008 and supported 28 other Aboriginal programs and events in 2009, through sponsorship, donations or in-kind support as part of our Aboriginal Relations Outreach Program. BCTC also awarded contracts to 14 Aboriginal businesses under our Aboriginal Business Development Program.

Another program we are involved in is the BC Utilities Aboriginal Training Initiative, a hands-on pre-trades training program designed specifically for, and delivered in, First Nations communities. The program was launched in 2009 by a group of BC energy companies and utilities, including BCTC, with the goal of providing skills and employment training to help First Nations communities take advantage of opportunities for trades work in the energy sector. Programs have already run with the Chemainus First Nation on Vancouver Island, and with Seabird Island First Nation. More programs will begin later this year.

Read more about our Aboriginal Relations activities at:
http://www.bctc.com/community/aboriginal_relations/



GOAL 5: Employees

- BCTC is open for business 24 hours a day, seven days a week. We need to attract, develop, and retain highly skilled and engaged employees to keep the province's energy flowing 365 days a year. We set high goals, encourage people to achieve them, and expect all BCTC employees to be accountable for our actions and results. We also celebrate the commitment and dedication our employees bring to their work and the contributions they make to the success of BCTC and the Province.

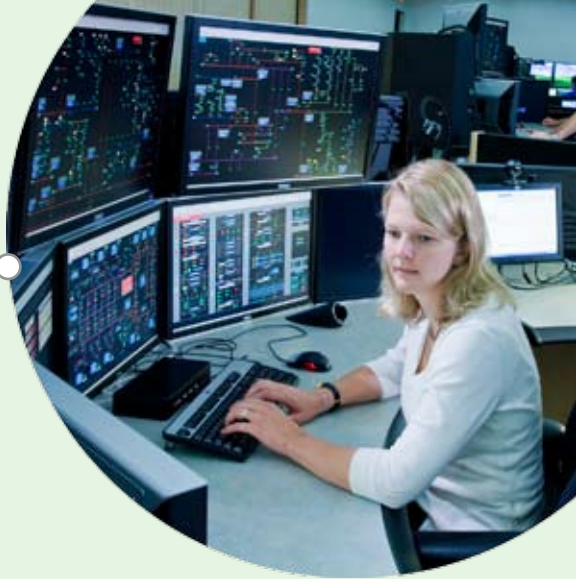
2009 Achievements

Attracting the best and brightest

It can be difficult to attract the right people with the right skills. That's why we focus on talking to young people about BCTC and what we do.

In 2009, BCTC began its support of the Bright Futures BC career awareness program. This program was launched in BC high schools in March 2009 to raise students' awareness of the diverse and exciting career opportunities in the electricity sector. By building BCTC's profile and developing relationships with students when they are making critical decisions about post secondary studies, BCTC hopes more young people think about working in the electricity industry, and with BCTC, in the future.

We offer employee programs to support work-life balance and enable personal development.



Providing balance *and* reducing emissions

BCTC is committed to being a great place to work. Recently, 10 BCTC employees participated in a six-month pilot project initiated by Translink to assess the feasibility and benefits of teleworking. We participated in the project because it aligns with our commitment to sustainability and responds to employee feedback seeking support for greater work-life balance.

The program measured the social and environmental impacts of teleworking, calculating the emissions reduced, travel time avoided and money saved, because of working from home.

Over the course of the pilot project, BCTC employees:

- reduced travel to work by more than 30,000 kilometres
- saved 193 hours of commuting time
- saved almost \$4,000 in travel-related expenses, and
- reduced BCTC's carbon equivalent emissions by 2,800 kilograms.

Building employee connections with communities

Another way BCTC encourages work-life balance is through our support of employees' volunteer efforts. Through TransConnect, our employee-driven community outreach fund, employees can apply for funding of behalf of organizations with which they are actively involved as volunteers.

In 2009, TransConnect contributed \$50,000 to 21 organizations across the province.





BCTC's Leadership

BCTC's Executive Team

BCTC's Executive team oversees BCTC's business operations.

Janet Woodruff, Interim President

Bruce Barrett, VP, Major Projects

Martin Huang, VP, System Operations

John Irving, VP & General Counsel

Doug Little, VP, Customer & Strategy Development

Julius Pataky, VP, System Planning & Asset Management

Janet Fraser, Interim Chief Financial Officer

Darlene Kennedy, Interim Director, Human Resources

You can read more about our executive team at: www.bctc.com/executive/

BCTC's Board of Directors

BCTC's Board of Directors, appointed by the Province of BC, is responsible for the governance and stewardship of BCTC.

David L. Emerson (Chair)

Nicole Byres

John Gill

Margot Northey

Robert Reid

Ralph A. Winter

O'Brian Blackall

Richard C. Campbell

Joanne McLeod

Bev Park

Gerald D. Wesley

You can find more information about BCTC's Board and corporate governance practices at:

www.bctc.com/governance/

Financial Highlights

<i>(\$ in millions)</i>	F2009	F2008*
Income Statement		
Revenues	\$ 237.8	\$ 201.9
Operations, maintenance and administration expenses	206.7	186.1
Net income	7.1	3.2
Capital Expenditures		
Assets owned by BCTC	\$ 18.7	\$ 70.1
Provincially owned transmission assets	376.1	203.0
Balance Sheet		
Total assets	\$ 178.0	\$ 186.1
Debt	73.5	85.9
Shareholder's Equity	51.3	43.8

*The F2008 results are restated to reflect the reclassification of capital overhead billings from OMA (Annual Operating, Maintenance and Administrative expense) to Revenue.

BCTC's complete 2009 Financial Results are contained in the 2009 Annual Report. The Management's Discussion & Analysis section of the report highlights and explains the company's financial results and performance, and provides additional commentary on significant events, transactions and impacts on future operations.

About BCTC

BC Transmission Corporation is the Crown corporation that plans, builds, operates and maintains the province's publicly owned electrical transmission system.

For more information

Community Relations: 604.699.7456 | Toll Free: 1.866.647.3334

E-mail: community.relations@bctc.com | Website: www.bctc.com