

October 28, 2003

Mr. B. Elton  
Dunsmuir 18

Dear Bob:

**Re: Employment**

This letter renews and amends your existing contract between British Columbia Hydro and Power Authority (“BC Hydro”) and yourself on the following terms:

**A. JOB DESCRIPTION**

Effective November 10, 2003 you will serve as the Chief Executive Officer of BC Hydro. As the Chief Executive Officer, you will report directly to the Chair of BC Hydro’s Board of Directors.

You acknowledge that BC Hydro must make changes on a continuing basis in order to efficiently and effectively operate its business. As a result, you agree that BC Hydro may alter its methods of doing business, its corporate structure, and the reporting relationships from time to time. These changes may result in occasional changes to your job duties, title and reporting relationship. Provided that these changes are not so significant as to fundamentally alter the terms of your employment, you agree that such changes may be made and that you accept them as a normal incident of your employment contract.

**B. SALARY AND INCENTIVE PAY**

Effective November 10, 2003 your salary will be \$295,000 per annum, paid bi-weekly. Subject to Board approval, this salary will be reviewed periodically in relation our market and peer companies with comparable positions.

In addition to your annual salary, you are eligible for variable incentive pay with a target of 30 percent and a maximum of 60 percent of your annual salary based upon an annual negotiated contract with the Chair. The determination of the amount to be paid will be based upon your individual Incentive Contract. This variable pay is included in annual income for pension purposes. That is, your base salary plus your variable incentive pay will be considered the same as your base salary for pension calculation purposes. Please refer to the “Supplemental Pension for Executives” document that is part of your total compensation package.

**C. EMPLOYMENT POLICIES**

BC Hydro’s Corporate Policy Statements (CPSs) form part of the terms and conditions of your employment with BC Hydro. We ask that you review them from time to time as you are expected to understand and adhere to all corporate policies. They form a part of your employment contract notwithstanding that they may be revised, amended, or added to from time to time.

#### **D. BENEFITS**

BC Hydro will provide you with coverage for health and welfare benefits at no cost to you, as outlined in the attached document "Benefit Coverage for Executives."

You will receive pension benefits under the BC Hydro Pension Plan and the Supplemental Plan for Executives. A copy of the Plan and Supplemental Pension documents are available for your review, since they form part of the terms and conditions of your employment with BC Hydro.

#### **E. ANNUAL VACATION**

Your vacation entitlement will be the same as for BC Hydro M&P employees as set out in M&P Online, available on the Intranet. Recent provincial legislation now requires annual vacation to be used or paid out in the year following the year in which the vacation is earned. Your annual vacation will commence at five weeks.

#### **F. CORE DAYS**

You will be eligible for core day benefits equivalent to the M&P package.

#### **G. VEHICLE**

You are eligible for a BC Hydro pool car, or \$1,100 per month, or you may choose a BC Hydro leased vehicle. Please refer to the attached "Vehicles for Executives" document.

#### **H. EXPENSES**

You will be reimbursed for any receipted business expenses in accordance with BC Hydro Business Travel & Expense Claims Policy and Procedure. In addition, a \$500 taxable monthly executive allowance will be paid to you. This amount may be revised by BC Hydro.

#### **I. TERMINATION PROVISIONS**

If you wish to terminate your employment with us, we ask that you give us at least one month's notice.

Should BC Hydro terminate your employment for reasons other than cause, you will be provided with 12 months of notice if you are terminated in the first year of employment. In accordance with the *Public Sector Employers' Act*, if you are terminated in any subsequent year, the notice will be increased by one month for each year of service, to a total maximum of 18 months, recognizing that you joined BC Hydro on December 5, 2001.

In the event of your termination, you will not be eligible for a lump sum payout of any accumulated CORE Days, notwithstanding any Corporate Policy Statement or M&P package provision to the contrary.

If you are in agreement with the foregoing terms, I ask that you sign your agreement on the enclosed copy of this letter and return it to me.

Yours truly,

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

per:

Larry Bell  
Chair

I HAVE READ, UNDERSTOOD AND AGREE WITH THE FOREGOING. I ACCEPT EMPLOYMENT ON THE ABOVE TERMS AND CONDITIONS.

Dated the \_\_\_\_\_ day of \_\_\_\_\_, 2003

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Witness