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February 12, 2026

Keshni Nand
Registrar
British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Keshni Nand:

**RE: British Columbia Utilities Commission (BCUC or Commission)
British Columbia Hydro and Power Authority (BC Hydro)
1L243 Transmission Load Increase (Highland Valley Copper) Project
Annual Progress Report No. 1
January 1, 2025 to December 31, 2025**

BC Hydro writes in compliance with Commission Order No. C-1-25, to provide public Annual Progress Report No. 1 (the Report) for the reporting period of January 1, 2025 to December 31, 2025.

Confidential Version of Report

BC Hydro is providing a confidential version of Annual Report No. 1 to the BCUC only. The public version of the report is being filed under separate cover and has been redacted to maintain confidentiality over commercially sensitive information. If this information was made available publicly, it could pose significant harm or prejudice to BC Hydro's negotiating position for future change orders and construction claims because it would enable the main contractor to know the amount of contingency that BC Hydro estimated for the Project. BC Hydro requests that the information be held confidential on an ongoing basis, until otherwise determined by the BCUC in accordance with Part IV of the BCUC's Rules of Practice and Procedure. Public disclosure of the redacted information would harm our negotiating position and ultimately harm our customers.

February 12, 2026
Registrar
British Columbia Utilities Commission
January 1, 2025 to December 31, 2025

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For further information, please contact Bridget McNulty at
bhydroregulatorygroup@bhydro.com.

Yours sincerely,



Chris Sandve
Chief Regulatory Officer

dj/cm

Enclosure

**BC Hydro 1L243 Transmission Load Increase
(Highland Valley Copper) Project**

Annual Progress Report No. 1

January 2025 to December 2025

PUBLIC

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1 Background

The objective of the 1L243 Transmission Load Increase (Highland Valley Copper) Project (**Project**) is to accommodate a request from Teck Resources Limited (**Customer**) for an increase in its Contract Demand¹ under its Electricity Supply Agreement (**ESA**) for the Customer's Highland Valley Copper operations from 146 MVA to 180 MVA. The increase in Contract Demand is needed to provide power for Teck's Highland Valley Copper Mine Life Extension Project.

The Project scope remains the same as summarized in section 3.2.1 of the 1L243 Transmission Load Increase (Highland Valley Copper) Project Certificate of Public Convenience Necessity (**CPCN**) Application (**Application**).

On February 12, 2025, the BCUC issued Decision and Order No. C-1-25 granting a CPCN for Project. In Order No. C-1-25, the BCUC directed BC Hydro to file annual progress reports as follows:

- Actual costs incurred to date compared to the Project cost breakdown table estimate provided in Table 3-3 of the Application, including the use of Project Reserve, if accessed, highlighting variances with an explanation of variances greater than 30% for any row number or line item;
- Updated forecast of costs, highlighting the reasons for costs that are forecast to have variances greater than 30% for any row number or line item;
- The status of identified risks noted in Chapter 5 of the Application, highlighting the status of identified risks, changes in and additions to risks, the options available to address the risks, the actions that BC Hydro is taking to deal with the risks and the likely impact on the Project's schedule and cost; and

¹ Contract Demand is the demand that BC Hydro is obligated to supply under an agreement with a customer.

- Updated actual and forecast dates for the milestones shown in Table 3-5 of the Application.

BC Hydro files Progress Report No. 1 (**Report**), which provides an update on the Project, covering the period from January 1, 2025 to December 31, 2025 (**Reporting Period**). During the Reporting Period, a Material Change to the Project schedule occurred on October 7, 2025, and a Material Change report on this change was filed on November 17, 2025.

As outlined in the Material Change report: “The Environmental Assessment approval for the Customer’s Mine Life Extension Project was delayed from October 2024 to June 2025.” This caused a delay in the approval of the Facilities Agreement and the start of our Implementation phase.

“This caused a delay in the work originally scheduled for the spring 2025 outage window (March to May), forcing it to be completed in the fall 2025 outage window (September to November) instead. Scheduled outages for planned work on transmission line 1L243 are only available during the spring and fall to avoid outages during the peak load periods of summer and winter. This will delay the construction completion from November 2026 to May 2027. As a result, the Project’s In-Service Date will be delayed from December 2026 to August 2027.”

2 Project Costs

At the time of the Application, the Project had an Authorized Cost of \$147.1 million. In December 2024, BC Hydro’s Board of Directors approved Implementation Funding for the Project. There was no variance between the Authorized Cost filed in the Application and the amount approved by the Board.

[Table 1](#) below provides the actual costs incurred to the end of the Reporting Period. The table also provides the Project’s forecast Expected Cost and Authorized Cost as

of December 31, 2025, and a comparison to the Project Cost Range Breakdown provided in Table 3-3 of the Application.

As of the end of the Reporting Period, the actual costs incurred total \$38.7 million. The forecast Expected Cost remains \$123.6 million and the forecast Authorized Cost remains \$147.1 million as of the end of the Reporting Period.

Variances greater than 30% between the Project Cost range breakdown are provided in Table 3-3 of the Application ([Table 1](#), column A) and the Project's forecast as of December 31, 2025 ([Table 1](#), column B) are explained in section 2.1 and the actual costs as of December 31, 2025 ([Table 1](#), column E) are explained in section 2.2.

Table 1 Project Cost Summary Table as of December 31, 2025²

Row No.	Description	A	B	C	D	E	F	G
		Application dated May 23, 2024 (\$M)	Current Forecast at Dec 31, 2025 (\$M)	Current Forecast Variance to Application (\$M) B-A	Current Forecast Variance to Application (%) C/A	Actuals to Dec 31, 2025 (\$M)	Actuals Variance to Application (\$M) E-A	Actuals Variance to Application (%) F/A
1	Pre-Implementation Phase Costs	4.9	7.4	2.6	53	7.3	2.4	49
	Implementation Phase Costs							
	Direct Construction Costs							
2	Substation (Supply and Installation)	████	████	████	████	████	████	████
3	Transmission Line (Supply and Installation)	████	████	████	████	████	████	████
4	Removals	████	████	████	████	████	████	████
5	Total Direct Construction Costs	████	████	████	████	████	████	████
	Indirect Construction Costs							
6	Project Management, Indigenous Relations, Environment, Safety, Stakeholders, Properties, Regulatory, Procurement and Quality Assurance	████	████	████	████	████	████	████
7	Engineering & Design	████	████	████	████	████	████	████
8	Total Indirect Construction Costs	████	████	████	████	████	████	████
9	Total Implementation Phase Costs (before Contingency & Loadings)	████	████	████	████	████	████	████
10	Contingency	████	████	████	████	████	████	████

² Due to the use of rounded numbers, the totals may not calculate precisely with the numbers provided.

Row No.	Description	A	B	C	D	E	F	G
		Application dated May 23, 2024	Current Forecast at Dec 31, 2025	Current Forecast Variance to Application	Current Forecast Variance to Application	Actuals to Dec 31, 2025	Actuals Variance to Application	Actuals Variance to Application
		(\$M)	(\$M)	(\$M) B-A	(%) C/A	(\$M)	(\$M) E-A	(%) F/A
11	Interest During Construction	████	████	████	██	████	████	████
12	Capital Overhead	████	████	████	████	████	████	████
13	BC Hydro Expected Cost	123.6	123.6	0.0	0	38.7	-84.9	-69
14	Project Reserve	23.5	23.5	0.0	0	0.0	-23.5	-100
15	BC Hydro Authorized Cost	147.1	147.1	0.0	0	38.7	-108.4	-74

2.1 Project Cost Forecast Variance Explanation

[Table 2](#) below provides the reasons for the variances of 30% or greater between the costs submitted in the Application and the forecast costs as of the end of the Reporting Period as shown in [Table 1](#), columns C and D.

Table 2 Project Cost Forecast Variance Explanation as of December 31, 2025

Row in Table 1	Explanation	Total Variance (\$ million)
1	<ul style="list-style-type: none"> Increase of \$2.6 million due to the Customer’s five-month delay in approving the Facilities Agreement. The Project could not move into Implementation phase until this approval was received. This resulted in additional work being completed in the Definition phase to support contract awards and construction planning to mitigate delay impacts to the Project’s construction schedule and in-service date. 	2.6
12	<ul style="list-style-type: none"> Decrease of █████ million due to a decrease in the capital overhead rate applied on the total construction costs. 	█████

2.2 Actual Cost Variance Explanation

[Table 3](#) below provides the reasons for the variances of 30% or greater between the costs submitted in the Application and the actual costs incurred as of the end of the Reporting Period as shown in [Table 1](#), columns F and G.

Table 3 Actual Costs Incurred Variance Explanation as of December 31, 2025

Row in Table 1	Explanation	Total Variance (\$ million)
1	<ul style="list-style-type: none"> Variance of \$2.4 million as actuals of \$7.3 million at the end of the reporting period exceeds the Application forecast cost of \$4.9 million. The forecast variance for this item is explained in Table 2, row 1. 	2.4
2-15	<ul style="list-style-type: none"> Negative variances in the identified rows are due to the Project activities being early in the Implementation phase and still being underway. 	N/A

3 Project Schedule

[Table 4](#) provides the forecast dates for the Project major milestones as of December 31, 2025, and a comparison to the estimated dates provided in Table 3-5 of the Application.

Table 4 Project Major Milestones as of December 31, 2025

Row No.	Description of Major Milestone	Estimated Date in Application dated May 23, 2024	Actual Date / Current Forecast as of Dec 31, 2025	Status
1	BCUC Application Submitted by BC Hydro	May 2024	May 2024	Complete
2	Contract Award – 138 kV Cable Manufacturing	July 2024	October 2024	Complete
3	Board Approval for Full Implementation Funding	September 2024	December 2024	Complete
4	BCUC CPCN Decision	February 2025	February 2025	Complete
5	Facilities Agreement Executed	February 2025	July 2025	Complete
6	Contract Award - Civil Transmission Line Work	March 2025	August 2025	Complete
7	Site Preparation Work Starts	March 2025	August 2025	Complete
8	Highland Substation Work Complete	January 2026	March 2026	Planned
9	Nicola Substation Work Complete	June 2026	March 2027	Planned
10	Project In-Service Date	December 2026	August 2027	Planned
11	Project Complete	July 2030	September 2030	Planned

4 Project Risks

This section describes the material Project risks that have potential to impact the Project included in Chapter 5 of the Application.³ Over the life of the Project, risks and associated risk treatments are and will be identified, analyzed, monitored, and

³ BC Hydro defines “material” in this case to be any risk with a pre-treatment risk level in the Executive Risk zone, as identified in the Project Delivery Risk Matrix.

reviewed, in accordance with BC Hydro’s project management practices and procedures. The material Project risks are summarized in [Table 5](#) below.

Table 5 Summary of Material Project Risks and Treatments

From Application dated May 23, 2024						Updated for Reporting Period ending December 31, 2025		
1	2	3	4	5	6	7	8	9
Section in Application	Risk Status	Description of Risk Event and Consequence	Consequence Type	Risk Level	Residual Risk Level	Risk Status ⁴	Risk Treatments (Identified in the Application or New)	Residual Risk Level
5.3.1	Identified	If a BCUC Decision is issued later than anticipated, there may be impacts to the Project Schedule. There is a risk that the customer connection date will be delayed along with the utilization of increased mine capacity which will have significant financial impacts to the Customer.	Reputational	10 Probability: Likely (L7) Severity: Small but vocal minority of customers critical (S3)	9 Probability: Possible (L6) Severity: Small but vocal minority of customers critical (S3)	Closed	Complete - Developing a comprehensive Application to meet the Project Schedule. Complete - Conducting early and ongoing consultation and engagement with First Nations on the Project and Application. Including consideration and integration of First Nation feedback into the Application. Complete - Proposing a regulatory timetable that allows for a BCUC Decision by February 2025. Complete - Ensuring the Project objectives are clear and meet the Customer's needs.	Not Applicable
5.3.2	Identified	Private property owners have expressed opposition to Project Definition phase activities such as archaeological work and are limiting access to the right of way to conduct pre-construction activities. Project delays may occur if these concerns are not addressed.	Financial Loss	10 Probability: Likely (L7) Severity: \$1M to \$10M (S3)	8 Probability: Possible (L6) Severity: \$100K to \$1M (S2)	Treated	Complete - Ongoing communications with private landowners throughout the Project lifecycle. Complete - Using existing relationships and build new relationships to ensure open and unencumbered access to the required Project areas. Complete - Providing opportunities for landowners to review and comment on all environmental, archaeological, field work, weed controls and reclamation work pertaining to their impacted land. [REDACTED] [REDACTED] [REDACTED] [REDACTED]	7 Probability: Remote (L5) Severity: \$100K to \$1M (S2)
5.4.1	Identified	Due to the nature of the Project, a worker could make contact with energized equipment. As a result, there is a risk of worker injury or fatality.	Worker Safety	10 Probability: Remote (L5) Severity: Fatality (S5)	9 Probability: Very Unlikely (L4) Severity: Fatality (S5)	Identified	Complete - BC Hydro will ensure all workers who work in any of the substations or close to energized equipment receive Power System Safety Practices and local component training, which is training tailored to each specific substation, its equipment, and the safety measures in place. Ongoing - Taking proximity outages where necessary to ensure all work can take place outside of limits of approach. Ongoing - Install safety barriers where appropriate. Ongoing - Workforce Managers, Supervisors, Contract Owners and Delivery Partners, will complete Safe Work Observations to verify workers are working safely as per WorkSafe BC's due diligence requirement. Complete - Site specific safety management plans and site-specific safe work plans will be developed, reviewed and accepted prior to any high hazard work taking place. Ongoing - Use a safety watch during high-risk activities.	9 Probability: Very Unlikely (L4) Severity: Fatality (S5)

⁴ Risk status explanation: **Identified:** The risk event is identified and has not occurred. Treatment plans may still be in development. **Treated:** There are no further actions to complete in anticipation of the event. However, the risk event is still possible, and Project resources may still be drawn upon. **Active:** The risk event has occurred, and the consequence may or may not have occurred. **Closed:** The risk event exposure has passed, and contingency will not be used to address the risk event. Other applicable scenarios include when a risk event duplicates with existing ones in the register, or when the Project Manager determines the risk event is not relevant or an error entry.

From Application dated May 23, 2024						Updated for Reporting Period ending December 31, 2025		
1	2	3	4	5	6	7	8	9
Section in Application	Risk Status	Description of Risk Event and Consequence	Consequence Type	Risk Level	Residual Risk Level	Risk Status ⁴	Risk Treatments (Identified in the Application or New)	Residual Risk Level
5.4.2	Identified	Due to the potential for wildfires, flood or mudslides in the Project area, there is a risk of crews needing to stop work and evacuate the area along with a risk of equipment/material damage, which may result in schedule delays and higher Project costs.	Financial Loss	10 Probability: Likely (L7) Severity: \$1M to \$10M (S3)	9 Probability: Possible (L6) Severity: \$1M to \$10M (S3)	Identified	Ongoing - Crews will meet requirements to work in areas that have higher wildfire ratings such as having water trucks on standby, adjusting work schedules to avoid peak temperature periods of the day, fire watch, and rubber tracked equipment. Complete - Schedule contingency has been established for delays due to evacuation for summer months excluding outage work windows (March – May and Sep – Nov).	9 Probability: Possible (L6) Severity: \$1M to \$10M (S3)
5.4.3	Identified	Due to the potential for wildfires, flood or mudslides outside of the Project location and impacting other parts of the BC Hydro system, BC Hydro Construction Services line crews could be pulled off the Project for emergency work. As a result, there is a risk of schedule delays to the Customer in-service date and increased Project costs.	Financial Loss	10 Probability: Likely (L7) Severity: \$1M to \$10M (S3)	8 Probability: Remote (L5) Severity: \$1M to \$10M (S3)	Identified	Planned - BC Hydro Construction Services will prioritize the Project work and emergency work would be planned to be contracted out if required. Complete - Share the line construction work between Construction Services and an external contractor. Planned - In the event of an emergency requiring BC Hydro Construction Services, the engaged external contractor will complete the Project work.	8 Probability: Remote (L5) Severity: \$1M to \$10M (S3)
5.4.4	Identified	Due to the potential that First Nations do not accept the results of BC Hydro's archeological studies, there is a risk of reputational damage to BC Hydro and Project delays. This could delay the archaeological permit approval, the regulatory process and the construction start date, significantly impacting the Customer. Update – Due to concerns raised by First Nations, the Site Alteration permits for archaeological sites along the transmission line have been delayed. Construction on these sites cannot begin until the permits are received which may delay the spring 2026 construction window and further delay the in-service date.	Reputational	10 Probability: Likely (L7) Severity: Small but vocal minority of customers critical (S3)	9 Probability: Possible (L6) Severity: Small but vocal minority of customers critical (S3)	Active	Complete - Continue consultation with First Nations groups to recognize and acknowledge concerns, including ongoing engagement and dialogue during the archaeological study development. Ongoing - Continue to include First Nations feedback into archaeological field work planning and development of potential mitigation measures, including the opportunity to participate in the field work for the archaeological studies. Ongoing - Incorporate information and feedback provided by First Nations into the final reporting. New – The Project team is working with the BC Archaeological Branch and First Nations to fully address all concerns raised.	9 Probability: Possible (L6) Severity: Small but vocal minority of customers critical (S3)
5.4.5	Identified	Due to global supply chain issues causing delay in delivery of equipment, there is a risk of delivery delays on key equipment including transformers, circuit breakers, and disconnects. This may cause a delay to the Project schedule and the In-Service Date. It also may increase Project costs due to delays and increased effort to mitigate this risk.	Reputational	10 Probability: Likely (L7) Severity: Small but vocal minority of customers critical (S3)	9 Probability: Possible (L6) Severity: Small but vocal minority of customers critical (S3)	Treated	Complete - Obtain early Implementation phase funding to advance ordering and delivery of known long lead time items such as transformers, circuit breakers, and disconnects.	7 Probability: Very Unlikely (L4) Severity: Small but vocal minority of customers critical (S3)

From Application dated May 23, 2024						Updated for Reporting Period ending December 31, 2025		
1	2	3	4	5	6	7	8	9
Section in Application	Risk Status	Description of Risk Event and Consequence	Consequence Type	Risk Level	Residual Risk Level	Risk Status ⁴	Risk Treatments (Identified in the Application or New)	Residual Risk Level
5.4.6	Identified	Due to current market conditions, there is a risk that cost escalation will be higher than estimated. If cost escalation is higher than expected this could cause an increase in Project costs and potentially require more money from the customer.	Financial Loss	10 Probability: Likely (L7) Severity: \$1M to \$10M (S3)	9 Probability: Possible (L6) Severity: \$1M to \$10M (S3)	Closed	Complete - BC Hydro has included a Special Reserve of \$█ million, which is intended in part to address cost escalation beyond the expected escalation rates so that sufficient funding is available to carry out the Project, should the risk materialize.	Not Applicable

**BC Hydro 1L243 Transmission Load Increase
(Highland Valley Copper) Project**

Annual Progress Report No. 1

Appendix A

Record of Material Changes

1 Record of Material Changes

This Appendix provides a summary record of the material changes that have been reported to the BCUC.

2 Record of Material Changes Due to Schedule Delay

Table A-1 Reported Material Changes Due to Schedule Delay

Description of Major Milestone	Date of Material Change Report	Reported Forecast Date	Variance to Application
Project In-Service Date	November 17, 2025	August 2027	8 months

3 Record of Material Changes Due to Project Cost Increase

Table A-2 Reported Material Changes Due to Project Cost Increases

Description	Date of Material Change Report	Reported Authorized Cost (\$Million)
BC Hydro Authorized Amount	N/A	None

4 Record of Material Changes Due to Change to the Project Scope

Table A-3 Reported Material Changes Due to Project Scope Changes

Application Section No. and Heading	Date of Material Change Report	Reported Explanation of Scope Change
N/A	N/A	None