

January 2018

Dear Neighbour:

Re: Terrace to Kitimat Transmission Project Update

As you may recall, we had been planning to start construction on the Terrace to Kitimat Transmission Project in 2017. We want to update you on the status of this project.

What's happening?

We're upgrading our infrastructure to ensure that people in the region have access to reliable electricity. We are now exploring the alternative of refurbishing the existing 287 kilovolt transmission line between Skeena Substation (near Terrace) and Minette Substation (near Kitimat). Our review has shown that the refurbishment of the existing line could safely meet current and future electricity demand at a lower cost than building the new line. This will help keep rates low for our rate payers.

We will place the permitting process for the new line on hold for a few months to allow us to further assess the refurbishment alternative.

What led to this change in scope?

We initially delayed the start of construction of the new line so that we could complete a worker safety review of the design of the new transmission line.

As we were conducting this review, we confirmed that the forecast cost of building the new line continued to increase from the original estimate. In light of these changes, we decided it would be prudent to look for other alternatives to meet current and future electricity demand.

As a result, we started studying the viability of refurbishing the existing 287 kilovolt transmission line between Terrace and Kitimat rather than building the new line.

So far, the viability study is indicating that refurbishing the existing line could restore the line to a rating where it could safely meet current and future known electricity demand at a lower cost than building the new line. A new line could still be required in addition to the refurbished line should future electricity demand increase in the area.

What will happen now?

Over the next few months, we will continue to look at the viability of refurbishing the existing line. If we were to move forward with the refurbishment, we would continue to perform routine maintenance on the existing line into the future to provide reliable power to Kitimat in the most cost effective way for our rate payers.

What would the refurbishment involve?

We need to look at the refurbishment alternative in more detail before we can provide details on what it would involve. It's anticipated that the refurbishment would include the replacement of some structures and equipment. Some access upgrades and vegetation clearing may also be required to support the refurbishment.

What is the timing for the potential refurbishment?

Timing for refurbishment of the existing line has not yet been determined as we need to confirm its viability, consult with First Nations and stakeholders, and complete our design work.

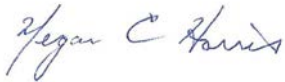
Will we still have reliable power?

This potential change in project scope and construction delay will have no impact on the reliable supply of electricity to our current customers in the area. If we move forward with the refurbishment, the existing transmission line will be maintained until the refurbishment begins so that existing customers will continue to receive clean and reliable power.

We will continue to keep you informed and will reach out as updates are available. We want to thank you and acknowledge all the time and effort the community has invested in the project to date.

Visit bchydro.com/tktp for information, or contact us at stakeholderengagement@bchydro.com or 1 866 647 3334.

Sincerely,

A handwritten signature in blue ink that reads "Megan C. Harris". The signature is written in a cursive style with a blue ink color.

Megan Harris
Stakeholder Engagement, BC Hydro