

March 19, 2019

West Kelowna Transmission Project Update

I wanted to provide you with an update for the <u>West Kelowna Transmission Project</u>. We've determined that the Project will require additional time in order to complete our due diligence and confirm the preferred alternative.

Taking the time to thoroughly plan our projects is a key component of our project lifecycle process. Since the leading alternative was identified in fall 2016, the cost estimate for the new transmission line is higher than expected. It's prudent that we review this cost estimate in detail and look at all alternatives to continue to deliver clean, reliable electricity to West Kelowna and Peachland.

One additional alternative that we need to examine, as part of our due diligence, is to improve the resiliency of the existing transmission line that serves West Kelowna and Peachland to minimize the risk of outages resulting from forest fires and geotechnical events. We'll begin work on this new alternative in the coming weeks including an environmental overview assessment, engineering studies, and a geotechnical and wildfire assessment for the existing transmission line.

We originally planned to make a decision on the preferred alternative in early 2019. At this time, we expect the decision timeline will extend to early 2020 at the earliest to ensure all required data has been gathered to support the decision and subsequent application to the BC Utilities Commission. Once we make a decision on the preferred alternative, the in-service date will be updated.

By undertaking this additional work, we will ensure a cost-effective solution that will continue to deliver clean, reliable electricity to West Kelowna and Peachland and help keep rates low for our rate payers.

We want to acknowledge the time and effort to date of First Nations, local governments and stakeholders in participating in this project. The information and interests brought forward will be used to inform the analysis of alternatives to meet the needs that triggered this project.

We'll continue to engage with First Nations, local governments and stakeholders to provide regular updates as we move forward. We understand there is significant interest in continuing to make progress on the project timeline. We appreciate your patience and understanding as we complete our due diligence.

If you have any questions or feedback, please contact us at 1 866 647 3334 or projects@bchydro.com, or you can visit www.bchydro.com/wktp .

