

TERM SHEET
REGARDING A SITE C REGIONAL LEGACY BENEFITS AGREEMENT

BETWEEN

BC HYDRO AND POWER AUTHORITY
("BC Hydro")

AND

PEACE RIVER REGIONAL DISTRICT

AND

District of Chetwynd

AND

City of Dawson Creek

AND

City of Fort St. John

AND

District of Hudson's Hope

AND

Village of Pouce Coupe

AND

District of Taylor

AND

District of Tumbler Ridge

(the "Region")

Background

BC Hydro is proposing to develop and construct the Site C Clean Energy Project (the "Project"). The Project is currently undergoing a federal and provincial environmental assessment process, including a review by an independent Joint Review Panel. The project has the opportunity to provide benefits to local communities, the Peace Region and the Province as a whole.

BC Hydro has committed to meaningful engagement of communities in addition to consultation throughout the environmental assessment process. In addition, BC Hydro is committed to constructing the project to meet international and Canadian industry standards for quality and safety.

BC Hydro is engaged in discussions regarding individual agreements with communities for the identification and mitigation of potential effects of the Project. While these mitigation initiatives and other related commitments may proceed immediately and/or through the construction period, BC Hydro and the Region (the "Parties") have agreed to take a regional perspective regarding additional ongoing legacy benefits once the Project is in operation. These discussions have been informed by a Peace River Energy Benefit Position Paper, developed by the Region and presented to BC Hydro on October 17, 2012 in addition to a request by the Region for BC Hydro to negotiate legacy benefits collectively through the PRRD.

A Site C Regional Legacy Benefits Agreement is intended to recognize the Region's contribution to hosting the Project, contribute to the longer-term self-sufficiency of the communities and the region, and to provide stable, predictable long-term benefits to the region and to leave the region better-off after construction.

Objective

The objective of this Term Sheet is to set out the substantive terms developed through discussions between representatives of the Parties regarding a Regional Site C Legacy Benefits Agreement.

It is agreed that these terms will be presented for review and approval by the Board of BC Hydro and the Board of the Peace River Regional District.

Legacy Benefits

BC Hydro will pay \$2,400,000 by April 15 of each year once the Project is operational. This amount will be adjusted annually, averaged for the preceding 12 months by the BC Consumer Price Index as published by Stats Can, effective beginning in the second year of payment.

The first payment will be calculated from the first month of power generation and prorated to the end of the calendar year, with the full CPI indexing to apply for the second year of the benefit and funded as per this agreement.

All payments will be made by BC Hydro to the PRRD.

Payments will be made annually over 70 years once the Project is operational (anticipated to be 2022 to 2092).

These benefits are in addition to any taxes and payments-in-lieu of taxes that may be paid by BC Hydro in relation to the Project. These benefits are also in addition to community specific agreements that may be entered into related to mitigation measures for specific effects of the project as determined by the Environmental Assessment Process.

Regional Allocation of Benefits

Benefits will be administered by the PRRD. The benefits will be allocated to the member jurisdictions, according to a formula established by the PRRD and its member communities, and to be set out in an Appendix to the Agreement. The funds allocated to each jurisdiction may be utilized for purposes determined by each jurisdiction at its sole discretion.

Certainty of Agreement

Both parties recognize that, through the proposed Site C Regional Legacy Benefits Agreement, BC Hydro and the Province of BC can be assured that the regional shared benefit issues of the Region are resolved.

Dated this day of March, 2013.

PEACE RIVER REGIONAL DISTRICT

BC HYDRO AND POWER AUTHORITY
Susan Yurkovich
Executive Vice-President, Site C Clean Energy
Project

District of Chetwynd

Village of Pouce Coupe

City of Dawson Creek

District of Taylor

City of Fort St. John

District of Tumbler
Ridge

District of Hudson's
Hope

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APPENDIX A

Regional Allocation Formula

Site C Benefit Agreement Legacy Allocation Model

BC Hydro Legacy Benefit Allocation 60% population - 40% impact	100	to be adjusted annually			
Column 1	Column 2	Column 3	Column 4	Column 5	
	Population	Population Legacy	Services Impact Legacy	Total Legacy %	
District of Chetwynd	2,635	\$ 2.69	\$ 2.80	5.49	
City of Dawson Creek	11,583	\$ 11.82	\$ 1.20	13.02	
City of Fort St. John	18,609	\$ 18.99	\$ 15.60	34.59	
District of Hudson's Hope	970	\$ 0.99	\$ 10.00	10.99	
Village of Pouce Coupe	738	\$ 0.75	\$ 1.20	1.95	
Peace River Regional District – Regional Services Impact	20,193		\$ 12.36	12.36	
Peace River Regional District – Rural Population	20,193	\$ 8.24		8.24	
District of Taylor	1,373	\$ 1.40	\$ 8.00	9.40	
District of Tumbler Ridge	2,710	\$ 2.76	\$ 1.20	3.96	
TOTALS	58,811	\$ 47.64	\$ 52.36	100.00	

Column 1 = Peace Region Legacy Benefit Agreement partners.

Column 2 = Population stats adjusted annually using BC Stats annual projections for current year of allocation.

Column 3 = The regional percentage of the local government's population weighted at 60% of the benefit allocation.

Column 4 = Projected service impact associated with long-term effect of the Site C project. Impact associated to servicing is calculated at 40% of the benefit allocation. Impact weighting is calculated and based upon the following impact table:

Service providers impacted:

Chetwynd	7
Dawson Creek	3
Fort St. John	39
Hudson's Hope	25
Pouce Coupe	3
Taylor	20
Tumbler Ridge	3
	100

Column 5 = The total Legacy Benefit calculation resulting from the combined 60% population weighting and 40% services impact weighting.

NOTE 1 - The Peace River Regional District only participates in population legacy benefit of which 60% is allocated for impacted regional servicing and 40% for unincorporated population allocation.

Note 2 - This funding allocation model is an example of the calculations considering annually the BC Hydro legacy benefit allocation dollar value and the current year's local government population. As these two variables change yearly, so too will the local government share of legacy funding.

Note 3 - Annual funds received through the legacy benefit agreement shall be allocated and spent at the sole discretion of each municipal council. Annual funds received by the Regional District allocated to regional servicing shall be proportionally applied to all region wide service functions, those funds allocated to rural population allocation shall spent through Rural Budgets Administration Committee allocation policy.

Note 4 - Regional District population does not include on reserve statistics