

COLUMBIA BASIN TRUST BOARD POLICIES

Shared Services Contractor – Delegation of Authority

BOD02-1

1 Introduction

- 1.1 The Columbia Basin Trust (Contractor) is engaged by Columbia Power Corporation (CPC) under two separate agreements – the Management Services Agreement (CPC) and the Asset Management Services Agreement (Subsidiaries) collectively the “Agreements”.
- 1.2 The Agreements broadly establish the scope of services to be provided by the Contractor to (or on behalf of) the Manager, and the purpose of this policy is to further define a specific delegation of authority to the Contractor in the execution of those services.
- 1.3 Nothing in this policy supersedes the terms and conditions of the Agreements.
- 1.4 Each reference to Board includes the Board of Directors of CPC as well as the Boards of Arrow Lakes Power Corporation, Brilliant Power Corporation, Brilliant Expansion Power Corporation, and Waneta Expansion Power Corporation (collectively Board(s)).

2 Policy

- 2.1 The Contractor shall have authority to undertake all activities specifically contemplated and approved by the Boards as part of the annual budget approval process, unless explicitly precluded from doing so by way of Board resolution.
- 2.2 The Contractor shall have authority to take action or make decisions in Emergency Situations and will do so in a manner consistent with Prudent Utility Practice. For greater clarity:
 - 2.2.1 Emergency Situation: an urgent, unexpected and/or dangerous situation that poses an immediate risk to health, safety, property/assets, environment, reputation, or commercial interest.
 - 2.2.2 Prudent Utility Practice: standard procedures that ensure utility systems are operated safely, efficiently, reliably, and in an environmentally compliant manner.
- 2.3 Should the Contractor execute authority as contemplated in section 2.2, each instance will be reported to the Board as soon as possible. This reporting may be by way of email, memorandum or Board meeting as appropriate.
- 2.4 The Contractor shall have authority for matters resulting in negative variances from annually approved budgets subject to the following limitations:
 - 2.4.1 Revenue – 5%.
 - 2.4.2 Expenses – 10%.
 - 2.4.3 Dividends – 5%.
 - 2.4.4 Capital Expenditures – 10%.
- 2.5 The Contractor shall report all incidents classified Medium to Catastrophic under the Environmental Health and Safety Management System to the Board as soon as possible. This reporting may be by way of email, memorandum or Board meeting as appropriate.