



LETTER NO. L-25-04

ROBERT J. PELLATT
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
web site: <http://www.bcuc.com>

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. CANADA V6Z 2N3
TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

Log No. 4586

VIA FACSIMILE / E-MAIL

April 8, 2004

Mr. Richard Stout
Chief Regulatory Officer
British Columbia Hydro and Power Authority
17th Floor, 333 Dunsmuir Street
Vancouver, B.C. V6B 5R3
Fax-Email: 9, 604-623-4407 / alice.ferreira@bchydro.com

Mr. Cameron Lusztig
Director, Regulatory Affairs
British Columbia Transmission Corporation
Suite 1100, Four Bentall Centre
1055 Dunsmuir Street
PO Box 49260
Vancouver, BC V7X 1V5
Fax-Email: 9,604-699-7537 / cameron.lusztig@bctc.com

Dear Mr. Stout and Mr. Lusztig:

Re: British Columbia Hydro and Power Authority
Project No. 3698360 – Order No. G-84-03
2004/05 and 2005/06 Revenue Requirements Application

Commission Order No. G-7-04 dated January 16, 2004, established the Pre-hearing Conference held on April 6, 2004. This letter addresses issues raised at the Pre-hearing Conference.

The Regulatory Timetable established by Order No. G-07-04 will be revised by an Order to follow as per the attached revised Regulatory Timetable, subject to a determination of whether or not it will be necessary to commence the Opening Statements on May 12 or May 13. Participants who intend to make an Opening Statement should so advise Commission Counsel, Mr. Gordon Fulton, by phone at (604) 687-6789 or by e-mail at gfulton@boughton.ca on or before April 14, 2004. Participants who do not advise Mr. Fulton, by that date, of their intention to make an Opening Statement may lose the opportunity to make an Opening Statement depending on time available. On or before May 7, 2004, participants are to give Mr. Fulton an estimate of the time they require to make their Opening Statement.

Comments made by the Panel Chair at the Pre-hearing Conference found at Transcript Volume 2, pages 145 – 147 should be considered while preparing Opening Statements, and are summarized below:

- a) Opening Statements should provide a summary of the interests and issues of the participants in this proceeding; and
- b) Opening Statements should state what issues the participants intend to pursue during the course of the hearing with references to previously filed evidence, and some observations of that evidence will be helpful.

The Commission Panel intends to issue a hearing issues identification document by 1:00 p.m. on May 17, 2004. Since the British Columbia Hydro and Power Authority ("BC Hydro") and British Columbia Transmission Corporation ("BCTC") Rebuttal Evidence may be relevant to the hearing issues, the Commission Panel asks BC

Hydro and BCTC to advise the Commission Panel during Reply on May 14, 2004 of any new issues that the Applicants expect will arise from the filing of their Rebuttal Evidence.

By letter dated March 31, 2004, BC Hydro filed its 2004 Integrated Electricity Plan ("IEP"). The Commission Panel has determined that the section 45(6.2) review of the IEP will not be heard as part of this proceeding; however, the IEP is a "contextual" document in this proceeding. The Commission expects to commence the review of the IEP during the current calendar year.

By letter dated March 31, 2004, BC Hydro filed its Resource Expenditure and Acquisition Plan ("REAP") with a view to satisfying the requirements of section 45(6.1) of the Utilities Commission Act. The Commission Panel determines that the section 45(6.2) review of the REAP will be heard as part of this proceeding. The decision regarding the REAP may be issued earlier than the decision on the BC Hydro Application, Exhibits B1-1, B1-2, and the BCTC Application, Exhibit B2-1.

The intervenor and BCUC Information Requests to BC Hydro and BCTC, to be filed by Thursday, April 15, are to be restricted to the following areas of inquiry:

- a) Exhibit No. B1-1, Chapters 2A, 2B, and 6A;
- b) REAP; and
- c) Points of Clarification

The Commission Panel encourages intervenors to confine information requests related to REAP to those matters that have not been raised by documents previously filed in this proceeding. The Points of Clarification should be confined to requests made for the principal purpose of clarifying BC Hydro and BCTC responses to information requests, and not as a means to solicit new information.

By letter dated March 29, 2004, BC Hydro indicated a willingness to call the evidence of Mr. Robert Fairholm from the Centre for Spatial Economics regarding the interest rate and foreign exchange rate assumptions. Participants are to file a notice by April 22, 2004 if they contest the interest rate and foreign exchange rate assumptions in the Application. Although the Joint Industry Electricity Steering Committee's ("JIESC") counsel did not dispute the interest rate and foreign exchange rate assumptions, (Transcript Pre-hearing Conference Volume 2, page 113, line 18 - page 114, line 6), JIESC's counsel did submit that variances arising from a difference between the actual and assumed interest rate and foreign exchange rates should be held in a deferral account. The Commission Panel is of the view that a review of deferral accounts, including the deferral account treatment proposed by the JIESC, should be an issue for this proceeding. Therefore, if the JIESC's acceptance of the interest rate and foreign exchange rate assumptions is subject to approval of the deferral account that it has proposed, then it should provide notice that it contests the interest rate and foreign exchange rate assumptions.

The Commission Panel declines to give the directions to BC Hydro sought by Georgia Strait Crossing Concerned Citizens Coalition ("GSXCCC") regarding information responses, Exhibit B1-11, GSXCCC Information Request No. 1.3.2 (BCH) and 1.6.2 (BCH). The Commission Panel accepts the submissions of BC Hydro that the responses provided are an acceptable answer given that BC Hydro has stated that it is not aware of any legal basis for establishing liability for greenhouse gases that may have financial costs arising during the test periods. The Commission Panel notes that GSXCCC has the opportunity to file contrary or other evidence regarding liability for greenhouse gases.

The Commission Panel notes the commitment of BC Hydro counsel to identify witness panels and the areas of the application and information requests that each panel is responsible for within the next two weeks (ref. Transcript Volume 2, page 183, lines 20 - page 184, line 6).

Final Argument is to be in writing. The time for the delivery of Final Argument begins to run from the last day of the evidentiary phase of the proceedings and is as follows:

BC Hydro and BCTC Argument	three weeks
Intervenors' Argument	three weeks
BC Hydro and BCTC Reply Argument	two weeks
Oral Phase of Argument	second Tuesday after filing of Reply Argument

For the opening statements and the evidentiary phase of the proceedings, the Commission Panel presently intends to sit from 9:00 a.m. to 4:30 p.m. with a one and one half hour break for lunch and one 15 minute break in each of the morning and afternoon sessions. During the oral argument phase of the proceedings the Commission Panel presently intends to sit from 8:30 a.m. to 1:30 p.m. with two 15 minute breaks.

Yours truly,

Original signed by:

Robert J. Pellatt

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Attachment

cc: Registered Intervenors/Interested Parties
BCH2004RR

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY
Project No. 3698360 – Order No. G-84-03
2004/05 and 2005/06 Revenue Requirements Application

REVISED REGULATORY TIMETABLE

HEARING LOCATION: 4th Floor
855 Homer Street
Vancouver, B.C. V6B 5S2

ACTION	DATE 2004
Participant Notice to Commission Counsel re: intention to make an Opening Statement	Wednesday, April 14
Intervenor and BCUC Information Requests to BC Hydro and BCTC	Thursday, April 15
Intervenor Evidence	Tuesday, April 20
Intervenor Notice re: Interest Rate and Foreign Exchange Rate Assumptions	Thursday, April 22
BC Hydro and BCTC Information Requests to Intervenor	Monday, April 26
Participant Notice to Commission Counsel regarding Time Estimate for Opening Statement	Friday, May 7
Intervenor Responses to BC Hydro and BCTC, and BC Hydro and BCTC Responses to Intervenor	Friday, May 7
Opening Statements	Wednesday, May 12 and Thursday, May 13
BC Hydro: Consolidation of Issues	Friday, May 14
BC Hydro and BCTC Rebuttal Evidence	Monday, May 17 - 9:00 a.m.
Hearing Commences	Tuesday, May 18