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Log No. 7683

**VIA FACSIMILE / EMAIL**

November 24, 2004

TO: British Columbia Hydro and Power Authority  
Registered Intervenors

Re: British Columbia Hydro and Power Authority  
Call for Tenders for Capacity on Vancouver Island  
Review of Electricity Purchase Agreement

By Order No. G-99-04 dated November 9, 2004, the Commission scheduled a Procedural Conference for November 29, 2004 to consider procedural issues arising from the filing of the "Report on the CFT Process", together with the Electricity Purchase Agreement and VIGP Transfer Agreement, by BC Hydro on November 19, 2004. The purpose of this letter is to provide information that may assist participants at the Procedural Conference.

The Commission Panel expects that the scope of the review of the CFT and agreements ("CFT Review") will be relevant to a determination of the appropriate regulatory agenda and timetable for the CFT Review. The Procedural Conference will proceed in two stages: the first related to the appropriate scope of the CFT Review and the second related to the appropriate regulatory agenda and timetable. The Commission Panel anticipates that after concluding the first stage, the Procedural Conference will be adjourned until November 30, 2004. At the commencement of the proceedings on that date, the Commission Panel expects that it will give direction with respect to the scope of the CFT Review, and then hear submissions with respect to the regulatory agenda and timetable.

The Commission Panel suggests that participants address the following issues during the first stage:

1. What determinations found in prior Commission Decisions, including the VIGP Decision, are relevant to the establishment of the scope of the CFT Review? Of the relevant determinations, are there reasons to suggest that further consideration of those determinations is appropriate?
2. What issues should and should not be considered during the CFT Review? In the "Report on the CFT Process" (p. 25), BC Hydro "submits that the central issue now before the Commission is whether the process was fair, transparent and appropriate to reach a solution in the best interests of ratepayers." Are there issues that are not commented on in the materials filed by BC Hydro that should be considered during the CFT Review?

3. The VIGP Decision at page 82 states: "If BC Hydro proceeds with the CFT, it should ensure that there is good evidence for all gas transportation alternatives to GSX so that such alternatives can be fairly evaluated." Should certain issues related to gas transportation be issues for consideration during the CFT Review? What gas transportation issues are relevant? Are certain determinations related to gas transportation necessary before the Commission can conclude the CFT Review? If any, what determinations are necessary?
4. Would merging the TGVI LNG CPCN application into the CFT Review increase regulatory efficiency and effectiveness? Are there procedural or fairness considerations relevant to the merging of the TGVI LNG CPCN application into the CFT Review?
5. Should the executed Electricity Purchase Agreement and the VIGP Transfer Agreement be considered confidential.

Participants who rely on expert advice may want to attend the first stage of the Procedural Conference with their experts. To assist the Commission Panel to understand the timing requirements for regulatory decisions requested by BC Hydro and TGVI, the Panel requests that BC Hydro and TGVI file, separately or jointly, by November 25, 2004 the key milestone dates for the LNG project and Duke Point project.

The Commission expects to issue preliminary information requests. The preliminary information requests should not be considered indicative of the Commission Panel's view of the appropriate scope of the CFT Review. However, the information requests may assist participants to identify issues that should be considered to be either within or outside the scope of the CFT Review. BC Hydro is encouraged to attend the Procedural Conference with a list of the information requests that it believes should be considered within the scope of the CFT Review, and is also encouraged to file and circulate the list prior to 3:00 p.m. on November 28, 2004.

The Commission will post the key milestone dates document(s) and the preliminary information requests, if any, on the BCUC website by 4:00 p.m. on November 26, 2004. Participants may also benefit from reviewing Exhibit No. C7-4, BC Hydro responses to BCUC IR No. 1.3.4 to 1.7.6, of the TGVI LNG CPCN Application proceeding, which is found on the BCUC website.

Yours truly,

*Original signed by:*

Robert J. Pellatt

RHH/cms

cc: BC Hydro 2004-2006RR Intervenors  
TGVI LNG CPCN-Resource Plan Intervenors