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VIA E-MAIL

October 2, 2009

SECTION 5
TRANSMISSION INQUIRY EXHIBIT A-28

To: Long-Term Transmission Inquiry Participants

Re: British Columbia Utilities Commission
Project No. 3698545/Order G-30-09
Inquiry into British Columbia's Long-Term Transmission Infrastructure
Funding of Participant Assistance/Cost Awards ("PACA")

By letter dated June 26, 2009 (Exhibit A-15), the Commission established a schedule for reviewing the interim cost award requests for funding up to the June 24, 2009 Procedural Conference. Additionally, in its letter, the Commission asked Participants requesting participant assistance for the remainder of the Inquiry, and those who had not already submitted interim requests, to file their budgets by August 14, 2009.

On August 17, 2009, the Commission issued Order F-20-09 awarding interim funds pursuant to section 118(1) of the *Utilities Commission Act* ("UCA" or "Act"). In the Reasons for Decision accompanying the Order, the Commission reiterated that section 118 provides that it may make cost awards for participation in a proceeding and highlighted the factors it would consider in order to award such funding (refer to PACA Guidelines set out in Commission Order G-72-07 for full details regarding criteria and rates, www.bcuc.com/Guidelines.aspx).

On September 17, 2009, the Commission issued Order G-108-09 which acknowledged the comments of many Participants that the normal practice for PACA funding creates a barrier to effective participation in the Inquiry. Participants have submitted that they do not have the financial resources to pre-fund the technical resources they need, even if they could anticipate PACA funding after the completion of the Inquiry. By way of a solution, some Participants noted that the Commission's PACA Guidelines are only guidelines and that they already provide latitude for pre-funding in exceptional circumstances.

The Inquiry Panel agrees that it has the latitude under the Guidelines to pre-fund activities by Participants in exceptional circumstances and intends to use that latitude in the unique circumstances of the Inquiry. Therefore, the Inquiry Panel provides the following information on funding for Participants. In addition, Participants who filed PACA budgets with the Commission will receive feedback in the form of a letter from Commission staff shortly with comments on individual budget submissions as approved by the Inquiry Panel.

1. BI-MONTHLY APPROVAL PROCESS FOR PACA APPLICATIONS

There will be an expedited PACA bi-monthly approval process according to the schedule shown in the table below:

Period Number	Period Start	Period End	PACA Application Filing Date	Status
1	Inquiry Start	June 24, 2009	July 3, 2009	Paid
2	June 24, 2009	Sept 30, 2009	October 15, 2009	Future
3	October 1, 2009	November 30, 2009	December 15, 2009	Future
4	December 1, 2009	January 31, 2010	February 15, 2009	Future
5	February 1, 2009	March 31, 2010	April 15, 2009	Future
6	April 1, 2010	May 31, 2010	June 15, 2009	Future
7	June 1, 2010	Inquiry End	To be determined	Future

The bi-monthly interim awards will be granted to a maximum based on the formula established by the Guidelines and the number of proceeding days in the period. Interim payments approved through the expedited PACA bi-monthly approval process will count cumulatively up to the approved budget filed by the Participant. Applications received by the Commission after the PACA Application Filing Date for a given period will be reviewed during the next bi-monthly award cycle. For example, a late application for Period Number 2 received by the Commission on October 16, 2009 will be reviewed for an award following the December 15, 2009 filing date.

The Inquiry Panel has determined that it will only fund participation in one regional session, for two reasons:

- a. the regional sessions are designed to gather input from those who wish to make submissions to the Inquiry Panel without having to travel to Vancouver; and
- b. there will be transcripts of the submissions made at the regional sessions. Participants who are not there can call evidence if they wish to respond to a submission made at a regional session or can respond in final argument.

Some Participants have applied for reimbursement of costs associated with attendance and preparation for BC Hydro sponsored activities. The Inquiry Panel will not provide PACA funds for participation in these BC Hydro activities.

Further, the Guidelines allow for the Utilities, whose ratepayers are ultimately funding the Participant Assistance Cost Awards, to comment on the PACA applications of participants in a proceeding. In response to a request at the first procedural conference (T2: 196), the Commission also provided an opportunity for the PACA applicants to reply to the comments of the Utilities about their individual PACA applications. In order to expedite the bi-monthly approval process, the Inquiry Panel requests that the Utilities provide comments on an exception basis, that is, if they have material concerns about the level or value of expenditures of one or more specific PACA applicants. If this proposal is not acceptable to any of the Utilities they are asked to inform the Commission within two weeks of the date of this letter.

Finally, the Commission will require each application for an expedited bi-monthly interim cost award to be supported by an affidavit verifying that the services invoiced were actually performed and delivered and the expenses actually incurred for the purpose of participating in the Inquiry. The form of affidavit will be posted on the Commission's website: www.bcuc.com/sectionfiveinquiry.aspx

2. FUNDING FOR RELEVANT STUDIES

The Inquiry Panel will consider detailed requests to pre-fund necessary studies in support of relevant evidence to be submitted to the Inquiry. The Inquiry Panel will only consider studies that have already been outlined by Participants in their budgets, and those that meet the objectives of the Inquiry terms of reference as outlined in the December 11, 2008 letter from the Minister of Energy, Mines and Petroleum Resources and the Inquiry Panel's July 10 Decision on Scoping (Ex. A-18). Applications for such pre-funding by Participants should provide as much information as possible about the proposed study, in order for the Inquiry Panel to assess its relevance and value to the Inquiry:

- the purpose of the work,
- the timeline of the work,
- the type and scope of the work to be done,
- the product to be provided to the Inquiry,
- the status of, and funding awarded for, any applications for capacity funding for studies and technical reviews submitted to BC Hydro,
- the cost estimate, and
- justification of the exceptional circumstances that preclude the Participant from including the study costs in its general PACA funding application.

If the Inquiry Panel approves the study, pre-funding of 50% of the expected cost will be awarded and included in the next bi-monthly PACA claim. Once the report has been filed, and if the Inquiry Panel determines the Study has been delivered as approved, the remaining costs for the study will be awarded in the next bi-monthly claim. Costs for approved studies will not impact the amount allowed for expedited bi-monthly approval for other costs incurred in order participate in the Inquiry.

Participants are strongly encouraged to combine their efforts wherever possible to reduce costs or increase the effectiveness of their participation. The Inquiry Panel will review all applications for interim and final funding for the undertaking of studies to determine whether there may be, or has been, a duplication of work. If Participants are not able to satisfy the Inquiry Panel that duplication could have been avoided, interim or final funding for the studies may be denied.

As stated in Orders F-20-09 and F-26-09, the Inquiry Panel requires sufficient detail in the PACA applications and for proposed studies to provide the Panel with a foundation upon which it can base the exercise of its discretion under section 118 of the Act. A Participant remains free to choose the level of detail it wishes to provide in support of its application. Ultimately, the burden rests with the Participant to persuade the Panel of the Participant's entitlement to the PACA award it seeks.

Yours truly,

Original signed by:

Erica M. Hamilton

JAB/cms

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