

REQUESTOR NAME: BCOAPO
INFORMATION REQUEST ROUND NO: #1
TO: The Association of Major Power Customers of BC (AMPC)
DATE: June 14, 2012
PROJECT NO: 3698640
APPLICATION NAME: CPCN – Dawson Creek/Chetwynd Area Transmission Project

1.0 Reference: Exhibit C-3-10, pages 4-9

Preamble: The first response in Section 3.1 describes the postage stamp rate principle as rates that do not differ by location or vintage of customer. The subsequent questions deal specifically with the issue of customer contributions for new transmission infrastructure and why they are necessary in the context of postage stamp rates that are designed to recover the fully allocated cost of service.

- 1.1 Do the same issues exist with respect to the cost of new generation that will be required to serve new customers seeking service from BC Hydro in that the typically higher cost of this new generation will be rolled-in with the lower depreciated cost of existing facilities?
- 1.2 If not, why not?
- 1.3 If yes, should similar customer contribution requirements/principles be applied to the incremental generation costs triggered by “new” customers?

2.0 Reference: Exhibit C-3-10, page 8, lines 26-31

- 2.1 Please outline the basis/sources supporting the 20% rough rule of thumb referenced in the Evidence.

3.0 Reference: Exhibit C-3-10, page 9, Footnote #2

- 3.1 Please outline the basis/sources supporting the 2-3 year revenue multiplier as being the industry norm.

4.0 Reference: Exhibit C-3-10, page 3, lines 7-14 and page 13, lines 8-13

- 4.1 Is the main reason for the different capital contribution outcomes between DCAT and NTL due to the fact that a higher portion of NTL costs are associated with Transmission Connection and therefore 100% the responsibility of the customers with no associated offset allowance? If not, what is the reason?

5.0 Reference: Exhibit C-3-10, Appendix A

- 5.1 Please confirm that including transmission connection in the costs subject to the “sharing formula” would reduce the contribution required from customers (per bullets 1 – 3 and 5).
- 5.2 Please confirm that using a revenue multiplier of between 2 and 3 would tend to increase the amount of contribution required from customers.
- 5.3 What principles should be used in establishing the value of the “revenue multiplier”?