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BCH 2005 REAP – Exhibit C10-2

July 6, 2005

VIA EMAIL

Mr. R. J. Pellatt
Commission Secretary
BC Utilities Commission
Sixth Floor, 900 Howe Street
Vancouver, B.C. V6Z 2N3

Dear Mr. Pellatt:

**Re: British Columbia Hydro and Power Authority (“BC Hydro”) Project No. 3698388
BC Hydro 2005 Resource Expenditure and Acquisition Plan (“2005 REAP”)**

In advance of the Pre-Hearing Conference established by Commission Letter No. L-28-05 and rescheduled by Commission Letter No. L-33-05, Columbia Power Corporation (“CPC”) wishes to provide its initial comments regarding the 2005 REAP and related planning and resource acquisition processes.

CPC and CBT Energy Inc., a wholly owned subsidiary of Columbia Basin Trust (“CBT”), jointly own hydro-electric facilities located in the Columbia-Kootenay Region. CPC is the manager for the CPC/CBT joint ventures. CPC and the CPC/CBT power project companies have a direct interest in the 2005 REAP Application.

CPC’s interests and concerns include:

1. Ensuring that there is an efficient and cost-effective BC Hydro planning and resource acquisition process. There is currently a multiplicity of related planning, consultative and regulatory proceedings dealing with BC Hydro’s ROR Application (although BC Hydro is currently seeking a termination of that proceeding), 2005 REAP Application, the related F2005 Call for Tenders (“CFT”) and Supplemental F2006 Call Evidence, and 2005/06 Integrated Electricity Plan (“IEP”). These multiple processes and proceedings are putting a significant strain on CPC’s financial and staff resources, and the resulting fractured decision process is confusing and appears to be inefficient.
2. Understanding the impact of the cancellation of Duke Point Power Project, announced June 17, 2005, on BC Hydro’s resource balance, the 2005 REAP, ROR and the F2005 CFT, F2006 Call and the 2005/06 IEP. Given the significant size of that project, timely clarification of the expected impacts on those processes would be most helpful.
3. Ensuring that the size and number of BC Hydro resource calls and the terms and conditions placed on those calls are not unduly restrictive. Significant additional

transaction costs are imposed and the ability of non-BC Hydro sources of power supply, particularly medium to large scale run-of-river hydro projects, to compete and achieve economies of scale is restricted by the following:

- a. pursuing a series of small annual or bi-annual calls rather than one larger, unrestricted call;
- b. prohibiting proponents to bid part of the output of a plant;
- c. requiring short project development and construction timelines; and
- d. limiting the amount of power that can be treated as "firm" during the April to July freshet period.

4. Clarifying the impact of the indefinite postponement of the filing of Supplemental F2006 Call Evidence, contemplated by Commission Letter No. L-33-05 to have been filed on June 15, 2005. Scheduling of the Pre-hearing Conference for July 12 was apparently premised upon the timely receipt of that evidence. The absence of that information makes it difficult for Intervenors to fully prepare for one of the stated objectives of the Pre-hearing Conference – making submissions regarding issues for the oral hearing process. CPC supports the request for clarification made by Mr. Andrews on behalf of his clients in his letter dated July 5, 2005. CPC intends to attend the Pre-hearing Conference whenever it is held, and will participate as fully as possible, but suggests that a further rescheduling is appropriate.

Yours truly,



Bruce Duncan
Vice President, Strategic Planning & Regulatory Affairs
Columbia Power Corporation

Copy to: Mr. Lorne Sivertson, CPC
Mr. Ron Miles, CBT Energy Inc.
Mr. Tony Morris, BC Hydro