

REQUESTOR NAME: Association of Major Power Consumers (AMPC)

INFORMATION REQUEST ROUND NO: 2

TO: BRITISH COLUMBIA HYDRO & POWER AUTHORITY

DATE: March 6, 2012

PROJECT NO: 3698592

APPLICATION NAME: Application for 2012-2014 Revenue Requirements

67.0 Reference: Exhibit B-16, AMPC 1.19.1; Exhibit B-15, BCUC 1.60.5;

Topic: Subsidiary Net Income (Powerex) & Allocation of PTP

Explanation: In response to AMPC 1.19.1, BC Hydro states that:

The shape of the change in load profile is almost opposite to the change in the shape of the IPP delivery profile. The difference has to be made up by a combination of a change in dispatch of BC Hydro resources and market purchases/surplus sales. The ability to shape seasonal dispatch of hydro resources is provided by system storage, and therefore the opposite profile of change in load and change in new supply depletes the system flexibility.

Request:

67.1 Does BC Hydro have a strategy with respect to acquiring those IPP resources that have less of an impact on depleting system flexibility?

67.2 How will BC Hydro encourage IPPs to provide resources that have less of an impact on depleting system flexibility?

67.3 Provide a list of BC Hydro IPP related capital projects with costs and the IPP project description, capacity and energy to which the BC Hydro project applies, for the period from F2010 to F2014.

67.4 Explain how the prices in the EPAs for the projects listed above fully reflect the required BC Hydro capital costs. If they don't, explain.

68.0 Reference: Exhibit B-16, AMPC 1.21.1;

Topic: Subsidiary Net Income (Powerex) & Allocation of PTP Charges to Powerex

Explanation: In response to AMPC 1.21.1, BC Hydro states that

Recommendation number 22 stated that the appropriate level of regulatory oversight by the BCUC of Powerex be limited to the review of the income statement of Powerex. The BCUC Chair ruled in favour of BC Hydro's position on this issue (see transcript Vol. 8, page 1080, attached). Accordingly, the requested information regarding Powerex has not been provided.

BC Hydro is not providing a Powerex trade revenue forecast as in previous years and as such the appropriate degree of regulatory oversight cannot be performed in order to review the revenue components of Powerex's income statement.

Request:

68.1 Provide the Powerex income statements for F2009 to F2011 and the forecast for F2012 to 2014.

68.2 If the Powerex income statements requested in 68.1 above are provided confidentially, provide the Powerex revenue and net income forecasts for F2012, F2013 and F2014 and if not available, explain why Powerex has not prepared financial forecasts.

69.0 Reference: Exhibit B-16, AMPC 1.22.1, 1.22.2;

Topic: Subsidiary Net Income (Powerex) & Allocation of PTP Charges to Powerex

Explanation: In response to AMPC 1.22.1 and AMPC 1.22.2, BC Hydro states that:

Powerex's net income is highly volatile due to a number of factors including several factors which are difficult or impossible to forecast. A current forecast using the old methodology entails substantial effort and BC Hydro does not believe this will render a materially different forecast than using the five-year average, given this volatility.

Request:

69.1 Provide the studies and analysis that BC Hydro completed to arrive at the conclusion that a five-year average Powerex Net Income forecast does not render a materially different forecast.

69.2 Explain why the Trade Income forecast from the original Application is no longer appropriate to use for the Revenue Requirements for F2012 to F2014.

70.0 Reference: Exhibit B-16, AMPC 1.23.1;

Topic: Subsidiary Net Income (Powerex) & Allocation of PTP Charges to Powerex

Explanation: In response to AMPC 1.23.1, BC Hydro refers to:

A number of studies on market opportunities have been prepared for BC Hydro's Integrated Resource Plan (IRP) and other planning initiatives. These studies are posted on BC Hydro's website and are available at the following link:

http://www.bchydro.com/planning_regulatory/irp/document_centre/reports.html.

A review of the referenced website does not contain any study specifically addressing the investigation of potential market opportunities for export sales in excess of self-sufficiency requirements, as referred to in the energy objectives of Bill 17 – 2010 (Clean Energy Act).

Request:

70.1 Confirm whether there was any study, business case or documentation, etc. completed on the

investigation of potential market opportunities for export sales in excess of self-sufficiency requirements. If so, please provide copies of this material.

71.0 Reference: Exhibit B-16, AMPC 1.25.1;

Topic: Other: RECs

Explanation: In response to AMPC 1.25.1, BC Hydro states that:

The market for RECs is a new market for which the rules are evolving, sales are infrequent, prices are unpredictable and eligible contract structures have changed consistently since F2007. Sales forecasts are therefore not prepared. Historical sales volumes and prices remain commercially sensitive in light of the nature of the market as described above and BC Hydro declines to produce them.

Since the information that AMPC requested addresses past sales data, AMPC does not feel that it is reasonable that this information constitutes commercially sensitive data.

Request:

71.1 Provide data on the GWhs of RECs that are sold from BC Hydro to Powerex for each year from F2007 to F2011.

71.2 Provide range of REC prices sold in each year from F2007 to F2011.

72.0 Reference: Exhibit B-16, AMPC 1.28.4, 1.28.1;

Topic: Cost of Energy

Explanation: In AMPC 1.28.4, BC Hydro's response refers to the response of AMPC IR 1.28.1. However this response does not answer AMPC 1.28.4.

Request:

72.1 Discuss the rationale for using a flat HLH or LLH Mid-C index as opposed to an hourly index.

72.2 Provide any documentation, studies, etc., that support this index choice.

73.0 Reference: Exhibit B-16, AMPC 1.28.5, 1.28.1;

Topic: Cost of Energy

Explanation: In AMPC 1.28.5, BC Hydro's response refers to the response of AMPC IR 1.28.1. However this response does not answer AMPC 1.28.5.

Request:

73.1 List the products that Powerex sells or buys that use the capabilities of the BC Hydro system.

73.2 Specify the section of the Transfer Pricing Agreement (TPA) that addresses the products listed in 73.1 above as to how BC Hydro is compensated under the TPA.

74.0 Reference: Exhibit B-16, AMPC 1.28.6, 1.28.7, 1.28.1;

Topic: Cost of Energy

Explanation: In AMPC 1.28.6 and AMPC 1.28.7, BC Hydro's response refers to the response of AMPC IR 1.28.1. However this response does not specifically answer AMPC 1.28.6 and AMPC 1.28.7.

Request:

74.1 Confirm that the TPA provides Powerex exclusive use of the Surplus System Capability of the BC Hydro system. If so, please specify the section of the TPA which addresses how BC Hydro is compensated under the TPA.

74.2 Confirm that the Surplus System Capability includes storage in the BC Hydro system. If so, please specify the section of the TPA which addresses how BC Hydro is compensated under the TPA.

75.0 Reference: Exhibit B-16, AMPC 1.28.8, 1.28.1;

Topic: Cost of Energy

Explanation: In AMPC 1.28.8, BC Hydro's response refers to the response of AMPC IR 1.28.1. However this response does not specifically answer AMPC 1.28.8.

Request:

75.1 Confirm that BC Hydro purchases electricity from Powerex for domestic load.

75.2 Confirm that BC Hydro sells electricity that is surplus to BC Hydro's requirements for domestic load to Powerex.

75.3 Confirm that BC Hydro purchases its requirements for natural gas from Powerex.

75.4 Confirm that BC Hydro sells its surplus natural gas to Powerex.

75.5 Other than those commercial transactions listed in 12.1 to 12.4 above, confirm that there are no other commercial transactions that BC Hydro requests Powerex to perform on its behalf and/or products BC Hydro uses in Powerex's energy portfolio. If not, list those other types of transactions.

75.6 Confirm that the TPA addresses all energy transactions between BC Hydro and Powerex. If not, explain why.

76.0 Reference: Exhibit B-16, AMPC 1.28.9, 1.28.1;

Topic: Cost of Energy

Explanation: In AMPC 1.28.9, BC Hydro's response refers to the response of AMPC IR 1.28.1. However this response does not specifically answer AMPC 1.28.9.

Request:

76.1 Provide copies of any reviews or audits (internal or third-party) of the TPA methodology.

77.0 Reference: Exhibit B-13; Exhibit B-16, AMPC 1.29.1

Topic: Cost of Energy: MCM

Explanation: In the response to AMPC 1.29.1,

29.1 Provide details on how the MCM is used in decision-making and provide specific examples for illustrative purposes.

BC Hydro responds by stating:

Refer to Exhibit B-13, BC Hydro December 1, 2011 Workshop Presentations, Energy Studies Modelling where this topic was extensively covered.

Although the presentation covered this topic extensively in the description of the Marginal Cost Model (MCM), it did not specifically answer AMPC 1.28.9 and the workshop oral presentations were not recorded.

Request:

77.1 Please specify the page in Exhibit B-13, which addresses AMPC 1.29.1.

77.2 If not, describe how the MCM is used in decision-making and provide examples for illustrative purposes.

78.0 Reference: Exhibit B-13; Exhibit B-16, AMPC 1.29.2 ;

Topic: Cost of Energy: MCM

Explanation: In AMPC 1.29.2,

29.2 Provide and discuss any reviews or audits associated with decisions made using the MCM.

BC Hydro states that:

Various components of the modelling suite have been externally reviewed for soundness of their formulation in the context of BC Hydro's operational decision making and forecasting needs, as noted during the Energy Studies Modeling Regulatory Workshop on December 1, 2011. No further formal reviews have been undertaken.

Request:

78.1 Given the importance of the MCM as an important component of BCH's decision making, explain the reasons why formal reviews and/or post-audits on previous decisions have not been

completed.

79.0 Reference: Exhibit B-13; Exhibit B-16, AMPC 1.29.5;

Topic: Cost of Energy: MCM

Explanation: In AMPC 1.29.5, BC Hydro states that

The Energy Studies modelling suite is a proprietary custom-built set of applications that is tailored to the characteristics and needs of the BC Hydro system. As such, it has limited potential as a commercial application.

Request:

79.1 Has BC Hydro has undertaken any studies, reports, etc. to determine the commercial application for this model? If so, provide copies of these studies, reports, etc.

80.0 Reference: Exhibit B-16, AMPC 1.32.1.1; Exhibit B-15, BCUC IR 1.32.1;

Topic: Cost of Energy

Explanation: In the response to AMPC IR 1.32.1.1, BC Hydro refers to BCUC IR 1.32.1, however that IR refers to the Procurement Enhancement Initiative and therefore this reference seems to be incorrect.

32.1 Were there any sensitivity tests done for inflows other than the assumption of normal inflows?

32.1.1 Provide the results of any sensitivity test runs and the impact on the Cost of Energy (\$million).

Request:

80.1 Provide the results of any sensitivity test runs and the impact on the Cost of Energy (\$million).

81.0 Reference: Exhibit B-16, AMPC IR 1.34.1; Exhibit B-15 BCUC IR 1.58.2;

Topic: Cost of Energy

Explanation: In the response to AMPC IR 1.34.1, BC Hydro refers to BCUC IR 1.58.2 and states:

The price forecasts are the forward prices for the Mid-C and Sumas trading hubs, and are provided to BC Hydro by Powerex, who sources them from an independent broker.

This is contrary to AMPC's understanding.

Request:

81.1 Confirm that while BC Hydro and Powerex receive information from other sources, the forecasts are prepared solely by Powerex.

81.2 Confirm that forecasts are not prepared (or audited) by an independent source.

82.0 Reference: Exhibit B-16, AMPC IR 1.37.1, 1.64.1;

Topic: Cost of Energy

Explanation: In the response to AMPC IR 1.64.1, BC Hydro provided a range of IPP costs for F2010-14, as shown below:

IPP and Long Term Purchases (\$ per MWh)	No. of EPAs	F12-14 RRA		Amended F12-14 RRA			Range for F2010-14	
		F2010 Actual	F2011 Forecast	F2012 Plan	F2013 Plan	F2014 Plan	Min.	Max.
Pre-2000 EPAs	18	63.79	60.92	61.83	63.14	63.70	43.73	117.73
Island Cogeneration Plant ¹	1	78.16	71.33	270.67	258.18	274.58	71.33	274.58
2000 Green RFEOI	3	37.80	36.43	28.94	36.15	40.25	23.20	50.87
2001 Green Energy Call	13	54.81	54.62	55.47	56.05	56.64	51.32	60.66
2002 Customer Based Generation Call	2	69.60	82.58	82.71	84.14	93.51	55.35	103.54
2002/3 Green Power Generation Call	7	54.80	55.21	56.95	57.60	58.20	38.80	64.07
F2006 Call (including Brilliant) ²	27	87.16	86.48	86.93	88.11	89.29	67.04	130.43
Alcan 2007 EPA	1	53.60	57.72	62.51	63.92	64.92	53.60	64.92
Bioenergy Call - Phase I RFP	4	109.93	105.40	105.50	107.74	109.54	101.53	120.52
2009 Clean Power Call ³	25	–	–	–	117.80	124.45	86.83	182.53
Standing Offer Program	6	100.00	87.93	90.67	88.19	89.18	82.88	103.77
Integrated Power Offer	3	–	–	117.12	116.47	116.23	105.42	119.80
Other (Forrest Kerr & Waneta Expansion)	2	–	–	–	–	–	–	–
Total	112	63.81	66.64	74.51	77.72	83.08	23.20	274.58

On February 3, 2012 the BC Government removed the energy sustainability criteria (as defined in the Clean Energy Act).

Request:

82.1 Will the changes in the Energy Policy have any impact on previous EPAs (e.g. EPA cancellation, quantity, price, other renegotiation of terms, etc.) and if so, update the above chart accordingly.

83.0 Reference: Exhibit B-16, AMPC IR 1.38.1;

Topic: Cost of Energy

Explanation: In the response to AMPC IR 1.38.1, BC Hydro states:

In response to a recent Merrimack Energy review of BC Hydro's energy procurement practices, BC Hydro is conducting a financial study to assess the risk allocation in its standard IPP contracts with the objective of achieving a better balance of costs and benefits between suppliers and ratepayers. This financial review could result in modifications to future calls and EPAs with potential reductions in the cost of IPP energy.

Request:

83.1 Provide further information on this financial study (for example: terms of reference, timing, stakeholder engagement, etc.).

83.2 What impact on prices would the following firm supply options have:

- a. Supply from outside BC,
- b. Supply from natural gas generation within BC and outside of BC.

84.0 Reference: Exhibit B-16, AMPC IR 1.39.3, 1.28.1;

Topic: Cost of Energy

Explanation: In the response to AMPC IR 1.39.3, BC Hydro refers to the response to AMPC IR 1.28.1, however this response does not answer the question.

39.3 Do the rights and obligations affect the balances in deferral accounts between years? Which accounts?

Request:

84.1 Confirm that TPA does not affect the balances in the deferral accounts from year to year.

84.2 If they do affect the balances, please specify the deferral accounts affected and how they are affected.

85.0 Reference: Exhibit B-16, AMPC IR 1.41.3;

Topic: Cost of Energy

Explanation: In the response to AMPC IR 1.41.3

41.3 Discuss mitigation measures, if any, for reducing the costs of servicing the NIA.

BC Hydro states that:

BC Hydro is focusing on for reducing/managing cost of servicing Non-Integrated Areas (NIA):

.....

2) Utilizing strategic sourcing to negotiate fuel supply contracts;

3) Acquiring renewable energy through long-term IPP supply contracts, where economic, to mitigate exposure to diesel fuel price risk;

Request:

85.1 Explain how strategic sourcing is applied as discussed in point 2) above.

85.2 Provide details (i.e. timing, terms of reference, etc.) on how BC Hydro is planning on “acquiring renewable energy through long-term IPP supply contracts”.

85.3 Will BC Hydro will be issuing a general call for NIA or allowing individual proposals and negotiations. If so, please provide details on the approach to NIA EPAs.

86.0 Reference: Exhibit B-1-3, New Table 4-A (page 4-9); Exhibit B-15, BCUC IR 1.14.1;

Topic: Cost of Energy

Explanation: BC Hydro includes New Table 4-A, as shown below:

New Table 4-A		F2011 Sources of Supply			
	(GWh)	F2011 NSA-9	F2011 Actual	Difference	Per Cent Difference
		1	2	3 = 2 - 1	4 = 3 / 1
1	Hydroelectric (water rentals)	41,677	39,303	(2,375)	-5.7%
2	IPPs and Long-Term Commitments	10,504	10,805	301	2.9%
3	Market Electricity Purchases	3,553	3,791	238	6.7%
4	Natural Gas for Thermal Generation	329	251	(79)	-23.9%
5	Surplus Sales	0	(53)	(53)	N/A
6	Net Purchases (Sales) from Powerex	847	1,077	230	27.2%
7	Non-Integrated Area	116	114	(2)	-1.8%
8	Exchange Net	177	372	195	110.2%
9	Total	57,204	55,660	(1,544)	-2.7%

Request:

86.1 Explain what Exchange Net is and what is included in this account and whether there are carry-overs between fiscal years.

87.0 Reference: Exhibit B-1-3, Pages 5-173 - 5-174, Amended Table 5-48 (page 5-170); Vancouver Sun, January 3, 2012 (attached);

Topic: Operating Costs

Explanation: BC Hydro states that Marketing and Brand Strategy:

....creates and delivers communications programs for the public and customers that support two brands, the BC Hydro brand that supports the company's strategic objectives and the BC Hydro Power Smart brand that promotes energy conservation.

In addition, Amended Table 5-48, details the Operating Costs for Marketing Communications and Brand Strategy.

Amended Table 5-48 Customer Care, Conservation & Communications Operating Costs

Operating Costs by Key Business Unit (\$ million)	F12-14 RRA			Amended F12-14 RRA			Difference		
	F2012	F2013	F2014	F2012	F2013	F2014	F2012	F2013	F2014
	1	2	3	4	5	6	7 = 4 - 1	8 = 5 - 2	9 = 6 - 3
Customer Care, Conservation & Communications									
Office of the Senior Vice President	4.3	3.2	1.9	3.3	2.8	1.8	(1.0)	(0.4)	(0.0)
Community Engagement & Capital Projects	1.2	1.2	1.3	1.0	0.9	0.9	(0.2)	(0.3)	(0.3)
Corporate Communications	2.2	2.2	2.3	2.1	1.9	2.0	(0.1)	(0.3)	(0.3)
Marketing Communications & Brand Strategy	6.1	6.2	6.2	6.0	5.7	5.6	(0.1)	(0.5)	(0.7)
Media & Corporate Research	2.7	2.8	2.8	2.5	2.3	2.3	(0.2)	(0.4)	(0.5)
Power Smart & Customer Care	75.7	77.1	78.7	74.3	74.8	75.1	(1.4)	(2.4)	(3.5)
Total	92.2	92.7	93.1	89.2	88.4	87.8	(3.0)	(4.4)	(5.3)

Request:

- 87.1** Confirm that the Marketing Communications & Brand Strategy Operating Costs as shown in Amended Table 5-48 includes all of BC Hydro’s advertising and promotion expenditures. If not, detail the costs and to which areas/accounts they are charged.
- 87.2** List BC Hydro’s sponsorships (such as sports season tickets, Canuck’s sport box, etc.) and detail their costs and to which areas/accounts they are charged.
- 87.3** How is the effectiveness of BC Hydro’s advertising, promotion and sponsorship expenditures measured? Provide any documentation, surveys, reports, studies, etc.
- 87.4** Identify the business groups that have communications costs and provide the costs and FTEs by group for each year from F2010 to F1014.
- 87.5** 87.5 Provide the costs for BC Hydro branding and legislated activities, including corporate imaging and recognition, PowerSmart and Smart Metering for each year from F2010 to F2014.

88.0 Reference: Exhibit B-1-3, Total Rewards Page 5-189;

Topic: Operating Costs

Explanation: BC Hydro states that:

The Total Rewards department ensures that BC Hydro has a competitive mix of base pay, variable pay, benefits, pensions and related programs necessary to attract, retain and motivate appropriately qualified employees within Public Sector Employers’ Council (PSEC) Guidelines.

In mid-February, local media reported on the existence of the Ministry of Finance's Recognition Cupboard for BC Government Employee Recognition:

(<http://www.newsroom.gov.bc.ca/ministries/finance/factsheets/factsheet-employee-recognition.html>).

Request:

- 88.1** List BC Hydro’s employee recognition programs and the costs and to which areas they are charged.

88.2 Provide details on the policy associated with such programs.

88.3 Provide any documentation, reports, studies, etc. on the effectiveness of these programs.

89.0 Reference: Exhibit B-15, BCUC IR 1.6.1, 1.9.1, 1.21.1; Exhibit B-16, AMPC IR 1.14.4; BCSEA IR 1.16.1, 1.16.2, 1.17.1, 1.17.2; COPR IR 1.46.1;

Topic: Deferral Accounts & DARR

Explanation: In the response to BCUC IR 1.6.1, BC Hydro states that:

BC Hydro still considers that four to six years is a reasonable amount of time to clear out the Deferral Accounts.

In the F2007 RRA proceeding BC Hydro had presented information on hedging at a workshop for the Commission and Intervenors. Renata Kirschner was the lead presenter.

Request:

89.1 File the PowerPoint presentation to the Commission and Intervenors for the hedging workshop.

89.2 Confirm that the Cost of Energy (CoE) Deferral accounts, Heritage Deferral Account (HDA) and Non-Heritage Deferral Account (NHDA), include the GMS3 costs of \$43.2 million and cost of energy increases of \$222.5 million in F2011 and \$215.4 million in F2012-2014 deferred as proposed by BC Hydro.

89.3 Provide the analysis and graphs set out in response to BCSEA IRs 1.16.1 to 1.17.2:

89.3.1 Excluding the CoE deferrals identified in 89.2 and no further additions to the HDA, NHDA and Trade Income Deferral Account (TIDA).

89.3.2 Excluding the CoE deferrals from 89.3.1 and assuming the one-time refunds and recoveries from regulatory accounts in F2011 and F2012 (\$104 + \$63 and \$62.3) were applied to the deferral accounts and not to revenue requirements/rates and no further additions to the HDA, NHDA and TIDA.

90.0 Reference: Exhibit B-15, BCUC IR 1.91.1;

Topic: Operating Costs

Explanation: Additional statistical information is required to understand the trends in BC Hydro Operating Expenses.

Request:

90.1 Provide the following for Gross and Net Operating Costs in table and graph format by year for F2007 to F2014:

- Cost per customer
- Cost per MWh (Sales)

- Cost per Employee (FTE)
- Cost per Employee (Average Headcount)
- Cost per Circuit Km

91.0 Reference: Exhibit B-15, BCUC IR 1.107.1, 1.107.2;

Topic: Operating Costs

Explanation: BC Hydro has prepared but not yet filed consultant and contractor information but has provided totals for F2007 to F2014.

Request:

91.1 When does BC Hydro expect to file the information in this proceeding?

91.2 Will the information be public or confidential?

91.3 If the information will be confidential will BC Hydro be filing some summary and detailed information that will be public?

92.0 Reference: Exhibit B-15, BCUC IR 1.141.1;

Topic: Operating Costs

Explanation: BC Hydro has confirmed that ABS meter reading costs continue to be included in the Customer Care budgets through F2014.

Request:

92.1 How will BC Hydro identify and record savings/cost reductions?

92.2 Will the savings/cost reductions be credited to the SMI deferral account?

93.0 Reference: Exhibit B-15, BCUC IR 1.152.2;

Topic: Operating Costs

Explanation: BC Hydro has provided Office of the Chief Information Officer (OCIO /IT) FTEs from F2006 to F2014 but apparently they exclude positions prior to F2011.

Request:

93.1 Provide FTEs for F2006 to F2010 for all IT positions that were consolidated into the OCIO in F2011.

94.0 Reference: Exhibit B-15, BCUC IR 1.204.1;

Topic: Capital Expenditures & Additions

Explanation: BC Hydro has provided a listing of IT and Telecom projects, some with no cost estimates. There is no category or costs for cyber security.

BC Hydro includes subsidiary Rate Base and related finance expenses and ROE in Revenue Requirements.

Request:

94.1 When does BC Hydro expect to be able to provide estimated Total Cost for all IT projects?

94.2 Does the IT project list include BC Hydro subsidiaries?

94.3 If the subsidiary IT capital is not included in the IT project list, provide the project list and costs.

94.4 Describe the project approval process for subsidiary IT projects and scope and budget changes.

94.5 Identify Smart Meter (SMI) and Smart Grid (SG) security risks for:

a. Customers,

b. BC Hydro.

c. Discuss how data from meters can be compromised and affect the detection of theft and system problems.

94.6 Identify all IT operating and capital costs for cyber security for each year from f2010 to F2014.

95.0 Reference: Exhibit B-15, BCUC IR 1.291.2.1, 1.292.1;

Topic: Amortization / Regulatory Accounts / Smart Meters

Explanation: BC Hydro is deferring the amortization/depreciation of meters, both retired and smart meters installed, and the ROE to better match costs and benefits. The expected life of a smart meter is estimated to be 20 years.

Request:

95.1 Confirm that if BC Hydro delays recovering meter costs for 5 years that the remaining life of the meters (and benefits) the the recovery period will be 15 years for a meter with a 20 year life.

95.2 What is CORIX doing with the retired BC Hydro meters? For example, are they being sold to others?

96.0 Reference: Exhibit B-15, BCUC IR 1.299.1, 1.305.6.1;

Topic: Depreciation / IFRS

Explanation: Under IFRS as interpreted by BC Hydro, losses will be recorded for any assets, including

mass assets, that are retired prior to the median/average life.

Request:

96.1 Will BC Hydro be recording gains for those assets that are retired after the median/average life?

97.0 Reference: Exhibit B-15, BCUC IR 1.444.5, 1.445.3;

Topic: Operating Costs

Explanation: OCIO and OCTO annual operating costs are approximately \$100 million per year and the forecast 3 year capital expenditures are \$225.8 million. An information technology audit is currently underway.

Request:

97.1 Provide the terms of reference for the IT audit.

97.2 When will the IT audit be completed and available?

98.0 Reference: Exhibit B-16, AMPC IR 1.4.2;

Topic: Operating Costs

Explanation: BC Hydro has responded solely with reference to Seven Mile. The request was for all planned activities that were not carried out.

Explanation:

BC Hydro has deferred \$0.7 million in "Significant" Unplanned Maintenance Costs.

Request:

4.1 Provide a definition of "Significant" in relation to BC Hydro.

4.2 Provide a list of planned activities for F2011 with forecast costs (values) that were not carried out.

4.3 Provide a list of planned activities for F2012 that are planned and the status of those activities.

Request:

98.1 Provide a listing of all planned activities not carried out and the budgeted or forecast costs.

99.0 Reference: Exhibit B-16, AMPC IR 1.14.1;

Topic: Deferral Accounts & DARR

Explanation: BC Hydro has not confirmed the table provided is correct and has not provided the revised table requested.

Costs Deferred	F2011	F2012	F2013	F2014
OM&A				
Net Employment Costs	62.8	0.0	0.0	0.0
SMI	5.1	46.4	50.4	15.2
IFRS	0.0	186.0	160.2	142.4
IFRS Pension	0.0	0.0	761.9	0.0
DSM	127.6	184.6	199.8	236.3
Rate Smoothing				
Arrow Water System	11.0	0.0	0.6	0.1
Outsourcing Implementation	0.0	16.3	10.8	3.6
Total	206.5	433.3	1,183.7	397.6
Finance Charges				
Net Employment Costs	(1.2)	0.0	0.0	0.0
Finance Charges	100.1	4.0	0.0	0.0
SMI	1.5	13.4	33.2	46.0
IFRS	0.0	9.9	4.8	4.9
Cost of Energy	0.0	0.4	1.0	1.4
Rate Smoothing	0.0	28.1	39.4	52.7
Total	100.4	55.8	78.4	104.9
Return on Equity				
SMI	0.0	7.1	17.1	22.2
Total	0.0	7.1	17.1	22.2
Amortization & Recoveries				
SMI	0.0	0.0	0.0	0.0
DSM	0.0	0.0	(12.3)	(25.6)
Rock Bay Remediation	0.0	0.0	0.0	0.0
IFRS	0.0	0.0	(4.7)	(8.7)
IFRS Pension	0.0	0.0	(38.9)	(34.7)
Rate Smoothing	0.0	0.0	(62.3)	(0.5)
Total	0.0	0.0	(118.2)	(69.5)
Cost of Energy / D A Additions	218.5	65.9	103.2	46.3
BCTC	0.0	0.0	0.0	0.0
	218.5	65.9	103.2	46.3
Total Including DSM	525.4	562.1	1,264.2	501.5
Total Before DSM	397.8	377.5	1,076.7	290.8

14.1 Confirm that the AMPC table of Deferred Costs is correct or provide a revised table with explanations for changes.

Request:

99.1 Provide the revised table as requested in the IR.

100.0 Reference: Exhibit B-16, AMPC IR 1.47.4;

Topic: Capital Expenditures, etc.

Explanation: The table provided in response to the IR extends outside of the page.

Request:

100.1 Provide a response where the table is legible.

101.0 Reference: Exhibit B-16, AMPC IR 1.58.7; BCOAPO IR 1.33.3;

Topic: Capital Expenditures

Explanation: BC Hydro has not responded to the question.

58.7 Provide a list of IT&T projects with cost increases that the IT&T governance team has not approved.

Request:

101.1 Identify the group that does approve increases in IT capital project costs if it is not the IT&T governance team.

101.2 Provide a list of IT&T projects with cost increases that have not been approved, if any and the group that rejected the approval of project cost increases and the reasons.

101.3 Provide the approval process for IT projects with a forecast cost of under \$5 million, including project scope changes and cost increases.

102.0 Reference: Exhibit B-16, AMPC IR 1.66.1;

Topic: Capital Expenditures

Explanation: **The IPP, Coast Mountain Hydro Limited Partnership (CMHLP)**, has agreed to pay a contribution of \$90 million during construction of the NTL Project and \$90 million (on a net present value basis) over a 20 year period once CMHLP's IPP project goes in to service.

Request:

102.1 What is the nature of the payments from CMHLP? i.e. are they CIAC or a tariff and how will BC Hydro treat the amounts received?

103.0 Reference: Exhibit B-16, AMPC IR 1.66.3;

Topic: Capital Expenditures

Explanation: The NTL capital cost estimate has increased to between \$500 and \$615 million from

\$364 to \$525 million but the CIAC have not increased.

Request:

103.1 What are the reasons for the increase in the capital cost of NTL?

103.2 How will the increase in capital costs be recovered?

104.0 Reference: Exhibit B-16, COPE IR 1.62.2;

Topic: Forecast Rate Increases

Explanation: BC Hydro has not yet filed a 10 year forecast of rate increases and states that it is unable to do so.

Request:

104.1 When during this proceeding will BC Hydro file a 10 year rate increase forecast?

104.2 What information is preventing BC Hydro from preparing and filing the 10 year rate increase forecast?