

BCOAPO et al Information Request No. 2
March 6, 2012

British Columbia Hydro & Power Authority (“BC Hydro”)
F2012 to F2014 Revenue Requirements Application
Project No. 3698622

- 1.0 Topic: Deferral Accounts**
Reference: Exhibit B-15, BCUC IR 1.13.5.1
- 1.1 Please indicate whether the circumstances described in the response to this question have ever occurred in the past.
- 1.1.1 If yes, when and what was the impact of the \$200 M cap?
- 2.0 Topic : Deferral Accounts**
Reference: Exhibit B-15, BCUC IR 1.13.7
- 2.1 Please indicate whether these circumstances have ever occurred.
- 2.1.1 If so, what was the impact on the combined NHDA and TIDA in each case?
- 3.0 Topic: Deferral Accounts**
Reference: Exhibit B-15, BCUC IR 1.33.2
- 3.1 What are the CPI costs that are expensed in each of the test years included in this Application?
- 4.0 Topic: Deferral Accounts**
Reference: Exhibit B-15, BCUC IR 1.41.3
- 4.1 What are savings that have been incorporated into rates in each of F2012, F2013 and F2014?
- 5.0 Topic: Rate Management**
Reference: Exhibit B-15, BCUC IR 1.47.1
- 5.1 Using F2003 as the base year, please provide a schedule that sets out the contribution of each of the following factors to the year over year changes (up to F2014) in the Residential UPC:
- Incremental DSM
 - Rate Impacts (Overall Rate Increase)
 - Conservation Rates
 - Other Factors (to be broken down further if possible)

- 5.2 Using F2003 as the base year, please provide a schedule that sets out the contribution of each of the following factors to the year over year changes (up to F2014) in the Light Industrial/Commercial UPC:
- Incremental DSM
 - Rate Impacts (Overall Rate Increase)
 - Conservation Rates
 - Other Factors (to be broken down further if possible)
- 6.0 Topic: DSM**
Reference: Exhibit B-15, BCUC IR 1.48.4
Appendix II, page II-1-1
- 6.1 Please provide a schedule that sets out the F2012 – F2012 annual DSM expenditures as proposed in the original Application contrasted with those in the updated Application.
- 7.0 Topic: Cost of Energy**
Reference: Exhibit B-15, BCUC IR 1.70.2
- 7.1 Please indicate the MWh of foregone energy underlying the Values of Foregone Energy shown for F2012 – F2014.
- 7.2 On what basis is the energy valued for purposes of establishing the offset and what are the \$/MWh values used for F2012 – F2014?
- 8.0 Topic: Cost of Energy**
Reference: Exhibit B-15, BCUC IR 1.73.4
- 8.1 Please confirm that the claim of no difference in total cost in the capital lease versus no capital lease comparison assumes there is no time value associated with the annual payments under the two cases.
- 8.2 Please confirm that if a “time value” was assigned to the payments then the overall cost would be more under the capital lease option. If not, please explain.
- 9.0 Topic: Cost of Energy**
Reference: Exhibit B-15, BCUC IR 1.73.5.1
- 9.1 Under IFRS, how frequently do EPAs need to be evaluated to determine if an embedded lease should be treated as a capital lease?
- 9.2 Is it possible that either the discount rate or the fair market values used in the analysis could change in future evaluations?
- 9.3 If so, by how much would such values need to change in order to alter the classification of the EPAs included in the Amended Application’s F2012-F2014 Revenue Requirements

and what is BC Hydro's expectation that such changes will or could occur over the F2012-F2014 test period?

9.3.1 If such changes did occur, would the impact be captured via BC Hydro's existing and/or requested Regulatory Accounts?

10.0 Topic: Capital Expenditures
Reference: Exhibit B-15, BCUC IR 1.176.1

10.1 Please reconcile the \$410 M reduction in F2011 capital additions with the \$215 M reduction in F2011 closing rate base referenced in the response.

11.0 Topic: Capital Expenditures
Reference: Exhibit B-15, BCUC IR's 1.177.1 and 1.178.1

11.1 Please reconcile the annual reductions in capital additions shown in Table 6-2 (Amended Application) with the annual reductions in capital additions shown in the response to BCUC IR 1.177.1 (e.g. for F2012 the values are \$322.9 M versus \$166 M).

11.2 Please reconcile the total reduction in F2012-F2014 capital additions reported in the BCUC IR 1.177.1 response (\$623 M) with the \$646 M value reported on page 6-11 of the Amended Application.

11.3 Please reconcile the reductions in annual capital additions reported in the two responses for F2012 – F2014.

12.0 Topic: Capital Expenditures
Reference: Exhibit B-15, BCUC IR 1.179.3

12.1 The response suggests that excluding the impact of IFRS, capital spending for the F2012-F2014 period has actually increased by \$191.9 M in the Amended Application (i.e., 393-201.9). Please confirm. If not, please explain.

13.0 Topic: Capital Expenditures
Reference: Exhibit B-15, BCUC IR's 1.179.5.1 and 1.179.5.2

13.1 Please confirm that if the level of capital additions changed (between the initial and amended Applications) then the adjustment for IFRS associated with the additions will also change.

13.2 If no, please explain why not.

13.3 If yes, please explain the responses provided to these questions which suggests that the IFRS adjustment does not change.

- 13.4 Please provide a schedule that sets out the impact of IFRS on the F2012-F2014 capital additions as proposed in the initial Application and on the F2012-F2014 capital additions in the Amended Application.
- 14.0 Topic: Capital Expenditures**
Reference: Exhibit B-15, BCUC IR 1.196.4
Exhibit B-1-3, page 7-20
- 14.1 The rationale for continuing the Total Finance Charges Regulatory Account is the continuing uncertainty and volatility of interest rates. Please confirm that the proposed account captures variance due to both changes in interest rates as well as changes in expected overall borrowing due to variances in overall capital spending.
- 14.2 If yes, please explain why this account should capture variances in overall borrowing levels as well as variances in interest rates.
- 14.3 Please confirm that between this account and the Amortization of Capital Additions Regulatory Account, BC Hydro is large held “whole” for the cost impact of any difference between forecast and actual capital expenditures and/or additions.
- 15.0 Topic: Capital Expenditures**
Reference: Exhibit B-15, BCUC IR 1.212.2
- 15.1 How does BC Hydro prioritize value-related versus risk-reduction projects in the development of its overall capital plan?
- 16.0 Topic: Capital Spending**
Reference: Exhibit B-15, BCUC IR 1.149.3
- 16.1 What does BC Hydro perceive to be the benefits of an enterprise-wide capital prioritization process?
- 16.2 Does BC Hydro currently apply a ceiling to enterprise-wide capital spending? If so, how is the ceiling determined?
- 17.0 Topic: Capital Expenditures**
Reference: Exhibit B-15, BCUC IR’s 1.33.2, 1.185.6.1 and 1.190.3.2
Exhibit B-1-3, page 6-13
- 17.1 Please clarify in which of the Capital Project stages (per page 6-13) Capital Project Investigation costs are incurred.
- 17.2 Please provide a schedule that summarizes the required (CGAAP and IFRS) financial accounting treatment (expense vs. capital) of costs incurred in each Capital Project Phases and for CPI costs.

- 17.3 Please provide a schedule that summarizes the regulatory accounting treatment of the costs incurred in each Capital Project Phase and for CPI costs during the F2012-F2014 test period. (Note – This is similar to the information requested in BCUC IR 1.190.3.2)
- 18.0 Topic: Capital Expenditures**
Reference: Exhibit B-15, BCUC IR 1.281.2.1
- 18.1 Please provide a similar schedule showing the F2010 and F2011 actual values. Where appropriate please include BCTC values so as ensure comparability between historic and forecast values.
- 18.2 Please explain the significantly higher level of replacements for F2012.
- 18.3 Please explain why there are 76 “growth” vehicles in F2012 and none in the two subsequent years.
- 19.0 Topic: Capital Expenditures**
Reference: Exhibit B-15, BCUC IR 1.283.2.1
- 19.1 The referenced pages in Amended Appendix J report the forecast capital cost for the Nanaimo building as “TBD”. What is the basis for the \$15 M reported on page 26 of the Amended Appendix I?
- 20.0 Topic: Finance Charges**
Reference: Exhibit B-15, BCUC IR 1.312.2
- 20.1 Does the calculation of financing charges (as described in B-1-3, page 8-3) include financing costs for debt associated with Powerex or Powertech assets?
- 21.0 Topic: Non-Tariff and Inter-Segment Revenues**
Reference: Exhibit B-15, BCUC IR’s 1.324.1 and 1.324.2
- 21.1 Please explain the decreases in Distribution non-tariff revenue between F2011 and the test period years F2012-F2014.
- 22.0 Topic: Non-Tariff and Inter-Segment Revenues**
Reference: Exhibit B-15, BCUC IR 1.326.1
- 22.1 Please explain why in F2012 the recoveries from new SMI-related theft detection methods are less than the lost recoveries from existing theft detection methods.
- 23.0 Topic: OATT & Allocation of Corporate Costs for Transmission RR**
Reference: Exhibit B-15, BCUC IR 1.328.3
- 23.1 Please provide a revised version of the Table in the response to BCUC IR 1.328.3 that includes F2011 and F2010.

24.0 Topic: Subsidiary Net Income (Powerex) & Allocation of PTP Charges to Powerex
Reference: Exhibit B-15, BCUC IR 1.332.4.2

24.1 Please respond to the original question and indicate the impact on the revenue requirements for F2012 – F2014 if the inter-segment revenues for the test years were as stated.

25.0 Topic: Subsidiary Net Income (Powerex) & Allocation of PTP Charges to Powerex
Reference: Exhibit B-15, BCUC IR 1.333.2.1

25.1 Please clarify how the \$113M value was derived.

26.0 Topic: Powerex Net Income
Reference: AMPC IR 1.21.1 Attachment 1

26.1 Please provide Powerex's net income as of December 31, 2011.

26.2 Please provide Powerex's net income forecast for 2012 fiscal year end.

27.0 Topic: DSM
Reference: Exhibit B-15, BCUC IR 1.446.3 and BCOAPO IR 1.71.8
New Appendix II, Attachment 5, Tables 9 & 10

27.1 The footnote to Table 9 in the revised Application's Appendix II suggests that the costs of supporting initiatives have been allocated to rate structure and programs and therefore accounted for in the calculation of the ratios. However, the formula in the spreadsheet used to calculate the TRC for each initiative does not appear to include the allocation of support initiative costs. Please reconcile and revise Table 9 as required.

27.2 Please explain why the levelized TRC for Programs and for the DSM Plan overall are both positive (suggesting costs exceed benefits) when the TRC ratio is greater than one (suggesting benefits exceed costs).

27.2.1 Please explain the specific components that go into each calculation that gives rise to this result.

27.3 The original question requested that the spreadsheet include the formulas/supporting details. Please provide the following supporting details:

27.3.1 The annual capacity savings attributed to each program used in the determination of the Avoided Electric Capacity Costs.

27.3.2 The annual values used for avoided energy, generation and T&D costs.

27.3.3 The annual discount rates used in the calculations.

- 27.4 For each program attributed with either Utility Non-Energy or Customer Non-Energy Benefits, please describe the source of the benefit and how the value was determined.
- 27.5 Please confirm that the customer costs shown for each program are gross costs (i.e., they exclude any incentive payments from BC Hydro or other sources).
- 27.6 Why are there no customer costs associated with the rate structure savings for Residential and Commercial?
- 27.6.1 Were the elasticity values used to determine the customer response to the rates short-run or long-run values for price elasticity?
- 27.7 What is the basis for the customer costs associated with the Industrial rate structure?
- 27.8 The tables provided set out costs and benefits for BC Hydro's overall DSM program from F2008 forward (i.e. includes past program costs and benefits). Please provide similar tables focusing on:
- 27.8.1 BC Hydro's proposed F2012-F2013 programs
- 27.8.2 BC Hydro's DSM Plan from F2012 forward
- 28.0 Topic: DSM**
Reference: Exhibit B-15, BCUC IR 1.455.1
- 28.1 Please reconcile the annual avoided energy costs attributed to DSM in the attachment to this response with those shown in the response to BCUC 1.446.3.
- 28.1.1 Please provide specific schedules reconciling the values in each for F2012 – F2014.
- 29.0 Topic: DSM**
Reference: Exhibit B-15, BCUC IR 1.455.2
- 29.1 Please reconcile the annual energy savings attributed to DSM in the attachment to this response (Tab 5) with those shown in the response to BCUC IR 1.446.1.
- 29.1.1 Please provide specific schedules reconciling the values in each for F2012 – F2014.
- 30.0 Topic: DSM**
Reference: Exhibit B-15, BCUC IR 1.456.1.2.1
- 30.1 Please explain why if both BC Hydro and FEU include natural gas savings as a benefit attributable their DSM programs this doesn't result in a double counting of the societal benefits of such savings.

- 30.2 Please recalculate the Benefit Cost Ratios set out in Table 9 of New Appendix II, Attachment 5 excluding the benefits of natural gas savings.
- 30.3 Please recalculate the Benefit Cost Ratios for BC Hydro F2012-F2037 DSM plan, excluding the benefits of natural gas savings. (i.e., also exclude the costs and benefits attributable to DSM spending in F2008-F2011).

31.0 Topic: DSM
Reference: Exhibit B-15, BCUC IR 1.461.2

- 31.1 Does BC Hydro employ independent third party consultants at all in its performance measurement and verification work related to DSM?
- 31.2 If yes, to what extent have the savings verified for BC Hydro's DSM programs in the past three years been done by third parties?

32.0 Topic: DSM
Reference: Exhibit B-15, BCUC IR 1.466.3, Attachment 2

- 32.1 For purposes of the equation estimation outlined on pages 13-14 please confirm the estimation of equation 1 used the total energy use for each customer whose usage was solely in tier 1 as the dependent variable to be explained.
- 32.2 Similarly, please confirm that the estimation of equation 2 used the total usage for customers with usage in tier 2 as the dependent variable to be explained.
- 32.3 If this is not the case, please explain the basis for the dependent variables used in equations 1 and 2.
- 32.4 According to Table 3.3, the coefficient for the HDD variable is negative. This is not what one would expect (intuitively) the sign to be, i.e. increases in HDD should increase consumption. Please explain the inclusion of this variable given (what appears to be) the intuitively incorrect sign.
- 32.5 In BC Hydro's view, do the price elasticities derived from this analysis represent short-run or long-run price elasticities?

33.0 Topic: DSM
Reference: Exhibit B-15, BCUC IR 1.476.1

- 33.1 Please explain how the revised Regulation has led to a reduction in the levelized TRC to \$16/MWh.

- 34.0 Topic: DSM Impact on Revenue Requirement**
Reference: Appendix II, Figure II-3-2 page 50 of 250.
Exhibit B-16, AMPC IR 1.38.1, BCOAPO IR 1.77.1

Preamble: Schedule 4 of the Financial Schedules, Amended Application Appendix A, indicates that BC Hydro is close to load/resource balance from 2012-2014. Recent changes to SD 10 results in BC Hydro carrying this load/resource balance into the front end of its planning horizon. Within the 2012-2014 test period, BC Hydro has little opportunity to reduce any IPP energy being delivered on the basis of past Calls. Under these circumstances, the most likely response to a marginal change in load or resource capability would be a change in market purchases or sales and the impact on BC Hydro's revenue requirement due to a load or resource change would be the forecasted market price times the MWh change.

- 34.1 Please recalculate the reduction in revenue requirement for years 2012-2014 in Figure II-3-2 using the forecasted market purchase price (Amended Appendix A, Schedule 4 line 63) in place of the avoided cost used in Appendix II, Attachment 6.
- 34.2 Please repeat the calculation using the surplus sales price in your response to BCOAPO IR1.77.1.

- 35.0 Topic: Operating Costs**
Reference: Exhibit B-16, AMPC IR 1.1.1

35.1 Please discuss how BCTC costs were treated in the preparation of the response (i.e., prior to and in F2011) and how this impacts the comparability of year over year data comparisons.

- 36.0 Topic: Operating Costs**
Reference: Exhibit B-16, AMPC IR 1.2.1

36.1 At the time of the original commitment, was any accounting provision made to reflect BC Hydro's obligations re Fauquier to compensate for the impact of the Hugh Keenlyside dam?

36.1.1 If not, why not?

36.1.2 If yes, how does factor into the determination of the balance recorded in the Regulatory accounts?

- 37.0 Topic: Rate Management**
Reference: Exhibit B-16, AMPC IR 1.3.1

37.1 Please confirm that if the forecast operating costs for F2012 are reduced below those set out in the Amended Application and the F2012 and F2012 rate increases are unchanged then the impact would be to:

- Increase the F2012 Rate Smoothing Regulatory Account recovery,
- Increase the F2013 Rate Smoothing Regulatory Account recovery, and

- Give rise to a reduction in the F2014 rate increase, assuming the balance in the Rate Smoothing Regulatory Account is amortized in F2014.

37.2 If not, please outline what the implications would be and why.

38.0 Topic: Operating Costs
Reference: Exhibit B-16, AMPC IR 1.4.1

38.1 BC Hydro appears to be classifying unplanned maintenance costs as “significant” if the total expenditure exceeds \$1 million for a single event, even if the expenditure is incurred over more than one fiscal year. Please confirm that this is the case.

38.2 With reference to BCUC Order G-96-04, please provide support for this interpretation.

39.0 Topic: DSM
Reference: Exhibit B-16, AMPC IR 1.10.4
Appendix II, page 3-15 and Attachment 5, Table 9

39.1 The Updated DSM plan provides Benefit-Cost Ratios for the Codes and Standards initiative. Does the doubled counting impact at all on the calculation of these ratios?

40.0 Topic: Cost of Energy
Reference: Exhibit B-16, AMPC IR 1.32.1 and BCOAPO IR1.26.1

40.1 Given that market prices and other factors influencing the overall cost of energy will vary by weather sequence, why does BC Hydro determine the cost of energy based on mean water flows as opposed to determining the cost of energy for each of the 38 weather sequences and then using the mean cost as its cost of energy?

41.0 Topic: Other Revenue Requirement Items
Reference: Exhibit B-16, AMPC IR 1.43.1

41.1 Overall, the Gross Cost less Accumulated Depreciation (as of March 31, 2011) based on Canadian GAPP equals the Deemed Costs (as of April 1, 2011 based on IFRS) - \$4,360,3M. However, such is not the case for the individual asset categories. Please explain.

42.0 Topic: Operating Costs
Reference: Exhibit B-16, AMPC IR's 1.51.2 and 1.51.3

42.1 The Utility's response to AMPC IR 1.51.2 does not indicate whether Trouble Costs were revised in the Amended Application. Please confirm that the response to 1.51.2. includes the values for the Amended Application and indicate if they are the same as those in the original Application.

43.0 Topic: Operating Costs
Reference: Exhibit B-15, BCUC IR 1.418.1.

43.1 Has BC Hydro any studies that consider the cost effectiveness of overtime versus hiring additional staff? If so please comment on the results of these studies.

44.0 Topic: Capital Expenditures
Reference: Exhibit B-16, AMPC IR 1.60.1

44.1 On what basis has BC Hydro determined that its “managed reductions” in capital expenditures can not be greater than \$47 M over the test period?

45.0 Topic: Rate Management
Reference: Exhibit B-16, BCOAPO IR's 1.7.1 & 1.7.2

45.1 Please confirm that in the first paragraph of the response to BCOAPO IR 1.7.1 the reference in the second sentence should have been to Appendix A as opposed to Amended Appendix A.

45.2 With respect to Amended Appendix A, please confirm that the only IFRS-related costs BC Hydro is now proposing to defer are those associated with the Reductions in Capitalized Overhead and the Reductions in IDC capitalized (F2012 only) per Schedule 2.2. If not, please clarify.

46.0 Topic: Rate Management
Reference: Exhibit B-16, BCOAPO IR's 1.10.1 & 1.11.1

46.1 Does BC Hydro see any value in parties being able to assess the changes between BC Hydro's F2011 actual costs and its requested Revenue Requirements for F2012-F2014 on a comparable basis?

46.1.1 If not, why not?

46.1.2 If yes, what information can BC Hydro offer to facilitate such comparisons?

47.0 Topic: Rate Management
Reference: Exhibit B-16, BCOAPO IR 1.11.3

47.1 Please confirm that BC Hydro has also not changed the IFRS impact on IDC capitalized to reflect the lower capital expenditures in the Amended Application.

47.2 If yes, what is the change in IFRS impact on IDC capitalized?

48.0 Topic: Rate Management
Reference: Exhibit B-16, BCOAPO IR 1.13.1

48.1 Please confirm that the “Reductions in Deferral of Capital Overhead” represents a phasing in of the \$178 M over 10 years.

49.0 Topic: Load and Revenue Forecast
Reference: Exhibit B-16, BCOAPO IR 1.16.5

49.1 The August 2010 value for Row a) is from Appendix FF, Table 6.1. Please provide a source/reference for the value reported in Row e) of the Table provided in BCOAPO IR 1.16.5.

50.0 Topic: Load and Revenue Forecast
Reference: Exhibit B-16, BCOAPO IR 1.17.1

50.1 Please indicate whether the following are correct:

50.1.1 The forecast set out in Appendix FF was not used in the original Application. Rather the original Application was based on an earlier forecast prepared in August 2010.

50.1.2 The forecast set out in Appendix FF was not used in the Amended Application. Rather the Amended Application is based on a March 2011 update to the forecast in Appendix FF.

50.2 The original question asked for a reconciliation of the Load Forecast as presented in Appendix FF with the values in Table 3-1. Please respond to the original question and provide schedules that reconcile the August 2010 Load forecast for F2012-F2014 with the forecast presented in Table 3-1.

50.3 Please clearly explain the difference between the forecasts presented in Appendix FF, Table A7.4 and Table A7.5, explain why the latter was used in the original response to BCOAPO IR 1.17.1.

51.0 Topic: Load and Revenue Forecast
Reference: Exhibit B-16, BCOAPO IR 1.19.3

51.1 Please confirm that Row b) set out the difference between the impact of RIB rates as shown in BCOAPO 1.19.2 and those shown in BCOAPO IR 1.19.1.

52.0 Topic: Load and Revenue Forecast
Reference: Exhibit B-16, BCOAPO IR 1.23.3

52.1 The referenced Appendix 2 describes how BC Hydro assesses the uncertainty associated with the load forecast, it does not describe how the impacts of rate increases are calculated and incorporated in the load forecast. Please provide.

53.0 Topic: Load and Revenue Forecast
Reference: Exhibit B-16, BCOAPO IR 1.24.3

53.1 Is the usage date presented here weather normalized? If not, please re-do the response using weather normal usage data.

54.0 Topic: Load Forecasting
Reference: Exhibit B-1-3, Appendix FF, Table A7.4
Exhibit B-16, BCOAPO IR 1.78.1

54.1 The actual losses included in the Load Forecast table are different than the losses shown on the Financial Schedule 4.0. How are the Actual losses in the Load Forecast determined?

55.0 Topic: Capital Expenditures and Additions
Reference: Exhibit B-16, BCOAPO IR 1.32.1

55.1 Please confirm that in the determination of the Revenue Requirements for F2012–F2014 BC Hydro has:

- Included the actual F2011 capital additions in the determination of the depreciation, interest and ROE elements of the Revenue Requirements
- Included the capital additions associated with its forecast F2012-F2014 capital spending in the determination of the depreciation, interest and ROE elements of the revenue requirements.

55.2 In assessing the reasonableness of BC Hydro's requested rate increases and whether or not they are in the public interest, doesn't the BCUC have to assess the reasonableness and prudence of the F2011-2014 actual/forecast capital additions and capital spending?

56.0 Topic: Rate Management
Reference: Exhibit B-16, BCOAPO IR's 1.9.1 & 1.33.1

56.1 Please explain how the Revenue Requirements can be the same under F2011 NSA-9 and F2011 NSA-12 (per BCOAPO IR 1.9.1) when the capital additions for F2011 are not the same in both cases (per BCOAPO IR 1.33.1).

57.0 Topic: Capital Expenditures and Additions
Reference: Exhibit B-16, BCOAPO IR 1.46.2

57.1 What is the impact of DCAT delay on the Revenue Requirements during the test period?

57.2 If the anticipated delay is not known, what would be the impact on the revenue requirements if the in-service date was delayed to October 2014?

- 58.0 Topic: Non-Tariff and Inter-Segment Revenues**
Reference: Exhibit B-16, BCOAPO IR 1.53.3 & BCUC IR 1.326.1
- 58.1 Where are the cost reductions associated with no longer undertaking gas meter reading reflected in the Application?
- 59.0 Topic: Demand Side Management**
Reference: Exhibit B-16, BCOAPO IR's 1.62.3 & 1.64.1 & 1.64.2
- 59.1 The referenced response (BCUC IR 1.62.1) deals with hedging and does not address the question posed. Please provide a response to the original question.
- 60.0 Topic: Demand Side Management**
Reference: Exhibit B-16, BCOAPO IR's 1.66.1 & 1.17.1
- 60.1 Is the December 2010 Load Forecast referred to BCOAPO IR 1.66.1 the same Load Forecast as set out in Appendix FF?
- 60.1.1 If not, please indicate the difference in the Load Forecast (before DSM) over the projection period.
- 61.0 Topic: Demand Side Management**
Reference: Exhibit B-16, BCSEA IR 1.3.1 and BCOAPO IR 1.51.1
- 61.1 What would be BC Hydro's discount rate based on a capital structure of 80% debt and 20% equity.
- 62.0 Topic: Cost of Energy**
Reference: Exhibit B-16, CEBC IR 1.5.3
- 62.1 Are the additional energy benefits from this Agreement reflected in BC Hydro's forecast Cost of Energy for the test period?
- 62.2 If not what is the expected impact for each year?
- 63.0 Topic: Load Forecast**
Reference: Exhibit B-16, CEC IR 1.15.1
- 63.1 Please indicate the portion of the DSM update attributable to rate structures, code & standards and programs.
- 63.2 Are the DSM savings included in the updated F2011 Load Forecast consistent with the DSM spending included in the Amended Application?
- 63.2.1 If not, what is the estimated change in spending?
- 63.2.2 If not, how would this affect the DSM amortization values for F2012-F2014?

- 64.0 Topic: Rate Management**
Reference: Exhibit B-16, COPE 378 IR 1.2.3
- 64.1 Please provide a schedule that set outs how a \$96 M reduction in F2012 produces a 3.1% rate reduction while a \$159M reduction in F2013 produces only a 1.4% rate reduction.
- 65.0 Topic: Rate Management**
Reference: Exhibit B-15, BCUC IR 1.469.1
- 65.1 How many new rate 1823 customers have been connected since 2008?
- 65.2 How many of these customers have not taken advantage of the opportunity to install energy efficient equipment and get a credit for its installation via the CBL adjustment mechanism?
- 65.3 Has BC Hydro made an attempt to determine the free ridership percentage associated with this mechanism? If so please provide an estimate.
- 66.0 Topic: Operating Costs**
Reference: Exhibit B-15, BCUC IR's 1.124.5.1 & 1.412.2
- 66.1 Please provide a schedule that sets out for F2011 NSA-12, F2012, F2013 and F214 the following for each Business Group:
- Total Spending on Contractors and Consultants
 - Spending and hours for Contractors and Consultants working in a "staff augmentation capacity"
- 67.0 Topic: Operating Costs**
Reference: Exhibit B-15, BCUC IR 1.152.2
- 67.1 How much of the increase from F2010 to F2011 was due to the integration of BCTC (prior to any efficiency improvements)?
- 68.0 Topic: Operating Costs. PEI**
Reference: 2011 Revenue Requirement Application, Exhibit B-1-1, Testimony of Tony Morris, Table 8
- 68.1 Please update the costs and benefits of PEI in the same form as in Table 8.
- 69.0 Topic: IT Projects.**
Reference: Exhibit B-15, BCUC IR 1.280.1
- 69.1 The four business cases included with the above question show a negative NPV in the high level financial summary. Is BC Hydro proposing to proceed with these projects?

69.2 What criteria does BC Hydro use in determining when to proceed with a project having a negative NPV?

70.0 Topic: Performance Pay
Reference: Exhibit B-15, BCUC IR 1.152.2

70.1 What will the corporate multiplier and M&P target percentage be for fiscal year 2012?

70.2 What are 2012 the target percentages for the different executive levels?

70.3 If this information is not yet available, when will it be available?

71.0 Topic: Capital Spending
Reference: Exhibit B-15, BCUC IR 1.463.3.1

Preamble: The response to BCUC IR 1.190.7 states that all Identification costs are not CPI costs.

71.1 What types of Identification costs are not considered CPI costs?

71.2 In Amended Appendix I, do the capital expenditures reported on pages 12-13 for Hydro-Electric include Identification Costs that are not CPI costs?

71.2.1 If yes, what are these costs not excluded in page 13, since according to BCUC IR 1.190.7 they are not capitalized?

71.3 In Amended Appendix I, do the capital expenditures reported for the other asset categories (e.g. T&D) include Identification Costs that are not CPI costs?

71.3.1 If yes, why are they not excluded from the total reported as they are not capitalized?

71.4 Do the capital expenditures reported in Amended Appendix I include any Definition phase costs?

71.4.1 If yes, are these costs subject to capitalization and, if not, why are they not removed?

72.0 Topic: Capital Spending
Reference: Exhibit B-15, BCUC IR's 1.182.1 & 1.249.3

72.1 What approval with respect to the North Peace River Area RAS – Add Capacity project is BC Hydro seeking in this Application?

72.2 Please reconcile the response to BCUC IR 1.182.1 with the last paragraph of the response to BCUC IR 1.249.3.

73.0 Topic: Demand Side Management
Reference: Exhibit B-16, BCUC IR 1.453.6

73.1 What are the reasons for the decrease in savings attributable to Rate Structures for each of the three customer classes in the updated DSM Plan?

74.0 Topic: SMI Deferred Operating Costs
Reference: Exhibit B-1-3, Amended Table 7-4

74.1 Please confirm that actual operating costs will be recorded in the SMI Deferral Account and subsequently amortized.

74.2 Please confirm that if the SMI operating costs were not deferred, BC Hydro would be at risk for any variance between forecast operating costs and actual costs.

75.0 Topic: SMI – Theft associated with Marijuana grow operations
Reference: BCOAPO IR 1.92.1 Att 01, page 4 of 9

Notably, this figure is also very close to the 13,500 estimate provided to the authors from BC Hydro, who came to this figure by extrapolating from Easton's (2004) calculations of the number of growing operations in 2000.

75.1 Please provide BC Hydro's extrapolation of grow operations from 2005 to 2011.

75.2 Please describe BC Hydro's view of the increase in theft since 2006.

76.0 Topic: SMI
Reference: Exhibit B-16: Cope 378 IR1.17.1, AMPC IR 1.38.1, BCOAPO IR 1.77.1

Preamble: Schedule 4 of the Financial Schedules, Amended Appendix A, indicates that BC Hydro is close to a load/resource balance from 2012-2014. Recent changes to SD. 10 result in BC Hydro carrying this load/resource balance into the front end of its planning horizon. Within the 2012-2014 test period, BC Hydro has little opportunity to reduce any IPP energy being delivered on the basis of past Calls. Under these circumstances the most likely response to a marginal change in load or resource capability would be a change in market purchases or sales and the impact on BC Hydro's Revenue Requirement due to a load or resource change would be the forecasted market price times the MWh change.

76.1 Please reproduce the table shown in the response to Cope 378 IR 1.17.1 but when determining the value of saved energy replace the avoided cost of energy(\$/MWh) figures shown in the table with the surplus sales price in BCOAPO IR 1.77.1.

77.0 **Topic:** **SMI**
Reference: **Exhibit B-1-3, Appendix A, Amended Financial Schedules, Schedule 14, Line 19 (SMI Impact)**

77.1 How will BC Hydro determine actual revenue included in line 19, SMI Impact?

77.2 Please confirm that any variance between forecast and actual revenue associated with SMI impact will be reflected in retained earnings. If not please explain.

78.0 **Topic:** **SMI**
Reference: **Exhibit B-1-3, Appendix CC**
 Exhibit B-16, BCOAPO IR 1.92.3

78.1 Are in-home display units part of the Conservation Tools included in the table shown in BCOAPO 1.92.3?

78.2 What is the status of BC Hydro's re-evaluation of the IHD rebate program?

79.0 **Topic:** **SMI Disconnect/Reconnect charges.**
Reference: **Exhibit B-16, BCOAPO IR 1.92.4**

79.1 Is BC Hydro considering a cost based disconnect/reconnect charge in its review in light of the SMI program? Please discuss.

80.0 **Topic:** **SMI**
Reference: **BCOAPO IR 1.04.2**

80.1 What is DSM continuous Optimization- Large Customers?

81.0 **Topic:** **Future Load/Resource balance**
Reference: **Exhibit B-15, BCUC IR 1.54.01.1, and BCUC IR 1.50.1**

81.1 When does BC Hydro expect its draft IRP to be available?

81.2 When will BC Hydro be able to update Energy Load/Resource Table requested in BCUC IR 1.54.01.1 to include changes to SD 10 and the government's recently announced Natural Gas (LNG) Policy? If already available, please provide.

82.0 **Topic:** **NIA**
Reference: **AMPC IR 1.41.3**

82.1 Item 3 in the response indicates that IPP contracts will be considered where economic. Will the decision to contract with an IPP be based solely on market prices, IPP contract versus expected future diesel fuel costs, or will other considerations come into play? Please discuss.

83.0 Topic: Capital Structure
Reference: Exhibit B-15, BCUC IR 1.149.3

83.1 Please confirm that the amount that BC Hydro is proposing to defer will be a result of a variance in the ROE percentage and not include any variance due to a difference between forecast and actual rate base.

84.0 Topic: Heritage Energy
Reference: Exhibit B-16, CEBC 1.7.1

84.1 What are the current snow pack conditions and system hydro infill projection for the Peace, Columbia and Coastal areas for 2013? (Relative to system average)

84.2 For 2013, please provide a by month estimate of the system capacity that will be unavailable due to capital improvement and planned maintenance.

84.3 Please provide a graph showing the probability of spill on the Y axis versus the relative level of infill on the X axis under the outage plan referred to on page 4-19 of Exhibit B-1-3.

84.4 Is the reduced unit availability expected to affect Powerex's income? Please discuss.