

Summary Table of Contents – Volumes 1 and 2

Volume 1:

List of Tables.....	iv
Executive Summary.....	v
1 Introduction	1
2 The Heritage Contract Proposal.....	6
3 Detailed Explanation Of Heritage Contract Proposal.....	16
Appendix A: Terms of Reference	
Appendix B: Order G-23-03	
Appendix C: Heritage Contract	
Appendix D: Glossary of Defined Terms	
Appendix E: Heritage Deferral Account Scenarios	
Appendix F: Detail Regarding Forecast Heritage Payment Obligation	
Direct Testimony of Ken Spafford	
Direct Testimony of Chris O’Riley	
Direct Testimony of Doug Little	
Direct Testimony of Cam Lusztig	
Direct Testimony of Tony Morris	

Volume 2:

1 Introduction.....	1
2 Principles for BC Hydro Stepped Rate Design.....	3
3 Energy and Environmental Economics Report.....	7
4 BC Hydro’s Conclusions With Respect to Some Aspects of Stepped Rate Design and Implementation Mechanisms.....	8
5 Stepped Rate Design and Access Principles Process	14
6 Conclusions / Actions Needed From Government to Implement a Stepped Rate Structure and Retail Access	16
Appendix A: Stepped Rate Design Report (dated April 28, 2003)	
Appendix B: BC Hydro Information Session and Workshop on Stepped Rates and Access Principles (dated March 5, 2003)	
Appendix C: Summary of BC Hydro’s March 5 Workshop on Stepped Rates & Access Principles (dated March 14, 2003)	
Appendix D: Comments from Interested Parties Regarding Stepped Rates	

Detailed Table of Contents – Volume 1

List of Tables.....	iv
Executive Summary.....	v
1 Introduction	1
1.1 <i>Context of the Inquiry.....</i>	1
1.2 <i>Overview of BC Hydro's Proposal</i>	2
1.2.1 <i>Two Distinct Parts</i>	2
1.2.2 <i>Context and Principles of the Heritage Contract Proposal</i>	2
1.3 <i>Names, Titles and Addresses of Contacts for This Proposal</i>	5
2 The Heritage Contract Proposal.....	6
2.1 <i>The Heritage Contract Proposal – What It Is.....</i>	6
2.1.1 <i>Introduction</i>	6
2.1.2 <i>Key Components of the Heritage Contract Proposal.....</i>	7
2.1.3 <i>Heritage Contract</i>	7
2.1.4 <i>Trade Income Definition and Allocation.....</i>	10
2.1.5 <i>Heritage Deferral Account.....</i>	12
2.1.6 <i>Summary of Heritage Contract Proposal.....</i>	12
2.2 <i>The Heritage Contract Proposal – How It Would Work</i>	14
2.2.1 <i>2004/05 Revenue Requirement Application</i>	14
2.2.2 <i>Revenue Requirements Forward From 2005/06</i>	14
3 Detailed Explanation Of Heritage Contract Proposal.....	16
3.1 <i>Optimization of System through Coordinated Operation.....</i>	16
3.2 <i>Heritage Electricity Supply Obligation.....</i>	19
3.2.1 <i>Heritage Energy Component of Heritage Electricity</i>	19
3.2.2 <i>Capacity Component of Heritage Electricity</i>	22
3.2.3 <i>Ancillary Service Component of Heritage Electricity.....</i>	22
3.2.4 <i>Other Rights and Obligations</i>	23
3.2.5 <i>Point of Delivery and Point of Metering</i>	24
3.3 <i>Trade Income.....</i>	25
3.3.1 <i>Deriving Benefits from Accessing External Markets.....</i>	25
3.3.2 <i>Definition of Trade Income</i>	25
3.3.3 <i>Allocation of Trade Income.....</i>	27
3.3.4 <i>Allocation Issues</i>	27
3.3.5 <i>Trade Income Forecast</i>	29
3.4 <i>Regulatory Framework for Trading Function</i>	31
3.4.1 <i>Maintenance of an Efficient Trading Operation</i>	31

3.4.2	Regulation of the Trading Function	31
3.5	<i>Risk Management and the Heritage Deferral Account</i>	33
3.5.1	Variability in the Heritage Payment Obligation	33
3.5.2	Using the Heritage Deferral Account to Account for Initial Conditions	36
3.5.3	Amending the Heritage Contract	36
3.5.4	Future BC Hydro Generation Projects	36
3.5.5	Recognizing Deferral Account Balances in Rates	37
3.6	<i>Renewal Provisions</i>	39
3.7	<i>Forecast Heritage Payment Obligation (2004/05 to 2013/14)</i>	40
3.7.1	Introduction	40
3.7.2	Forecast Heritage Payment Obligation Fiscal 2005 - 2007	40
3.7.3	Forecast Heritage Payment Obligation Fiscal 2008 – 2014	41

Appendix A: Terms of Reference

Appendix B: Order G-23-03

Appendix C: Heritage Contract

Appendix D: Glossary of Defined Terms

Appendix E: Heritage Deferral Account Scenarios

Appendix F: Detail Regarding Forecast Heritage Payment Obligation

Direct Testimony of Ken Spafford

Direct Testimony of Chris O’Riley

Direct Testimony of Doug Little

Direct Testimony of Cam Lusztig

Direct Testimony of Tony Morris

List of Tables

Table 1: Heritage Resource Average Capability Comparison.....	21
Table 2: Forecast Heritage Payment Obligation 2005 - 2007	41
Table 3: Forecast Heritage Payment Obligation 2008 - 2014	42
Table 4: Forecast Cost of Energy Fiscal 2005 to 2007 (\$ millions).....	F1
Table 5: Forecast Cost of Energy Fiscal 2008 – 2014 (\$ millions).....	F1
Table 6: Forecast Operating Cost Fiscal 2005 to 2007 (\$ millions)	F3
Table 7: Forecast Operating Cost Fiscal 2008 – 2014 (\$ millions)	F3
Table 8: Forecast Asset Related Expenses Fiscal 2004 to 2007 (\$ millions)	F4
Table 9: Forecast Asset Related Expenses Fiscal 2008 – 2014 (\$ millions)	F4