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**VIA E-MAIL**

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June 13, 2007

BC HYDRO 2007 RATE DESIGN EXHIBIT A-9
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Ms. Joanna Sofield  
Chief Regulatory Officer  
British Columbia Hydro and Power Authority  
333 Dunsmuir Street  
Vancouver, B.C. V6B 5R3

Dear Ms. Sofield:

Re: British Columbia Hydro and Power Authority  
Project No. 3698455 / Order No. G-36-07  
2007 Rate Design Application

Commission Panel Information Request No. 2

In response to Peace River Regional District's Information Request ("IR") 1.1.6, BC Hydro stated:

"A community presently not served by BC Hydro may be eligible for BC Hydro's Remote Community Electrification (RCE) Program that provides assistance to remote communities in obtaining electrical service from BC Hydro."

And in response to Heiltsuk et al. IR 1.3.9:

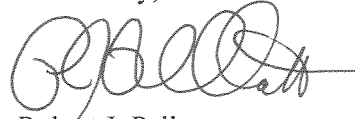
"... Policy Action No. 27 does discuss the Remote Community Electrification project and expressly states that "Service to these communities will be provided under BC Hydro's Zone II tariff". BC Hydro believes that the 2007 Energy Plan presumes the continuance of Zone II rates."

It would help the Commission Panel to have some background knowledge concerning Remote Communities in BC.

- (i) How many are there in addition to those currently served by BC Hydro under Zone II rates?
- (ii) How many customers and how much load is involved?
- (iii) Who serves them and what is their source of supply?
- (iv) How are the costs typically recovered?
- (v) Are any subsidies being provided by senior levels of government?

Please to respond to the Information Request by Tuesday, June 26, 2007 and provide a hard copy and an e-mail copy of your response.

Yours truly,

A handwritten signature in black ink, appearing to read 'R. Pellatt', with a long horizontal flourish extending to the right.

Robert J. Pellatt

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**1.0 In response to Peace River Regional District's Information Request ("IR")  
 1.1.6, BC Hydro stated:**

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**RESPONSE:**

**There are approximately 50 communities that may be eligible for the Remote Community Electrification program. BC Hydro's best estimate is that there are approximately 1000 residential dwellings in these 50 communities. There is no known industrial loads and only a small number of small commercial loads. BC Hydro has not yet taken any communities into the NIA under the RCE program. BC Hydro is or will be engaging with those communities to determine whether they will qualify for the RCE program (which is not a given), if they are interested in receiving service from BC Hydro (which is also not a given) and, because they are not a homogenous group, to ascertain their electricity requirements, assess their current source of supply, and generally to consider how BC Hydro can best**

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serve them. This is essentially a community-by-community process that will take a number of years to achieve. Approximately half of the remote communities are First Nations communities on reserve whose current electricity supply is funded in part by Indian and Northern Affairs Canada (INAC). The other communities are not believed to have any electrical distribution system. As BC Hydro moves beyond engagement and discusses the specifics of how service under the program may be provided it will be conducting parallel discussions with INAC to negotiate continued funding after BC Hydro becomes the electricity service provider in the community. BC Hydro does not intend to take over a community until INAC funding is in place

BC Hydro expects to file a CPCN application with the Commission within the year to seek approval to extend its service to the first communities. Discussions with most of the communities are not nearly as advanced, and many communities have only been given information from BC Hydro (i.e. there has been no dialogue yet). For this reason it is not possible to quantify the number of new customers or new supply obligations that BC Hydro will incur, or to generalize about how they are currently served.

Also attached is BCUC IR 1.207.1 from the F2007/F2008 Revenue Requirements proceeding in which BC Hydro provided an overview of the RCE program.

British Columbia Utilities Commission Information Request No. 1.207.1 Dated: June 22, 2006 British Columbia Hydro & Power Authority Response issued July 26, 2006	Page 1
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**207.0 Reference: Exhibit B-5-1, Chapter 8, p. 8-48**

1.207.1 Please explain what the Remote Community Electrification program entails.

**RESPONSE:**

As part of its recently developed long-term goals, BC Hydro has committed to provide appropriate electric service to remote communities that are not currently served by BC Hydro and would like to receive service from BC Hydro. The goal of the Remote Community Electrification (RCE) program is to offer this service to all of BC's remote communities that represent a balance of First Nations and civic communities, on a fair basis.

The RCE program is designed to identify all communities which are neither a part of the BC Hydro grid, nor one of the BC Hydro NIA communities and are not covered by another utility's CPCN. The program does not connect communities to the grid, but provides an isolated generating and distribution system for the community. The program then offers to add these communities as Zone II rate customers in the NIA and to provide safe and reliable electricity service. Twenty-four of these communities are First Nations communities. Electrification of remote communities will increase their quality of life, assure reliable communications, and assist in building more trusting and mutually beneficial relationships with each region. The program will also provide environmental benefits by contracting with IPPs to provide renewable energy and reducing reliance on diesel and gasoline generators.

Currently, there are approximately 50 communities BC Hydro is aware of that might qualify or have shown interest in this program. It is expected that the program will electrify all eligible and interested communities by 2017.

BC Hydro sought input from First Nations and non First Nations communities to establish program objectives and prioritization criteria. For prioritization purposes, it was agreed that the criteria should be the degree of community hardship, the readiness to participate, and the demonstrated ability for the program to succeed in the community.

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The process to select communities includes:

- **Determining community eligibility according to the following criteria:**
  - **A community in a rural area with more than 25 people, and 10 or more permanent principle residences for the last 20 years.**
  - **Residences must be no more than 200 m apart and on average for the community, no more than 100 m apart.**
  - **A community not directly connected to the BC Hydro grid.**
  - **A community that does not sit on private land.**
  - **A community either more than 1.5 km away from the nearest integrated distribution system or not able to take advantage of the UEA program.**
  - **A community that is not a recreational property or commercial enterprise (e.g. apartment blocks, row house complex, motels, trailer parks, marinas).**
- **Sending questionnaires to all known communities for response.**
- **Prioritisation of the communities based on the hardship they face and their ability to apply the program successfully.**
- **Visits to the communities to gather additional information and confirm questionnaire details**

Following a community's selection, a Remote Community Energy Plan is prepared and a thorough assessment of any existing generation and distribution equipment is conducted. BC Hydro and the community develop a business model, business plan and service agreement.

When necessary, BC Hydro will apply for CPCNs with respect to these communities.