



FOR GENERATIONS

**Joanna Sofield**

Chief Regulatory Officer

Phone: (604) 623-4046

Fax: (604) 623-4407

bchydroregulatorygroup@bchydro.com

June 9, 2010

Ms. Erica M. Hamilton  
Commission Secretary  
British Columbia Utilities Commission  
Sixth Floor – 900 Howe Street  
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

**RE: Project No. 3698565  
British Columbia Utilities Commission (BCUC)  
British Columbia Hydro and Power Authority (BC Hydro)  
Acquisition from Teck Metals Ltd. (Teck) of an Undivided One-third Interest  
in its Waneta Dam and Associated Assets (the Waneta Transaction)**

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BC Hydro writes with regard to its compliance filing on June 7, 2010 regarding the transaction costs for the Waneta Transaction. BC Hydro has discovered a minor error in the last sentence of the fourth paragraph of the letter for which the words "accommodation costs" should be replaced with "capacity funding". The attached letter reflects this correction.

For further information, please contact the undersigned.

Yours sincerely,

A handwritten signature in black ink, appearing to read "J. Sofield".

Joanna Sofield  
Chief Regulatory Officer

c. BCUC Project No. 3698565 (The Waneta Transaction) Registered Intervenor Distribution List.

**Joanna Sofield**

Chief Regulatory Officer

Phone: (604) 623-4046

Fax: (604) 623-4407

bhydroregulatorygroup@bhydro.com

June 7, 2010

Ms. Erica M. Hamilton  
Commission Secretary  
British Columbia Utilities Commission  
Sixth Floor – 900 Howe Street  
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

**RE: Project No. 3698565  
British Columbia Utilities Commission (BCUC)  
British Columbia Hydro and Power Authority (BC Hydro)  
Acquisition from Teck Metals Ltd. (Teck) of an Undivided One-third Interest  
in its Waneta Dam and Associated Assets (the Waneta Transaction)**

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BC Hydro writes to report on the final actual transaction costs for the Waneta Transaction, including a comparison to the estimated transaction costs and an explanation of any variances greater than 10 per cent, in compliance with Directive 5a of BCUC Order No. G-12-10.

The actual transaction costs for the Waneta Transaction were \$15.8 million compared to the estimate of \$25 million, a reduction of \$9.2 million. These amounts are broken down as follows, with the variances explained below.

\$ million	Actual	Estimate <sup>1</sup>	Variance	Variance Per Cent
Property Transfer Tax/Provincial Sales Tax	6.9	17	(10.1)	-59
Financial Advisory Fees	4.5	4.5	-	-
Consultants, Legal and Regulatory	4.4	3.5	0.9	26
<b>Total</b>	<b>15.8</b>	<b>25</b>	<b>(9.2)</b>	<b>-37</b>

BC Hydro's tax expenditures for the Waneta Transaction were significantly less than expected due to the taxation rules governing the Property Transfer Tax (PTT) and the Social Service Tax (SST). It was determined that the amount of the purchase price allocated to improvements situated over the river bed, and to generating apparatus that is designed for removal are not subject to the PTT or the SST, resulting in a tax expenditure \$10.1 million lower than the estimated amount.

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<sup>1</sup> As provided in the response to BCUC IR 1.2.1 (Exhibit B-2).

Consultants, legal and regulatory costs were higher than originally estimated by approximately \$850,000. While regulatory costs were less than otherwise due to a written rather than an oral hearing, consultants' costs reflected higher than anticipated use of consultants during the information request process and First Nations consultation. Legal costs also reflected the extent of First Nations consultation, and issues related to transfer of permits, delays in the closing date and a more detailed final suite of agreements than had originally been contemplated. In addition, the actual costs include amounts for First Nations accommodation expenditures-capacity funding, which were not included in the original estimate.

For further information, please contact the undersigned.

Yours sincerely,



Joanna Sofield  
Chief Regulatory Officer

c. BCUC Project No. 3698565 (The Waneta Transaction) Registered Intervenor Distribution List.