

**COMMERCIAL ENERGY CONSUMERS OF BRITISH COLUMBIA (the “CEC”)
INFORMATION REQUEST #3**

**IN THE MATTER OF BRITISH COLUMBIA HYDRO AND POWER AUTHORITY
 (“BC HYDRO”) 2004/2005 AND 2005/2006 REVENUE REQUIREMENTS
APPLICATION
AND
BRITISH COLUMBIA TRANSMISSION CORPORATION (“BCTC”)
APPLICATION FOR DEFERRAL ACCOUNTS**

1.0 Reference: Application, Volume 1, Chapter 2, p 2-17 (BCUC Information Request No. 1.53.1)

- 1.1 Did BC Hydro consider alternatives to accounting for the ARO policy? If so, what were they and why were other alternatives rejected?
- 1.2 Were any reports done to support the policy decision to account for the AROs and FRSR balances? If so, please provide copies of any such reports.

2.0 Reference: Volume 1, Chapter 2A, Revised Evidentiary Update, Consolidated Revenue Requirements and Financial Schedules, Revision 1, April 2, 2004, Schedule A-2-A, Page 2A – 14

The debt to equity calculations are derived from the Special Directives. HC1 provides a maximum (80%) debt to equity ratio beyond which payments to government are curtailed.

- 2.1 Has BC Hydro considered what the minimum debt to equity ratio should be? If so, please provide copies of any such reports or studies.
- 2.2 Has BC Hydro considered what the deemed capital structure should be? If so, please provide copies of any such reports or studies.

3.0 Reference: Volume 1, Chapter 2A, Revised Evidentiary Update, Consolidated Revenue Requirements and Financial Schedules, Revision 1, April 2, 2004. Schedule A-2-A, Page 2A – 14

- 3.1 Are the contributions in aid recorded on the balance sheet net of amortization?
- 3.2 Has BC Hydro considered other methods for customers to secure their revenue requirements for interconnection other than cash contributions, particularly ones that would avoid adding to equity and generating a further charge for ROE to the customers? If so, please provide copies of any reports or documentation on alternatives considered or available.

4.0 Reference: Application, Volume 1, Chapter 2, Consolidated Revenue Requirements and Financial Schedules (BCUC Information Request No. 1.2.11)

4.1 Has BC Hydro looked at the economic value of the Burrard Plant? If so, please provide copies of any such studies or reports.

4.2 Has BC Hydro assessed the Burrard plant to see if there is an impairment to the long lived asset? If so, please provide copies of any such studies or reports.

5.0 Reference: Application, Volume 1, Chapter 2, Consolidated Revenue Requirements and Financial Schedules (BCUC Information Request No. 1.2.11)

5.1 In deciding to amortize the costs over 10 years, why did BC Hydro select 10 years as opposed to 5, 15 or 20 years?

5.2 Please provide copies of any studies used to determine the useful life of the Burrard plant.

6.0 Reference: Volume 1, Chapter 2A, Revised Evidentiary Update, Consolidated Revenue Requirements and Financial Schedules, Revision 1, April 2, 2004, Schedule A-12-A, Page 2A – 22

6.1 Revolving borrowings are increasing. BC Hydro has a limit of \$1,400 million allowed for revolving borrowings. How has BC Hydro determined how much to increase revolving borrowings?

6.2 Please provide copies of any reports or studies regarding the setting of amount of revolving borrowings.

6.3 How was the limit set?

6.4 Please provide copies of any reports supporting the limit.

7.0 Reference: Application, Volume 1, Chapter 5, Heritage Contract (BCUC Information Request No. 1.5.49)

7.1 How was the 10 year time period arrived at?

7.2 Please provide copies of any studies or reports supporting the 10 year amortization period.