

**BC Hydro  
Revenue Requirements Application  
2004/05 and 2005/06**

**Joint Industry Electricity Steering Committee  
Information Request No. 3**

**Q 24. Reference:** Application, Responses to BCUC IRs

**Explanation:** The Application and responses to information requests refer to consultant and contractor charges. Additional information is required as to the level and nature of the costs and the services provided.

**Request:**

- a. Provide an explanation of the services and the distinction in the services that are referred to as contractor charges and the services referred to as consulting charges.
- b. Provide a summary schedule of consulting and contractor charges by year by Line of Business and Business Unit for 2003 to 2006 with a description of the type of services provided.

**Q 25. Reference:** Application Update; Application, Page 9-64

**Explanation:** BC Hydro entered into the ABS contract and as a Founding Partner may recover Northstar project costs and share in revenues. The Application updates do not make any reference to an update to the Accenture costs and credits.

**Request:**

- a. Confirm the level of credits from ABS included in the original and updated Application and the treatment of the credits.
- b. If BC Hydro has a current forecast of credits or range of expected credits from ABS, provide the current forecast.

**Q 26. Reference:** Application Update, Page 2A-12; Application Update R1, Page 2A-4, 2A-13

**Explanation:** The original Application update dated February 20, 2004 shows BC Hydro earning 14.40% in 2005 vs. 13.91% allowed and 15.28% in 2006 vs. 13.91 allowed. With the revised Application update and the effects of lower water levels, BC Hydro is forecasting earnings slightly below the allowed returns.

**Request:**

- a. Provide an explanation of why in the original Application update BC Hydro was forecasting earnings above the allowed ROE in 2005 and 2006.
- b. Confirm that the variance or error is not reflected in the forecast Net Income and ROE in the revised Application update.

**Q 27. Reference:** Internal Audit Report, Water Use Plans; Application, Page 5-49, 5-50

**Explanation:** BC Hydro is incurring significant costs for water use planning with costs estimated at \$26 million. Where water use plans result in a reduction in generation, the additional energy costs are recovered against the water rental costs. There is a reference to future remissions for implementation costs.

**Request:**

- a. Is BC Hydro aware of any commitment by the Province under the previous or current government to reimburse BC Hydro for water use planning costs? Provide a copy of all related correspondence and news releases.
- b. Provide a description of how Water Use Planning costs are tracked and reported to the Comptroller.
- c. If BC Hydro recovers water use planning consultation costs, describe the process, source and level of cost recovery.
- d. Provide the reference to where the Water Use Planning costs and related recoveries are identified the Application

**Q 28. Reference:** Application, Page 9-12, Table 9-3

**Explanation:** BC Hydro has reported an engineering head count of 650 in 2005 and 640 in 2006, including contractors. The number of engineering personnel appears to be high for an organization that is not expected to undertake generation projects.

**Request:**

- a. Has BC Hydro undertaken a benchmarking study to evaluate the number of engineering personnel and productivity?
- b. Provide all benchmarks for engineering costs and personnel by Line of Business available from the CEA, other industry associations or from a study commissioned by BC Hydro.

**Q 29 Reference:** Application Update, Page 2A-5, 2A-6

**Explanation:** BC Hydro has filed an update to the Application with electricity sales revised for 2004, 2005 and 2006.

**Request:**

- a. When were the sales forecast updates for Residential, Light Industrial /Commercial, Industrial and other domestic sales prepared?
- b. For 1821 sales, for both the original Application and update, what level of input was solicited from customers?
- c. When preparing the Application Update, did BC Hydro review commodity prices and commodity demand and the affect on industrial electricity consumption?
- d. Provide a step by step description of how the updated 1821 customer forecast was prepared.
- e. For 1821 sales provide the following information by customer for 2005 and 2006.

<u>SIC</u> (Type of Customer)	<u>Forecast</u> <u>Demand</u>	<u>Forecast</u> <u>Energy</u>	<u>PowerSmart</u> <u>Conservation</u>	<u>Stepped</u> <u>Rate</u> <u>Conservation</u>	<u>Sales</u> <u>Forecast</u> <u>MWh</u>	<u>Sales</u> <u>(\$'000's)</u>
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If BC Hydro is unable to provide the information by customer (as is done by other British Columbia utilities) provide the information by Standard Industrial Classification (SIC) or customer type.