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20 February 2004

Mr. Robert J. Pellatt
Commission Secretary
British Columbia Utilities Commission
PO Box 250
600 – 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Mr. Pellatt:

**RE: British Columbia Hydro and Power Authority (“BC Hydro”)
Project No. 3698360 – Order No. G-7-04
Revenue Requirements 2004/05 and 2005/06 Application**

Pursuant to BCUC Order No. G-7-04, BC Hydro encloses an evidentiary update that reflects all required data amendments of which BC Hydro is currently aware that materially affect the Application. For your convenience, BC Hydro suggests that the update be inserted in Volume 1 of its Application as Chapter 2A.

The evidentiary update supplements the consolidated Revenue Requirement and supporting financial schedules from Chapter 2 of Volume 1 of the Application with equivalent tables based on data available to date. The most significant changes are found in the domestic cost of energy and financial charges. Inflows, including snowpack, since the Application was prepared have been below normal. In consequence, BC Hydro now predicts an increase in its Heritage Payment obligation of \$62.7 million in F2005 and \$39.5 million in F2006. If this forecast is borne out by actual events, this shortfall can be captured by a transfer in each year to the Heritage Contract Deferral Account. Partially offsetting the negative variance forecast in the Heritage Payment Obligation is a more optimistic forecast of trade income of \$9 million in F2005 and \$2 million in F2006. Again, if this forecast is borne out, the surplus will be captured in the Trade Income Deferral Account.

BC Hydro also encloses its complete response to all information requests in BCUC IR No. 1. It should be noted that there are very minor redactions to some of the documents included in certain of these responses.

Redactions have occurred in two instances. First, some portions of the Information Request responses that relate to the arrangement between BC Hydro and Accenture Business Services (“Accenture”) have been redacted. The reason is twofold.

Under the Limited Partnership Agreement of Accenture Business Services British Columbia Limited Partnership (the “Agreement”), to which BC Hydro is a party, BC Hydro has certain obligations in respect of information that is defined as confidential in the Agreement. In particular, where confidential information is to be provided to the Commission, BC Hydro is

obliged to, among other things, request confidential treatment of the information (section 14.1(e)(iii)). The relevant provisions of the Agreement are attached to this letter for reference (see Schedule A). In addition, some of the Accenture-related Information Requests also seek the production of information which, in BC Hydro's view, would be detrimental to BC Hydro's ongoing bargaining position with Accenture¹, and thus detrimental to ratepayers.

Minor portions of three internal BC Hydro strategic planning documents have been redacted to protect BC Hydro's interests in matters currently in litigation or under negotiation.

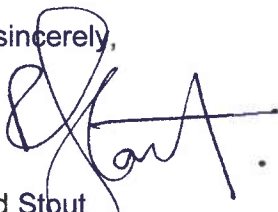
For convenience, we attach Schedule B, which indicates the Information Request responses that contain documents from which words have been redacted.

None of the redacted material is probative of any of the issues in this revenue requirements application and, thus, is not a necessary part of the record of this proceeding. Production of the material has the potential to prejudice the interests of BC Hydro and its ratepayers or Accenture. Accordingly, BC Hydro believes the redactions are appropriate.

Also attached, as Schedule C, is a List of Errata that have been identified in the weeks since BC Hydro's original Application was submitted on 15 December 2003. Schedule C includes inter-filing instructions, and explanatory notes for each of the substitute pages.

Finally, BC Hydro notes that its response to the Commission Chair's question with respect to disaggregated OMA costs by function at the 14 January 2004 pre-hearing conference can be found in the response to BCUC IR No. 1.28.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Richard Stout', with a horizontal line extending to the right.

Richard Stout
Chief Regulatory Officer

Enclosures (5)

c: BC Hydro Revenue Requirements 2004/05 and 2005/06 Application
Registered Intervenors

¹ BC Hydro continues to negotiate with Accenture regarding service level fees.