

32.0 Reference: 2005 REAP p. 3-4

BC Hydro states that it is not seeing approval for the precise amount associated with each project or group of projects.

1.32.4 Throughout the REAP document there are a number of projects listed with estimated costs, which are not yet finalized (e.g. the John Hart redevelopment project, GMS turbine upgrades etc.)

1.32.4.2 If the projects are not finalized what is BC Hydro seeking approval for?

**RESPONSE:**

Section 45(6.1)(a) of the *Act* requires BC Hydro to file "***a plan of capital expenditures***". In response, BC Hydro is requesting approval of its capital plan and F2006-F2007 capital expenditures, recognizing that plans can, and do, change. This approval applies equally to projects in all phases of development. This plan of capital expenditures includes the best expectation, at a point in time, of the projects that will be required, both in terms of timing and expense, in order to prudently meet BC Hydro's mandate.

In this context [and assuming BCUC approval of the capital plan], many projects will proceed to completion. Some will not and, conversely, some new projects will be added. Further, many projects will be completed at, or near, the expected cost, as identified in the 2005 REAP. However, there may be variations in cost, sometimes significant variations, as changes in scope or input costs occur.

BC Hydro recognizes that requesting review and approval of this plan of capital expenditures is the first phase of a two phase approval process, and that capital expenditures will be subject to a later prudency review.

BC Hydro is also requesting the BCUC to remove the following conditioning that the BCUC placed on BC Hydro's capital expenditures in the 2004 RRA Decision:

***"Capital expenditures contemplated in the REAP beyond the first quarter of F2006 are also subject to a Commission decision on the February 2005 REAP."*** [RRA Decision page 124]

In this latter case, BC Hydro is requesting that the capital expenditures for F2006 that were included in the 2004 RRA be updated with the capital expenditures presented in this REAP.