

BRITISH COLUMBIA UTILITIES COMMISSION

**IN THE MATTER OF THE UTILITIES COMMISSION ACT
S.B.C. 1996, Chapter 473**

**British Columbia Hydro and Power Authority 2004/05 and 2005/06
Revenue Requirements Application**

and

**An Application by British Columbia Transmission Corporation for Ap-
proval of an Application for Deferral Accounts**

**Vancouver, B.C.
April 6, 2004**

PRE-HEARING CONFERENCE

BEFORE:

R. HOBBS	Chairman
L. BOYCHUK	Commissioner
M. BIRCH	Commissioner

VOLUME 2

APPEARANCES

G.A. FULTON	COMMISSION COUNSEL
C. SANDERSON J. CHRISTIAN	BRITISH COLUMBIA HYDRO AND POWER AUTHORITY
P. FELDBERG	BRITISH COLUMBIA TRANSMISSION CORPORATION
R.B. WALLACE	JOINT INDUSTRIES ELECTRICAL STEERING COMMITTEE
MR. FITZGERALD	NORSKE SKOG CANADA LIMITED
D. NEWLANDS	ELK VALLEY COAL CORPORATION
M. FILIPPELLI	ERCO WORLDWIDE, A DIVISION OF SUPERIOR PLUS
G. ISHERWOOD	AQUILA NETWORKS CANADA
D. PERTTULA	TERASEN GAS INC.
F. J. WEISBERG	COLUMBIA POWER CORPORATION
K. BOUTCHER	INDEPENDENT POWER ASSOCIATION OF BRITISH COLUMBIA
M. CHOW	ZE POWER GROUP
C. WEAVER	COMMERCIAL ENERGY CONSUMERS
R.J. GATHERCOLE	B.C. OLD AGE PENSIONERS' ORGANIZATION, COUNSEL OF SENIOR CITIZENS' ORGANIZATIONS, FEDERATED ANTI-POVERTY GROUPS OF B.C., WEST END SENIORS' NETWORK, END LEGISLATED POVERTY, TENANTS' RIGHTS ACTION COALITION
C. JONES	SIERRA CLUB OF CANADA, B.C. CHAPTER
P. COCHRANE	CITY OF NEW WESTMINSTER
A. WAIT	HIMSELF
R. MCLAUGHLIN	MINISTRY OF ENERGY AND MINES

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CAARS

VANCOUVER, B.C.

April 5, 2004

(PROCEEDINGS RESUMED AT 9:06 A.M.)

THE CHAIRPERSON: Please be seated. This is the first of many times we'll start a day in this room. Hopefully everyone is going to find this adequate. It does feel like you're a long way from the panel.

I do have preliminary comments, not very many. But for the record, Commission Order G-84-03 dated December the 16th, 2003, established the pre-hearing conference that was held on January the 14th, 2004, to in part consider regulatory agenda for review of the B.C. Hydro revenue requirements application and the BCTC application for certain deferral accounts.

Following the first pre-hearing conference, the Commission panel issued Commission Order No. G-7-04, which has been marked as Exhibit Number A-4 dated January the 16th, 2004, that established the regulatory timetable. The filings in this proceeding have closely followed the regulatory timetable, with the exception of amendments to the application filed on March the 29th, 2004 by B.C. Hydro, and certain revisions to the application that were filed by B.C. Hydro on April the 2nd, 2004.

By letter number L-22-04 dated March the

1 31st, 2004, the Commission circulated an agenda for this
2 pre-hearing conference. I will now comment on the
3 agenda.

4 First I would like B.C. Hydro's counsel to
5 describe the revisions to the application. Mr.
6 Sanderson, I'm hoping that your comments will be helpful
7 with respect to whether or not there should be a third
8 round of information requests.

9 Then the agenda closely follows the January
10 16th, 2004 description of the purpose of this pre-hearing
11 conference which has been quoted in the cover letter to
12 the agenda. The panel has an alternative to suggest to
13 the third pre-hearing conference, and I will describe it
14 when we get to that agenda item. Immediately after my
15 description of the alternative, we will break so that
16 you have an opportunity to consider the alternative.

17 As part of the seventh agenda item, I will
18 make some comments about argument which I am hoping will
19 be early enough for you to make whatever summer plans
20 you're able to within the regulatory agenda.

21 Now I will ask Mr. Fulton to call for
22 appearances. If you would like to propose changes to
23 the agenda, I will ask you to speak to those when you
24 enter your appearance.

25 MR. FULTON: Thank you, Mr. Chairman, Commissioners.
26 British Columbia Hydro and Power Authority.

1 MR. SANDERSON: Good morning, Mr. Chairman. Thank you, Mr.
2 Fulton. Chris W. Sanderson for B.C. Hydro. With me is
3 Mr. Jeff Christian.

4 MR. FULTON: British Columbia Transmission Corporation.

5 MR. FELDBERG: Peter Feldberg, Mr. Chairman, appearing for
6 British Columbia Transmission Corporation.

7 MR. FULTON: Joint Industries Electrical Steering
8 Committee.

9 MR. WALLACE: R. Brian Wallace appearing on behalf of the
10 JIESC.

11 MR. FULTON: Norske Skog Canada Limited. Mr. Fitzgerald is
12 here, Mr. Chairman. West Fraser Mills Limited. Tembec
13 Industries Pulp Group. Elk Valley Coal Corporation.

14 MR. NEWLANDS: David Newlands on behalf of Elk Valley Coal,
15 Mr. Chair.

16 MR. FULTON: Highland Valley Copper. Kemess Mines Limited.
17 ERCO Worldwide.

18 MR. FILIPPELLI: Mike Filippelli.

19 MR. FULTON: Sapphire Products, Honeywell Electronic
20 Materials. Aquila Networks Canada.

21 MR. ISHERWOOD: George Isherwood.

22 MR. FULTON: Terasen Gas Inc.

23 MR. PERTTULA: David Perttula.

24 MR. FULTON: Imperial Oil Resources. Columbia Power
25 Corporation.

26 MR. WEISBERG: Fred J. Weisberg.

1 MR. FULTON: Independent Power Association of British
2 Columbia.
3 MR. BOUTCHER: Keith Boutcher.
4 MR. FULTON: Avista Energy Marketing. ZE Power Group.
5 MS. CHOW: Michelle Chow.
6 MR. FULTON: Commercial Energy Consumers.
7 MS. WEAVER: Chris Weaver, Mr. Chairman.
8 MR. FULTON: Line Contractors Association of B.C. B.C. Old
9 Age Pensioners Organization *et al.*
10 MR. GATHERCOLE: Good morning, Mr. Chair, Commissioners.
11 Richard Gathercole and with me is Patricia MacDonald for
12 the B.C. Old Age Pensioners Organization, Council of
13 Senior Citizens Organization, Senior Citizens
14 Association of British Columbia, West End Seniors
15 Network, Federated Anti-Poverty Groups, End Legislated
16 Poverty, and Tenants' Rights Action Coalition. Thank
17 you.
18 And you indicated, Mr. Chair, that if we
19 wanted to indicate at this time, there is an item on the
20 agenda that I would like to comment on, item number 6
21 when it comes up.
22 THE CHAIRPERSON: What was requested was whether or not
23 there were any revisions to --
24 MR. GATHERCOLE: Oh, to the agenda? No.
25 THE CHAIRPERSON: Okay.
26 MR. GATHERCOLE: No.

1 THE CHAIRPERSON: Thank you.

2 MR. FULTON: Consumers Association of Canada (B.C. Branch).
3 B.C. Citizens for Public Power. GSX Concerned Citizens
4 Coalition. The Sierra Club.

5 MR. JONES: Christopher Jones, Mr. Chairman.

6 MR. FULTON: Energy Solutions for Vancouver Island Society.
7 Save British Columbia Coalition. Active Voice
8 Coalition. Boston Bar North Bend Environment Society.
9 OPEIU Local 378. City of New Westminster.

10 MS. COCHRAN: Penny Cochrane, Mr. Chairman.

11 MR. FULTON: Peace River Regional District. Corporation of
12 the Village of Lytton. School District Number 71, Comox
13 Valley. James Campbell. Alan Wait.

14 MR. WAIT: Alan Wait.

15 MR. FULTON: Stuart Meade. Michael McCarthy. Randy
16 Bachman.

17 VOICE FROM BACK OF ROOM: (inaudible).

18 MR. FULTON: J.P. West. Ministry of Energy and Mines.

19 MR. McLAUGHLIN: Ross McLaughlin, Mr. Chairman.

20 MR. FULTON: Is there anyone here who wishes to appear
21 whose name I have not called out at this point?

22 There is no one else present this morning who
23 wishes to appear, Mr. Chairman.

24 THE CHAIRPERSON: Thank you, Mr. Fulton. I did not hear
25 any suggestions with respect to the agenda, so I'm going
26 to assume that we will follow the agenda that we have

1 previously circulated.

2 Mr. Sanderson, in your client's letter of
3 March the 30th you suggested a procedural proposal that I
4 didn't adopt with respect to development of the agenda.
5 I'd like you to -- even though I chose not to adopt it,
6 I'd like to thank you for the proposal. It is helpful
7 from time to time if the applicant makes procedural
8 suggestions, and although in this particular case we
9 didn't follow it, I appreciate that -- I appreciate the
10 effort.

11 MR. SANDERSON: Well, in that case, Mr. Chairman, we won't
12 be deterred from trying again.

13 THE CHAIRPERSON: Good.

14 MR. SANDERSON: Mr. Chairman, if I understand your wishes
15 in the agenda, and with some trepidation I'll now walk
16 through the filings since we last met, in an effort to
17 clarify what the status of the application is, in
18 particular with respect to the March 29th and April the
19 2nd filings.

20 THE CHAIRPERSON: Please.

21 MR. SANDERSON: Mr. Chairman, you'll recall that at the
22 last pre-hearing or arising out of the last pre-hearing
23 and as prefaced in your opening remarks today, there was
24 a direction that -- coming out of that pre-hearing that
25 B.C. Hydro filed an evidentiary update, and the
26 Commission requested that that be done by February 20th.

1 And the approach that B.C. Hydro took in response then
2 was to file an update that tried to cover a number of
3 things.

4 The first thing was to confirm all of the
5 numbers that had been presented in the budgets that were
6 the basis of the December 15th application. And as you
7 recall at the pre-hearing I said that those numbers in
8 the application were subject still to final approval of
9 the board, et cetera. And so part of the February 20th
10 purpose was to allow those internal processes to have
11 finally occurred. They did, and those processes
12 themselves yielded no change to the numbers in the
13 application.

14 The second thing that the February 20th
15 update did was allow certain variables to be looked at
16 from the prospective of February 20th as opposed to
17 December 15th, bearing in mind that more forecast
18 precision was possible with respect to the situation
19 that Hydro found itself in at February 20th than had been
20 the case on February 20th -- or sorry, on December 15th of
21 the previous year. It was that latter update or
22 objective, if you want, that was primarily served by the
23 February 20th filing, and in particular that filing
24 attached a new Chapter 2A which revised the budgetary
25 numbers in the original Chapter 2 to take account
26 primarily to two changed circumstances.

1 One was a change in the financial costs
2 facing the corporation as affected by interest rates and
3 as affected by foreign exchange, and both of those had
4 altered what I'll call favourably in the sense that they
5 reduced the revenue requirement, because interest rates
6 had gone down and foreign exchange Canadian -- the value
7 of the Canadian dollar had gone up, both of which
8 favourably affected Hydro's revenue requirement in the
9 sense that it kept it lower.

10 At the same time, another factor was
11 operating, and that was that in the December 15th
12 application, B.C. Hydro assumed it would experience a
13 normal water year over the winter '03-'04 and through
14 the spring runoff of '04. By February 20th, based on
15 what had happened between the December 15th application
16 and what was known on February 20th, it was clear that at
17 the beginning of the year, that is, the water year, it
18 was clear that wasn't going to happen. And that's an
19 important part of the water year, as you know, because
20 that's when the snowpack information begins to be seen.
21 And that information was pessimistic in the context of
22 the revenue requirement; that is, there was going to be
23 less water, less water means less low cost Heritage
24 generation is possible, which means a higher cost of
25 energy as the shortfall is made up from other sources.
26 And that tended to push the revenue requirement up.

1 The impact on the revenue requirement was
2 obfuscated, if you will, on the February 20th filing of
3 -- including the revised Chapter 2A, because it was
4 thought it would be handled through deferral accounts.
5 And that would have meant that B.C. Hydro would have
6 gone into its test year, if you want, expecting money in
7 the deferral accounts, which is a rather unusual
8 situation. Normally a deferral account should expect it
9 to be set at nil, and it's designed to capture the
10 difference between the forecast and the actual.

11 As things stood on February 20th, the
12 application didn't take that approach. The application
13 took the approach of actually forecasting, at that
14 stage, a negative amount, by reason of the change in the
15 water conditions, in the deferral account. It did that
16 because with the crush -- and I think that's the only
17 word I can use -- of informational demands on Hydro; and
18 I'm not complaining about that but it's just a fact,
19 that the demands on Hydro have been utterly
20 extraordinary for the last few months in terms of
21 responding to first the Commission's first round of IRs
22 and then the subsequent round of IRs from all parties,
23 and one of the issues that Hydro was grappling with
24 throughout the period was how to structure deferral
25 accounts, in light of the Heritage Contract decision and
26 in light of the approach it wanted to take to its

1 revenue requirement on a go-forward basis. And that
2 consideration wasn't complete on February 20th, and the
3 result was that in the February 20th filing there was no
4 change in assumption made with respect to the treatment
5 of deferral accounts from what had been present in the
6 original application. And that essentially was that the
7 Heritage costs as a bucket would be subject to the
8 deferral arrangements, that is the Heritage deferral
9 account, and most other things would not be.

10 When Hydro had an opportunity to look at that
11 more closely, it concluded that there wasn't really a
12 lot of principled support for that approach. That is,
13 the need for a deferral account in Hydro's view ought to
14 be determined by the extent to which Hydro can control
15 the cost. What is a proper incentive mechanism that
16 should be in place in order to properly incent the
17 utility on the one hand, and yet not require it to
18 assume an inordinate level of risk with respect to
19 things it can't control. And that issue doesn't fall
20 neatly into the Heritage, non-Heritage camp.

21 So over February and early March, Hydro
22 looked at that question in more detail and concluded
23 that it could take a principled approach by looking at,
24 regardless of whether it was a Heritage cost or a non-
25 Heritage cost, looking rather at whether that was
26 something Hydro could control or Hydro could not

1 control. And the deferral account proposal that Hydro
2 now brings forward and is part of this application, and
3 is described in detail both in the application and also
4 in the direct testimony of Ms. Grewal, identifies one an
5 alternative principled approach to setting up those
6 deferral accounts.

7 The result of that is that we can now bring a
8 forecast and application today which anticipates -- and
9 we're bound to be wrong because the forecast is always
10 wrong -- but it still, based on the information as it
11 was at February 20th, anticipates that Hydro will earn
12 precisely its revenue requirement and nothing more. To
13 the extent that matters outside of its control caused
14 that not to occur, those amounts will go in a deferral
15 account. To the extent that it doesn't occur because of
16 things that are within its control, that will be to the
17 cost or benefit of its shareholder. That change in
18 approach affects the numbers and led to the revisions
19 that you saw for the first time on March the 29th, and
20 then more fully on April the 2nd. Those are the numbers
21 which file a revised 2A and a new Chapter 2B, which
22 elaborate the changes that I've just described and show
23 the overall effect.

24 **Proceeding Time 9:20 a.m. T2**

25 Now the bottom line effect of those, to bring
26 the revenue requirement application into conformity with

1 the numbers as they were February 20th, applying the
2 deferral accounts in the way I've described, is to
3 change the amount of rate relief required in both, '05
4 and '06.

5 The bad news is that the revenue requirement
6 adjustment required in '05 rises from 7.23 percent to
7 8.9 percent. The good news is that the revenue
8 requirement increase for '06 drops from 2 percent to
9 zero. The result is that B.C. Hydro now seeks an
10 adjustment for fiscal '05 of 8.9 percent and no
11 adjustment for fiscal '06. It seeks to have the rates
12 set for those two years, but effectively at the level
13 they'll be after the initial increase of 8.9 percent for
14 those two years. There's one other consequence of that
15 change I should draw to your attention.

16 The original application was for final rate
17 increase of 7.23 percent and an interim rate increase of
18 7.23 percent. The Commission granted the 7.2 percent --
19 the 7.23 percent on an interim basis effective April 1st.
20 Hydro has not sought a change to that, appreciating that
21 all of this was coming late in the day, and the
22 consequence of that is from April 1 until whenever the
23 Commission renders its final decision arising out of
24 this decision, B.C. Hydro expects to underearn its
25 revenue requirement.

26 B.C. Hydro is not seeking relief in respect

1 to that. It accepts that consequence and I think what
2 that will mean is that given the projected timeline of
3 this hearing, and what we've asked for is an order
4 effective 30 days after the decision to allow the
5 billing cycle to complete, we're probably looking at a
6 rate increase for '05, assuming the application is
7 successful, in the middle of the fall of this year,
8 halfway through the year in other words, which really
9 means that the '06 increase has been moved forward six
10 months, effectively, and reduced a little bit, and B.C.
11 Hydro is leaving some amount on the table, being the
12 shortfall from April 1 to whenever the Commission makes
13 its final order.

14 So I hope that clarifies what we're asking
15 for and how it came to be. To find it in the
16 application is still complicated. What we've asked
17 parties to do is file Chapter 2A Revised and Chapter 2B
18 behind Chapter 2 in their binders so that those -- if
19 they're simply inserted as 2A Revised and 2B behind the
20 binders, the original 2A, I believe I'm right in saying,
21 no longer serves a purpose. So that what your binder
22 should have in it is Chapter 2, 2A Revised and 2B.

23 And then the other place where, as I say this
24 will be illuminated, is in Ms. Grewal's [phonetic]
25 testimony, which is in the thin volume of direct
26 evidence under the tab bearing her name.

1 Finally, the application also seeks to
2 define, for BCTC's purposes, on a go-forward basis, the
3 transmission revenue requirement. That's identified in
4 Chapter 6. And so parallel updates to Chapter 6 were
5 provided as part of the material filed on April the 2nd.
6 And that should similarly be inserted behind tab 6 in
7 the application. And the logic of those changes tracks
8 the logic, I think, that I've just explained.

9 Mr. Chairman, that, I think, covers the
10 revenue requirement aspect of the March 29th and April 2nd
11 filings. There's one other aspect covered in the cover
12 letter though and actually that's the April -- that's
13 the March 31st cover letter, yet another filing last
14 week. Last week was a busy week.

15 On March 31st, B.C. Hydro filed with the
16 Commission two documents as it had promised that it
17 would. One was its integrated electricity plan, which
18 is filed with the Commission and as discussed at the
19 prior pre-hearing, that's a contextual document which
20 should assist in any of Hydro's proceedings. But what
21 it does in particular is provide a background and a
22 context for something called the Resource Expenditure
23 and Acquisition Plan or REAP, as we've come to call it,
24 which is a document that the Commission hasn't seen
25 before, is prepared in response to Section 45-6.1 and
26 pursuant to those sections, Commission approval of that

1 document is sought. While in the future the procedure
2 for approving REAPs may be flexible and vary, B.C.
3 Hydro's suggestion in this particular context, given
4 where we are with this proceeding, is that Commission
5 consideration of the REAP, if it believes it requires a
6 public process, that public process be consolidated with
7 the one we're in and the REAP be considered as part of
8 the revenue requirement application to the extent the
9 Commission believes that a public process of this nature
10 is appropriate to consider the REAP. And so that's
11 covered in the March 31st cover letter.

12 And I'm sure my friends will correct me, but
13 I think that's all that was sort of surprising or out of
14 what was obviously implied by the last pre-hearing
15 order. I think that covers the main topics or at least
16 I hope so.

17 THE CHAIRPERSON: I'm going to make some general comments
18 in a minute, but I have one comment that arises from the
19 REAP which you referred to, at least I believe you
20 referred to, on the January 16th pre-hearing conference
21 as the action plan falling out of the IEP and just for
22 clarity, does the REAP period, do the actions that fall
23 out of the REAP document extend beyond the test period
24 or periods?

25 MR. SANDERSON: Yes, Mr. Chairman, they do, in small part.
26 It's absolutely correct to say that I did refer to the

1 action plan at the last pre-hearing. As we began to
2 finalize the form of the IEP, though, an incompleteness
3 around the action plan, for the purposes of Section 45-
4 6.1, became apparent. And that is the action plan in
5 the context of the IEP document, simply talks about what
6 new actions should be taken over the next four years in
7 light of the general context that the IEP has set.

8 Section 45-6.1 is a bit more precise than
9 that and it requires the identification of expenditures
10 on the acquisition of energy, on PowerSmart and on
11 capital, and that's a precise prescription in the *Act*
12 which is not part of the action plan in the IEP. And so
13 the REAP was created to deal with that by combining the
14 action plan, take it out of the IEP, extract that part
15 from the IEP, and add to it the elements that were
16 missing, that is, a precise identification of the
17 expenditures by year.

18 And what we've suggested is that the precise
19 expenditures for PowerSmart and for capital, which were
20 identified anyway in the revenue requirement be looked
21 at on a two-year basis, but that the action plan, which
22 covers four years, be looked at by the Commission in its
23 entirety for those four years. So it would be asking
24 the Commission to consider the -- back two years of the
25 action plan, bearing in mind that Hydro has committed to
26 refilling the action plan every year anyway -- or I'm

1 sorry, the REAP every year anyway. And so that while
2 we're asking you to consider it and we're asking you to
3 advise Hydro should any of it appear at this stage to be
4 unacceptable for some reason, nevertheless, you'll see
5 it again in a year and a year after that, et cetera and
6 so in terms of the anomaly, if you want, between the
7 second two years, years three and four, they come out of
8 the action plan and the two year snapshot for the
9 financial expenditures, our response is, because we're
10 filing it on a rolling basis, that can always be trued
11 up. It's a contextual and sort of principled look at
12 the four years that we're seeking only at this stage.

13 THE CHAIRPERSON: Thank you. Do you have a copy of the
14 March 31st letter, which I assume is the cover letter to
15 the IEP?

16 MR. SANDERSON: I hope so. That's it. Okay. Yes, Mr.
17 Chairman, I do.

18 THE CHAIRPERSON: I don't. That's why I'm asking. And I
19 may not be the only one, and it seems to me from what
20 you've said, Mr. Sanderson, that following this pre-
21 hearing conference, you're going to be looking for a
22 decision from the panel as to whether or not the REAP
23 will be considered in the context of this proceeding.

24 MR. SANDERSON: Yes.

25 THE CHAIRPERSON: I didn't come prepared to deal with that
26 issue. Perhaps I ought to have. But if you can make

1 copies of that letter available, I think I certainly
2 will benefit from it.

3 MR. SANDERSON: Of course, Mr. Chairman, we'll provide for
4 that at the break. I think, and I may be corrected
5 here, but I think that the REAP was circulated to the
6 parties of record in this proceeding, but -- I'm told
7 that's right, so hopefully everybody here has got it,
8 but we'll get a bunch of copies made at the break and
9 anyone who doesn't, we can provide another copy to.

10 THE CHAIRPERSON: Okay. I think you did, too. I just
11 didn't come prepared with it.

12 I asked Mr. Sanderson to review the March the
13 29th filing and the April the 2nd filing so that you would
14 have the benefit of a verbal description of what's in
15 those materials. Hopefully you have benefited from that
16 at least to the extent you need to to participate in the
17 rest of the agenda for this morning.

18 I will entertain points of clarification if
19 there are any arising from what Mr. Sanderson has
20 raised, but I think it's probably best if we leave the
21 substantive components to another day. So are there any
22 questions of clarification that anyone would like to ask
23 of Mr. Sanderson?

24 Hearing none, Mr. Weafer?

25 MR. WEAVER: Mr. Chairman, I am mindful of if we don't
26 stand up and speak we may miss our opportunity later on

1 and I'm assuming that we're going to be allowed to speak
2 to these issues when you deal with the issue on the
3 agenda around a third round of information requests; is
4 that correct?

5 THE CHAIRPERSON: Yes.

6 MR. WEAFFER: Thank you.

7 THE CHAIRPERSON: We do need to make that decision
8 following this pre-hearing conference and we'll do it on
9 the basis of what we hear this morning so, yes.

10 MR. WALLACE: Mr. Chairman, I have just one question of
11 clarification for Mr. Sanderson. My understanding is
12 that the basis of the change from 2 percent on April 1st
13 next year to this fall is that the increase is needed
14 for fiscal 2005. If, in fact, this Commission were to
15 determine it wasn't needed for fiscal 2005, would it
16 then slip back and take effect on April 1st, 2006 -- or
17 2005 for fiscal 2006? Thank you.

18 MR. SANDERSON: No, Mr. Chairman, it would not, that is,
19 B.C. Hydro accepts that it doesn't foresee a change in
20 its revenue requirement '06 to '05 and while it believes
21 it needs 8.9 for '05, were the Commission to determine
22 otherwise, then B.C. Hydro accepts that the consequence
23 of the structure of its application is a two year one
24 and the relief sought in '06 is zero. So there would be
25 no change whatever the outcome of the Commission's
26 decision is.

1 item and that is to deal with the REAP and your comments
2 with respect to whether or not the REAP should form part
3 of this proceeding. I'm not really adequately prepared
4 myself in this regard, and there may be others who are
5 not, and so the alternative to including it on the
6 agenda to your comments from you now for the purposes of
7 that is for us to do it in writing subsequent to this
8 proceeding. So, and I'm quite -- even though I'm not
9 prepared, if you're prepared to speak to it, that can
10 form the basis of the Commission panel's deliberations
11 with respect to that issue.

12 So I'd like to hear from anyone who would
13 like to speak to this as to whether or not you would
14 like me to now add to the agenda the issue of whether or
15 not the REAP should form part of this proceeding, or
16 whether you would prefer that that be dealt with in
17 writing after the pre-hearing conference concludes. Is
18 there anyone who wishes to speak to that?

19 I think whoever speaks to it is going to win
20 the day on this one.

21 MR. WALLACE: With that incentive --. Mr. Chairman, I
22 think our view would be that the REAP has to be
23 included. It effectively is the capital budget and
24 should be considered, and in the context of IEP going
25 forward. Furthermore, I think we have concerns that the
26 Commission give its views on it as soon as possible, as

1 it will undoubtedly affect the Tier 2 rate structure and
2 the long-term acquisition cost views of the Commission,
3 and the sooner those are known the sooner we can advance
4 in a reasonable way. But I think the prime one is that
5 it effectively drives the capital budget.

6 THE CHAIRPERSON: On the latter one, is it sufficiently
7 timely in your view, since you've raised the issue, is
8 it sufficiently timely in your view for it to form part
9 of our decision in this proceeding that relates to the
10 revenue requirements?

11 MR. WALLACE: I'm not sure that it will be, but at least if
12 that material is on the table and people are getting
13 familiar with it, then it will assist in that process.
14 If it is completely shelved and everybody puts it away
15 and out of sight, then I think it's going to delay that
16 process.

17 THE CHAIRPERSON: Okay. Let's return to the timing then.
18 Is there anyone else who wishes to speak to this issue?

19 Well, the only two that I've heard are in
20 favour then of it forming part of this proceeding, so
21 I'm going to assume I do not need to deal with the issue
22 as to whether or not a further opportunity should be
23 given for participants to comment on that issue, and the
24 Commission panel will now, following the pre-hearing
25 conference, based on what we have heard, make a decision
26 as to whether or not the REAP should form part of this

1 proceeding.

2 With that, I may get an equal amount of
3 enthusiasm on this next agenda item, but is there anyone
4 who wishes to speak in favour of a negotiated settlement
5 process?

6 MR. SANDERSON: I'm all for settlement, Mr. Chairman,
7 always.

8 There is one topic which I think might
9 usefully be at least discussed as something that could
10 be taken off the table, and that's alluded to in my --
11 it's a cover letter of March 29th over Mr. Stout's
12 signature. It talks of the evidence of Mr. Robert
13 Fairhome from the Centre for Special Economics dealing
14 with interest rate and foreign exchange rate
15 assumptions. There was, I think it's fair to say, very
16 little indeed around the macroeconomic issues which
17 obviously for a part of the application, that is the
18 financial projection. There's really only one table in
19 the entire application which turns on those assumptions,
20 but it's obviously significant; the financing costs for
21 Hydro are significant. And as the Commission well
22 knows, once you embark on the debate, you can be there
23 for a very long time. So it's something that if you can
24 take it off the table, you can save a lot of hearing
25 time.

26 B.C. Hydro prepared its numbers on the basis

1 of the numbers contained in the provincial budget and
2 provided to it by the government consistent with the way
3 all Crowns are doing their financial planning, as is
4 made clear in the application. And I don't know whether
5 or not anybody has a contrary view with respect to those
6 numbers, and if so, whether anybody thinks that it's a
7 profitable way to spend hearing time to debate, you
8 know, what a reasonable projection on February the 20th
9 for long-term this or short-term that was. I'm not sure
10 that it isn't a fairly barren debate usually, frankly,
11 and it's a certainly an expensive one.

12 So if there were a way to deal with that
13 issue offline so to speak, that strikes me as probably a
14 pretty efficient use of people's time. But, you know,
15 my friends may have different views and I'll say no more
16 than that at this point.

17 THE CHAIRPERSON: Mr. Wallace.

18 MR. WALLACE: Mr. Chairman, I'm glad Mr. Sanderson raised
19 that issue because we think there is a way to deal with
20 that, and we believe that should be in a deferral
21 account. It is a cost that is beyond Hydro's control,
22 it is major, and we are at a complete loss, given the
23 principles that have been set out by Hydro, that costs
24 within its control should be out of the deferral
25 accounts. Costs that are not within its control should
26 be in the deferral accounts. This is clearly one that

1 should be in the deferral account and we think takes
2 care of that cost item, the cost of arguing about issues
3 which are just, at best, guesses over two years in a
4 very volatile market. We believe pretty well every
5 utility now has those types of costs and deferral
6 accounts, and Hydro should also.

7 THE CHAIRPERSON: Thank you. Is there anyone else who
8 wishes to comment?

9 My suggestion to you, Mr. Sanderson, is that
10 you treat this one as an issue that is open for
11 challenge. You need a fair opportunity to prepare for
12 it if in fact it's going to form part of the proceeding.
13 My suggestion, if this is satisfactory, is that
14 following the pre-hearing conference, the Commission
15 panel will establish a date upon which you are to be
16 given notice as to whether or not this is going to be an
17 issue that's in contention. If we do not hear from any
18 participants that this in fact is going to be an issue
19 in contention, then it won't be.

20 As for the issue that Mr. Wallace has raised,
21 I'm hesitant to get you to comment on that issue now.
22 It's probably unfair to you. If the approach suggested
23 by Mr. Wallace is unacceptable to B.C. Hydro, then I
24 think you would also need to advise us on that same date
25 that it was, and we would then make a decision as to
26 whether or not this was going to be an issue for the

1 hearing following that.

2 MR. SANDERSON: Mr. Chairman, if I can just comment on one
3 aspect of that, I'm absolutely prepared to work with Mr.
4 Wallace offline and give mutual notice in the way that
5 you've implied with those remarks.

6 The one possibility that I would leave open
7 though, and I think it's where I'd be right now, is that
8 the structure of B.C. Hydro's deferral accounts is very
9 much a hearing issue. I don't have any doubt that a
10 number of parties will have submissions to make on many
11 aspects of the costs which either are or are not in
12 deferral accounts. And that's often, and I think in
13 this case in particular, a central issue. So I would be
14 a little worried about piecemeal before the hearing,
15 deciding what is or isn't in deferral accounts. I think
16 that Mr. Wallace's position is one that's eminently
17 available to him, and you know, we've heard him and got
18 notice that that may be an approach he's going to take
19 in the hearing. But that's probably the right place to
20 deal with the deferral account issue.

21 But I can talk with Mr. Wallace offline, and
22 in any event the mutual notice idea to firm up what I
23 just said and also for Mr. Wallace to give notice, seems
24 like a good one.

25 THE CHAIRPERSON: Okay, thank you. Is there anyone else
26 who would like to comment on my proposal with respect to

1 how we'll proceed on this issue? Thank you.

2 Let's then move to the next agenda item.
3 This is, I suspect, somewhat of a departure from BCUC
4 practices in the past. It's one that I felt was
5 important. It's important because I think intervenors
6 need to have an opportunity to raise issues with respect
7 to responses to information requests. If you have
8 concerns about specific responses, I'd like to hear
9 those. I want you to be very specific in your comments
10 though. I'd like you to do identify the IR that is of
11 concern to you and the nature of -- and comment on the
12 response and why you believe that the response is
13 unsatisfactory. And then the Commission panel will call
14 on Mr. Sanderson to comment, and then after the pre-
15 hearing conference the Commission panel will give
16 direction with respect to whether or not there needs to
17 be a fuller response to that information request.

18 It doesn't mean that you will be precluded
19 later from challenging the issues raised by the
20 information request. That of course will be open to
21 you, but I do want to hear if there are any concerns
22 now. I think this provides you with an opportunity
23 should you elect to take it, to have the panel give
24 direction to the applicant if in fact we think that
25 direction should be given.

26 Mr. Gathercole?

1 MR. GATHERCOLE: I don't have any specific challenges, and
2 I will explain why but I just want to put it on the
3 record. For a number of reasons, including the fact
4 that our office was moving last week and other things
5 and my availability and Ms. MacDonald's availability, we
6 actually didn't get the information request responses
7 until Friday afternoon, and I quite frankly have not
8 even had a chance to look at them, but I doubt I would
9 have -- I just wanted to put that on the record so there
10 was no indication that -- and following up from what you
11 just said, Mr. Chair, I would think I would, you know,
12 prefer to deal with it during the hearing in cross-
13 examination if there are any issues like that.

14 THE CHAIRPERSON: Thank you.

15 MR. WALLACE: Mr. Chairman, like Mr. Gathercole, we have
16 not had time to consider them in full yet and provide
17 it. What we would suggest is that what we require is a
18 mechanism going forward. We received our hard copy on
19 Thursday, one of our consultants has not been available
20 to us, and there are some responses which I suspect we
21 may wish to either follow up in information request
22 number 3 if that's to be, or alternatively, a few
23 limited responses which may save time in the hearing if
24 the Commission were to rule on them early. I would hope
25 that there could be either a written mechanism or a day
26 set forward that people could bring those forward before

1 the Commission.

2 THE CHAIRPERSON: Thank you.

3 MR. AUSTIN: Mr. Chairman, the material that B.C. Hydro
4 filed in response to the IPP information requests was
5 put on the web on Monday, last Monday. However, a lot
6 of the key information was in CDs. We only received the
7 CDs on Thursday and we had to get them to our
8 consultant, so he's only had them since Friday. So
9 we're in no position to follow up in terms of specific
10 questions that weren't answered in full. Our initial
11 indication is that some of them were not answered in
12 full. However, the problem that we have is we want to
13 be able to file our evidence, and to do that we're going
14 to probably want to get some more answers to some of our
15 questions and get more detail.

16 So I just thought I'd alert you to the fact,
17 and that really goes to item number 6, Review of
18 Regulatory Timetable, because right now it's just not
19 working and we need some sort of mechanism to be able to
20 get through the information and see if we need to
21 generate additional information requests and also
22 respond in terms of -- or push B.C. Hydro into answering
23 an initial set of information requests. Right now it's
24 not a very practical situation and it's a very -- a
25 situation that's really a result of ten years of no
26 information.

1 MR. JONES: Mr. Chairman, Christopher Jones for the Sierra
2 Club. I'm in a similar position to my friends. We did
3 receive the responses to the second round of Sierra Club
4 information requests late on Friday, for which my thanks
5 to B.C. Hydro. Similarly, I have not had the
6 opportunity to review them all in detail. There may be
7 questions going forward, and I'm hoping we will have a
8 process to deal with that.

9 **Proceeding Time 9:50 a.m. T4**

10 MR. WEAFFER: Mr. Chairman, Mr. Sanderson referred to the
11 crush of information requests that B.C. Hydro has
12 responded to and B.C. Hydro has, we believe, worked
13 diligently to be responsible in a timely matter, but we
14 have found that the timeframe that we've had to review
15 to look at the adequacy is short as well to properly
16 identify specific information requests. We certainly
17 know that we will have some follow up on our questions
18 and we also have the challenge with respect to
19 preparation of evidence, which is quality evidence that
20 responds to what is on the record including the IR
21 responses, so we'll be dealing with timing as well in
22 terms of filing our evidence. Thank you.

23 MR. WAIT: Allan Wait. I have sent in another request, my
24 third supplementary, regarding the costs of hydro power,
25 breaking that out as a total cost per kilowatt hour and
26 I'm hoping that Hydro will be able to answer that. They

1 have avoided it to this point, and I've asked twice.
2 And I just can't break out exactly what their Hydro
3 costs for -- but if it's 1994 to 2003 or 2002, just to
4 see how pure Hydro is without all the other costs of
5 Burrard and such things in it, as best they can. It
6 doesn't have to be perfect.

7 THE CHAIRPERSON: Mr. Wait, can you direct me to a
8 particular IR? Is your third supplemental --

9 MR. WAIT: So it would be 4.1 or 2, I don't have them with
10 me.

11 THE CHAIRPERSON: And in your initial information
12 request --

13 MR. WAIT: Yeah, it doesn't have your number on it but it
14 should be 4.1.

15 THE CHAIRPERSON: Is your subsequent information request,
16 is it asking for information that was not asked for in
17 the original information request.

18 MR. WAIT: No, it's the same information that I asked for.
19 They had indicated they did not really have it pulled
20 out, separated.

21 THE CHAIRPERSON: Okay.

22 MR. WAIT: I mean, I can't tell whether it's 10 cents right
23 or wrong, if it's ten cents off, but if it's \$2.00 then
24 it should be. If that's their problem, is to getting it
25 exact. If we can get it down fairly close to it and see
26 what the Hydro costs were each year, basic Hydro costs.

1 They are going to jump with water conditions, of course,
2 but just see how they progress.

3 THE CHAIRPERSON: Don't leave the dais yet, Mr. Wait.

4 Maybe, Mr. Sanderson, you can help me. Do you recall
5 which application, which binder this is in?

6 MR. FULTON: Mr. Chairman, I perhaps can help in terms of
7 Exhibit numbers.

8 THE CHAIRPERSON: Yes.

9 MR. FULTON: There is an IR from Mr. Wait that is Exhibit
10 C8-4 and that's dated April 1st, 2004.

11 MR. SANDERSON: Mr. Chairman, while everybody is searching,
12 I wonder if there's a practical solution here. Mr. Wait
13 has sent two letters which are asking for clarification,
14 I think trying to get at similar points. We do have
15 somebody here today who may be able to help Mr. Wait
16 offline in order to better understand what he wants and
17 explain whether or not we can get it, and if we can get
18 it, we will get it. In other words, to the extent that
19 there's a difference between us in terms of not
20 understanding the question, we'll work that out. So
21 maybe we should return to this if necessary only after
22 the break, and at the break Mr. Dunlop and Mr. Wait can
23 chat to see whether a practical answer rather than take
24 up everybody's time is available.

25 THE CHAIRPERSON: Thank you, Mr. Sanderson. Is that
26 satisfactory, Mr. Wait?

1 MR. WAIT: Yes, that sounds good.

2 THE CHAIRPERSON: Is there anyone else who wishes to speak
3 to specific information requests that are of concern?

4 Mr. Fulton?

5 MR. FULTON: Mr. Chairman, I don't have a specific IR, I
6 just wanted to say that the staff, in reviewing the
7 materials, do have some concerns in certain areas, in a
8 general way, but it is felt that those concerns can be
9 addressed through cross-examination at the hearing.

10 THE CHAIRPERSON: Thank you. My desire in putting this on
11 the agenda was that the participants would have an
12 opportunity in this pre-hearing conference to raise any
13 issues that they wish to raise with the Commission panel
14 with respect to responses that they had received to
15 their information request. I hear support for the
16 mechanism, but I also hear that you have not been given
17 adequate time to review the information requests.

18 It's my understanding that B.C. Hydro has in
19 fact followed the document filing protocols of the
20 Commission. If that is true, then you may be unprepared
21 for the day, but I had anticipated that you would at
22 least have had the opportunity review responses to your
23 information requests for the purposes of this agenda
24 item, which was flagged in our letter to you of January
25 16th, and I don't think in any circumstances it would
26 take much longer than a couple of days to at least

1 determine whether or not the answers were satisfactory.
2 So I am really reluctant to accept the proposal from
3 many of you to establish a mechanism outside of this
4 opportunity to raise issues with respect to responses to
5 information requests.

6 So I am, immediately after the break this
7 morning, going to get back to you with respect to
8 whether or not there should be a mechanism to do that,
9 after this pre-hearing conference. I'll discuss it with
10 Commissioner Boychuk and Commissioner Milbourne and
11 we'll get back to you then.

12 Let me move on to the 4th item on the agenda,
13 which I think nicely follows from the discussion that we
14 have just had, and that is whether or not there should
15 be a third round of information requests to B.C. Hydro,
16 and you will note both in the January 16th letter and in
17 this item that's been identified on the agenda, that you
18 should not assume that there will be a third round of
19 information requests. But there may be.

20 And so I'd like to hear from you now as to
21 whether or not you think there should. I'd also like to
22 hear your reasons why there should be, and it will, in
23 addition be helpful if you are quite specific as to the
24 areas in which you feel that there should be another
25 round of information requests. If we do embark on
26 another round of information requests, it's I think

1 going to be helpful if there are some parameters for
2 that third round of information for us.

3 So with that, and I think on this one, Mr.
4 Sanderson, if this is satisfactory to you, I'll have you
5 speak after the intervenors speak.

6 MR. WALLACE: Mr. Chairman, I'd like to speak in support of
7 a third round of information requests. There are two
8 prime reasons. The first is to pursue matters raised in
9 B.C. Hydro supplementary material and evidence that has
10 recently been filed, in particular 2A, 2B, the IEP and
11 the REAP, as all of those documents have been recently
12 filed and the latter two clearly affect the capital
13 expenditures and planning of the utility and there is a
14 requirement to be able to look at that material.

15 I believe that also there may be a need for
16 limited questions, and this is my second point, to
17 follow up on inadequate or contradictory responses. In
18 spite of best efforts, B.C. Hydro sometimes simply
19 misreads, misunderstands the question or the two parties
20 are simply at odds, and it only becomes evident when the
21 response comes back. I don't think there need to be a
22 lot of questions in that area. I don't expect we, at
23 least, for one, would have very many, but I do believe
24 that it can be useful and it reduces cross-examination
25 time. Otherwise, these matters will be followed up on
26 cross and material will take time to be forthcoming and

1 it's followed up and it simply doesn't help the hearing
2 proceed in a timely way.

3 So I would like to see a limited right to
4 cross-examine -- not to cross-examine but to raise those
5 questions and I would discourage the Commission from
6 setting firm boundaries on that, but to give an
7 indication to counsel simply that it should be limited
8 and if Hydro feels it's excessive, have Hydro come back
9 to you and say, "No, we don't want to answer these,
10 these are just -- they've gone overboard."

11 But if you leave it, I think to the
12 discretion of counsel with some guidance that the goals
13 should be to reduce cross-examination and expedite the
14 hearing, I think it will be a valuable round of
15 questions. Thank you.

16 THE CHAIRPERSON: And just let me ask two questions of
17 clarification. You've mentioned the IAP and REAP, my
18 understanding is that the test periods, the capital
19 expenditure issue that you raise with respect to the
20 test periods falls entirely within REAP, we do not need
21 to include the IEP and this proceeding.

22 MR. WALLACE: Well, the IEP sets the context for REAP.
23 REAP, itself, is what? I don't know, a 12, 14 page
24 document that is very barren on any justification or
25 rationale. That context comes from the IEP and I
26 recognize we -- you know, we are not into doing a full

1 approval of the IEP but it is the contextual document
2 and the best document we have other than from ten years
3 ago, on where the capital costs are going to be going
4 and how they're going to be driven in the future. And
5 clearly you need to look at that in the context of
6 PowerSmart, the context of capital. It would be a
7 travesty to rule it out of discussion in this hearing.
8 It is a central planning contextual document going
9 forward for the items that are going to drive the costs
10 the most: the cost of power, the cost of cap, the
11 capital to be invested, and the decisions that are going
12 to be made through the REP and through purchases,
13 contractual purchases for energy in the future. I
14 submit it simply cannot be ignored.

15 And again, we obviously have limits. We are
16 not approving it, we're not approving a ten-year or
17 twenty-year plan, but the context of the REAP and the
18 proceeding are set by that document in large part.

19 THE CHAIRPERSON: Is it consistent to have information
20 requests with respect to the IEP and yet leave the IEP
21 outside of this proceeding?

22 MR. WALLACE: Sorry?

23 THE CHAIRPERSON: Is it consistent to give parties an
24 opportunity to raise issues with respect to the IEP, ask
25 information requests with respect to the IEP and leave
26 the IEP outside of this proceeding?

Proceeding Time 10:05 a.m. T5

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MR. WALLACE: I think you can leave approval of the IEP because that's 20 years outside of the proceeding. I don't think it has to be approved in this proceeding, but I think in looking at the capital and looking at the REAP, it's absolutely essential that you be able to look at the IEP and at least its short-term impacts, which should be consistent with the REAP, and its longer-term context: Is the capital we're spending consistent with where we're going, nor is it in a completely different direction? Those types of issues have to be reviewed.

THE CHAIRPERSON: Right, it's whether it's done in the context of this proceeding or not.

MR. WALLACE: Well, and I think the capital plan has to be done in the context of this proceeding. It has to, at least for the next two years and longer. We don't have -- it may be that there will be another proceeding to look at have we got a smart 10 or 20 year plan, but at this point you still have to work in the context of the best information you have for what you're going to spend over the next two years, which Hydro is seeking and which must be part of a longer-term vision, and we should be able to examine that vision. We need to examine that vision.

THE CHAIRPERSON: In your fourth -- I think there were four categories. In your fourth category of information

1 requests, you mention or describe them as follow-up
2 questions to information requests that were either in
3 the first or the second round of information requests.
4 Do I understand you to suggest then that that
5 effectively would provide some constraints on the nature
6 of the information requests that were part of this third
7 round, that in fact if B.C. Hydro thought that the
8 information request was not closely enough linked to an
9 existing information request, i.e. it wasn't a follow-
10 up, then that would be an information request that would
11 not need to be responded to?

12 MR. WALLACE: I can understand putting that sort of limit
13 on. On the other hand, the purpose of the hearing is to
14 -- or the information requests is to reduce the length
15 of the hearing and provide a better quality of
16 information. And if a party came -- and I think that's
17 the type of questions there would be, but if a party, on
18 reading somebody else's question, said, "Gee, but here's
19 the next corollary to it and if we get this schedule
20 it'll either solve it or show it in an easy way," I'd
21 hate to see that stop. Because once you get into the
22 hearing, that type of thing simply causes delays, and of
23 course on cross-examination if it's a valid issue, you
24 can ask the question.

25 Hydro, to its credit, in the responses I've
26 reviewed has very rarely said "irrelevant" or "not going

1 to answer". It hasn't refused to answer. It simply
2 sometimes it hasn't answered whether it's oversight or a
3 misunderstanding of the question or the question wasn't
4 put properly. So to the extent we can clarify and move
5 ahead with issues, I think it's important, but I
6 wouldn't want to limit it absolutely to that, that it
7 should be directed primarily. If Hydro thinks it's an
8 abuse of process, leave an opening for them to come
9 back, by all means.

10 THE CHAIRPERSON: I'm later going to, as I mentioned at the
11 beginning, later going to speak to an alternative to the
12 pre-hearing conference, to the third pre-hearing
13 conference. Even if Mr. Sanderson is quite willing to
14 entertain additional information requests, I'm concerned
15 about providing some parameters for this review so that
16 we move forward as efficiently and effectively as we can
17 and providing some scope with respect to the -- if there
18 is a third round of information requests, providing some
19 scope to that facilitates something that I think is
20 important, and that is to establish a record that's
21 manageable in size. And I appreciate your comments with
22 respect to permitting the proceeding to proceed
23 efficiently, because if you now ask the information
24 request then it doesn't need to be raised in the
25 hearing.

26 There is a balance here that we need to

1 achieve, and so even if Mr. Sanderson is quite willing
2 to entertain a broad range of information requests, I'm
3 going to find it helpful if there are some parameters
4 established.

5 MR. WALLACE: Well, my experience in British Columbia
6 versus Alberta, but in British Columbia, is that the
7 information request process has not been abused and that
8 it has been useful. As far as a manageable record, we
9 may be beyond that already. I'm not sure. But if we
10 could clarify what's there, and it's a huge amount of
11 information, I would be -- I'd just urge you to be
12 cautious on restrictions because I think in the end it
13 may cost us time.

14 THE CHAIRPERSON: Thank you.

15 MR. WALLACE: And I'd also like to clarify, we will not be
16 seeking any delay with respect to filing of our evidence
17 with respect to any more information requests. It will
18 be solely to proceed more expeditiously in the record if
19 we -- or in the hearing if we file any further requests.

20 THE CHAIRPERSON: That also is helpful. Thank you, Mr.
21 Wallace.

22 MR. WALLACE: Thank you.

23 MR. FULTON: Mr. Chairman, before the next person comes to
24 the mike, I have two items. First, just to remind the
25 Commission panel of Exhibit A-4 and the covering letter
26 of January the 16th which accompanied the Order G-704

1 which is also part of that exhibit, and on page 2, Roman
2 numeral, or two little i's, I'm sorry, the comment
3 appears:

4 "The Commission panel does not except that the
5 Section 45(6.2) *Utilities Commission Act*
6 review of the resource plan expected to be
7 filed by B.C. Hydro on or before March 31st,
8 2004, will be heard as part of this
9 proceeding."

10 So I remind the parties of that statement that is on the
11 record at present.

12 And then moving away from that topic, I have
13 been approached by Mr. Hackney who is here for the GSX
14 Concerned Citizens Coalition. He took a ferry over
15 today so wasn't here at the start. He's asked if it
16 would be possible for him to make some comments on item
17 3. You may either wish to hear him now on that, or
18 finish 4 and come back to his comments on 3 later if you
19 decide that you wish to hear him on that matter.

20 THE CHAIRPERSON: I'd like him to speak to B.C. Hydro at
21 the break, and I'll return to that item from Mr. Hackney
22 immediately following the break if necessary.

23 MR. FULTON: Thank you, Mr. Chairman.

24 MR. GATHERCOLE: Mr. Chairman, I have the same sort of
25 concerns that you have on both sides, but I think in
26 principle I would support Mr. Wallace's requests for a

1 third round of information requests, particularly with
2 respect to the new material that is filed. Speaking for
3 myself, I would think from what I've seen of the
4 materials, we would be unlikely to ask more than a few,
5 if any, information requests. But I think when we have
6 a situation like this where, as has been pointed out, we
7 haven't had any information for a long period of time
8 and we now have a great deal of information, and there
9 are of necessity some changes and amendments to it, I
10 think in principle we should have the opportunity to
11 follow up within that limited purpose.

12 With respect to the IEP, and even keeping in
13 mind what Mr. Fulton just recently quoted from, my
14 recollection at the first pre-hearing conference, and
15 Mr. Sanderson will correct me if I'm wrong but I think
16 he did say that they would be filing it as a contextual
17 background to this application. And I agree with Mr.
18 Wallace that the information contained in the IEP,
19 particularly since we haven't had one for such a long
20 period of time, you know, is relevant to this
21 application, and certainly from that purpose. And it
22 would be my submission that there should be -- that it
23 shouldn't be totally excluded. Obviously this is not
24 the process to discuss whether or not it should be
25 approved, but in my submission we should have the
26 opportunity to at least have the document there, which

1 we have, so with respect to certain items or certain
2 panels it may provide a context for the type of
3 questions intervenors would want to ask in cross-
4 examination.

5 So those would be my submissions, thank you.

6 THE CHAIRPERSON: Thank you.

7 MR. WEAVER: Mr. Chairman, I would adopt the submissions of
8 Mr. Wallace but I'd like to comment further on them.
9 Mr. Sanderson in the first pre-hearing conference
10 indicated a timeframe of approximately seven weeks for
11 the hearing. In the participant funding
12 acknowledgements, the staff indicates a five-week
13 hearing. I think to go from a seven-week to a five-week
14 hearing, it's absolutely essential that we'll be able to
15 ask the questions that we can in advance of the hearing,
16 and the third round of information requests will enable
17 us to do that.

18 From my client's perspective, we don't
19 anticipate a lot of questions, but we do want to try and
20 avoid having to ask things for the first time in a
21 hearing room, and we also want to put the company on
22 notice if other issues arise between now and the hearing
23 date.

24 With respect to the first round of
25 information requests, your message was quite clear on
26 your earlier comments. You wish we were further ahead.

1 I have to say, Mr. Chairman, that the response we had
2 for a request for interim funding has affected our
3 ability to deal with things in a timely basis, because
4 with respect to one of the consultants working with me,
5 he has other commitments that he's going to get paid for
6 currently, while in this process it may be eight months.
7 And so there is a certain prioritization which has to
8 occur to respond to that.

9 We do intend to participate in the process
10 efficiently. Indeed the participant funding guidelines
11 force us to do that, and we will do it in any event.

12 So we think the third round of information
13 requests, certainly on the two issues that are new today
14 or have been filed since the last information requests
15 were filed, we need to have an opportunity to ask
16 questions on the March 29th and April 2nd letter and the
17 REAP to the extent you rule that it's part of this
18 proceeding, issues that are follow-ups on IRs filed, and
19 potentially other issues that may come to light in
20 review of the other information requests that have been
21 filed.

22 Thank you, Mr. Chairman.

23 THE CHAIRPERSON: I'm struggling, Mr. Weafer, as to what
24 you just told me. When you refer to other issues,
25 you're referring to follow-up questions, and I think I
26 understand Mr. Wallace with respect to what he means by

1 follow-up questions. But you've expanded his list now
2 to other issues. Can you be more definitive for me as
3 to what you mean by that?

4 MR. WEAFFER: We've seen in the last week the responses of
5 B.C. Hydro which effectively the parties were able to
6 review by Wednesday, once they'd been able to print off
7 what had been provided and go through, has put a lot of
8 information on the record, not just in response to our
9 information requests but from other parties' information
10 requests. In terms of consultants reviewing those
11 responses as well, it may bring to light issues that
12 that consultant had not raised in the first round of IRs
13 or that party had not raised in the first round of IRs,
14 and it may be of value to the Commission and to the
15 process that they follow up on that information request
16 response. That would be an issue that they didn't
17 necessarily deal with in their first round of IRs, but
18 they may have a useful contribution to the process by
19 asking a further information request and not waiting to
20 the hearing to do that.

21 I don't believe the context is if someone
22 asked the first question they have ownership of the
23 issue. I would think the process would benefit from
24 other intervenors following up on contributions they may
25 make to the process.

26 I think there's a been a statement that the

1 Utilities Commission is trying to involve other
2 stakeholders in the process. Certainly B.C. Hydro has
3 been quite vocal about supporting broad participation in
4 this process, and we think for that to be legitimate
5 it's got to be effective participation, and that does
6 require and will be assisted by questions being asked
7 before a hearing, in which case we do drag out the
8 process, at high cost to all participants. And that's
9 why I do struggle with this resistance to utilizing a
10 paper process in advance of a hearing to maximize
11 efficiency and get the best record for the hearing.

12 THE CHAIRPERSON: Thank you, Mr. Weafer. That was helpful.

13 MR. AUSTIN: Mr. Chairman, perhaps I didn't make myself
14 clear enough when I was describing some of the practical
15 aspects of trying to sort out, at this point in time,
16 whether there's a requirement for an additional IR
17 process or an additional process that would allow
18 intervenors to get B.C. Hydro to answer questions that
19 perhaps they didn't adequately answer in first instance.

20 **Proceeding Time 10:20 a.m. T6**

21 The reality is is the application was filed
22 last Monday. The CDs, and perhaps the Commission should
23 take the time to look at how this information on the
24 compact disks is referred to in the questions. IPPs
25 are very concerned about the PowerSmart program. It's
26 very difficult to try and find out exactly what's going

1 on in that area. B.C. Hydro has said certain
2 information is confidential, "Sorry, you can't have
3 that." However, on the CDs there is references to
4 spreadsheets. We're looking through those spreadsheets
5 to see if we can't find whether that information might
6 answer the questions that we raised that we were told
7 that, "You can't have that because that's confidential."
8 This is not something you can do in a matter of a couple
9 of days.

10 Also in respect to responses from B.C. Hydro,
11 there are multiple cross references to other intervenors
12 and their questions, so all those have to be worked
13 through.

14 The whole idea behind this is to try and
15 narrow the issues as best as possible. IPPs do not have
16 a phalanx of consultants to throw at this in a short
17 period of time. They have got extremely limited
18 resources through an intervenor funding process and it's
19 not entirely clear even where that's going to be funded.
20 So I would urge the Commission to try, in terms of
21 trying to expedite this hearing, to allow intervenors to
22 follow up on information requests so when we get to the
23 hearing we're not in the process of having to ask
24 questions on cross-examination in detailed technical
25 areas and if we get the answer to that, then we may have
26 to adjust, amend, change evidence that IPPs, in the

1 instances of IPPs, that they may have previously filed.

2 We are relying on this process to develop our
3 evidence. We have no choice. We cannot go out and hire
4 experts who don't need all this information, or who have
5 seen this maybe multiple times before. We cannot do
6 that. So in terms of additional information requests, I
7 would support what Mr. Wallace has said in terms of the
8 REAP and Integrated Electricity Planning Process and
9 also in terms of the areas that we have established. We
10 certainly want to get more information on PowerSmart
11 because as of this date it's not clear to us what the --
12 whether we have all the information or whether we're at
13 the point where we can actually understand it to the
14 point of filing our evidence. It's a practical problem.

15 There is a lot of information and it's a
16 question of trying to assimilate, assemble and put some
17 sense to this information so it can be brought forward
18 to the Commission. In terms of additional cross-
19 examination in the case IPPs, it's actual evidence.

20 Thank you.

21 MR. JONES: Mr. Chairman, Christopher Jones, for the Sierra
22 Club. I just want to echo the comments of my friends as
23 well, in particular Mr. Wallace with respect to the
24 areas that he would consider necessary to cover. I
25 would amplify his comments with respect to the IEP. In
26 my view, it's an absolutely essential contextual

1 document for this proceeding in order to understand this
2 proceeding and it is essential that we be able to ask
3 questions about that for the reasons that my friends
4 have already indicated, partly to reduce the length of
5 the hearing and to have as much information in as far
6 advance as possible.

7 In addition, with respect to the issue of
8 follow-up questions which to some extent, I suppose, was
9 the previous agenda item, in my experience, and I'm sure
10 that this would be true of B.C. Hydro, if there are
11 follow-up questions for clarification purposes where
12 B.C. Hydro perhaps didn't understand the question or
13 further information would be of utility, then I can't
14 imagine that B.C. Hydro would have a difficulty with
15 that. If the question, in B.C. Hydro's view, is beyond
16 the scope of a follow-up and is into entirely new areas,
17 then certainly it would be -- they would have the
18 ability to challenge those questions at that time. I
19 think that the parties are simply trying to have as
20 efficient a process as possible and have as much
21 information in advance as possible.

22 With respect to the IEP, I did want to just
23 return to that briefly. On my initial review of a
24 rather large document it appears that at least on the
25 issue which is of central importance to my client, DSM,
26 there may well be specific follow-up questions. The IEP

1 does refer to the fact that some of the numbers that are
2 used in the IEP are, in fact, different than we are
3 seeing in the current proceeding. There may well be
4 questions which follow from that and there may well be
5 simple answers, but I think it's important that there be
6 an opportunity to ask questions about them.

7 THE CHAIRPERSON: You have used the word "follow-up".

8 MR. JONES: Yes.

9 THE CHAIRPERSON: Not that it's a term of art.

10 MR. JONES: No.

11 THE CHAIRPERSON: But in a different sense than I had heard
12 earlier and that is in the context of the IEP and you
13 used the word "follow-up" in the context of the IEP as
14 it related to numbers that might be different in the IEP
15 than you've seen.

16 MR. JONES: Let me just clarify it.

17 THE CHAIRPERSON: Yes.

18 MR. JONES: When I was referring to follow-up questions, I
19 was specifically referring to follow-up from the initial
20 rounds of our questions.

21 THE CHAIRPERSON: Okay.

22 MR. JONES: I'm sorry if I misled you in that regard.

23 THE CHAIRPERSON: Thank you.

24 MR. JONES: With respect to the IEP, the REAP, which is a
25 new word for me today, and with respect to the other
26 evidence which has been filed, I wouldn't classify those

1 as follow-up, but in fact new questions.

2 THE CHAIRPERSON: Okay, thank you.

3 MR. JONES: Thank you.

4 MR. WAIT: Alan Wait. I would agree that the third round
5 would probably be cost effective. Most of mine, I've
6 already sent in. However, I do have one kind of a
7 dilemma: I don't know really where to ask the question.
8 I don't believe B.C. Hydro would have the answer. They
9 might.

10 Maybe you can help me, Mr. Chairman. I am
11 concerned with the manner in which the rate of return
12 was set, which would be done with Terasen and the
13 Commission, and the mechanics of that. The rate is 34
14 and a half percent, which is supposed to be an effective
15 rate and in 1994 that rate was 16 percent. We seem to
16 have gone a long way and my understanding is that the
17 effective rate for Aquila in 2004 would be about 23
18 percent. The effective rate should be taking into
19 consideration the advantages that a private corporation
20 gets from fast capital cost allowance compared to
21 depreciation and that doesn't seem to be in this rate.
22 I don't know whether Hydro could answer those or if that
23 should be something that we can go through with the
24 Commission or just -- how do we get that onto the table?
25 THE CHAIRPERSON: I'm going to, in a few minutes, speak to
26 a process for defining what's going to be within the

1 scope of the hearing inquiry. There is an issue here
2 with respect to whether or not it's within the scope of
3 the proceeding. My suggestion to you is you include
4 that in your discussion that you're going to have with
5 B.C. Hydro at the break, Mr. Wait, and if you would like
6 a ruling with respect to whether or not those issues are
7 in the context of, or are going to be within the scope
8 of the proceeding, then raise it again after the break.

9 MR. WAIT: Okay.

10 THE CHAIRPERSON: Anyone else? Mr. Fulton, I did want to
11 hear from you before I heard from Mr. Sanderson with
12 respect to whether or not there should be a third round
13 of IRs.

14 MR. FULTON: And the position of staff, Mr. Chairman is
15 that staff believes that they can deal with their issues
16 during cross-examination.

17 THE CHAIRPERSON: Okay.

18 MR. FULTON: But I did want to say, as a follow-up to
19 Exhibit A4, that there was a reference to the transcript
20 of the pre-hearing conference at pages 51 to 54 and
21 unhappily, I don't have a copy here, and I understand
22 that the Hearing officer doesn't have a copy here. I
23 would like to review what, Mr. Chairman, you said at
24 those pages because the summary that has been provided
25 to me suggests that you had indicated that the panel
26 would hear motions with respect to the IEP. That wasn't

1 clear from the portion of Exhibit A-4 that I read out
2 and I wanted to satisfy myself what the transcript said.

3 THE CHAIRPERSON: So will I. Page 51 to 54?

4 MR. FULTON: Yes.

5 THE CHAIRPERSON: Okay, well, that's an effort for, I
6 think, the break.

7 MR. FULTON: Thank you.

8 THE CHAIRPERSON: With that, Mr. Sanderson, I'd like you to
9 speak to your views and your client's views with respect
10 to a third round of IRs.

11 MR. SANDERSON: Mr. Chairman, we have some; views, that is.
12 I guess what I was hoping to do was collect my thoughts
13 and also get some instructions over the break to see
14 whether there's any sort of specific compromises or
15 whatever that are possible before I give vent to sort of
16 Hydro's perspective on what the IR process has been to
17 date and what it looks like for the next month and I
18 will make those submissions, but I guess the so-what of
19 them might benefit from having the break to consult.
20 And I was wondering, frankly, whether I could ask to
21 respond to two things at once right after the break.
22 That would be one and then the other would be whatever
23 suggestion that the Commission is going to make with
24 respect to agenda item number 5, so that we've got time
25 to consider both, because I think they're related in
26 many ways. I mean, I'm anticipating from your remarks,

1 Mr. Chairman, that your comments with respect to pre-
2 hearing conference number three will talk about further
3 process in some respect and so, if I could, I'd like to
4 respond to both at once, that is the next IR round and
5 the pre-hearing conference if the two might -- on the
6 assumption the two might be related.

7 THE CHAIRPERSON: There is that possibility but in any
8 case, speaking to both issues afterwards, even if they
9 turn out not to be linked, is fine.

10 So I will now speak to the alternative that
11 the panel wishes to propose with respect to the pre-
12 hearing conference and it follows nicely from the
13 discussion that we've had already, although I do think
14 it's a separate issue.

15 As I speak to the proposal, I'm going to also
16 deal with some details as they relate to the logistics
17 so that a full proposal is before you. I don't want you
18 to interpret from the fact that I'm going to give you
19 some detail with respect to the proposal that the panel
20 is not open to your views as to whether or not this is
21 satisfactory. In fact, it might very well not be
22 satisfactory to you and we would very much like to hear
23 from you after the break with respect to it. So I'm
24 going to provide you with the substance and the
25 logistics, but as I say, don't interpret from the fact
26 that we've flushed it out with some logistics that we

1 are wedded to it as the procedure that we are going to
2 embark upon.

3 The scope of this application is challenging
4 and that's inevitable, I think, whenever we're dealing
5 with a revenue requirement application. Many of you
6 have selected already certain issues that are important
7 to you. My expectation is is that you will continue to
8 pursue those. It's also my expectation that you will be
9 influenced by the other intervenors. However you arrive
10 at your views with respect to what's important in this
11 application, the panel will very much benefit from those
12 and, in fact, for that reason, in part, we are making
13 this alternative proposal to you.

14 We're proposing that there be opening
15 comments from counsel, that the opening comments provide
16 a summary of the interests and issues of your clients in
17 this proceeding, and I use the word "proceeding"
18 deliberately in that regard, and that you would also, in
19 your opening comments, indicate what issues you wish to
20 pursue during the course of the hearing with references
21 to the evidence that has been filed leading up to the
22 hearing. And some observations of that evidence will
23 also be helpful. I'll repeat that. We would like to
24 hear from you with respect to the issues that you intend
25 to pursue during the hearing with references to the
26 evidence and some observations of that evidence that you

1 have heard and that have been filed before the
2 proceeding starts, and those observations will be
3 helpful.

4 Now let me be specific here. If, for
5 example, you're concerned about the budget for
6 PowerSmart, if you advise us that you have some concerns
7 with respect to the budget for PowerSmart, that's not
8 going to be very helpful.

9 **Proceeding Time 10:35 a.m. T7**

10 If you can then provide further clarity for
11 us and say, "Well, we're concerned about the targets,
12 the saving targets that have been established for
13 PowerSmart," that's a further step of clarity that will
14 be helpful. But if you can take it a further step yet
15 and say, "Well, we're concerned about the benefit/cost
16 ratios and the tests that are being used, the TRC versus
17 the RIM, for example, and we're concerned about how B.C.
18 Hydro established the thresholds, and we'll be pursuing
19 those issues during the hearing," that will be much more
20 helpful.

21 If you're concerned about the conservation
22 potential review and the update, and you can identify
23 that one of the issues you're going to be pursuing
24 during the hearing relates to the methodology used for
25 that, that will again be more helpful to us than for you
26 to simply indicate that you're concerned that the budget

1 for PowerSmart is inadequate.

2 So I'd encourage you in your opening comments
3 to provide as much clarity as you can with respect to
4 those issues that you intend to pursue during the
5 hearing. It's helpful from our perspective as the panel
6 because then we will have had an opportunity, before
7 your cross-examination, to give some considerations to
8 the issues that you're pursuing in the cross.

9 Now I'm going to speak to logistics. Our
10 current thinking is that you would provide those opening
11 statements on the 13th of May; that B.C. Hydro then, the
12 following day, would provide a response to the opening
13 comments. And I should have added, Mr. Sanderson, you
14 would also be given a chance on the 13th, you would speak
15 first on the 13th. Then we would hear from the
16 intervenors.

17 And then the next day we would hear from you,
18 Mr. Sanderson. What our hope is is that you would,
19 during the evening, be able to consolidate the issues
20 that were raised by counsel during their opening
21 comments, and then we would, as a panel, would work
22 through that weekend to prepare -- and I hesitate to
23 refer to it as a list of issues, which has been the
24 practice in the past but we would prepare a description
25 of the issues for the hearing based on what we had heard
26 from counsel.

1 We would issue that to you by noon on Monday,
2 so noon on the 17th, and then we would commence the
3 proceeding on the 18th.

4 The description of the issues to be pursued
5 during the hearing would provide me, as Chair, with
6 assistance with respect to establishing the scope of the
7 hearing inquiry. I would follow that fairly rigorously,
8 but willing to entertain exceptions to it, particularly
9 with some convincing arguments as to why there should be
10 exceptions to that. But otherwise I would intend to
11 follow that relatively rigorously so that we provide
12 some parameters for this proceeding.

13 Our thinking is that at that stage,
14 essentially just before the hearing starts, you should
15 be able to identify those issues that you wish to pursue
16 during the hearing. And that does not preclude you from
17 an argument later addressing, and we would hope that you
18 would, a much broader range of issues and issues that
19 have been canvassed already in the materials filed prior
20 to the hearing.

21 And there's one additional logistics item,
22 and I really hesitate to mention this one, but for
23 completeness I will again remind yourselves, I'll remind
24 you of my comments about not interpreting too much from
25 the fact that we fleshed out the logistics of this. But
26 if there are going to be 14 or more submissions from

1 counsel, then we will commence the proceeding in the
2 morning of the 12th, and all intervenors will be asked
3 within the next week to advise Mr. Fulton as to whether
4 or not they wish to make opening comments. That's in
5 part so that there is an early determination of whether
6 or not we're going to sit on the 12th.

7 Let me ask if there are any -- before we
8 break, let me ask if there are any points of
9 clarification and I'll be quite happy to entertain any
10 that you might have. Mr. Weafer?

11 MR. WEAVER: Sorry, is that a written filing, Mr. Chairman,
12 or an oral presentation? Are you looking for the filing
13 of a written argument or a written submission?

14 THE CHAIRPERSON: Oral presentation. Now you may accompany
15 that with a written description of the issues that you
16 wish to raise or that you wish to pursue during the
17 hearing, and I think that would be helpful. But I had
18 assumed that it would be done orally, perhaps
19 accompanied by a written description of the issues that
20 you wish to pursue during the hearing.

21 MR. WALLACE: Would there be any guidelines with respect to
22 the length of those oral presentations by the parties?

23 THE CHAIRPERSON: Thank you. Yes, that's a good question.
24 What our current thinking is is 20 to 30 minutes, Mr.
25 Wallace. But I also want to provide some flexibility
26 with respect to that, and I think what we will do is ask

1 THE CHAIRPERSON: Please be seated. Mr. Fulton.

2 MR. FULTON: Mr. Chairman, at the break I circulated the
3 excerpt from the transcript of the first pre-hearing
4 conference, pages 51 to 54, and the comments relative to
5 the IEP begin at page 52, line 9, and follow over to
6 page 53, line 3.

7 THE CHAIRPERSON: Thank you. Can I assume that there's
8 nothing more to be said with respect to that?

9 MR. FULTON: I have nothing more on that point, Mr.
10 Chairman.

11 THE CHAIRPERSON: Okay.

12 MR. FULTON: I put that in for -- I provided that to people
13 for the sake of completeness of the record.

14 THE CHAIRPERSON: Thank you.

15 Let me deal first with the matters, two
16 matters with Mr. Wait. Mr. Wait, did you wish to raise
17 any matters or were your discussions during the break
18 with B.C. Hydro satisfactory?

19 MR. WAIT: We've sorted out the item with regard to the IR,
20 and they will try and do their best to answer that.

21 THE CHAIRPERSON: Okay.

22 MR. WAIT: And with respect to the effective tax rate,
23 we've come to the conclusion that that really wasn't
24 their doing, it came out of a Commission hearing with
25 Terasen, which is what I expected. And I'm wondering if
26 the approach then is to go down to the Commission to see

1 all the documents on that, and I can go from there.

2 THE CHAIRPERSON: Okay, thank you.

3 Let's now, unless there are any other
4 matters, let's turn to you, Mr. Sanderson, first with
5 respect to the issue of the third round of information
6 requests. And then I think I will have the intervenors
7 speak first to the panel's proposal with respect to the
8 alternative to a third pre-hearing conference.

9 MR. SANDERSON: Okay. Mr. Chairman, I'm pleased to do
10 that. I might suggest in fairness though, before I
11 start, that Mr. Hackney had also had a question that he
12 provided to us at the break with respect to one of the
13 IRs. We were unable to reach an accommodation with
14 respect to that. Mr. Hackney helpfully gave me a copy
15 of a letter to Mr. Stout which identifies the follow-up
16 questions that the GSX Concerned Citizens would like to
17 ask. Hydro's position is those questions are outside
18 the bounds of this proceeding, that they don't relate to
19 the revenue requirement. So it's not something we can
20 easily accommodate him on, so I think we should let Mr.
21 Hackney speak to his questions or however the panel
22 wants to handle it, but it's an unresolved issue
23 relating to a specific information request.

24 THE CHAIRPERSON: My suggestion, Mr. Hackney, is that we
25 deal with that at the end of this morning's agenda, and
26 we may very well give everyone else an opportunity to

1 leave if they wish to, and then we'll review your
2 concerns with respect to that specific IR. Thank you.

3 MR. SANDERSON: Then, Mr. Chairman, I will respond to the
4 general question of a third round of IRs. Now before I
5 do that, you asked whether I had additional copies of
6 the cover letter for the REAP, which I do, and I've got
7 30 or so here if other parties need them, but I'll hand
8 three up.

9 THE CHAIRPERSON: Thank you.

10 MR. SANDERSON: And I'll touch on the REAP probably towards
11 the end of my remarks. But let me say first that Hydro
12 has gone into this, as I think is just overwhelmingly
13 clear from the record, with a real intent to make the
14 process as transparent and complete as it possibly can.
15 And I think Mr. Wallace commented that virtually all of
16 the questions had been responded to at some level, that
17 there were very very rare instances indeed of outright
18 refusals to answer questions. That's not a coincidence.
19 It is really a testimony or testament to Hydro's
20 commitment to try and make the process work and get all
21 of the information out there, recognizing the absence of
22 a vehicle for disseminating that information for some
23 number of years. So as a preface I want to say we're
24 absolutely supportive of the notion of trying to make
25 the process as full as it can be.

26 Having said that, the thing that one has to

1 keep in mind about the information request process is
2 that as my friends have made clear, it's very simple to
3 ask questions. Asking round after round of IRs is not a
4 particularly taxing process for those asking the
5 questions. It's remarkably taxing for those who answer.
6 There's a difference between the rigour and the nature
7 of the answer that must be given in an extended IR
8 process like this and the process you have to go
9 through.

10 We have attempted to make some kind of
11 estimate of the sort of person-effort that went into
12 simply round 2 of the information requests, and our best
13 estimate is that within Hydro internally -- this is
14 simply its own resources -- there is something in excess
15 of 12,500 person-hours in just responding to round 2
16 information requests, so that's over the last month,
17 which is a breathtaking number when you stop and think
18 about what that number really means. It's a very large
19 part of a very large organization dedicated to a single
20 task, a task which, I may add, doesn't keep the lights
21 on. It's a task which is very important and very
22 necessary, but it still has to have its limits.

23 And there's no complaint about that, but
24 there is a concern about extending it indefinitely,
25 because, as I say, there is no real discipline in the
26 asking of the questions, but there's tremendous hardship

1 in the answering, or tremendous logistical demands.

2 I contrast that with the cross-examination
3 process. There has been sort of an implied assumption
4 here that it's good to get it out of the way in advance
5 and pile up information. It's bad to have to ask it in
6 a hearing. And I want to quarrel with that a little
7 bit.

8 There is a discipline that exerts itself on
9 questioners in a hearing. There's the glowers, frankly,
10 from your seat, which help move the hearing along. And
11 generally there is the mood of the room that requires
12 everybody to focus on what's really important to them,
13 and that's a good thing. And indeed in my experience,
14 you'll often see that vast numbers of the IRs, and
15 indeed many of the topics covered in the IRs, are never
16 actually dealt with in the hearing or final argument.
17 They're brush clearing, if you want, and once the brush
18 is cleared, when the hearing starts, people can hone in
19 on the answers and the issues that really matter to
20 them. And I think there is a linkage there between your
21 notions for this issue identification process prior to
22 the hearing and what actually goes on in the hearing
23 anyway.

24 That being the case, we think the brush
25 clearing has basically been done here. That is, cutting
26 down the trees literally, and knocking away the issues

1 which may or not be of interest, ought to be possible
2 from the eight volumes of detailed material which have
3 been filed in support of this application at the moment.
4 I think all the parties, in fact, if you listen to them,
5 are complaining they have more than they can cope with,
6 not less than they can cope with. In other words, while
7 we're asking for another round, almost every intervenor
8 evidenced significant difficulty in dealing with what
9 they'd already been given. And all of them came today
10 and said, "Well, I can't tell you exactly what I want to
11 ask because I haven't really had time to assimilate all
12 this information."

13 Well, they may be having trouble assimilating
14 it, but I can tell you that Hydro is having an awful lot
15 of trouble keeping up with its production.

16 And so given all of that, for the vast
17 majority of the issues that this review faces, my belief
18 is we're at the stage where most of the issues now best
19 get further elaborated through the oral hearing process
20 in cross-examination.

21 There are a couple of exceptions to that.
22 And so, while I think generally the record is more than
23 sufficient on the issues raised in the original
24 application, the material I spoke to this morning, which
25 is new, we accept may benefit from some IRs. And I want
26 to be quite specific about this. Exhibits -- or not

1 exhibits but Chapters 2A Revised and 2B, to the extent
2 people have trouble understanding those numbers or want
3 clarity around how the numbers work together or the
4 transition from the original Chapter 2 Revised -- sorry,
5 original Chapter 2, the original 2A and now the Revised
6 2A and 2B -- in other words material I explained this
7 morning -- we accept that IRs may be useful for that
8 purpose and have no objection to an IR process limited
9 to that.

10 The one other area which may be in a parallel
11 situation is the REAP. That depends on what the panel's
12 ruling is with respect to the REAP, but if approval of
13 the REAP is to be determined in this process, then a
14 round of IRs associated with the REAP itself may well be
15 appropriate. Having said that, most of the REAP if you
16 go through it, and if you look to the cover letter now I
17 can just elaborate this a bit, the bottom of page 1, the
18 last full paragraph there, Mr. Stout sets out that the
19 REAP is drawn from four sources. So this is the
20 document about which new questions would be considered.

21 First, it employs the two-year capital
22 expenditures plan filed as Table 11.2 in the revenue
23 requirements application. So in my submission there
24 need be no further IR process associated with that part
25 of the REAP. It's been there since December the 15th.

26 Second, it incorporates the action plan that

1 forms part of the 2004 Integrated Electricity Plan.
2 That's new but it isn't totally new. That is, many of
3 the elements of that action plan were identified in
4 Appendix G in the December 15th application. So while
5 there are some changes, and we accept a need for
6 questions around those potentially, they're quite
7 limited in their scope because the basic action plan had
8 been previously identified. So I would submit that the
9 only area there that warrants a third round of
10 information requests are really the sort of changes, if
11 you will, from the original Appendix G.

12 Third, it incorporates the energy costs
13 associated with the energy purchase agreements discussed
14 in Section 3, pages 4 to 9 through to 4 to 15 of Chapter
15 4. Well, there's nothing changed there. That's the
16 commitments that Hydro had previously made. Those
17 commitments were fully identified on December 15th.
18 Everybody's had a full opportunity to have a go at
19 those.

20 Fourth, it adopts the two-year demand-side
21 management expenditures identified in Section 1.53 of
22 Chapter 8. Again, no change there.

23 So although the REAP itself is a new
24 document, the amount of new information in it is quite
25 contained, and while we have no objection to responding
26 to IRs that relate to that new information, they really

1 should be quite limited indeed.

2 In my submission, Mr. Chairman, those are the
3 only areas in which it should be necessary to have
4 another round of IRs. We have a very full schedule from
5 here till the hearing. We've got intervenor evidence to
6 deal with, we've got IR processes associated with that,
7 and we've got the full hearing preparation process.

8 And by the way, one last comment relating to
9 that is it's not going to benefit anybody if Hydro is
10 fully engaged in the IR process when it ought to be
11 getting its witnesses familiar with what's in these
12 volumes. In other words there's large teams that go to
13 putting together something as massive as this. The
14 challenge for the witnesses is to get command of all of
15 that material so as to be as helpful as they can to the
16 Commission when they appear, and they need the time to
17 be able to do that. And so one of the real things I
18 don't want them doing is being faced with vast new
19 information right up until the last minute.

20 With that in mind, I think Hydro should be
21 given as much flexibility as it can in terms of when it
22 fits in, getting this last round done, and I would
23 suggest for that reason that if the IRs can be in by the
24 end of this week, that is the follow-up IRs, Hydro
25 should be given till almost the hearing -- I'm thinking
26 May 10th, which is the week before -- in order to get

1 responses to those questions in the narrow areas the
2 Commission allows.

3 Mr. Chairman, one last thing. Mr. Christian
4 tells me Mr. Feldberg just passed him a note which makes
5 a point that I should have, which is that in my opening
6 remarks this morning I paralleled the changes in Chapter
7 6A, which is the transmission trip revenue requirement,
8 to the changes in 2, and BCTC and Hydro both accept that
9 questions on 6A insofar as their material would also be
10 acceptable as part of the IR process.

11 THE CHAIRPERSON: Okay. I am going to now move on to the
12 proposal from the panel, and I'm very deliberately doing
13 that without requesting comments from the intervenors on
14 Mr. Sanderson's comments. We will make a decision and
15 get that off to you very quickly following the pre-
16 hearing conference.

17 So let's move on now to the proposal that the
18 Commission panel has with respect to -- I've called it
19 an alternative to the pre-hearing conference number 3,
20 one we can label it in a number of different ways,
21 probably all appropriate. But I'd first like to hear
22 from the intervenors with respect to our proposal as to
23 how we will proceed from here as it relates to the
24 opening comments of counsel.

25 MR. WALLACE: Mr. Chairman, the Commission's proposal works
26 for us.

1 THE CHAIRPERSON: Thank you.

2 MR. GATHERCOLE: Mr. Chairman, I agree and I think in fact
3 it's a very positive step. I found it that way in the
4 Heritage Contract hearing. I think it will help all of
5 us focus.

6 The precise timing, I may have some comments
7 on that arising out of the next item.

8 THE CHAIRPERSON: Yes, okay. I was thinking, just before
9 you leave, Mr. Gathercole, I was thinking that we would
10 deal with the logistics issues as it related to our
11 proposal now, and then as you suggest, the next agenda
12 item is going to provide an overview of where we are on
13 the timetable and give anyone an opportunity to make any
14 general comments with respect to the timetable.

15 So my preference would be to get your
16 comments now as it relates to our proposal.

17 MR. GATHERCOLE: I can make it work even if you accede to
18 the requests that I will be making under the next item,
19 which is a short delay in the filing of my intervenor
20 evidence.

21 THE CHAIRPERSON: Okay. Okay, that's fine, we'll deal with
22 that separately then.

23 I will assume though that, but for that, the
24 scheduling proposal works as well for you.

25 MR. GATHERCOLE: It works, you know, it works for me. It
26 seemed to me that if the request is a given, then it may

1 example where there were things that I wouldn't have
2 thought in my wildest imagination were to be issues,
3 were going to be discussed or examined until we got to
4 the hearing and some questions were ask cross-
5 examination and the issue popped up. And a good example
6 of that were the contracts between B.C. Hydro and
7 Powerex. Those turned out to be very important
8 documents for the purposes of that proceeding and
9 subsequent proceedings. Was that on anybody's issues'
10 list in the first instance? No, it wasn't. It was on a
11 question that I had in relation to cross-examination.
12 But I don't think it's incumbent upon intervenors to
13 have to argue from a trench that, "Well, we didn't think
14 about that one. Now that it's up there, will we please
15 be able to expand the issues' list so we can do that?"
16 That's not what this hearing is supposed to be about.
17 It's supposed to be about getting the best available
18 information for the purposes of the best decision.

19 So that's the only hesitancy I have in
20 relation to this concept of the issues' list. It cannot
21 be exclusive and I don't think it's fair to say to
22 intervenors that if it wasn't on the issues' list,
23 you're going to have to now convince the Commission why
24 it should be added to the issues' list.

25 I have not seen a huge abuse of process by
26 intervenors in B.C. Hydro's hearings in terms of issues.

1 Everybody wants to get this hearing to its conclusion as
2 quickly and efficiently as possible provided it is done
3 in a fair manner and also in a manner that produces the
4 best available information. Thanks.

5 MR. JONES: Mr. Chairman, I don't have any difficulty with
6 the proposal that you made before the break. I am
7 assuming, though, if as Mr. Austin was just discussing,
8 issues do arise during the hearing, there would be an
9 opportunity to address the panel with respect to
10 pursuing those issues and, if need be, expanding the
11 list of issues. I don't think we have to deal with
12 that now. I'm assuming there will be flexibility in the
13 process.

14 THE CHAIRPERSON: With respect to your first comments, but
15 for the nature of the flexibility, the answer is, yes,
16 you will have an opportunity should issues arise during
17 the hearing to raise those with the panel for
18 determination as to whether or not they should be then
19 included in the issues' list for the purposes of the
20 hearing inquiry.

21 MR. JONES: Thank you.

22 THE CHAIRPERSON: That opportunity will be made available
23 to you.

24 MR. JONES: Thank you. I appreciate that.

25 MR. WEAVER: Mr. Chairman, we are comfortable with the
26 proposal as well and particularly given your last

1 comments.

2 THE CHAIRPERSON: Thank you.

3 MR. WEISBERG: Mr. Chairman, the Columbia Power Corporation
4 supports the proposal as you've outlined it. In terms
5 of what you earlier described as the description of
6 issues or list of issues, as other parties have called
7 it, we would just observe that to the extent that the
8 panel, in formulating that list, can try to recognize
9 that given the expected duration of the hearing, it
10 would be of great assistance to many parties, Columbia
11 Power Corporation certainly included in that group, in
12 whatever structure you can give to the discussion as it
13 unfolds in cross-examination, for purposes of efficiency
14 in attending and participating. The point there is that
15 there are clearly issues, I think, for each party beyond
16 the direct focus and I think that's what you're trying
17 to get at. And so whatever signal you can give back to
18 the parties in terms of how the hearing will unfold, I
19 think would be of great utility to those parties in
20 planning their attendance and participation.

21 THE CHAIRPERSON: I'm glad you raised that issue. That's
22 an issue I see Mr. Fulton managing and doing so off the
23 record as best he can. If it becomes necessary for the
24 Commission panel to deal with scheduling issues, then we
25 will do so, but somewhat reluctantly. So I'm hoping
26 that the assistance that you are asking for is going to,

1 in fact, be provided to you, but through Mr. Fulton.

2 MR. WEISBERG: I think -- I agree, Mr. Chair. I think it
3 will be a combination of both and seeing how the
4 description of issues is set out and then working with
5 Mr. Fulton to address the scheduling around how the
6 issues will come up.

7 THE CHAIRPERSON: Right. We will provide you with a
8 description of issues and then Mr. Fulton will do his
9 best to deal with the scheduling issues.

10 MR. WEISBERG: An easy job for him, I'm sure.

11 THE CHAIRPERSON: Right.

12 MR. WEISBERG: Thank you.

13 THE CHAIRPERSON: Thank you. Is there anyone else who
14 wishes to comment on the proposal from the panel that we
15 made just before the break, but for Mr. Sanderson?

16 Thank you. Mr. Sanderson.

17 MR. SANDERSON: Mr. Chairman, you've accomplished the
18 virtually impossible by keeping, it sounds like,
19 everyone happy. Hydro supports the proposal and thinks
20 it will serve to expedite and focus the proceeding. I
21 guess the only partial dissent was from Mr. Austin and,
22 with great respect on that one, my suggestion just is
23 that we keep a clear distinction between issues and
24 evidence, and I don't think there's any downside to
25 identifying the issues clearly with leave to apply as
26 you've described. That doesn't close off the evidence

1 in any way and I don't think that the Chair meant that
2 it should. So that it's just that you got to relate the
3 new evidence or the new areas of evidence to the issues
4 that have been identified and I think that's entirely
5 appropriate. So we're fully supportive.

6 One thing I should say, I was remiss in not
7 saying earlier, just because I didn't want to leave the
8 record unclear, in terms of the notice and distribution
9 of materials, you were quite right in suggesting that
10 Hydro had complied with the earlier orders. Everything
11 did go out in the way that it was supposed to according
12 to the orders and it was followed up with calls to most
13 of the parties asking how they wanted to receive, hard
14 copy, et cetera. In the case of Mr. Austin, I think all
15 the material was delivered to him Wednesday morning, on
16 April 1st, and I think generally speaking everybody was
17 followed up in a very expeditious manner early last
18 week. So I just didn't want the record left unclear
19 about that. I think Hydro's report and regulatory staff
20 did do precisely what the Commission had in mind, I
21 believe, from its previous order.

22 THE CHAIRPERSON: Thank you. I think that's going to make
23 our decision with respect to the proposal for counsel to
24 make opening comments very easy. I would encourage you
25 to do as I requested in your efforts in providing
26 assistance to us. It will be very helpful if you are

1 identifying with some level of detail, and the more, I
2 think, the better, the nature of the issues that you
3 wish to pursue during the inquiry. But I'm also hoping
4 that you can frame those fairly succinctly. If not,
5 that's fine as well. We are dealing with complicated
6 matters, but the more clarity you provide to the panel
7 the better and I'm delighted to hear the round of
8 support that there has been to the proposal. I think
9 it's going to be very helpful for the panel and so I
10 appreciate your support for our proposal.

11 I did call it an alternative to a third pre-
12 hearing conference and I think just out of an abundance
13 of caution I should make sure that it, in fact, can be
14 that, an alternative to a third pre-hearing conference,
15 that another pre-hearing conference is not necessary.
16 Is there anyone who would like to speak to there being
17 another pre-hearing conference?

18 Good. Thank you.

19 So we will now turn to the sixth agenda item
20 and that's the review of the regulatory timetable
21 generally. And I guess what I will ask is if you -- if
22 as it is set out in G-7-04, it is of concern to any of
23 you, and bear in mind that there are issues that have
24 been left with the Commission panel that may call for
25 some changes to the regulatory timetable, but for those,
26 are there any other concerns that you may have with

1 respect to the regulatory timetable that you wish to
2 raise now?

3 MR. WALLACE: Mr. Chairman, we expect to be able to comply
4 with the regulatory timetable, there's simply some
5 additions that we think would be of use. Primary would
6 be identification of panels by B.C. Hydro so that we can
7 prepare our cross-examinations and our priorities.
8 Obviously, the hearing is going to go on for almost as
9 long as we have between now and the hearing and knowing
10 when panels and witnesses will come will be of
11 assistance both in preparation and in scheduling our
12 support services.

13 Another thing that would be of assistance to
14 us, and I don't know that it goes to the timetable,
15 would be having some clarification around hearing hours
16 and, also, you hinted at some statements with respect to
17 argument and that would be a nice addition also. Thank
18 you.

19 THE CHAIRPERSON: Let me -- because it -- this will get
20 everyone on their feet, I'm sure, but let me get to that
21 issue earlier than I had initially thought, Mr. Wallace.
22 Our current thinking is that it will be written,
23 followed by an oral phase. There are some issues with
24 respect to the duration of the time that's available to
25 prepare argument from the applicant and argument from
26 the intervenors and then the reply, and the time from

1 the reply to the oral phase, and they -- in part,
2 because that time period can be fairly lengthy, then
3 have some implications with respect to when our decision
4 is released. With that comment, because I think that if
5 what I am about to say creates any issues, Mr.
6 Sanderson, this is probably something you're going to
7 want to comment on. With that comment, three weeks for
8 argument from the applicant, three weeks for argument
9 from the intervenors and two weeks for reply and, then,
10 starting the second Tuesday after the filing of the
11 reply date would be the commencement of the oral phase,
12 would be a proposal with respect to the scheduling of
13 argument. So three, three, two, and then the second
14 Tuesday.

15 **Proceeding Time 11:50 a.m. T10**

16 That is a lengthy period of time and it has
17 the potential to take us fully through the summer. And
18 then that has implications with respect to the
19 timeliness of our decision.

20 I think you can add to that period two and a
21 half months for the decision from the Commission, which
22 takes this proceeding to a date that's very close to
23 your November the 1st date, Mr. Sanderson. And so I am
24 concerned about that, but there may not be good
25 alternatives to that. And so I welcome comments
26 generally, I guess, with respect to whether or not that

1 kind of timeframe is going to be a problem for anyone.

2 And I have, as I mentioned, I've digressed
3 from the timetable set out in June 7th/04, but perhaps
4 it's appropriate now to hear comments with respect to
5 the argument and timing for the argument. So Mr.
6 Wallace, you're going to have the first opportunity and
7 I will make sure that everybody has an opportunity to
8 comment on that proposal.

9 MR. WALLACE: Okay, thank you, Mr. Chairman. I think those
10 timeframes for argument work and allow sufficient
11 flexibility. While sometimes we have tighter
12 timeframes, this is going to be a longer than usual
13 hearing and this argument's going to be during the
14 summer, at which time people are not always available.
15 So I think additional flexibility is required, and it
16 appears to be built into this schedule.

17 I have one clarification if I might. With
18 respect to oral argument, is that intended to be simply
19 responses to questions of the panel rather than
20 summaries of arguments by counsel?

21 THE CHAIRPERSON: It is.

22 MR. WALLACE: Thank you.

23 THE CHAIRPERSON: And that's all it will be.

24 MR. WALLACE: Thank you.

25 THE CHAIRPERSON: Yes.

26 MR. WALLACE: And I'm sorry, Mr. Chairman, I know -- I

1 think Mr. Sanderson was suggesting to me he hadn't heard
2 my second item which was some clarification on hearing
3 hours, and again I simply leave that with you but it
4 would be a good addition to the schedule.

5 THE CHAIRPERSON: Yes, and I can also comment on that. I
6 think we will sit, at least in the commencement of the
7 hearing, from 9:00 to 4:30 with an hour and a half break
8 at lunch and two 15-minute breaks morning and afternoon.

9 MR. WALLACE: Thank you, sir.

10 THE CHAIRPERSON: And I can also add for you that the
11 sitting times for the oral phase will be 8:30 to 1:00
12 with two 15-minute breaks.

13 MR. WALLACE: Oh, the oral phase of argument. Thank you,
14 Mr. Chairman.

15 THE CHAIRPERSON: Yes, I was quick there and I didn't make
16 myself very clear. Just fleshing out the rest of the
17 detail for you and for anybody else who missed it, our
18 current thinking with respect to the oral phase is that
19 we will sit 8:30 to 1:00 with two 15-minute breaks.
20 It's one of the reasons why we're going to start on a
21 Tuesday because we may not finish in one day.

22 MR. GATHERCOLE: Mr. Chairman, with respect to the
23 argument, I think that schedule is fine. I would even
24 be prepared to do two weeks for the second part, but I
25 think Mr. Wallace makes some good points with respect to
26 the summer. Would you want me to address my --

1 THE CHAIRPERSON: Please.

2 MR. GATHERCOLE: What's happened, Mr. Chairman, is because
3 of both the availability of my witness and my
4 availability over the last week to ten days, the
5 evidence is all but prepared but we have very limited
6 opportunity to get together, this also being the holiday
7 weekend which a lot of people go away, in order for me
8 to sit down with my witness and review it and make sure
9 it's ready for filing. Accordingly, what I would
10 request is a -- since next week is a short week as well
11 and since I'm, as Commissioner Boychuk knows, I'm
12 otherwise engaged in another hearing, if we could have
13 an adjournment till the end of next week to file the
14 evidence, which basically I think is about three days.
15 I don't think that will have too much of a negative
16 impact on the applicant.

17 THE CHAIRPERSON: Well, it means a busy weekend for the
18 applicant if we hold to the April 19th date for them.

19 MR. GATHERCOLE: I suspect I'm not the only one that's
20 going to make a similar request.

21 THE CHAIRPERSON: Yes, you're making the request on behalf
22 of your client, not a general change to a timetable.

23 MR. GATHERCOLE: That's right.

24 THE CHAIRPERSON: Just on your own behalf.

25 MR. GATHERCOLE: That's right.

26 THE CHAIRPERSON: Okay.

1 MR. GATHERCOLE: Thank you.

2 MR. AUSTIN: Mr. Chairman, I'd like to address the review
3 of the regulatory timetable first.

4 This timetable does not work for the
5 Independent Power Association of B.C. It's a timetable
6 that's predicated on an organization having a lot of
7 resources. As I've tried to point out to the Commission
8 this morning, the IPP Association does not have a lot of
9 resources. We have very limited consulting resources
10 and we're trying our best to try and get our evidence
11 together as quickly as possible. We received part
12 electronic version of that evidence last Monday. We
13 received the CDs on the Thursday and then were shipped
14 off to our consultant. As I've indicated, we are trying
15 to build our evidence on the basis of the responses to
16 those information requests. We are going through that
17 information. Our preliminary indication or view is that
18 we will have to file additional IRs to try and find out,
19 to try and obtain the information we need. That process
20 is going to take probably another week. But once we
21 have that, then we'll be able to file our evidence.
22 That will take probably another two weeks, and that's
23 just the practicality of the situation.

24 I appreciate the Commission wants to get on
25 with this hearing. I appreciate it's got other things
26 on its agenda. But from the perspective of Independent

1 Power Association of B.C. as an intervenor, this
2 timetable would work if we had a lot of resources, and
3 we don't have those. We will not be able to meet the
4 filing deadline for our evidence because it's just
5 simply not practical to do so. There's no point in us
6 filing evidence and then (a) having to subsequently
7 amend it, or (b) later finding out information that
8 would indicate that evidence is incorrect. We'll just
9 get shredded in the hearing. That's not a situation we
10 want to find ourselves in.

11 The other thing I would point out is B.C.
12 Hydro's already got an interim rate increase. So from
13 the financial perspective, it's not suffering.

14 As I said earlier, it's important to have an
15 efficient hearing, it's important to have a fair
16 hearing, and it's also important to get the best
17 information available so the Commission can make the
18 best decision. The timetable simply does not work. We
19 need additional time and we need to get some indication
20 on what's going to happen so we can make some decisions
21 as to terms of what our participation might be.

22 With respect to the argument phase of the
23 hearing, this sounds reasonable and I think the
24 timeframes should work. I'm wondering whether there's a
25 sort of requirement for an hour and a half lunch break.
26 Maybe we could reduce that to an hour. We're all away

1 from our offices down in this location, there's really
2 not a lot else that can be accomplished while we're down
3 in this area. I'd ask you to seriously consider that.
4 That might give us a bit more time and it might give us
5 a bit more flexibility in terms of scheduling.

6 It might also mean that we might be able to
7 start 15 minutes later each day, which is important when
8 we're trying to get answers or information from, in our
9 case, our members who might be able to provide us with
10 additional information. A little bit of extra time in
11 the morning can produce a lot of good results as far as
12 organizations such as ourselves go.

13 MR. JONES: Mr. Chair, Chris Jones for the Sierra Club. My
14 client also is in a position of having to request some
15 additional time to put together our evidence. The
16 reasons for that originally started with some difficulty
17 that I had in obtaining a consultant who could be of
18 assistance to us. That took a considerable period of
19 time, and due to conflicts amongst consultants in
20 British Columbia, required me to search the United
21 States, which took a period of time. Those consultants
22 that we have obtained have tried to get up to speed as
23 quickly as they possibly. I think they're doing a good
24 job in that regard.

25 However, and however presenting their
26 evidence by the 13th would be extremely difficult if not

1 impossible, and coupled with the delay in them getting
2 on the job is all the information that we received last
3 week, which we've discussed extensively this morning.

4 What I was going to propose was rather than
5 the 13th that we be given an extension of time until the
6 20th, ten days to produce our evidence.

7 I'm very mindful of the logistical
8 difficulties that B.C. Hydro faces, and Mr. Sanderson
9 has just mentioned those to you, in terms of preparing
10 not only for the hearing but also an information request
11 round-up coming and dealing with intervenor evidence.
12 However, balanced against that, I think, is the reality
13 that it is very unlikely that our consultants would be
14 on the stand until, I don't know, sometime late in June
15 I would think.

16 I would propose then that all of the dates
17 with respect to the intervenor evidence, at least for my
18 client, be extended the same length of time, and then
19 your requests from B.C. Hydro, our responses thereto,
20 rebuttal evidence be extended by the same length of
21 time. Again I appreciate the fact that that will push
22 us towards and perhaps even meet the date for the
23 commencement of the hearing. However, I think again
24 balanced against that is the difficulties that we have
25 had and the information we've had to process, as Mr.
26 Sanderson has also referred to, and also the importance

1 of making sure that the evidence which is before you be
2 as helpful as possible, as accurate as possible. And
3 that's the reason that we're requesting that extension
4 of time.

5 With respect to the argument phase, I don't
6 have any difficulty with that. I was trying to figure
7 out if that means I don't get a summer vacation, but I
8 guess that's the least concern of the panel. But other
9 than that I think the proposal is just fine.

10 I would reinforce Mr. Wallace's request to
11 know as soon as we can what the order of the panels
12 would be, and I say that for our client especially,
13 because we have a fairly specific interest in the
14 proceeding and to the extent we know when, more or less
15 at least, that that panel or panels will be in the
16 proceeding, would be of great assistance to us.

17 Thank you. Do you have any questions?

18 THE CHAIRPERSON: For everyone's benefit I'll say it again.
19 As it relates to the scheduling of witness panels during
20 the hearing, that's Mr. Fulton's responsibility. I'll
21 give you a date but you won't like it. It'll be rather
22 arbitrary.

23 MR. JONES: Okay. No, I didn't anticipate them being
24 arbitrary dates at all. I think just as long as we can
25 sort of make best guesses as soon as we can would be of
26 utility, and I appreciate that I'll speak to Mr. Fulton

1 in that regard. Okay.

2 THE CHAIRPERSON: Yes. The instructions I give Mr. Fulton
3 is to make sure that there is no down time and that the
4 party who is calling a witness is at risk of not
5 appearing if there is down time. So I make very -- give
6 Mr. Fulton very clear instructions and simple
7 instructions, and he's required to meet those
8 instructions. And if there is down time because a panel
9 is not available during the hearing, then that panel
10 does run the risk of not appearing. So you make your
11 own assessment after you hear from Mr. Fulton as to what
12 kind of risk you run as to not having a panel available
13 when we're ready.

14 **Proceeding Time 12:05 p.m. T11**

15 MR. JONES: I'm sure that Mr. Fulton and I will be in
16 intimate contact. Thank you.

17 THE CHAIRPERSON: Mr. Weafer.

18 MR. WEAFER: Mr. Chairman, firstly, with respect to the
19 argument days, we're comfortable with that schedule and
20 we'll meet that schedule.

21 With respect to the regulatory timetable, we
22 can meet the timeline for filing the evidence. However,
23 the quality of the evidence would be significantly
24 improved by an extension of one week and it ties back to
25 the comments early this morning around a proper review
26 of the record to date, making sure that the evidence is

1 as consistent with what the responses have been to
2 information requests, and we would prefer to have the
3 extra time to put a good piece of evidence before the
4 Commission as opposed to have to supplement it in a week
5 or ten days because we come across something that we've
6 missed. So we believe we will benefit from that. And
7 the proposal would simply be to move the intervenor
8 evidence back one week, or at least for our client
9 group, then move the information requests back one week
10 in fairness to B.C. Hydro.

11 We can meet the deadline if you order it. We
12 can improve the quality of the evidence if we have the
13 additional time. Thank you.

14 MR. CALMET: I'm John Calmet from the Citizens for Public
15 Power and like some of the other presenters here, we
16 also would very much appreciate being able to delay the
17 submission of our evidence by a week. We just had a
18 changeover at Citizens for Public Power in terms of our
19 executive director and also we feel a bit swamped by all
20 the information that came back late last week and we're
21 working our way through it. And in terms of the quality
22 of our presentation, I think that if we have a little
23 bit more time, we'll be able to do a better job. So
24 we'd appreciate that. Thank you.

25 THE CHAIRPERSON: Is there anyone else who wishes to speak
26 to the regulatory timetable other than Mr. Sanderson?

1 MR. FULTON: Mr. Chairman, if I could just add one matter
2 to the identification of the B.C. Hydro panels. It was
3 very helpful during VIGP, when the panels were
4 identified, to have been provided with a list of those
5 portions of the application and the IRs that that panel
6 was responsible for. And that would be something that I
7 believe would be very helpful to have again in this
8 hearing for the purposes of focusing the cross-
9 examination.

10 THE CHAIRPERSON: Thank you. Mr. Sanderson.

11 MR. SANDERSON: Mr. Chairman, with respect to the central
12 issue that has just been addressed, which I think is the
13 timing for the filing of evidence, obviously Hydro does
14 have an interest in this hearing concluding as
15 expeditiously as possible. And contrary to an earlier
16 comment, while there is an interim, as I explained this
17 morning, that interim doesn't cover what Hydro now
18 believes is its 2005 revenue requirement. So there is a
19 direct financial prejudice being experienced due to
20 delay.

21 Having said that, the process has to take as
22 long as it needs to take and so what we don't want to do
23 is in any way jeopardize the commencement of the
24 hearing. And that, I guess, is the starting premise for
25 what I have to say. Having said that, and also, I
26 guess, acknowledging that everyone has known about the

1 schedule for a long time, so although the volume of
2 material is overwhelming, people have had some number of
3 months to get ready for the time at which they're going
4 to have file their evidence, and they've had,
5 incrementally, a great deal of information, especially
6 with the BCUC information requests, number one, being a
7 sort of an interim step that flushed out a lot of the
8 information that was in the application. But still
9 having said all of that, the majority of the intervenors
10 would seem to benefit significantly from an extra week.
11 I think that that can be accommodated if everything
12 slips a week. The result of that would be that B.C.
13 Hydro's rebuttal testimony, which currently is scheduled
14 for the 7th of May, would not be due until the 14th and it
15 seems to me that date can't be moved forward, that the
16 rebuttal testimony of Hydro is going to be responsive,
17 in part, to the IR process of intervenors. And so I
18 don't think there's any room to constrain that.

19 And, indeed, because the Commission is now
20 suggesting the 13th and 14th be the days of oral
21 argument, or oral openings, I'm thinking that that's an
22 awful lot to ask of Hydro in that last week and if we
23 could make that the 17th, that is, Hydro files its
24 rebuttal testimony on the 17th, that might accommodate
25 everyone. And in support of that proposition, I'd just
26 say that it's pretty clear. We've filed direct

1 testimony for 22 witnesses -- I'll come to this in a
2 moment -- but we would expect that that's going to be in
3 probably seven panels. It will be called in seven
4 panels. So, you know, we're looking at two to four
5 weeks for Hydro's testimony, I would have thought,
6 depending on the nature of the cross-examination.

7 And so if everybody were to have, by the
8 first day of the hearing on May the 17th, or I guess now
9 perhaps 18th, with your modified commencement procedure,
10 if everybody had Hydro's rebuttal testimony, which kind
11 of closed the evidentiary portion, they're not going to
12 have to cross-examine on that portion until, I mean,
13 either the end of Hydro's case, I suppose, or maybe
14 even, if necessary, call in those witnesses in rebuttal
15 at the very end of everything, which is some months
16 away. So I think that shouldn't bother anyone. So with
17 that understanding, the extension of a week for
18 intervenor evidence is not objectionable from Hydro's
19 perspective.

20 The second issue that was addressed was -- or
21 that I wanted to comment on, at least, was the naming of
22 panels. Yes, we do intend to do that and, yes, in
23 response to Mr. Fulton, we do intend to identify the
24 areas of the application and IRs that each panel is
25 responsible for. Because of the volume of material that
26 was filed last week, it's going to take us a week or two

1 to just make sure we've properly cross-referenced to
2 each of the panels all the IRs. I would think we can
3 commit to doing that in two weeks. So if that takes us
4 to maybe the end of the week of the 19th, I'm thinking,
5 April 19th, that would be about the 23rd of April, which
6 would hopefully accommodate everybody in terms of their
7 needs.

8 And then the last area was argument. I guess
9 consistent with my opening comments, we would express a
10 preference for a slightly more condensed written
11 argument period. I think that you'd suggested 3, 3 and
12 2 and --

13 THE CHAIRPERSON: I'm sorry. Mr. Sanderson, can you --

14 MR. SANDERSON: I think you'd suggested a 3, 3 and 2
15 sequencing, three weeks for Hydro, three weeks for
16 response, and I guess our preference would be for 2, 2
17 and 1.

18 THE CHAIRPERSON: Thank you.

19 MR. SANDERSON: I say that now. It seems like a long way
20 away. I'm sure I'm going to regret these remarks when
21 the time comes, but nevertheless my instructions are to
22 try and get this process concluded as early as possible
23 and to do that, I think 2, 2 and 1 is manageable.

24 I think that was the only area that, in terms
25 of the timetable, I needed to respond to.

26 THE CHAIRPERSON: Thank you. I would first like to hear if

1 there are any objections to Mr. Sanderson's proposal
2 with respect to the timetable between now and the
3 commencement of the hearing?

4 MR. AUSTIN: I don't propose to repeat myself, but clearly
5 it just doesn't work in terms of the Independent Power
6 Association of B.C. There's simply not enough time.
7 You have to prepare your evidence. You have to prepare
8 questions for cross-examination of the various panels.
9 You have to review other people's evidence and you're
10 going to have to review B.C. Hydro's rebuttal evidence.
11 We have a team of approximately two people and it's just
12 not possible to do all that.

13 THE CHAIRPERSON: Are there any other objections to Mr.
14 Sanderson's proposal with respect to the timing on
15 matters pre-hearing?

16 Thank you. Are there any objections to Mr.
17 Sanderson's proposal with respect to argument?

18 MR. WALLACE: Mr. Chairman, again, I'd just like to
19 reiterate, because it is happening during the summer, I
20 don't think that the two weeks is sufficient. We simply
21 can't guarantee availability of experts, consultants and
22 the time of receiving the material, et cetera, and the
23 three weeks gives the flexibility to deal with that.
24 And, accordingly, I really do urge you to keep that
25 extra couple of weeks in there. If Mr. Sanderson wants
26 to save a week on reply, I have no problem with that.

1 For that matter, if he wants to save a week on his own
2 argument, I have no problem on that. But for the
3 intervenors, I just believe it is hard to bring those
4 resources together in the middle of the summer on an
5 undetermined schedule basis. If I could say right now
6 to a witness it's going to be these two weeks, it would
7 be a lot better, but we can't. We're going to have to
8 deal with a flexible schedule depending when the hearing
9 ends and, accordingly, I think it's necessary to have
10 that extra time.

11 THE CHAIRPERSON: Would it be satisfactory to you if it was
12 3, 3 and either 1 or 2, give Mr. Sanderson an
13 opportunity to comment, if the hearing was to end at the
14 end of June, but if it ends earlier than that, it would
15 be 2, 2 and 1?

16 MR. WALLACE: Well, again, it's the uncertainty. I mean,
17 2, 2 -- if it ends earlier, if it ends June 15th, I'd
18 still be the first two weeks of July. If we think it's
19 going to end June 1st, I may have people away while Mr.
20 Sanderson's writing his argument and that works just
21 fine. So it -- the uncertainty, coupled with the summer
22 period just means we need more flexibility.

23 Two weeks in a hearing of this magnitude is a
24 very short period to reply to what I expect will be a
25 very substantial argument from Hydro. You may remember
26 previous proceedings. They can generate a lot of paper

1 in a very short period with that legal team of theirs.
2 And we have to respond to it. We are talking a huge
3 revenue requirement, the first review in 10 years. This
4 is our opportunity to put back to you what we think
5 we've heard during that five or six week period, seven
6 week period. It's extremely important to us that that
7 be done well. I suggest it's important to you also.
8 One week there is very critical. It can make a huge
9 difference and I don't think it should be rushed in that
10 period. We have a good timetable. Everybody is working
11 very hard to accommodate it. There, we do need a little
12 bit of flexibility. We're not going to get a decision
13 out till, as you put it, probably around November 1st.
14 Squeezing right then can cause significant damage, I
15 think, to the presentation of intervenor cases.

16 THE CHAIRPERSON: Thank you. Are there any other
17 objections other than those raised by Mr. Wallace with
18 respect to Mr. Sanderson's proposal as it relates to
19 argument?

20 MR. WEAFFER: I have no further objections or no additions
21 to Mr. Wallace except Mr. Sanderson, this morning,
22 indicated they'd spent 12,500 hours responding to IRs.
23 Our total budget as an intervenor, or total involvement
24 in commitment of hours from start to conclusion of final
25 argument, is 1,700 hours in total. They may be able to
26 do it in two weeks. We're going to need three. We

1 don't have the manpower to respond that quickly.

2 THE CHAIRPERSON: Is there anyone who would like to add
3 anything to what Mr. Wallace and Mr. Weafer have said?

4 Thank you. I think we will -- because, you
5 know, often this issue waits until the commencement of
6 the hearing and it's dealt with during the hearing, I'm
7 concerned about what that will mean with respect to the
8 assistance you will need as Mr. Wallace has referred to,
9 but I'm also concerned about what that means for you in
10 terms of planning whatever summer vacation you may be
11 able to fit into the schedule.

12 **Proceeding Time 12:20 p.m. T12**

13 So we will get a decision out to you
14 following this pre-hearing conference, with our
15 directions to you with respect to the other issues that
16 have come up. And if we return to it during the hearing
17 for whatever reason, I think you will see a lot of
18 flexibility on the part of the Commission panel with
19 respect to this issue. But I'm thinking, given the
20 contrary views that are held with respect to it, we
21 probably will wind up on a schedule that the Commission
22 determines is appropriate following this pre-hearing
23 conference.

24 There are a number of issues that we have not
25 addressed in this pre-hearing conference that are of a
26 procedural nature, and in the past we have issued a

1 procedural letter that was fairly extensive. I think we
2 will reissue that for you before the hearing starts. I
3 think it was helpful to you on VIGP and on the Heritage
4 Contract matter.

5 A couple of quick comments, and there may be
6 others and I'll welcome those. Although counsel are
7 going to be giving opening statements, that does not
8 preclude witness panels from also providing opening
9 statements. That's at your election. My suggestion to
10 you is that if there are comments from the witness
11 panel, that you keep them relatively brief. And I also
12 like the practice of those being circulated in advance
13 of your panel appearing. I don't think they need to be
14 circulated much more than a couple of days before your
15 panel appears, but I think that's a good practice to
16 follow.

17 Are there any other procedural issues that
18 would be helpful for you to have the panel or me comment
19 on now? None other than that one comes to my mind right
20 now.

21 Good. Well, we will get a procedural letter
22 off to you as well.

23 I think that leaves the issue involving Mr.
24 Hackney, and I think that's the only one. Are there any
25 other issues anyone wishes to raise at this time? I'll
26 give everyone an opportunity, the panel will stay where

1 we are but I'll give everyone an opportunity to leave if
2 they wish.

3 MR. FULTON: The hearing officer, Mr. Chairman, while some
4 people are packing up to leave, wanted me to advise
5 people, and I'll put a reminder in the procedural letter
6 as well, but that the front door opens at 7:45 in the
7 morning. So on hearing days the front door will be open
8 at that time, and it's closed off at 4:30.

9 THE CHAIRPERSON: Thank you.

10 Mr. Hackney, I think you can begin.

11 MR. HACKNEY: Thank you, Mr. Chair. Tom Hackney for the
12 GSX Concerned Citizens Coalition. The issue that I
13 raised and the note that I handed to the counsel for
14 B.C. Hydro concerned the information request that GSX
15 Concerned Citizens Coalition filed, and we thought that
16 the answers given were not as complete as we wanted and
17 expected, particularly to our numbers 3.2, 3.3 and 6.2,
18 and B.C. Hydro's numbering that they supplied adds a 1
19 in front of each one of those with bracketed BCH
20 afterwards. So their numbering is 1 3.2 (BCH), 1 3.3
21 (BCH) and 1 6.2 (BCH).

22 THE CHAIRPERSON: Thank you. Mr. Hackney, I would suggest
23 that you go through those individually and speak to why
24 you believe that there should be a fuller answer than
25 there is.

26 MR. HACKNEY: Yes, thank you, sir. In number 3.2 I

1 requested that B.C. Hydro provide full documentation for
2 the process by which B.C. Hydro has arrived at its
3 estimates for actual and potential financial liability
4 for these greenhouse gas emissions. And the greenhouse
5 gas emissions referred to there are the greenhouse gas
6 emissions from non-Heritage Contract resources for
7 fiscal 2004, '05 and '06.

8 And the response of B.C. Hydro was to refer
9 me to their response to IR 1.3.1 B.C. Hydro, wherein
10 B.C. Hydro has estimated a zero dollars liability and
11 given what I would characterize as a very brief and
12 sketchy reason for their estimate of the liability.

13 And it's our position that B.C. Hydro could
14 and should give a more detailed answer, clearly running
15 through the line of logic that goes from the initial
16 potential for liability; that is, greenhouse gases cause
17 harm to the environment, B.C. Hydro generating
18 facilities emit greenhouse gases, therefore there is a
19 potential there for people to be harmed by those
20 generating activities, creating a potential liability.
21 And then there's some kind of chain of logic that flows
22 from that to B.C. Hydro's apparent conclusion that the
23 federal plan has -- and the way the federal plan
24 operates has somehow or other counteracted that
25 potential liability. I don't see the logic. I
26 requested a full answer to the question and I don't

1 believe that it's there in the response.

2 THE CHAIRPERSON: Thank you. Let's then turn to 3.3.

3 MR. HACKNEY: 3.3, in this question I requested a full
4 documentation of the allocation of responsibility for a
5 greenhouse gas emissions liability between B.C. Hydro
6 and any party from whom B.C. Hydro is purchasing
7 electricity or transportation services. In their
8 response in the last sentence of their response, B.C.
9 Hydro says: To the extent that there may be any
10 greenhouse gas liability with the gas transportation,
11 B.C. Hydro's liability is the same as any other user of
12 gas transportation. And in my view, that is not totally
13 responsive. It is not clear what the liability is of
14 any other user of gas transportation, and I would like
15 B.C. Hydro to specify that.

16 THE CHAIRPERSON: And 6.2?

17 MR. HACKNEY: The number for 6.2, again the issue is the
18 same as for 3.2 except that this question pertains to
19 Heritage Contract resources as opposed to non-Heritage
20 Contract resources. And B.C. Hydro's response was to
21 refer me back again to their initial answer that I
22 addressed for their answer at 3.2. So again my position
23 is the same there. The answer is not as full as I would
24 like.

25 THE CHAIRPERSON: Thank you, Mr. Hackney. Are those the
26 only three?

1 MR. HACKNEY: Those are the three, yes.

2 THE CHAIRPERSON: Thank you. Mr. Sanderson.

3 MR. SANDERSON: Mr. Chairman, the reason that B.C. Hydro
4 resists any further answer is that I think the answer to
5 1.3.1 is really as plain as plain can be, and all it's
6 simply saying is that under current law as B.C. Hydro
7 understands it, it has no liability which is going to
8 have any impact on this application in the test years.
9 And that's the response given in 3.1.

10 It goes on to say to reference the federal
11 government GHG plan in an aid to -- I suppose in a
12 perhaps unfortunate attempt to assist, in the sense that
13 by raising that we get a bunch more questions. But all
14 that says is that even the federal government plan,
15 which is the first thing which might be the first step
16 in changing the law, isn't expected to occur in the form
17 of regulations until 2008, i.e. well outside the fiscal
18 years here.

19 So the simple answer to the line of
20 questioning is, at this time B.C. Hydro has no basis to
21 believe it has any liability with respect to these type
22 of emissions. And Mr. Hackney doesn't have to accept
23 that answer as a desirable one or as even the correct
24 one, but that's Hydro's position and that's really all
25 it can say about it is it knows of no law to make it
26 liable.

1 If there is a suggestion there is one that
2 makes it liable, then I guess Mr. Hackney can either
3 explore that or should have explored that with IRs or at
4 the hearing in terms of questioning whether it's right
5 to say there is none. But that's certainly Hydro's
6 clearly expression position and I don't think any
7 further line of inquiry is going to bring you out any
8 more information in that regard.

9 With respect to Heritage, non-Heritage issue
10 -- oh, you'll also note that in 3.1 it does speak to
11 both Heritage and non-Heritage resources, and it's for
12 that reason that that's answer to 6.2 as well as 3.2.

13 And then finally on 3.3, the reference to
14 Hydro's liability is the same as any other user of gas
15 transportation. It simply meant, I think, in the
16 context of the question to say with the exception of
17 ICP, there is no contract which provides for liability
18 as between Hydro and the generator; that is, the
19 contracts don't cover the issue. And with respect to
20 the ICP arrangement and the movement of gas, B.C. Hydro
21 doesn't know of any contractual provision it has which
22 makes it any different than any other carrier of gas.
23 And if you combine that with our answer to 3.1, which so
24 far as we know at the moment there is no liability for
25 greenhouse gas emissions for those users, then I think
26 it follows that the answer is pretty clear. We're

1 this point in time is for the panel to give direction to
2 B.C. Hydro to provide a fuller answer to those two
3 information requests. The broader issue that you raise
4 with respect to whether or not there -- and in this case
5 I'll refine what you said, whether or not there's some
6 cost arising from that reliability that you mention,
7 isn't that an issue that you can pursue during the
8 hearing?

9 MR. HACKNEY: Yes, I believe I can pursue it during the
10 hearing.

11 THE CHAIRPERSON: Okay. Well, if that's satisfactory to
12 you, without me commenting on whether or not that's
13 within the scope of the hearing, let's leave that issue
14 then. If I hear you correctly that that's satisfactory,
15 let's leave that issue until we get to the hearing. And
16 then as I mentioned, without commenting on whether or
17 not it will be within the scope of the hearing, we at
18 least can return to that issue for that determination
19 then.

20 MR. HACKNEY: Actually can I qualify my earlier response?
21 I think it would be a lot more helpful to me in
22 preparing evidence and argument if I did get a fuller
23 answer. The question of, you know, me getting evidence
24 to trace the whole legal framework from potential
25 liability to whether that applies in a particular -- in
26 this particular instance, is quite an onerous task, and

1 frankly I think it's B.C. Hydro's job to be fully on top
2 of its legal obligations and they should be willing
3 to, and open about them.

4 THE CHAIRPERSON: They say they are, and they say there is
5 no liability and so they haven't included a cost in
6 their revenue requirement for that reason. I would
7 encourage you in your evidence that you're going to
8 file, if you want to establish a foundation for this,
9 that you address the issue in your evidence. And for
10 the purposes of the three questions that you've raised,
11 it's my impression that those are issues that, if you
12 wish to, you can pursue based on your own evidence or on
13 evidence that comes from the hearing should we go there
14 during the course of the hearing. If you want, I will
15 deliberate with the panel on this, but that's my
16 suggestion to you at this time.

17 MR. HACKNEY: Yes, very well, thank you.

18 THE CHAIRPERSON: Okay, is it your request that we issue a
19 decision with respect to those two other IRs, or are you
20 satisfied with what I have just said?

21 MR. HACKNEY: I would -- I guess I'm requesting a decision.

22 THE CHAIRPERSON: Okay. We will provide it to you. Thank
23 you.

24 MR. HACKNEY: Thank you.

25 THE CHAIRPERSON: That concludes the pre-hearing
26 conference, and with that I'll close the record for the

1 purposes of the pre-hearing conference. Thank you.

2 **(PROCEEDINGS ADJOURNED AT 12:38 P.M.)**

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