

**BRITISH COLUMBIA UTILITIES COMMISSION**

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

**and**

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

**and**

**An Application by British Columbia Transmission Corporation for  
Approval of an Application for Deferral Accounts**

Vancouver, B.C.  
January 14, 2004

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**PRE-HEARING CONFERENCE**

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BEFORE:

R. Hobbs,	Chairman
L. Boychuk,	Commissioner
M. Birch,	Commissioner

**Volume 1**

## APPEARANCES

G.A. FULTON	COMMISSION COUNSEL
C. SANDERSON I. WEBB	BRITISH COLUMBIA HYDRO AND POWER AUTHORITY
P. FELDBERG	BRITISH COLUMBIA TRANSMISSION CORPORATION
R.B. WALLACE	JOINT INDUSTRIES ELECTRICAL STEERING COMMITTEE
W. HALIPCHUK	KEMESS MINE, NORTHGATE EXPLORATION
D. NEWLANDS	ELK VALLEY COAL CORPORATION
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
C. WEAVER	COMMERCIAL ENERGY CONSUMERS
J. CAMPBELL	HIMSELF
A. WAIT	HIMSELF
W. TURNER	SAVE BRITISH COLUMBIA COALITION

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1 **CAARS**

2 VANCOUVER, B.C.

3 January 14, 2004

4 **(PROCEEDINGS COMMENCED AT 9:00 A.M.)**

5 THE CHAIRPERSON: Please be seated. Good morning. My name  
6 is Robert Hobbs and with me are Commissioner Boychuk and  
7 Commissioner Birch. This is a prehearing conference to  
8 consider certain procedural issues arising from a  
9 revenue requirements application filed by B.C. Hydro on  
10 December the 15<sup>th</sup>, 2003. Commission counsel for this  
11 proceeding will be Gordon Fulton.

12 Before turning to the issues for this  
13 prehearing conference, I want to identify the staff,  
14 which includes both full-time and contract staff that I  
15 currently anticipate will be involved in the review of  
16 the application.

17 The lead staff for the review of the  
18 application will be Barry McKinlay.

19 The principal staff reviewing issues arising  
20 from power purchases, trade revenues, portfolio  
21 management and the IEP will be Brian Williston, Bob  
22 Rerie, Robin Siddell, and Elroy Switlishoff.

23 The staff involved in the review of OMA and  
24 the capital program will include Neptune Smith, Brian  
25 Williston, Bob Rerie and Elroy Switlishoff.

26 The staff involved in the review of the

1 finance and accounting issues, including debt costs,  
2 return on equity, and the deferral accounts, will be  
3 Barry McKinlay, Phillip Nakoneshny, and Fong Kwok.  
4 Werner Krampfl will also be involved in finance and  
5 accounting issues related to BCTC matters.

6 The staff involved in review of costs related  
7 to the management, environmental and First Nations  
8 issues will include Brian Williston and Bob Rerie.

9 The principal staff reviewing issues arising  
10 from the Power Smart program and DSM evaluation will be  
11 Eileen Cheng assisted by Elroy Switlishoff. Eileen  
12 Cheng will also be reviewing the load forecast.

13 I have identified each staff member's  
14 principal area of involvement so that you can contact  
15 staff responsible for those areas if you wish.

16 This morning Barry McKinlay, Philip  
17 Nakoneshny, Bob Rerie, Fong Kwok are here to assist you  
18 if you wish to speak to them.

19 The hearing officer will be Hal Bemister.

20 Now I'll describe the record as it stands  
21 today. On December the 15<sup>th</sup>, 2003, B.C. Hydro filed a  
22 revenue requirements application to increase its rates  
23 by 7.23 percent effective April the 1<sup>st</sup>, 2004, and by 2  
24 percent effective April the 1<sup>st</sup>, 2005. On December the  
25 16<sup>th</sup>, 2003, the Commission issued Order G-84-03 that  
26 called for publication of a notice and established the

1 prehearing conference and tomorrow's workshop.

2 On December the 15<sup>th</sup>, 2003, the same day as  
3 B.C. Hydro's filing, BCTC filed an application seeking  
4 approval for certain deferral accounts that are listed  
5 in their application. BCTC requested that the  
6 application, with the exception of one of the deferral  
7 accounts, be heard at the same time as B.C. Hydro's  
8 revenue requirement application.

9 By letter L-1-04 dated January the 7<sup>th</sup>, 2004,  
10 the Commission determined that the BCTC application for  
11 the deferral accounts to come into effect April the 1<sup>st</sup>,  
12 2005, should be heard at the same time as B.C. Hydro's  
13 revenue requirement application. BCTC was also  
14 requested in that letter to speak to its proposal with  
15 respect to a review of the CPCN application for the BCTC  
16 system control modernization project should BCTC decide  
17 to proceed with the project at the end of the definition  
18 phase.

19 Yesterday B.C. Hydro also circulated a letter  
20 that identified certain filings that it expects to file  
21 during this proceeding. In a few moments I'll ask B.C.  
22 Hydro to speak to that letter.

23 Those are the matters of record to today. An  
24 exhibit list has been prepared pursuant to the  
25 Commission's document filing protocols that were issued  
26 on December the 12<sup>th</sup>, 2003. Mr. Fulton has copies of the

1 exhibit list and the document filing protocols.

2 B.C. Hydro is seeking an interim order with  
3 respect to its application. The Commission Panel  
4 intends to issue an order with respect to the interim  
5 application within the next couple of weeks. B.C.  
6 Hydro's application for an interim order is considered  
7 outside the scope of this prehearing conference.

8 As stated in the Commission letter dated  
9 January the 7<sup>th</sup>, 2004, which is Exhibit A-3, the  
10 principal purpose of this prehearing conference is to  
11 hear submissions that may assist the Commission Panel in  
12 determining an appropriate regulatory agenda.

13 I think there are three key elements of the  
14 regulatory agenda and I'd like to establish the agenda  
15 for the prehearing conference around those three key  
16 elements of the regulatory agenda: first, the process  
17 steps for review of the application; second, the  
18 timetable for the process steps; third, the location for  
19 the oral phases of the proceeding.

20 I may ask questions of the participants with  
21 respect to the first two elements of the regulatory  
22 agenda. Commissioner Boychuk and Commissioner Birch may  
23 also have some questions. So that the process steps  
24 have some focus without concerns about timetable, I am  
25 going to ask the participants first speak to the process  
26 steps. And for those of you who think graphically, the

1 process steps that I'm referring to are the left column  
2 on the proposed schedule that B.C. Hydro put together in  
3 its cover letter that submitted the application.

4 So as I mentioned for those of you who have  
5 just turned to the proposed schedule, the process steps  
6 were the first item on the agenda for this morning as  
7 the left-hand column. The second item on the agenda is  
8 going to be the right-hand column, and then we are going  
9 to deal with location issues.

10 As mentioned in our letter of January the  
11 7<sup>th</sup>, the proposed schedule was not intended, and my  
12 reference to the proposed schedule was not intended to  
13 in any way constrain your views with respect to what the  
14 appropriate process steps should be.

15 If you believe that a negotiated settlement  
16 process should be included as a process step, then you  
17 may choose to comment on the appropriateness of a  
18 negotiated settlement process at that time. So as the  
19 first agenda item. If you wish to pursue a negotiated  
20 settlement process, then I'd appreciate you identifying  
21 that when you're speaking to the process steps.

22 If no one speaks in favour of a negotiated  
23 settlement process, then I assume that no one supports a  
24 negotiated settlement process for this matter. After  
25 hearing from participants, I may then be able to provide  
26 some comments about the process steps that may be

1 helpful with respect to the second element of the  
2 regulatory agenda, the timetable for the process steps.

3 Regarding the third element of the regulatory  
4 agenda, the location, I have been told that Commission  
5 counsel and the hearing officer are able to make a  
6 recommendation with respect to the location. Unless  
7 there are objections, which I will ask for later, to the  
8 location being a downtown Vancouver location, I'm going  
9 to accept their recommendation.

10 I'll also ask at the end of the review of  
11 those three items if there are any other agenda items  
12 that anyone wishes to raise.

13 Now before I turn to the first element of the  
14 regulatory agenda, I would like BCTC to comment on their  
15 position with respect to a review of a CPCN application  
16 for the system control modernization project, and that's  
17 assuming that BCTC decides to proceed with the project  
18 after completion of the definition phase.

19 MR. FELDBERG: Mr. Chairman, Peter Feldberg. I appear for  
20 BCTC.

21 Mr. Chairman, you asked -- the Commission  
22 asked two questions of BCTC. The first was when it  
23 intended to file an application or when it saw that it  
24 would file an application for a CPCN for the system  
25 control modernization project, and secondly whether it  
26 saw it as part of this proceeding or as part of a

1 separate application.

2 Dealing with the first question, the  
3 application that was filed on December 15 laid out a  
4 number of steps that BCTC was currently undertaking with  
5 respect to the system control modernization project, and  
6 indicated in the application the first phase was a  
7 definition phase which involved a series of studies that  
8 were set to be completed in and around the end of March  
9 of this year.

10 After the study phrase is completed, there  
11 are obviously a number of other steps that the company  
12 will need to go through in terms of defining and  
13 deciding on options, preparing an application, and  
14 bringing it to the Commission. Our best estimate of  
15 that currently is that we anticipate doing that mid-  
16 year, depending on how things go with the other phases.  
17 It's a little early at this stage to tell, but that's  
18 where we currently anticipate it falling.

19 In terms of whether it belongs with this  
20 application or ought to be the subject of a separate  
21 application, it's our view that that should be the  
22 subject of a separate application and that it should not  
23 form part of this application. A CPCN application  
24 obviously has different issues associated with it. It  
25 has different tests applied to it and we don't see the  
26 evidentiary overlap that would create sufficient

1           deficiencies with those project that it would make sense  
2           to -- with this hearing that it would make sense to do  
3           it within this hearing. So our position is that it  
4           ought to be the subject of a separate proceeding.

5 THE CHAIRPERSON: Thank you. I think your filing date  
6           drives the answer to the second question, but I will  
7           leave the floor open for any further comments with  
8           respect to that when we speak to the process steps. But  
9           thank you.

10 MR. FELDBERG: But Mr. Chairman, if there are subsequent  
11           comments that I haven't addressed, I'd obviously like  
12           the opportunity to return.

13 THE CHAIRPERSON: Of course.

14                       I think Mr. Fulton, perhaps in a less  
15           organized fashion than he's had in the past, has  
16           developed an order for participants to speak to the  
17           agenda items. I'm going to now turn to B.C. Hydro and  
18           BCTC to first speak to any issues that they would like  
19           to speak to with respect to process steps, and I'm  
20           assuming at least in the context of B.C. Hydro it will  
21           be around the proposed schedule. And I'd like, Mr.  
22           Sanderson, if you will, to speak to the letter that also  
23           was filed yesterday.

24                       And then I'll hear from BCTC with respect to  
25           the process steps, and then I'll turn to Mr. Fulton to  
26           call, if that's the manner in which he wishes to



1 develops. And indeed, prehearing conference number 2  
2 might well begin to look at the issues on a selective  
3 basis and say these ones look like they are things where  
4 there's room for negotiation and some progress can be  
5 made; other ones aren't. But again it's premature to  
6 get precise about that.

7 Otherwise, Mr. Chairman, I think the proposed  
8 schedule speaks for itself.

9 In the covering letter there is some  
10 elaboration of why the schedule has some of the features  
11 that it does. The only point which I would emphasize,  
12 and I think most of the submissions on page 2 go to, is  
13 it's Hydro's strong view that the information request  
14 process is going to be a very important element as it  
15 always is, but particularly in the context of this  
16 proceeding given the long lacuna if you want, in Hydro's  
17 participation in a rate review. And so built into this  
18 is four weeks for Hydro to respond to the Commission's  
19 first round of requests, and an almost similar period to  
20 respond to intervenor requests. And I think that that  
21 is going to assist everyone in the process if B.C. Hydro  
22 is able to field what we anticipate will be a great  
23 number of information requests in sort of a timely and  
24 orderly way, and provide the best information it's  
25 capable of to the process in response to those  
26 questions. And that was the guiding ethic behind this

1 schedule if you will.

2           You've asked for comment with respect to Mr.  
3 Christian's letter of yesterday, and I'll say only this.  
4 I think that the three items that he mentions  
5 specifically are all really contemplated either in the  
6 cover letter of December 15<sup>th</sup> or in the application  
7 itself. The application discloses that the Integrated  
8 Electricity Plan and an Updated Action Plan that would  
9 flow out of it are not anticipated until March 31<sup>st</sup>, and  
10 that's explained and elaborated in the application.  
11 Clearly that Integrated Electricity Plan is an important  
12 backdrop.

13           It's not anticipated at this stage that the  
14 short-term action plan, which is what affects fiscal '05  
15 and '06, which is the subject matter of the application,  
16 will be materially changed, but it's important to  
17 confirm that assumption. And so it would be hoped that  
18 the IEP that's filed March 31<sup>st</sup> would be confirmatory in  
19 the short term of what's already assumed in the  
20 application, and would clearly be more elaborate in the  
21 medium and long term than what's currently described in  
22 the application, and thus give a more useful backdrop to  
23 participants during the oral phase of the hearing. And  
24 if that March 31<sup>st</sup> schedule can be adhered to, it's  
25 Hydro's view that that should accommodate the May  
26 hearing.

1                   That also facilitates updates to forecast  
2                   financial schedules. There's really two aspects to  
3                   that. One is as described more fully in the  
4                   application, the budgetary process at Hydro, which is on  
5                   a fiscal year that commences April 1<sup>st</sup> each year, is not  
6                   as of today complete. So that the numbers that have  
7                   been filed are the preliminary budget numbers. The  
8                   Board approves the final budget later this month, and  
9                   then the final numbers are then settled and adjusted.  
10                  And the hope would be that that updated financial  
11                  information, to the extent there's any changes, can be  
12                  identified in the next month or so. And as well, and  
13                  probably in the consolidated filing, any changes  
14                  resulting from change to external economic conditions;  
15                  that is, as the application makes clear, some of the  
16                  numbers in here are dependent on provincial forecasts  
17                  and those are consistently updated on a quarterly basis.

18                  And so B.C. Hydro's approach is to bring all  
19                  of that together in an update sometime probably towards  
20                  the end of February, which would then cut off the  
21                  information and say: This is the information which will  
22                  form the final basis for the actual hearing itself and  
23                  hopefully thereby prevent constant updating the  
24                  information, which leads to confusion for everyone.

25                  And then finally, as the schedule  
26                  contemplates, there will be direct testimony ultimately

1 filed. It's Hydro's view that that direct testimony,  
2 and I guess I'm now speaking to the schedule, should be  
3 informed by the focus of intervenor questions in the IR  
4 process. And that's why the schedule proposes direct  
5 evidence after the IR responses, or at the same time the  
6 IR responses are filed, and so that Hydro can hone in on  
7 those areas where the most interest seems to be being  
8 expressed either by Commission staff or by intervenors,  
9 and make sure that the evidence, any supplementary  
10 evidence that is required beyond the application is  
11 provided to the Commission.

12 Finally as Mr. Christian points out, it's  
13 possible at the end, although there's no precise -- I'm  
14 sorry, there is a precise placeholder for this on May  
15 the 6<sup>th</sup> but no necessary requirement for the filing of  
16 rebuttal evidence. It's probably a good idea to  
17 memorialize when it would occur if it is necessary, and  
18 as we've said, that's suggested to be May 6<sup>th</sup>.

19 Mr. Chairman, I think that is probably all I  
20 would propose to say at the moment, unless there is a  
21 topic I haven't covered that you would wish me to  
22 address initially, and then I may have comments in  
23 response to some of my friends.

24 THE CHAIRPERSON: I am going to, because I have the  
25 opportunity, I am going to ask you a number of  
26 questions, but I'm concerned my questions may preempt or

1 influence some of the comments that we will hear from  
2 intervenors later, so I will return to this after I have  
3 heard from the intervenors. But I do have a couple  
4 preliminary questions.

5 The application I thought indicated that the  
6 IEP was going to be filed March 2004. I may have missed  
7 here the March the 31, 2004 date. If there are  
8 significant changes to capital programs that you don't  
9 currently anticipate or changes to resource  
10 acquisitions, or if your evidentiary update, as it  
11 relates to the budget and actuals for 2004, drive  
12 significant changes that the intervenors may prefer to  
13 ask IRs with respect to rather than waiting for the  
14 hearing, do you have any views with respect to whether  
15 that opportunity should be given to the intervenors?

16 MR. SANDERSON: No firm views, Mr. Chairman. Clearly, if  
17 the intervenors can make the case that there is  
18 significant enough change to affect potentially their  
19 position with respect to some of the issues in the  
20 hearing, then there should be additional IR process. I  
21 mean the IR process, we quite accept, is a helpful thing  
22 prior to the hearing. And so that if there were  
23 significant changes in a way that we were unable to make  
24 clear in whatever updated evidence we filed, then an  
25 additional IR process at that stage would be  
26 appropriate.

1 I think it is premature to, again, hardwire  
2 that and I would resist doing it now because if it is  
3 not necessary then it's just more paper and more time.  
4 But nor would I proclude it, in my submission.

5 I think the schedule accommodates some  
6 latitude there. If I can take you to the schedule for a  
7 moment, you will see that BC Hydro's response to  
8 intervenor IRs first round is March 19<sup>th</sup> which is almost  
9 two months before the hearing starts. And then there is  
10 a provision for intervenor evidence in response to that  
11 and another prehearing going on through April. It would  
12 certainly be possible to have another round of IR  
13 process occurring then, that is to Hydro, should that  
14 approve necessary.

15 So for instance, it would be my expectation  
16 that those issues could be grappled with on the April 7<sup>th</sup>  
17 prehearing conference number two and if there was  
18 persuasive argument made that another IR process is  
19 needed, there is a full month to do it, and that is  
20 realistic I think at that stage. The response times are  
21 necessarily and quite achievably much shorter because  
22 the issues are narrower and more focused. And that  
23 could be built in between April 7<sup>th</sup> and May 10<sup>th</sup>.

24 I should also say that the May 10<sup>th</sup> date was  
25 influenced by the need to, and again the need is, I  
26 think just a -- if I could put it this way, one of

1 convenience to get the oral hearing process through by  
2 June, by the end of June. That is the sort of guiding  
3 thinking here was if at all possible the schedule should  
4 accommodate the completion of the evidentiary phase of  
5 the hearing before the summer. And frankly the May 10<sup>th</sup>  
6 hearing date fairly generously, I hope, accomplishes  
7 that. It allows seven weeks of hearing time. And that  
8 maybe an over-estimate of what is really needed but I  
9 guess we wanted to provide a fairly generous buffer  
10 there. But again, if the Commission determines that IRs  
11 are a better way to manage the process than a lengthy  
12 oral phase then certainly from Hydro's perspective there  
13 would be no objection to that.

14 THE CHAIRPERSON: Thank you. The first question that I  
15 had as related to the record, your application assumes  
16 that there will be a filing of the disaggregated OMA  
17 cost by function mid January 2004. So right about now,  
18 are you still on schedule to do that?

19 MR. SANDERSON: Mr. Chairman, if your question is directed  
20 at the breakout of OMA into its separate components  
21 beyond the level and the application, that is finalized  
22 as the budget process is finalized which is back to the  
23 Board meeting that I think is scheduled this month  
24 certainly, and I'm just -- I am looking for confirmation  
25 of the exact date, but I think it is January 30<sup>th</sup>. And  
26 it would then be shortly after that that we would be in

1 a position to confirm those numbers. There maybe be a  
2 reference I am missing, Mr. Chairman.

3 THE CHAIRPERSON: Yeah, and I can give it to you.

4 MR. SANDERSON: Thanks.

5 THE CHAIRPERSON: It is Exhibit B1-1 which is Volume 1, tab  
6 2, page 2-10, lines 11 to 13.

7 MR. SANDERSON: Well, Mr. Chairman, you've I think picked  
8 up some slippage already. I think that dates -- I am  
9 going to have to check why that says mid-January, but my  
10 understanding is that isn't finalized until after the  
11 global budget is finalized and the final allocations are  
12 blessed at that level, which implies that mid-January  
13 was always optimistic and I frankly hadn't picked that  
14 up. But I think the realistic answer now is early  
15 February as to distinct from mid-January.

16 THE CHAIRPERSON: If it is early February and there is an  
17 opportunity for IRs after that filing which is set out  
18 in your proposed schedule then it would seem that your  
19 dates for IRs can accommodate that. If is slippage  
20 beyond the first part of February, then there isn't that  
21 opportunity and I probably won't go any further with  
22 respect to my comments until I have heard from the  
23 intervenors in this regard.

24 MR. SANDERSON: Yes, and I do take your point, Mr.  
25 Chairman.

26 THE CHAIRPERSON: Okay. My second area of questions

1 relates to your comments with respect to the prehearing  
2 conferences as related to the negotiated settlement  
3 process, and I appreciate your comments in that regard.  
4 I will say this with respect to the second prehearing  
5 conference and probably then open the floor to  
6 intervenors, but this maybe helpful to the intervenors:  
7 My view of the prehearing conference was that, at least  
8 in part, it was going to deal with issues arising from  
9 the adequacy of information heading into the hearing.  
10 So that was going to provide an opportunity for  
11 intervenors as well as B.C. Hydro and BCTC to comment on  
12 responses to information requests if they so chose.

13 The prehearing conference that you've set  
14 forth is earlier than might accommodate the intervenors  
15 and it is certainly too early for that opportunity to be  
16 made available to you effectively if the prehearing  
17 conference is where it is before you get responses to  
18 IRs then you're foreclosed from that opportunity. I  
19 assume from the schedule you are proposing that in fact  
20 you did that deliberately.

21 MR. SANDERSON: Yes, Mr. Chairman, that's so. Your first  
22 observation that one of the agenda items for the  
23 prehearing conference number two would be to debate, if  
24 necessary, the adequacy of any responses caused the  
25 suggested date to be after the filing of B.C. Hydro's  
26 responses to everybody's first round of IRs. So that

1 would accommodate the April 7<sup>th</sup> hearing date permitting  
2 that debate to occur if it needs to.

3 You are right that Hydro doesn't have a  
4 similar ability to complain of the adequacies of  
5 responses from intervenors and that is really based on  
6 our experience that one, the IR process to intervenors  
7 is less fulsome perhaps than from intervenors. And  
8 second that we will want to draw intervenors out to the  
9 extent that they are capable of being drawn out and  
10 willing to be drawn out, but in the end it is our case  
11 to prove and if intervenors don't want to be responsive  
12 then we can deal with that in argument or during the  
13 oral phase of the hearing and the need to press, from  
14 the applicant's perspective, is usually less.

15 Now, there maybe an exception that causes me  
16 to get up and say that in a specific context I do want  
17 an answer, but I think that is much more an exception  
18 than it is the rule and I don't think it needs a special  
19 prehearing schedule now to accommodate it.

20 THE CHAIRPERSON: Thank you. And one final comment. And  
21 this isn't a question but one final comment for the  
22 intervenors, and I will give you an opportunity to  
23 respond if you wish. It is my view that if an  
24 negotiated settlement process is embarked upon that it  
25 first needs to be brought to the Commission Panel before  
26 that process is begun. And I hear your comments with

1        respect to leaving that opportunity open, and subject to  
2        the views of intervenors, there may very well be some  
3        merit in that. I think that will -- if that event  
4        occurs I think that will mean that there will be another  
5        prehearing conference before any effort to achieve a  
6        negotiated settlement on any set of issues is  
7        undertaken.

8        MR. SANDERSON:    Mr. Chairman, rather than comment on that  
9        specifically maybe I will just say that in my view the  
10       prehearing conference mechanism is a very useful one and  
11       I think all parties, and in my respectful submission I  
12       hope the Commission, you know, will consider their use  
13       wherever they appear necessary. I can't see how at  
14       least two aren't necessary and that is why two are built  
15       in here. But if we need three or four, I think, on  
16       specific issues, that is a useful use or a practical and  
17       beneficial use of the Commission's time frankly.

18       THE CHAIRPERSON:    Thank you, and I concur. With that then  
19       I think it is -- this is the opportunity for BCTC to  
20       comment on process steps.

21       MR. FELDBERG:        Mr. Chairman, subject to any questions you  
22       might have of us, we have no comments to add to those  
23       made by Mr. Sanderson on the process steps.

24       THE CHAIRPERSON:    Is it your view that -- because you now  
25       have been enjoined, if that is the correct phrase, into  
26       this proceeding as an applicant, is it your view that

1 the round of IRs that are proposed in B.C. Hydro's  
2 schedule would apply to you as well so that wherever  
3 B.C. Hydro appears we could add BCTC?

4 MR. FELDBERG: I think that is actually the best way to do  
5 it, Mr. Chairman, particularly for intervenors'  
6 convenience. It is hard to keep track of separate dates  
7 and there are enough here already. So I think that is  
8 the appropriate way to proceed.

9 THE CHAIRPERSON: Okay. With that Mr. Fulton, I am going  
10 to turn the floor to you to call upon participants to  
11 speak to process steps.

12 MR. FULTON: Thank you, Mr. Chairman. I will say that I  
13 have left at the back of the room the exhibit list to  
14 date. That list does not include the letter from B.C.  
15 Hydro that was received by the Commission yesterday but  
16 it will take the next number in the B.C. Hydro series of  
17 numbers. And I also have left at the back of the room  
18 the copy of the document filing protocols which indicate  
19 to people the protocols that the Commission now has in  
20 place relative to document filing.

21 In terms of calling parties forward --

22 THE CHAIRPERSON: Just before you do that --

23 MR. FULTON: Yes.

24 THE CHAIRPERSON: -- for the purposes of the record then,  
25 the letter from Mr. Christian dated January 13, 2004 I  
26 think is Exhibit B1-3?

1 MR. FULTON: That would be B1-4, Mr. Chairman. B1-3 is the  
2 Lawson Lundell letter of October the 21<sup>st</sup>.

3 (LETTER FROM LAWSON LUNDELL DATED JANUARY 13, 2004 RE  
4 MATERIALS TO BE FILED MARKED EXHIBIT B1-4)

5 THE CHAIRPERSON: It is so much more fun to correct people  
6 when they mis-identify exhibits then it is to actually  
7 offer an exhibit number myself. Thank you.

8 MR. FULTON: So in terms of how I call people forward this  
9 morning, I do recognize a number of the individuals and  
10 organizations from previous hearings. I did ask before  
11 we started this morning for people who I may not have  
12 met in the past to come forward and identify themselves  
13 and so if I don't capture everyone at the end then they  
14 should come forward quietly and I will make the  
15 microphone available to them.

16 Having said that I would like to begin with  
17 the Joint Industrial Electrical Steering Committee, Mr.  
18 Wallace.

19 MR. WALLACE: Thank you. R. B. Wallace appearing on behalf  
20 of the Joint Industry Electric Steering Committee. Mr.  
21 Chairman, with respect to the various process steps, it  
22 is a bit hard to separate them from timing but I will do  
23 that. The principal concerns would be with respect to  
24 information that is still to come and I would suggest  
25 that in some cases there needs to be dates set with  
26 respect to that.

1                   The one that concerns me the most just  
2 following on from Mr. Feldberg's comment is BCTC's  
3 application for deferral accounts. I only became aware  
4 of that application in the last few days. It didn't  
5 obviously have the profile that the B.C. Hydro  
6 application did. It seems to me that that is a very  
7 limited application to this point in terms of  
8 information and to head directly into information  
9 requests with it seems premature. I would assume that  
10 BCTC is planning to provide more detail with respect to  
11 that. If it is not, of course that should be made clear  
12 as soon as possible.

13                   With respect to financial updates and these  
14 are basically the items listed in Lawson Lundell's  
15 letter of January 13<sup>th</sup>. I believe a date should be set  
16 for those and some indication I guess of the seriousness  
17 of those updates would also affect the scheduling. If  
18 they are going to be substantial then there will  
19 definitely have to be a round of information requests  
20 after them. If it is considered to be minor clean up  
21 then maybe that isn't going to be much of a problem.

22                   With respect to the filing of the direct  
23 testimony of witnesses, I had been hopeful that all that  
24 was intended was that Hydro would be filing the type of  
25 information that says: So-and-so will be testifying to  
26 these particular tabs and his background is the

1 following.

2 It appears from listening to Mr. Sanderson  
3 this morning that something much more comprehensive than  
4 that may be contemplated. And if that is the case, then  
5 I think we have to have a round of information requests  
6 to respond to that because if it is as Mr. Sanderson  
7 described them anticipating from the information  
8 requests of the BCUC and of the intervenors what the  
9 issues may be, then I think it is fair to assume that  
10 there may be substantive new response from B.C. Hydro,  
11 and it would be appropriate to allow time for  
12 information requests, and presumably I think before the  
13 intervenor evidence, otherwise the intervenor evidence  
14 maybe have been brought forward on less than a full  
15 record or a full understanding of B.C. Hydro's  
16 positions.

17 I think also with respect to the Integrated  
18 Electricity Plan and Updated Action Plan, I'm not quite  
19 as confident as Mr. Sanderson is that those will not  
20 raise new issues, and believe that again it will be  
21 essential to build in an information response process  
22 with respect to that, and to allow intervenor evidence  
23 at a reasonable time after the Integrated Electricity  
24 Plan. And we'll be talking scheduling in the next phase  
25 of this, but right now I just wish to point out that if  
26 the Integrated Electricity Plan comes in on March 31<sup>st</sup>,

1           intervenor evidence on April 2<sup>nd</sup> would not appear  
2           appropriate.

3                         With respect to a negotiated settlement  
4           process raised by yourself, I think if there are  
5           prospects that issues can be settled -- and I don't  
6           think it's realistic to think that the entire  
7           application could be settled although maybe we'll see as  
8           we go down the road, but if there are issues that could  
9           be settled, then I think the JISC would be supportive of  
10          a settlement process. But they are very concerned that  
11          we've got into settlement processes in the past that  
12          actually have turned out to be a fairly expensive waste  
13          of time. So I think it is essential that there be a  
14          general consensus that this is something worth  
15          undertaking, and that may be reviewed at a prehearing  
16          conference; it might be appropriate.

17                         The process must not be an extended process.  
18          I think everybody benefits from a focused process.  
19          Processes that we have been involved in that go over a  
20          long period of time tend to be unfocused and not to lead  
21          to resolution. And it is important that in the proposed  
22          schedule, time be built in for a settlement process at  
23          this time. We don't want to reach a stage where people  
24          are saying yes, it would be a good idea but there is no  
25          time. Again, we don't think it takes a long time to see  
26          if something can be resolved and to deal with it,

1 particularly if we have a strong record in advance.

2 That completes my comments unless you have  
3 any questions.

4 THE CHAIRPERSON: Just a comment with respect to your  
5 comments regarding the prospects of an NSP process. I'm  
6 thinking that if during the evidentiary discovery phase,  
7 the IR phase, that the prospects are looking reasonable  
8 and that parties identify that as such, that it would  
9 come back to the Commission before that effort was  
10 embarked upon. And I hear your comments with respect to  
11 it being focused, and I think that would probably help  
12 it being focused.

13 I'm thinking however that the process that we  
14 establish, if it doesn't at the outset include an NSP  
15 process step, then we wouldn't build in, as you're  
16 proposing, time for the NSP. But if it turned -- if  
17 circumstances presented themselves in such a way that  
18 the parties wanted to pursue that, then it would come  
19 back to the Commission and we could make adjustments to  
20 accommodate that NSP process at the time.

21 So in response, and I welcome your comments,  
22 but in response to your views with respect to building  
23 in time for that, I'm thinking no but we can accommodate  
24 it when the time arises.

25 MR. WALLACE: I think with respect to your suggestion of  
26 the timing that it may be appropriate prior to filing of

1           intervenor evidence. What I would suggest in that case  
2           is building in a prehearing conference if not building  
3           in time for a settlement process, so that one -- there  
4           would be a time to come before the Panel and to explore  
5           the issue, and if necessary then the Panel would be able  
6           to act quickly to make an adjustment to the time  
7           schedule to allow it to happen and to keep the focus and  
8           pressure on the parties.

9 THE CHAIRPERSON: Thank you. When would you propose that  
10           that be built in as a process step?

11 MR. WALLACE: I think there are two stages it could go. It  
12           could either go immediately before intervenor evidence  
13           or very shortly after intervenor evidence when the  
14           issues would be clearly defined.

15 THE CHAIRPERSON: So as it's set out now in B.C. Hydro's  
16           proposed schedule, the second conference would  
17           accommodate what you just mentioned.

18 MR. WALLACE: Yes.

19 THE CHAIRPERSON: Okay. Thank you.

20 MR. FULTON: Kemess Mines Limited.

21 MR. HALIPCHUK: Mr. Commissioner, Walt Halipchuk for Kemess  
22           Mine, Northgate Exploration.

23                           We have no objection to the schedule as it's  
24           outlined. We do have a question concerning location,  
25           and you said you'll speak to that a bit later. We  
26           wondered if there would be an oral hearing in Prince

1 George within the region, so.

2 THE CHAIRPERSON: I do intend to return to that issue, so  
3 you'll have that opportunity to speak to that.

4 MR. HALIPCHUK: Thank you.

5 THE CHAIRPERSON: Okay, thank you.

6 MR. FULTON: Elk Valley Coal Corporation.

7 MR. NEWLANDS: Good morning, Mr. Chairman. David Newlands  
8 on behalf of the Elk Valley Coal Corporation.

9 The only comment I would add at this time,  
10 sir, is with negotiated settlements, that I think  
11 probably sooner rather than later there's an opportunity  
12 to invoke that process. And an example I would give,  
13 areas that could become very technical within the  
14 application such as the structure of some of these  
15 deferred accounts, that to the extent a settlement could  
16 be reached and that could be brought forward to the  
17 Commission sooner rather than later, I think that'd be  
18 helpful to you.

19 Apart from that, we'd support the comments of  
20 Mr. Wallace. Thank you, sir.

21 THE CHAIRPERSON: Thank you.

22 MR. FULTON: Columbia Power Corporation. Mr. Duncan was  
23 tied up in Victoria in terms of mechanical problems, so  
24 I'll call them again later, Mr. Chairman.

25 B.C. Old Age Pensioners *et al.*

26 MR. GATHERCOLE: Mr. Chairman, maybe for the benefit of the

1 new commissioners I should list the client groups rather  
2 than just say BCOAP *et al.*

3 THE CHAIRPERSON: Yes, please do.

4 MR. GATHERCOLE: It includes the B.C. Old Age Pensioners  
5 Organization, the Council of Senior Citizens  
6 Organizations, the Senior Citizens Association of  
7 British Columbia, the federated anti-poverty groups of  
8 British Columbia, lower case, End Legislated Poverty,  
9 West End Seniors Network and the Tenants' Rights Action  
10 Coalition.

11 Maybe I can start with some comments on the  
12 negotiated settlement process. In general I would agree  
13 with Mr. Sanderson's comments. It's something I have,  
14 and my clients have, argued for for some time that  
15 rather than be an either/or that there be some  
16 opportunity for both. However, I would suggest a  
17 counsel of caution in this particular case. This is a  
18 major application. It is ten years since this utility's  
19 revenue requirements have been reviewed. I think it  
20 should be the exception rather than the rule in this  
21 particular proceeding for the parties to go off line and  
22 then come back with something for the Commission. I  
23 think it's really important that the Commission Panel  
24 have the real control on all the issues.

25 So I would agree that probably we could  
26 revisit this in the second prehearing conference, but I

1 would be looking at, in my view, something quite  
2 limited. I don't think there's any chance at all that  
3 the whole matter could be negotiated, nor do I think it  
4 should. And in fact I would agree with Mr. Wallace that  
5 sometimes when you get into the negotiated settlement  
6 process, if you're going to do it properly it can take  
7 longer than an oral hearing. And I think it -- I guess  
8 my submission would be, if we're going to have any  
9 aspect of negotiated settlement, clearly it should be  
10 decided by the panel and it should be very focused.

11 With respect to the rest of the proposed  
12 schedule, we're generally in agreement with it. I  
13 particularly like the approach of having the two levels  
14 of information requests, and it's been helpful in the  
15 past where we've had the information requests put in by  
16 the Commission staff before intervenors put in their  
17 information requests. I think it will be even more  
18 helpful both to the intervenors and to the overall  
19 process, this approach where we have the answers to the  
20 staff information requests as well, and I think that  
21 will -- I agree with Mr. Sanderson that the information  
22 request process in this proceeding is significant and I  
23 think this will be helpful. But I also believe that we  
24 may well come up with situations where we will need a  
25 second round, in particular agreeing with Mr. Wallace  
26 with respect to depending on what the filed evidence of

1 B.C. Hydro contains. If it were the usual form that Mr.  
2 Wallace indicated, we'd have no problem with the  
3 schedule. But I think it's something we're going to  
4 have to revisit when we see the evidence.

5 And I think subject to any questions you  
6 might have, Mr. Chairman, those are all my submissions.

7 THE CHAIRPERSON: Yes, I have an announcement -- I guess we  
8 best should call it that. In the future there will be  
9 no Commission Staff IRs. What we will have instead are  
10 Commission IRs. The Commission Panel intends to be  
11 asking questions as part of the IR process as well. We  
12 do not intend to distinguish them from the staff IRs as  
13 they go in, but they will be referred to as Commission  
14 IRs.

15 I'd like to raise with you a possibility with  
16 respect to the IRs and your comments give rise to this,  
17 comments which I had been thinking might be a  
18 possibility that would be welcomed by both the  
19 Commission and by intervenors.

20 In the past the practice has been, as you  
21 suggested, in some circumstances that there be a round  
22 of IRS from the Commission, and then there be a round of  
23 IRs from the intervenors. It excludes the intervenors  
24 in the first instance and excludes the Commission in the  
25 second instance, and I'm wondering if that's necessary.

26 MR. GATHERCOLE: The second I think would be more useful

1 than the first. My concern, and I've seen this in other  
2 processes as well, notably in the telecommunications in  
3 the past where you put in your information requests, or  
4 as they call it, interrogatories, at the same time as  
5 the CRTC does; and what you end up with is a lot of  
6 duplication and a lot of paper shuffling because you  
7 keep getting referred to other interrogatories.

8 I think speaking purely from my clients'  
9 point of view, having the Commission's IRs and  
10 particularly the responses to it, would be very very  
11 helpful because then we can then focus on the issues of  
12 particular concern to us. I think it will also help  
13 B.C. Hydro get a good sense of what issues various  
14 intervenors are particularly concerned about.

15 THE CHAIRPERSON: Yes. My comment was a little cryptic.  
16 What I am thinking, Mr. Gathercole, is that the first  
17 round of IRs will be available to everyone. The second  
18 round of IRs will be available to everyone as well.

19 MR. GATHERCOLE: So intervenors could either ask IRs at the  
20 first round, or just hold off until the second round.

21 THE CHAIRPERSON: That option would be available to them.

22 MR. GATHERCOLE: I think that would be helpful.

23 THE CHAIRPERSON: Thank you.

24 MR. GATHERCOLE: Thank you.

25 MR. FULTON: The Sierra Club.

26 MR. JONES: Mr. Chair, Panel members, my name is Chris

1 Jones acting for the Sierra Club of Canada, B.C.  
2 Chapter. I don't want to make lengthy submissions. I  
3 did want to echo the comments of Mr. Wallace and Mr.  
4 Gathercole with respect to the filing of the Integrated  
5 Electricity Plan on March 31<sup>st</sup>, and also their comments  
6 with respect to the filing of evidence by B.C. Hydro.  
7 If those -- especially with respect to the evidence, if  
8 that's going to be of an extensive nature then it seems  
9 like an IR process would have to be built in in that  
10 regard. Those are my comments, Mr. Chair.

11 THE CHAIRPERSON: Thank you, Mr. Jones.

12 MR. FULTON: Commercial Energy Consumers.

13 MR. WEAFFER: Good morning, Mr. Chairman and members of the  
14 Commission. Chris Weafer for the Commercial Energy  
15 Consumers. Firstly with respect to the discussion  
16 around BCTC this morning, neither I nor the consultants  
17 I'm working with have received BCTC's system control  
18 modernization report in that application, so we have no  
19 comment. It's news to us this morning and I have not  
20 spent any time on it, so we would need to get up to  
21 speed and may have further comment once we've reviewed  
22 it. But we have some concerns of the integration of  
23 that into this process where we don't really know what  
24 it contains at this point.

25 With respect to the negotiated settlement  
26 process proposal, I am sceptical of the value of that,

1           however was open to anything that will make the process  
2           more efficient and more effective. Mr. Sanderson spoke  
3           of a possible seven-week hearing this morning. That is  
4           a lengthy process. To add the time associated with NSP  
5           to that may make it quite prohibitive for parties to  
6           participate from a cost-effective standpoint.

7                         This hearing is the first hearing after a  
8           significant holiday from regulation for B.C. Hydro. I  
9           think what the Commission should be focused on is future  
10          opportunities for NSP as opposed to opportunities for an  
11          NSP in this process, and therefore the need for a  
12          thorough and effective public record through a public  
13          hearing has real value. And so while there may be a  
14          heavy investment in this process where Hydro is coming  
15          back into the regulatory fold, the long-run value of a  
16          thorough and public process may be seen in subsequent  
17          NSPs in future years. But we are quite concerned about  
18          layering that onto this process at this time, but always  
19          willing to review it during the proceeding in the  
20          process.

21                        With respect to information requests, we  
22          think it's fundamental at this time that this process  
23          schedule a second round of IRs. Even before Mr.  
24          Sanderson's comments this morning about "We've still got  
25          a bit of a work in progress and some of the financial  
26          information," which is fair, it may change the

1 application and we need to be at this point aware that  
2 there will be a date and a time for supplemental IRs, as  
3 opposed to having to come back and plead for that.

4 So in terms of we can talk about the dates  
5 next time I'm at the mike, but I think there is a need  
6 for a second round of IRs as scheduled.

7 We also agree with respect to the second  
8 prehearing conference of moving that closer to the  
9 hearing date, that we have the record, we have the  
10 second round of IRs completed, and that we really do  
11 have an opportunity to have input on the hearing process  
12 at that time closer to the date of the hearing.

13 Those are my comments, Mr. Chairman.

14 THE CHAIRPERSON: I wonder, Mr. Weafer, if your view with  
15 respect to the scheduling of the prehearing conference  
16 is influenced by your view with respect to NSP. I heard  
17 Mr. Wallace suggest that the timing of the second  
18 prehearing conference has some advantages because it may  
19 provide an opportunity for there to be a discussion with  
20 respect to respect to NSP, and if we drop that to where  
21 you're proposing that same opportunity isn't going to be  
22 available. Can you comment on the implications of  
23 dropping that second prehearing conference until later  
24 in the process steps given Mr. Wallace's views?

25 MR. WEAFER: By a date proposal I was going to suggest at  
26 least a one week if not two week move-back of the

1 hearing start, and so you could have the second  
2 prehearing conference and then set a very finite period  
3 of time if there are discrete issues that could be  
4 undertaken through NSP. NSP that goes longer than a  
5 week to ten days typically goes longer than anybody  
6 wants it. So if we can move the hearing -- if there are  
7 clear-cut issues that there is full agreement should go  
8 to NSP, that could be dealt with through a second  
9 prehearing conference by moving back the hearing date at  
10 least a week that could give us the time to deal with  
11 anything through NSP, but it's a true finite time and it  
12 really could only be for things that we know we could  
13 achieve a settlement on in a short period of time, will  
14 be my suggestion.

15 THE CHAIRPERSON: Thank you, that's a helpful clarification  
16 of your views of that. Thank you.

17 MR. WEAVER: Thank you.

18 MR. FULTON: James Campbell.

19 MR. CAMPBELL: Good morning, Panel. My name is James  
20 Campbell, I live in Sydney. I'm a residential customer  
21 for B.C. Hydro, probably one of the few in the room, as  
22 a matter of fact.

23 VOICE: Hey, I'm one, aren't I?

24 MR. CAMPBELL: Oh, are you? Okay. Dual capacity, there  
25 you go.

26 I would just like to comment on your document

1 filing protocols. I just received this this morning. I  
2 think I have -- personally I have applied to the  
3 Commission for hard copies. I don't have e-mail, and I  
4 think we've got a Catch-22 situation here. First of all  
5 on page 1 on page 7 [sic] it says:

6 "All participants are required to file and  
7 circulate to all other participants an  
8 electronic copy of each exhibit."

9 And then if we turn to page 2, item 4:

10 "Participants are required to provide copies  
11 that are filings to other registered  
12 participants..."

13 and it carries on. And then 5 it says:

14 "Participants who are unable to file  
15 electronically should continue to file in hard  
16 copy only."

17 And then on page 3 it says:

18 "The Commission will scan and distribute  
19 e-mail documents filed by participants who are  
20 unable to file electronically."

21 In my situation I would prefer to have the Commission do  
22 the scanning for me. If I could just go back to the  
23 National Energy Board hearings --

24 THE CHAIRPERSON: Mr. Campbell, I think we before we do  
25 that I can provide you with some comfort that we'll make  
26 it so that you don't need to take us through the NEB

1 process.

2 MR. CAMPBELL: Okay. It's just that they did do the same  
3 thing.

4 THE CHAIRPERSON: No. But you need to speak to one of the  
5 staff members with respect to the document filing  
6 protocols. They are designed -- perhaps the language in  
7 the document filing protocols don't communicate this  
8 effectively, but they are designed to accommodate you  
9 and others in your circumstances. So my suggestion is  
10 that you take this issue to the staff. They'll explain  
11 to you how they are going to work very diligently to  
12 accommodate you, and I think you'll be satisfied.

13 MR. CAMPBELL: Thank you. It might be -- if that's the  
14 case then I would request that perhaps this document be  
15 indicated, so indicated, so that others may wish to  
16 participate who are presently not participating. I'm  
17 thinking of residential customers mostly.

18 THE CHAIRPERSON: And that was -- when the document filing  
19 protocols were drafted, that was an audience that in  
20 part they were drafted for. So again, speak to the  
21 staff. I think you'll be satisfied with the work that  
22 they are going to do on your behalf so that you are  
23 accommodated in our processes.

24 MR. CAMPBELL: Thank you. Okay. I just have a couple of  
25 comments then.

26 THE CHAIRPERSON: With respect to the process steps?

1 MR. CAMPBELL: Yes.

2 THE CHAIRPERSON: Thank you.

3 MR. CAMPBELL: I, too, have not had an opportunity to  
4 review the BCTC submissions on deferral accounts and I  
5 would like to have a look at if they are going to  
6 provide further documentation, there may be some reasons  
7 for further comment later on.

8 The other -- as far as the schedule that's  
9 concerned that's been issued by B.C. Hydro, it certainly  
10 looks adequate. It may be optimistic to be able to  
11 start in the early part of May, but depending on the  
12 processes we go through. The other item that I was  
13 wondering about was the -- I'll bring that up at a later  
14 time. You wanted to talk about the oral phases later,  
15 so thank you.

16 THE CHAIRPERSON: Yes, we will speak to the location issue  
17 later.

18 MR. FULTON: Alan Wait.

19 MR. WAIT: Mr. Chairman. Alan Wait, I'm a residential  
20 customer of Aquila and Aquila both buys power from B.C.  
21 Hydro and uses their transmission service. With respect  
22 to the negotiated settlement, I think it's a wise idea  
23 to leave the door open to that if it would prove to be  
24 beneficial for particular items.

25 I've got one concern with the schedule. I've  
26 just received the bulk of documents, I haven't even

1 opened them up yet, and I see from the schedule at the  
2 -- I think it's the 23<sup>rd</sup> is the date for the first IRs.  
3 I was wondering if that could be extended or I think  
4 B.C. Hydro generally accepts them late and answers them  
5 as best they can.

6 That's my concerns.

7 THE CHAIRPERSON: Thank you.

8 MR. FULTON: Save B.C. Coalition.

9 MR. TURNER: Chairperson, I'm Wayne Turner with the Save  
10 British Columbia Coalition in Kamloops. Being  
11 absolutely new to this process I can't comment much on  
12 the schedule. It seems to be relatively clear cut. Our  
13 biggest concern will be the prohibitive costs that were  
14 referred to earlier. It's going to be difficult for us  
15 to be full participants in the entire process. We will  
16 do our best.

17 THE CHAIRPERSON: Thank you.

18 MR. FULTON: That concludes the people who I was either  
19 aware of are here, or who identified themselves to me  
20 for this round. So at this point I will invite anyone  
21 else who is here who wishes to address the issues that  
22 are presently before the Panel to come forward to the  
23 mike.

24 All right. No one has indicated, Mr.  
25 Chairman, that they wish to speak further on the items  
26 that are presently before the Panel. Is it your

1 intention to move to the next issue before we take the  
2 morning break?

3 THE CHAIRPERSON: No, and Mr. Sanderson is rising in  
4 anticipation. I indicated that I would give Mr.  
5 Sanderson and BCTC an opportunity to respond now. Some  
6 of the comments that I made I think need to be  
7 addressed, so let's do that before the break.

8 MR. FULTON: Thank you.

9 MR. SANDERSON: Thank you, Mr. Chairman. I think I can be  
10 quite brief, that there are really only two sort of  
11 themes that I wanted to comment -- or themes or specific  
12 points that came out of the various submissions and I  
13 want to tribute them particularly.

14 The least significant, I think, in terms of  
15 divergence from the approach in the proposed schedule is  
16 the suggestion that we hardwire now one or both of a  
17 determination as to whether or not there needs to be a  
18 second round of IR requests and also maybe hardwire some  
19 aspect of NSP process. I heard some ambivalence in the  
20 intervenors. It's my respectful submission that the  
21 April 7<sup>th</sup> pre-hearing, second pre-hearing can accommodate  
22 flexibly whatever seems most appropriate when we are  
23 there and that I just reiterate my comments that why  
24 don't we just wait and see. We're not opposed to any  
25 position anyone's taken on this really, but the optimum  
26 process is yet to be clear, and I think it makes sense

1 to wait.

2 The only comments that I heard which I think  
3 demand a direct and more forceful response actually is  
4 one of yours, Mr. Chairman, which is the notion of  
5 combining and making really a two-stage IR process  
6 generally of the notion that's in the schedule, which is  
7 BCUC first and intervenor second. That is very  
8 deliberate.

9 And the reason for that is that when the both  
10 the Commission and intervenors ask the initial round,  
11 there's an enormous amount of duplicative work that is  
12 then imposed on the applicant by virtue of the same  
13 question being asked in a bunch of different ways. At  
14 its most obvious, there's a need to do a whole bunch of  
15 cross-referencing which is just time consuming and adds  
16 nothing to the process.

17 Actually more challenging to the applicant is  
18 that questions have really got to be thought about very  
19 carefully to figure out whether it is the same  
20 information that's being sought in each case or whether  
21 there's nuance differences or not, whether a party is  
22 trying to get at the same thing Commission staff might  
23 be trying to get at but a little less clearly or in a  
24 little less focused way. And what we found is that the  
25 Commission and the Commission staff, for the big picture  
26 issues, have the skill and experience to be able to

1 focus the real essential question and get that  
2 information out there and often that's exactly what a  
3 number of parties were looking for. They may not have  
4 formed the question in their minds quite in such an  
5 articulate way, but that's really what they were after.  
6 So a lot of brush clearing is done through that  
7 additional round from the Commission. And that's why  
8 that process, at least from Hydro's perspective, has an  
9 awful lot to recommend it.

10 So if I can respond to your suggestion in two  
11 parts, we really are strongly in favour of limiting the  
12 first round of IRs to the Commission. If the Commission  
13 wishes to participate in round 2, that is at the time  
14 the intervenors ask their requests, if the Commission  
15 has supplementals or a round 2, then clearly B.C. Hydro  
16 has no objection to that. It wasn't meant to preclude  
17 that. I hadn't frankly thought of that, but if that  
18 would accommodate the Commission to follow up its own  
19 questions with supplementals in response to what Hydro  
20 has filed, then of course Hydro takes no objection at  
21 all to that.

22 THE CHAIRPERSON: Thank you. Before we break I'm going to  
23 see if there are any objections to Mr. Sanderson's  
24 proposals with respect to the IRs. So just to give you  
25 notice that I'll be asking if there will be any  
26 objections to Mr. Sanderson's proposal in that regard.

1 Please proceed.

2 MR. FELDBERG: Thank you, Mr. Chairman. There was just one  
3 issue that I think needs to be addressed and that was  
4 the suggestion by Mr. Wallace that there be set a date  
5 for further evidence to be filed or further information  
6 to be filed on the deferral account application by BCTC.

7 The application itself, as you are aware, Mr.  
8 Chairman, speaks to four deferral accounts which are to  
9 be heard at the same time as the B.C. Hydro application.  
10 One of them is the subject of a special direction, and  
11 the other three are, the evidence -- our intention at  
12 least was that the evidence in respect of them is  
13 largely contained, in effect entirely contained, other  
14 than in the application itself, in the B.C. Hydro  
15 application. And particularly in most cases, Chapter 6  
16 of that application contains much of the evidence that  
17 we sought to rely on for the purpose of that  
18 application.

19 The application was filed as it was to try to  
20 capture the efficiencies of the evidence that had  
21 already been filed in the B.C. Hydro application. So it  
22 was not our intention that we would be filing a further  
23 set of evidence in support of that application other  
24 than what had been filed with the B.C. Hydro  
25 application.

26 Having said all that, if the Commission is of

1 the view that it would be helpful to intervenors to  
2 recast that information in a separate form, we could do  
3 that and provide it if it's thought to be too difficult  
4 for intervenors to pull out of the B.C. Hydro  
5 application. Our thought in doing it initially was that  
6 it would be far more efficient to have simply one volume  
7 that dealt with all of that and cross-referenced to it.  
8 But we would be prepared to recast it if that was  
9 thought to be helpful to intervenors in formulating  
10 their questions.

11 THE CHAIRPERSON: Yes, I'm going to make a couple of  
12 comments here that hopefully will be helpful. They are  
13 likely more definitive than -- they are likely going to  
14 sound more definitive than I intend, but I'll make them  
15 in any case for the purposes of clarity.

16 I sympathize with your view in this regard.  
17 I think part of what I'm hearing from the intervenors  
18 and this is why I'm mentioning this so the intervenors  
19 have an opportunity to comment. In part what I'm  
20 hearing from the intervenors is that they didn't really  
21 have an opportunity to review your application and so  
22 they don't understand what it is in your application the  
23 Commission Panel needed to deal with your application.  
24 And so the Commission Panel, I think is more familiar  
25 with your application than many of the intervenors are,  
26 and I'm expecting that when the intervenors have more of

1 an opportunity to review your application they will be  
2 more sympathetic than they currently are in regard to  
3 the robustness of your application and if it's not  
4 sufficiently robust, my current thinking is that the  
5 round of IRs that we are going to have, or the rounds of  
6 IRs that we're going to have are going to be adequate  
7 without you further flushing out your application.

8 So, as I said, I have been fairly definitive  
9 in my comments with respect to the merits of what you  
10 have just said, but I do welcome comments from the  
11 intervenors if they think that I am missing something in  
12 this regard.

13 So thank you for your comments.

14 MR. FELDBERG: Okay.

15 THE CHAIRPERSON: I would like to return, Mr. Sanderson,  
16 to something I wanted to raise with you when you were on  
17 your feet and I missed that opportunity and it was with  
18 respect to something that you raised, and that was as  
19 related to the IP and the round of IRs with respect to  
20 the IEP. I'm not sure that I understood you correctly  
21 or understood what you had to say in that regard, and  
22 I'm concerned that there's a bigger issue there as it  
23 relates to the IEP, and welcome your comments.

24 Is it your view that this is, the B.C. Hydro  
25 Revenue Requirement Application, is going to be a  
26 Section 46 review of a resource plan which is the

1 section that was introduced to the legislation in the  
2 spring that called for a broader review of resource  
3 plans, or is it your view that the -- and maybe there  
4 are alternative options here. Or is it your view that  
5 the IEP is being filed in this proceeding as a  
6 contextual assistance to the participants but that there  
7 will be the equivalent of a Section 46 review at a later  
8 time with respect to the IEP?

9 MR. SANDERSON: Mr. Chairman, I may respond to that in  
10 parts. It's our view that there are really two separate  
11 pieces in terms of the capital plan, even perhaps three.  
12 The first observation I need to make is there's very  
13 little in the IEP that has anything to do -- or any  
14 direct impact on the revenue requirement, very little.  
15 There is some. But the IEP is a long-range document.  
16 The revenue requirement application is for fiscal '05  
17 and '06, and the only revenue impact is for those things  
18 which get brought into rates in '05 and '06 and there's  
19 not much in the IEP that falls into that category.

20 So the first observation is that in terms of  
21 the financial impact, is this going to affect the level  
22 of rate increase needed or any of those things that is  
23 an unanticipated outcome in the IEP? The answer is  
24 very likely not. Even a significant change in the long-  
25 run perspective that is being taken to the IEP and the  
26 long-run method of meeting Hydro's needs, isn't going to

1 have an '05-'06 revenue requirement application. The  
2 increase that Hydro has sought here is still going to be  
3 required.

4 And that's why we say this is -- as you put  
5 it I think very aptly -- contextual information, it's  
6 not information that's driving the need for this  
7 application. And that's why the filing date of March  
8 31<sup>st</sup> in our respectful submission is a practical one.

9 Now, within the IEP there will be an action  
10 plan. And the action plan is a shorter term aspect, and  
11 that lays out with a little more detail the actual  
12 expenditures over the next four years, and in particular  
13 those that will impact -- or at least within that, those  
14 that will impact the revenue requirement application.

15 The draft action plan is in what we filed.  
16 It's that that, if anything is going to affect the  
17 revenue requirement, will be doing it. It's that that I  
18 speculated wouldn't significantly change in all  
19 likelihood because it's the short term and that's  
20 obviously got less variability to it than does the long  
21 term.

22 It's also that, that in my respectful  
23 submission, is the basis for the Section 46 approval  
24 process, and I think that in the revenue requirement  
25 application there will be implicit or explicit approval  
26 of that action plan, the one that is finalized as of

1 March 31<sup>st</sup> being sought at the same time that the revenue  
2 requirement decision is issued. And so that will be --  
3 in other words, in blessing the revenue requirement  
4 there will be an acceptance, or not, of the application  
5 with respect to the short-term action plan, but very  
6 much not the long-term IEP.

7 And the one thing that I want to be very  
8 clear about is that it is not Hydro's anticipation that  
9 the revenue requirement application become a system  
10 planning hearing, and as such involve a full and  
11 complete review of a 20-year IEP. That would obfuscate  
12 the revenue requirement aspect of this application and  
13 make the obtainment of that schedule almost impossible  
14 if that -- well, not almost, it would make it  
15 impossible. It would turn this into a hearing that we'd  
16 be talking about next spring as much as we would this  
17 spring, I suspect, if we tried to put them all together.

18 So it is very much our view that the IEP is a  
19 contextual document as opposed to a document of which  
20 approval is sought in this proceeding.

21 THE CHAIRPERSON: Except as it relates to the short-term  
22 action plan items.

23 MR. SANDERSON: Correct.

24 THE CHAIRPERSON: Can you comment now on what B.C. Hydro's  
25 views are with respect to the review of the IEP itself?

26 MR. SANDERSON: Only to say that the Commission's IEP

1 guidelines have been received. There is intended to be  
2 a consultation process occurring that Hydro will be  
3 submitting is compliant with that over the early part of  
4 this year, which is what then will lead to the March 31<sup>st</sup>  
5 filing.

6 The actual approval process that will then be  
7 adopted by the Commission and how to further move that  
8 process along, no, I don't have submissions to make  
9 today and don't really have any comments on today. I  
10 see that as a distinct process.

11 THE CHAIRPERSON: I think it would be helpful when you file  
12 the IEP if you also propose a process for review of the  
13 IEP.

14 MR. SANDERSON: Of course, Mr. Chairman. In other words,  
15 March 31<sup>st</sup> when that document is finalized, then as part  
16 of that a process suggestion, of course.

17 THE CHAIRPERSON: Thank you.

18 Are there any comments that anyone wishes to  
19 make that arise from the questions that I've just asked  
20 B.C. Hydro and BCTC? Very well, we'll take a -- we're  
21 going to take a longer break than usual at this point.  
22 We will take a 25-minute break. We will return at  
23 quarter to eleven.

24 MR. FULTON: Mr. Chairman, before you leave and the Panel  
25 leaves, I just want to make clear to people that the  
26 purpose of the longer-term break is so that I might

1 discuss with people in the last half of the break at  
2 least, location, location, location.

3 THE CHAIRPERSON: Yes, and you can describe the venue as  
4 well.

5 MR. FULTON: Thank you.

6 (PROCEEDINGS ADJOURNED AT 10:21 A.M.)

7 (PROCEEDINGS RESUMED AT 11:45 A.M.)

8 THE CHAIRPERSON: Please be seated. We are now going to  
9 turn to the second item for consideration. I suspect  
10 it's going to be a much briefer review than we had with  
11 respect to the process steps, but we'll now turn to the  
12 issue of timetable.

13 But before doing that I want to make some  
14 comments with respect to issues that we discussed before  
15 the break that may be helpful as they relate to your  
16 comments with respect to timetable. However, I do need  
17 to add that the Commission Panel has not completed its  
18 deliberations in this regard, so these are only intended  
19 to be provided to you to assist you with respect to  
20 consideration of the timetable, not to be definitive  
21 rulings by the Commission Panel on these issues.

22 First with respect to the comments that were  
23 raised by NSP, I think they were helpful. We do not  
24 anticipate at this time that the NSP step will be an  
25 explicit part of the regulatory agenda, but I do think  
26 that we need to, throughout the process, be open to

1 opportunities for there to be NSP, and I think those  
2 need -- as I mentioned before the break, those need to  
3 come back to the Commission Panel prior to embarking  
4 upon that effort.

5 I also think that the prehearing conference  
6 number 2 seems to be reasonably well positioned within  
7 the regulatory process to provide an opportunity for  
8 consideration of that at that time.

9 With respect to the IEP, I do see it at least  
10 at this stage as being contextual information for the  
11 B.C. Hydro revenue requirement proceeding, and am of the  
12 view, as I say, at this point in time that there need  
13 not be a round of IRs with respect to the IEP. But I do  
14 want to make it very clear now that if that is the  
15 determination of the Commission Panel, and you'll see  
16 evidence of that in the regulatory agenda, that the  
17 parties when they receive the IEP should see that the  
18 Commission Panel is going to be quite willing to  
19 accommodate any requests for IRs at that time, and I  
20 think that means a prehearing conference if you wish to  
21 have a round of IRs after you've seen the IEP, and then  
22 the Commission Panel would make a determination with  
23 respect to whether or not there should be a round of IRs  
24 in the IEP.

25 So the thinking at this stage in time is that  
26 there will not be a round of IRs on the IEP unless

1           somebody makes a motion for that and then we'll hold the  
2           prehearing conference and make a decision after the  
3           prehearing conference.

4                       With respect to the functionalization of OMA  
5           and budget updates, Mr. Sanderson, I think in a round of  
6           IRs, needs to be accommodated in the schedule. That  
7           influences when you're going to get those filings done.  
8           I think if you're filing early February, the schedule as  
9           you've proposed will in fact accommodate that. But if  
10          there's further slippage then I think we need to return  
11          to the issue with respect to whether or not there's  
12          going to be a round of IRs on those.

13                      With respect to direct evidence, my view of  
14          this is that if it's going to make the hearing process  
15          more efficient, then B.C. Hydro should be prepared on a  
16          reasonable efforts basis and as soon as practicable to  
17          provide responses to IRs, but we do not intend to build  
18          into the regulatory agenda an opportunity for there to  
19          be a round of IRs with respect to the direct evidence.  
20          I'm hoping that that'll accommodate people without there  
21          being the prehearing conference that I mentioned with  
22          respect to the IEP. I don't want to close that  
23          opportunity entirely, but our current thinking is that  
24          if there is a desire for IRs with respect to the direct  
25          evidence, that B.C. Hydro providing responses on as  
26          practicable basis should be sufficient.

1                   With respect to BCTC and BCT's application,  
2                   the application, as I mentioned before the proceeding, I  
3                   believe is of a nature that a round of IRs as part of  
4                   the regulatory process steps that B.C. Hydro has, in  
5                   their cover letter should be satisfactory. And I think  
6                   you can reasonably anticipate that when the Commission  
7                   Panel finishes its deliberations in this regard, that's  
8                   how that will be accommodated.

9                   So with those comments, unless there are some  
10                  questions, with those comments I think we're ready to  
11                  turn to the timetable. And I don't want to preempt  
12                  anyone in this regard, but as I've already mentioned,  
13                  this may not be as significant issue for anyone as the  
14                  process steps themselves.

15                  I'll start with B.C. Hydro and BCTC. If they  
16                  have any comments with respect to the timetable, I'll  
17                  give you that opportunity now.

18 MR. SANDERSON:   Mr. Chairman, I have nothing additional to  
19                  what I said earlier this morning.

20 THE CHAIRPERSON:   Thank you.

21 MR. FELDBERG:     Nor do I.

22 THE CHAIRPERSON:   Thank you.

23 MR. FULTON:        JIESC.

24 MR. WALLACE:       Thank you. Thank you, Mr. Chairman, for  
25                  those clarifications. They are of assistance.

26                                There are approximately four issues I'd like

1 to address. The first which is outside this process is  
2 the interim application, and I simply wish to point out  
3 that it is very important to the JIESC to have an  
4 opportunity to address the appropriateness and the level  
5 of any interim increase. The amount sought is in excess  
6 of what B.C. Hydro had originally allowed customers to  
7 know would become -- or had advised customers might be  
8 coming, and there are some very contentious issues, I  
9 think.

10 Second, I'd like to turn to the proposed  
11 schedule as provided and simply, I guess, address where  
12 I see some real tight spots that would cause difficulty.  
13 The first is the gap between the BCUC IRs to B.C. Hydro  
14 and the intervenor IRs to B.C. Hydro. I would like to  
15 associate myself, and I don't do this very often, with  
16 the remarks of Mr. Sanderson on the value of the  
17 Commission IRs. They are very useful to us as  
18 intervenors. They save the process overall a lot of  
19 money because you don't have six groups running out  
20 taking the first examination, you do base it, and you  
21 don't spend the time that Mr. Gathercole referred to  
22 chasing references.

23 But for them to be of value, you have to have  
24 an opportunity to look at the responses when they come  
25 back. And between February 20<sup>th</sup> and the 24<sup>th</sup> is extremely  
26 tight, particularly when you recognize that that is a

1 Friday and a Tuesday so it's over the weekend and very  
2 hard to pull things together. I think a few more days  
3 in there, an extra week would render the work that's  
4 been done by the Commission, the Commission staff, which  
5 have far more staff than any of the intervenors by far,  
6 much more of value, and I think tightening that up too  
7 much detracts from that value.

8 The second tight spot is between the B.C.  
9 Hydro direct evidence and the intervenor evidence. It's  
10 two weeks. That is quite adequate if B.C. Hydro was  
11 simply saying who their witnesses were and that sort of  
12 thing and maybe some minor things. If it turns out to  
13 be a significant filing, then the problem that we raised  
14 with respect to information requests also goes to  
15 timing, that there may be more time required to respond  
16 there, particularly if we are expected to go to B.C.  
17 Hydro informally and say -- with a written information  
18 request and get the response back. And again I think  
19 adding a bit of time in there would be very useful.

20 The final tight spot is B.C. Hydro rebuttal  
21 evidence on May 6<sup>th</sup>, oral hearing beginning on May 10<sup>th</sup>.  
22 Again that is over a weekend and it is a weekend in  
23 which the parties are pulling everything together for  
24 the commencement of the hearing. So moving a bit of  
25 time in there to allow that, again to allow some  
26 reflection there and doing the work that is necessary

1 prior to the commencement of the hearing because the  
2 rebuttal evidence will probably be addressed with the  
3 witness panels that Hydro puts up initially -- possibly  
4 later but probably with the initial panels -- and  
5 clearly preparation requires some more time than has  
6 been allowed. That's my comments.

7 THE CHAIRPERSON: Mr. Wallace, I assume then from your  
8 comments that there should be some adjustments from your  
9 perspective to some of the schedules to address the  
10 tight time frame for the items you've mentioned.

11 MR. WALLACE: That's correct.

12 THE CHAIRPERSON: Mr. Sanderson has made comment -- I'm  
13 looking for where we might get there and there's two  
14 opportunities, I suppose. One is we shorten B.C.  
15 Hydro's response time from the approximate four weeks  
16 that Mr. Sanderson has requested or there's slippage  
17 into July. Can you comment on how you think the  
18 Commission Panel should accommodate your request?

19 MR. WALLACE: Well, I share Mr. Sanderson's desire to see  
20 the oral proceedings complete by the end of June if  
21 possible. I think that's a good goal. I don't, I  
22 think, share his pessimism that it'll take seven weeks  
23 of oral hearing. So there might be a week or two there,  
24 not much more, I agree, but maybe a week there. And  
25 yes, I would maybe shorten the time slightly on the  
26 responses to the Utilities Commission information

1 requests by a few days, and that would expand us up to a  
2 week there. I think, with some fairly minor fine  
3 tuning, and I hesitated to do it because I know there  
4 are going to be other adjustments coming after May, but  
5 with some fairly minor fine-tuning adjustments we should  
6 be able to make it and still reach that goal of  
7 completing the oral hearing by the end of June.

8 THE CHAIRPERSON: Thank you. Before you leave, I want to  
9 address your first comment. I have said that the  
10 interim application is outside the scope of this  
11 prehearing conference. I'm thinking -- and I want some  
12 assistance from counsel in this regard. I'm thinking  
13 that the issues related to the interim order can be  
14 disaggregated in the following manner.

15 First, there's the issue of whether or not  
16 the interim order should be addressed at this time as  
17 part of this prehearing conference. The second is  
18 whether or not the Commission Panel should hear any  
19 comments with respect to the interim application. And I  
20 think related to that is whether or not we have the  
21 jurisdiction to deal with the interim application  
22 without there being any proceeding whatsoever.

23 And thirdly, there are -- and I guess it  
24 follows from the second one, there are views with  
25 respect -- that you've mentioned with respect to the  
26 merits of the interim application. Before I hear from

1 anyone with respect to the merits of the interim  
2 application -- I do not want to hear comments with  
3 respect to the interim application on its merits until  
4 I've heard from you with respect to the first two  
5 issues. So I'd like -- I'm not sure that that works  
6 effectively in terms of splitting this issue up, but I  
7 am looking for guidance from counsel as to how the  
8 Commission Panel should deal with this issue that Mr.  
9 Wallace has raised. And I think what we will do is  
10 we'll proceed with comments with respect to the  
11 timetable, and then I will return to Mr. Wallace's  
12 comments with respect to the interim order as it relates  
13 to the first issues. They arise with respect to whether  
14 or not we should hear anyone on the interim order.

15 So with that comment, Mr. Wallace,  
16 we will return to that.

17 MR. WALLACE: Thank you, Mr. Chairman.

18 MR. FULTON: Kemess Mines.

19 MR. HALIPCHUK: Mr. Commissioner, just one comment on the  
20 schedule, a comment on the schedule and the IEP. It's  
21 Kemess' view that the IEP will contain information in  
22 terms of cost of new generation that would be vital to  
23 providing its submission, so we'd like to have that time  
24 with respect to reviewing the IEP to make its submission  
25 on the matter.

26 THE CHAIRPERSON: Thank you.

1 MR. HALIPCHUK: And we recognize and appreciate your  
2 comment on the interim rates. We would like to speak on  
3 that when appropriate.

4 THE CHAIRPERSON: Okay.

5 MR. FULTON: Elk Valley Coal Corporation.

6 MR. NEULANDS: No comment, Mr. Chair.

7 THE CHAIRPERSON: Thank you.

8 MR. FULTON: B.C. Old Age Pensioners *et al.*

9 MR. GATHERCOLE: I can be brief, Mr. Chair. I would  
10 associate myself with Mr. Wallace's comments with  
11 respect to the tightness of the schedule. When I looked  
12 at it I had the same concern, and particularly with  
13 respect to the value of the first set of IR responses to  
14 the Commission. I had initially thought that Mr.  
15 Sanderson might be optimistic in talking about seven  
16 weeks. After discussing it with Mr. Wallace and Mr.  
17 Sanderson, I think it very much depends on what  
18 participation from intervenors with respect to how many,  
19 how many are going to participate and how many, if any,  
20 are going to call evidence.

21 Having said that, while I think it's a  
22 laudable goal to end by the end of June, which would be  
23 a new experience for most of us who appear before this  
24 Commission, not having a hearing in July or August, I  
25 think the main concern is that the process be a good one  
26 and there be sufficient time. And from my position and

1 my clients' position, if it means we have to go over  
2 into a week or two in July, so be it, so long as we --  
3 you know, this is a really important hearing, it's the  
4 first time we've had this utility come before this  
5 Commission for some ten years, and I think it's better  
6 to do it well than to do it fast.

7 THE CHAIRPERSON: Thank you, Mr. Gathercole.

8 MR. FULTON: The Sierra Club.

9 MR. JONES: I would just adopt the position taken by Mr.  
10 Wallace and Mr. Gathercole. Thank you.

11 THE CHAIRPERSON: Thank you.

12 MR. FULTON: Commercial Energy Consumers.

13 MR. WEAVER: Mr. Chairman, I would also adopt the position  
14 of Mr. Wallace on the three tight areas of the time  
15 schedule. The only comment I have and I'd like to push  
16 back on the second round of IRs which appears to now not  
17 be on the table, and request that the Commission clarify  
18 for the purpose of this proceeding when it will allow  
19 supplemental IRs, because you've talked about certain  
20 areas where there may be opportunities for supplemental  
21 IRs. But just to be clear, I believe IRs shorten  
22 hearing processes and get the record more clear in terms  
23 of getting responses, and I'm concerned by in this very  
24 significant proceeding there not be a scheduled set of  
25 supplemental information requests. So at a minimum it  
26 would be good to know what the Panel's position is on

1 when supplemental IRs will be acceptable generally  
2 speaking.

3 THE CHAIRPERSON: Be more definitive if you will for me,  
4 Mr. Weafer, as to what you mean by supplemental IRs.

5 MR. WEAFFER: Where the record is not complete in terms of  
6 the response received by the applicant, or alternatively  
7 where other issues arise as a result of the preparation  
8 of the intervenors' evidence, or where matters arise  
9 through the course of the proceeding that were not  
10 anticipated when the first round of IRs was filed.  
11 There's a variety of matters which may arise in the  
12 course of this proceeding where it may be necessary for  
13 the purpose of establishing a good and thorough written  
14 record that there be supplementary questions to the  
15 applicant. And given the discussion this morning around  
16 whether certain areas, where there may be opportunity  
17 for it, a better understanding of how broad that scope  
18 is would be helpful.

19 THE CHAIRPERSON: With respect to your first category of  
20 supplemental IRs, that's in part why I anticipate there  
21 will be a prehearing conference number 2.

22 With respect to your second set of  
23 supplemental IRs, my current thinking is that Mr.  
24 Sanderson's proposal with respect to the IRs has merit  
25 - effectively two sets of IRs, the first by the  
26 Commission and the second by the Commission and

1            intervenors. Your second set of IRs seems to suggest  
2            that after that second round of IRs there be a further  
3            opportunity for IRs. And are you suggesting that that  
4            be accommodated in the regulatory agenda, or are your  
5            desires in that regard satisfied if the regulatory  
6            agenda is silent on that second category of supplemental  
7            IRs but as they arise you might ask them, not as part of  
8            a regulatory agenda but to meet your own objectives?

9            MR. WEAFFER: As I understand the proposal of Mr. Sanderson,  
10            there's one round of information requests for  
11            intervenors, and that is what you're now identifying as  
12            the second round of IRs. What I was speaking to this  
13            morning in terms of process and the regulatory agenda  
14            would be that there be a scheduled second round of  
15            information requests for intervenors and/or staff, and  
16            you spoke of the Commission this morning, that there be  
17            a second defined date that those would go in, and we  
18            have a date for response prior to the hearing  
19            commencing. And I reiterate, I think that shortens the  
20            need for longer cross-examination because you've had a  
21            second opportunity to ask the company questions based on  
22            responses to your first set of information requests,  
23            being intervenors' first set of information requests.

24                            So I was speaking this morning of a second  
25            date and timeframe for response to information requests  
26            from intervenors. Now, I understand that's not on the

1 table and I just want to be clear that that's not  
2 precluding intervenors from following up on their  
3 information requests. We won't step in until the second  
4 round of information requests. We may receive deficient  
5 responses. We don't wish to wait till a hearing to  
6 waste the hearing time to get a full and complete record  
7 to those answers when the better approach is to get a  
8 written response prior to the hearing. And I just want  
9 to be clear that that's available to us given the  
10 discussion around IRs today.

11 THE CHAIRPERSON: And I need some assistance from you so I  
12 understand your proposal with respect to what that  
13 supplement -- what you would like from the Commission  
14 Panel to speak to in its order with respect to the  
15 regulatory agenda as it relates to that second set of  
16 supplemental IRs that you spoke to.

17 MR. WEAFFER: And what I would propose is that the second  
18 prehearing conference be moved back to May 6<sup>th</sup>, and that  
19 the April 8<sup>th</sup> date where B.C. Hydro is asking IRs for  
20 intervenors also be a date where it is available for  
21 intervenors or the Commission staff to have a scheduled  
22 set of second information requests to B.C. Hydro, to be  
23 responded to by both parties by April 30<sup>th</sup>.

24 I would then propose that the hearing date be  
25 moved back one week, which would allow a period of time  
26 from the second prehearing conference to undertake any

1 -- if we see opportunity for negotiated settlement  
2 process to commence and be completed with that week, and  
3 then move to the oral hearing date to start May 17<sup>th</sup>.  
4 And I think that process will assist in shortening the  
5 hearing process from seven weeks to a more reasonable  
6 timeframe.

7 THE CHAIRPERSON: Before the break, Mr. Weafer, I heard you  
8 speak to your revised date for the prehearing conference  
9 and the delayed date on the oral hearing. But I missed  
10 your comments with respect to including an opportunity  
11 on the April the 8<sup>th</sup> date for there to be IRs by  
12 intervenors. Did you speak to that then or is this  
13 something that you're raising for the first time now?

14 MR. WEAFER: I raised that there be a second round of  
15 information requests, and I assume by your comments you  
16 thought that that meant the intervenors' first  
17 opportunity to ask IRs, that that in your mind was the  
18 second round of information requests. What I was  
19 referring to was the second round of information  
20 requests for intervenors based on what responses they've  
21 received to their first set. And I do, I believe that  
22 will shorten your more expensive hearing time by causing  
23 written responses and follow-up on the written  
24 responses. That was the intent of mentioning the second  
25 round of information requests.

26 THE CHAIRPERSON: Okay.

1 MR. WEAFFER: And those have been scheduled by the  
2 Commission in the past in terms of there being -- where  
3 there are significant applications before the  
4 Commission.

5 THE CHAIRPERSON: We are now returning to the issues that  
6 we were dealing with before the break. I'm glad you've  
7 made that clarification with respect to the April the 8<sup>th</sup>  
8 IRs, and I think at this stage nothing further needs to  
9 be said unless B.C. Hydro or BCT wish to comment on that  
10 proposal.

11 MR. WEAFFER: Thank you, Mr. Chairman.

12 THE CHAIRPERSON: Thank you.

13 MR. FULTON: Mr. Campbell.

14 MR. CAMPBELL: I concur with Mr. Gathercole and Mr.  
15 Wallace's submission on the timeframes near February 24<sup>th</sup>  
16 and April the 2<sup>nd</sup>. I was just wondering if there was an  
17 opportunity to provide a prehearing conference in other  
18 areas other than Vancouver, if that has been considered  
19 by the Commission.

20 THE CHAIRPERSON: We are going to speak to the issue of the  
21 location of the oral phases, including the prehearing  
22 conferences in the oral phases of this proceeding. So  
23 we will get to that issue.

24 MR. CAMPBELL: Okay, thank you.

25 MR. FULTON: Mr. Wait.

26 MR. WAIT: I would agree with Mr. Wallace that we need a

1 little bit more time between the two sets of IRs. And  
2 from what I understood you saying this morning, Mr.  
3 Chairman, you had envisioned the first set of IRs to be  
4 open to both the Commission and the intervenors, and Mr.  
5 Sanderson had suggested that it be open only to the  
6 Commission?

7 THE CHAIRPERSON: That's correct, Mr. Wait, and I then  
8 heard from Mr. Sanderson as you mentioned, and now I've  
9 heard from Mr. Weafer with respect to the IRs. And as I  
10 mentioned, I had missed Mr. Weafer's comments with  
11 respect to the April the 8<sup>th</sup> date. I have not commented  
12 on the merits of Mr. Weafer's suggestion. I've only  
13 said I'm -- if he said that before the break I missed  
14 it.

15 So you're now raising the issue of whether or  
16 not the January the 23<sup>rd</sup> IRs as set out in B.C. Hydro's  
17 proposed schedule is confined as Mr. Sanderson had  
18 suggested, or it's broader. Before the break I asked  
19 for comments with respect to any issues that arose from  
20 the discussions that I had with BCTC and B.C. Hydro, Mr.  
21 Sanderson and Mr. Feldberg, and I was of the impression  
22 because there were no comments that that wasn't an issue  
23 for further consideration or further comment at this  
24 prehearing conference.

25 But now you're raising the issue of whether  
26 or not the January 23<sup>rd</sup> should be more open, and I'll

1 tell you now that I thought that there was considerable  
2 merit to Mr. Sanderson's views with respect to that, and  
3 I think if you're concerned about that, I'll give you an  
4 opportunity to speak to it.

5 MR. WAIT: Yes, it does concern me because when an  
6 intervenor is taking a certain area that they're looking  
7 at and they put in their questions, even though you are  
8 referred back to something that was answered for the  
9 Commission you at least know exactly where it is. And  
10 when you go back to your question you can then go back  
11 to what the answer was. If you have to go studiously  
12 through everything that the Commission asks, then you  
13 can lose it and lose track of where you are. I think  
14 there's an advantage to having that cross-referenced in  
15 that stage.

16 I would like to see us, the intervenors, in  
17 the first round. As far as the January 23<sup>rd</sup> is  
18 concerned, I find it very tight for myself. I know in  
19 previous hearings that Aquila and B.C. Hydro have both  
20 been very good to answer questions as long as they have  
21 the time to do it in four weeks. If they get in a  
22 little bit late, they should have time to do that. But  
23 in between the first and second set I would think at  
24 least a week would be reasonable. Because I basically  
25 won't get them in the mail, the whole slug of them to be  
26 able to go through them, for two or three days after

1 they're actually out, when the other questions again  
2 should be in. And the situation is probably even worse  
3 for those that can't e-mail their questions down.

4 THE CHAIRPERSON: Thank you. I do not propose, even though  
5 I've given Mr. Weafer and Mr. Wait some latitude with it  
6 as it relates to the process steps, I do not propose to  
7 reopen the issues with respect to the process steps.  
8 Hopefully that will not raise the ire of anyone here.  
9 But I did give everyone an opportunity to comment on the  
10 exchange that Mr. Sanderson and I had with respect to  
11 the nature of that first round of IRs.

12 So with that, I hope now to return to issues  
13 involving just to the timetable.

14 Mr. Fulton?

15 MR. FULTON: Save B.C. Coalition, Mr. Turner.

16 MR. TURNER: Nothing at this time.

17 THE CHAIRPERSON: Thank you.

18 MR. FULTON: That concludes the people on my list, Mr.  
19 Chairman, who had spoken earlier on the first issue. So  
20 unless there is someone here who did not speak on the  
21 first issue who wishes to address the second issue, the  
22 mike will then be back to Mr. Sanderson.

23 THE CHAIRPERSON: Yes.

24 MR. SANDERSON: Mr. Chairman, three points arising, I  
25 think.

26 The first is in response, I think, to Mr.

1 Wallace's suggestions wherein he identified what he saw  
2 as tight portions in the schedule. And it seems to me  
3 that there are two ways to accommodate his concerns.  
4 One was suggested by Mr. Gathercole, I think, which is  
5 to effectively delay the hearing commencement and accept  
6 the possible but not necessary consequence that we may  
7 slip into July. I don't disagree with what Mr.  
8 Gathercole had to say about that. I mean, I think the  
9 end of June is a desirable objective but I don't think  
10 it's a hard deadline by any means.

11 I do think we need to sort of keep momentum  
12 going and an end point in mind. Major hearings like  
13 this have a way of sort of drifting off into the ether  
14 if people don't have a sense urgency associated with  
15 them. The demands on everybody are intense and so  
16 there's always good reason to delay, but the trouble  
17 with that is you never get finished. So one or two  
18 weeks into July is not the end of the world, but much  
19 beyond that may be. So I'd be unhappy to see a delay of  
20 the hearing commencement much more than say a week, but  
21 that would accommodate, I think, Mr. Wallace's concerns.  
22 And if we had an extra seven days providing additional  
23 time to intervenors in the way that Mr. Wallace was  
24 implying is perfectly acceptable to Hydro.

25 A second option, if you want to stick with  
26 May 10<sup>th</sup>, might be these minor variations. If I could

1 ask you to look at the proposed schedule, Mr. Wallace's  
2 first concern was with respect to IRs being issued to  
3 Hydro by intervenors by February 24<sup>th</sup> if the responses to  
4 the Commission weren't received till February 20<sup>th</sup>. Now,  
5 I made the point first that really, usually in the past,  
6 I think I'm correct in saying the intervenors have only  
7 had BCUC's questions. They haven't had the responses.  
8 So this actually is more accommodating to the  
9 intervenors' concerns than is perhaps typical.

10 Having said that, I think that's a good idea  
11 and fair, and I accept Mr. Wallace's point that if it's  
12 going to work, then intervenors need the time to read  
13 those responses. And if that 24<sup>th</sup> became the 27<sup>th</sup>, that  
14 would give intervenors all of that week. So they would  
15 have got it the previous Friday; they'd have a week then  
16 to read and digest what the Commission had to say. In  
17 essence what I would see is them having identified their  
18 own areas of concern from the reading of the  
19 application, which by this time they'll have had for in  
20 excess of two months, strike things off the list so to  
21 speak, to the extent they're covered by what the  
22 Commission -- the responses to the Commission's requests  
23 have done, and to take a week to do that and then get  
24 their refined questions out in response strikes me as  
25 quite achievable. So February 27<sup>th</sup> for that would be  
26 perfectly reasonable from Hydro's perspective.

1                   Then Hydro's response, similarly three days  
2                   later, March 22<sup>nd</sup>, that would have Hydro working through  
3                   that weekend but it would give it the same amount of  
4                   time. It would just mean that that was a weekend, which  
5                   is why -- that's why the timing wasn't suggested that  
6                   way in the first place, to avoid that consequence. But  
7                   if that's what's needed in order to accommodate Mr.  
8                   Wallace's concern, then that's certainly an option.

9                   And then that could slip intervenor evidence  
10                  from April 2<sup>nd</sup> to April 6<sup>th</sup>. It's important that that  
11                  evidence be filed before the prehearing, but if that  
12                  were done by the 6<sup>th</sup> then at least Hydro has the  
13                  opportunity to see what the intervenor evidence is  
14                  before the prehearing the next day. So that's tight and  
15                  it's sort of fine-tuning, but if the Commission is  
16                  concerned about moving this hearing start date then  
17                  maybe that's a practical solution to Mr. Wallace's  
18                  concern.

19                  Mr. Chairman, I think your last remark with  
20                  respect to not revisiting this morning's issues, deals  
21                  with certainly the response that I might have otherwise  
22                  made to Mr. Wait and perhaps Mr. Weafer. I'll just say  
23                  this about Mr. Weafer's comments, is that the time to  
24                  make the submissions, my position was, just to clarify,  
25                  is at the April 7<sup>th</sup> prehearing. That's when we'll know  
26                  whether Mr. Weafer is right, that all these additional

1 supplementary rights are required or not, and I think  
2 that's just repeating what I said this morning.

3 That leaves me with one last point and that's  
4 the remarks of Mr. Wallace with respect to an interim.  
5 B.C. Hydro filed its appli- --

6 THE CHAIRPERSON: Just before you get there --

7 MR. SANDERSON: Yes.

8 THE CHAIRPERSON: -- I want to make sure that there's a  
9 clear distinction between discussion of the timetable  
10 and that issue.

11 MR. SANDERSON: Yes.

12 THE CHAIRPERSON: I'd like to hear from Mr. Feldberg first  
13 with respect to the timetable, then we'll turn to the  
14 interim.

15 MR. SANDERSON: Of course. I have nothing more then on the  
16 schedule.

17 THE CHAIRPERSON: Okay.

18 MR. FELDBERG: This won't take long. We listened to Mr.  
19 Wallace and we listened to Mr. Sanderson, and we agree  
20 with the solution that Mr. Sanderson is recommending  
21 with respect to the timetable.

22 THE CHAIRPERSON: Thank you.

23 Before we -- I think that's the closure of  
24 the discussion with respect to the timetable. Let's  
25 move on with respect to location first, then we'll close  
26 off the regulatory agenda. And then we will return

1 cautiously to Mr. Wallace's comments with respect to the  
2 interim.

3 I asked for comments with respect to the  
4 location in my opening statement, and I asked if -- I  
5 said that if there were any objections to the location  
6 being a downtown Vancouver location, then I'd like to  
7 hear those. I'm hoping at the break that Mr. Fulton had  
8 an opportunity to provide you with some details with  
9 respect to the location that Mr. Fulton and Mr. Bemister  
10 are recommending, so I am not anticipating any comments  
11 as part of the record here with respect to the logistics  
12 of that venue.

13 I would therefore only like to hear from  
14 those people who object to the oral phases of this  
15 proceeding being located in downtown Vancouver.

16 Hearing none, with that I will be speaking to  
17 Mr. Fulton and Mr. Bemister after this proceeding, and  
18 our regulatory agenda, subject to some logistics that  
19 may be outstanding, will hopefully indicate the venue  
20 for the oral phases of the proceeding.

21 Now let's turn to the issue of interim, and I  
22 want to enter into this discussion cautiously. As I  
23 said, I don't want to get to the issues involving the  
24 merits of the interim until we have had a full  
25 discussion with respect to whether or not it should be  
26 part of this prehearing conference, and then whether or

1 not the Commission Panel should simply make the decision  
2 without hearing from parties. And Mr. Fulton, I welcome  
3 your comments before I hear from anyone with respect to  
4 any other recommendations that you might make as to how  
5 we should proceed.

6 MR. FULTON: In my submission, Mr. Chairman, you ought not  
7 to decide the interim application today as a result of  
8 what you hear today in terms of giving people -- you're  
9 presumably going to give people an opportunity to be  
10 heard at least as to what further steps the Commission  
11 must take, if any, before they make the decision on the  
12 interim order. I can point out that generally what the  
13 Commission has done in the past, as I understand it, is  
14 relied on Section 89 of the *Act* to make a decision on  
15 interim relief in the context of a revenue requirement  
16 application subject to refund at the end of the hearing.  
17 And that approach makes good sense in the context of  
18 there not being the need to impose, for example, rate  
19 riders if at the end of the day the Commission agrees  
20 that the full amount of the revenue requirement should  
21 have been ordered in the first instance, there has to be  
22 some catch-up from the time of the application to the  
23 time of the hearing of the decision.

24 So that's generally, on my understanding,  
25 what the Commission has done in the past. There haven't  
26 been submissions. They may have been one or two

1 exceptions to that, the particulars of which don't  
2 particularly come to my mind at the present time. But  
3 generally the orders for interim relief have gone  
4 subject to refund at the end of the hearing.

5 THE CHAIRPERSON: Thank you. I'd like to hear from B.C.  
6 Hydro and BCTC and then I'm going to give them an  
7 opportunity of reply.

8 MR. SANDERSON: Mr. Chairman, I fully concur with Mr.  
9 Fulton's sense of the history of interim applications  
10 before this Commission. The *Act* clearly contemplates,  
11 in my respectful submission, that the Commission can  
12 order interim increases subject to refund, which is what  
13 is being sought here, without any process at all.

14 The *Act* in Section 89 requires that there be  
15 a hearing except in cases of urgency. The case of  
16 urgency made out in B.C. Hydro's letter of December 15<sup>th</sup>  
17 is that B.C. Hydro will significantly underearn its  
18 revenue requirement in fiscal '04, and while it doesn't  
19 seek any relief from that, any continuation after April  
20 1<sup>st</sup>, '04 will yield a significant underearning in the  
21 subsequent year, '05, and that we can't get the hearing  
22 done in time and therefore interim rate relief is  
23 required.

24 That I think I can characterize as the  
25 traditional justification for interim rate relief. It  
26 really deals with the regulatory lag issue. We've done

1 our best to anticipate that. This application was  
2 brought together very rapidly indeed in light of the  
3 timing of the Heritage Contract determination. And so  
4 we find ourselves in a situation where interim relief is  
5 necessary.

6 I don't want to get in beyond that to just as  
7 a general background just describing or arguing the  
8 merits. It's just saying this is the typical situation  
9 in which interim relief is sought. As Mr. Fulton says,  
10 typically the Commission hasn't had process because the  
11 intervenors have the comfort if you will, that should  
12 they persuade the Commission the interim was unjustified  
13 in some way, it's subject to full refund.

14 The flip of that of course is not true here.  
15 That is, if the application is not granted and the rates  
16 are not established at the level the Commission  
17 ultimately determines they should have been, then the  
18 ability for Hydro to recover, in future periods, rates  
19 from the past is much less clear under the *Act*. And so  
20 this approach of seeking approval at the outset is in my  
21 respectful submission much to be preferred to any  
22 variant.

23 In terms of process, Hydro's views I think in  
24 this respect were clearly articulated on December 15<sup>th</sup>.  
25 Hydro asked that the Commission -- and I'll quote here  
26 at the bottom of page 1, Hydro said:

1 "Over the next few weeks, B.C. Hydro proposes  
2 that the Commission, consistent with its  
3 normal practice, conduct a summary review of  
4 the application with a view to making an  
5 interim order by the end of January 2004 and  
6 setting out a detailed timetable for the full  
7 review of the application while the rates  
8 remain interim."

9 And in my respectful submission, all of the main  
10 intervenors -- and when I say the main intervenors,  
11 those that were on the list to which the application was  
12 immediately provided, and that list is -- I think it was  
13 attached to the letter to the Commission December 15<sup>th</sup>,  
14 included the JIESC specifically -- basically was saying  
15 that's what Hydro's seeking. And it would have been, I  
16 think, reasonable for any party who wished to resist  
17 that and make some argument that the circumstances here  
18 are special in some way, thus requiring a process within  
19 the process to deal with the interim, to have come  
20 forward by now and said that. And the first that  
21 certainly I think we've heard of any concerns in that  
22 respect about the interim were Mr. Wallace's comments  
23 this morning.

24 From Hydro's perspective, this issue is one  
25 that needs to be resolved right away. I agree with Mr.  
26 Fulton that today's prehearing isn't the place where I

1 would expect that to happen. On the other hand I would  
2 have expected any submissions anyone had to make with  
3 respect to an interim process to have been made by now.  
4 And certainly Hydro's position is the Commission is  
5 fully within its power to make an interim order without  
6 any further process, and that's exactly what Hydro would  
7 have it do.

8 THE CHAIRPERSON: Thank you. Any comments, Mr. Feldberg?

9 MR. FELDBERG: I have no comments to make.

10 THE CHAIRPERSON: Mr. Fulton? I think we want to go  
11 through the schedule now or the list of comments unless  
12 we will hear from -- I mean Mr. Wallace is next but we  
13 might as well follow your schedule.

14 MR. FULTON: Thank you. Kemess Mines. Or I'm sorry,  
15 probably there was a crossfire here. Would you like Mr.  
16 Wallace to be next or do you want him to address at the  
17 end then followed by Hydro again?

18 THE CHAIRPERSON: I'll give Mr. Wallace that election. I  
19 see what you're suggesting. Usually the proponent  
20 follows close to last. Fair enough. If Mr. Wallace  
21 wants to speak now he has that opportunity. If he wants  
22 to wait until you've gone through the list, he has that  
23 opportunity too.

24 MR. WALLACE: Mr. Chairman, I'd like to go first because I  
25 really didn't address the motion at all other than raise  
26 the issue in my first representation.

1 THE CHAIRPERSON: Let me -- just before you proceed though,  
2 Mr. Wallace, Mr. Sanderson hinted at the merits of the  
3 interim application because they related to the issue of  
4 urgency. I gave him that latitude but I -- except as it  
5 might relate to the issue of urgency, I don't intend to  
6 give you the same latitude to speak to the merits.

7 MR. WALLACE: I don't want to speak to the merits.

8 THE CHAIRPERSON: Okay, thank you.

9 MR. WALLACE: No. I originally asked that simply a time be  
10 set for addressing that issue, the issue of the interim  
11 relief and the appropriateness and the level of it. And  
12 I'm quite surprised to hear Mr. Sanderson say today  
13 that, well, gee, you should have done that before now.  
14 This is the first prehearing conference we've had. We  
15 have had the application since December 15<sup>th</sup> through the  
16 holiday period. We knew this prehearing conference was  
17 coming up. And in any event, the interim relief isn't  
18 to take place until April 1<sup>st</sup>, so there is not a sense of  
19 urgency, or at least critical urgency, in dealing with  
20 interim relief. It has to be dealt with. I think it's  
21 appropriate it be dealt with. But there is no reason  
22 that the Commission cannot institute a process to deal  
23 with it.

24 I agree with Mr. Sanderson and Mr. Fulton. I  
25 think what I take from it that the merits should not be  
26 addressed today. It's a complex issue and there are

1 parties who were not here today who may wish to address  
2 it, and I see no reason that it cannot be addressed by a  
3 fairly expedited written process and that should take no  
4 more than a couple of weeks and still leave plenty of  
5 time for everything to be in place for April 1<sup>st</sup>.

6 With respect to the comments of both Mr.  
7 Sanderson and Mr. Fulton of what's typical, I would  
8 concur that in many cases the Commission has not granted  
9 -- or has not given an opportunity for input on interim  
10 applications. However, in some cases it has, and while  
11 I again don't recall the specific circumstances, I think  
12 generally they are circumstances where you face a  
13 difficult situation and a complex application where the  
14 ramifications could be serious. And I would suggest to  
15 you that's exactly what we have here.

16 The relief that is being sought is 7.23  
17 percent on an interim basis. The issues are complex,  
18 and without going into them I would submit that some of  
19 them are novel, and I would again suggest that  
20 Commission practices where novel issues are raised, that  
21 interim relief is not necessarily granted. And I think  
22 it, in this particular case, is appropriate for the  
23 Commission to hear from the parties with respect to  
24 those issues.

25 Mr. Sanderson has raised the matter of  
26 urgency and interim relief being granted, where the

1 final relief cannot be granted before the party wishes  
2 it to take effect. That's fine and that goes to whether  
3 there should be an interim order granted, but it doesn't  
4 go to whether parties should be heard on interim relief.  
5 And in my submission, it simply is very important that  
6 it be heard.

7 The total interim relief being sought by --  
8 or not interim relief, but the total relief being sought  
9 by B.C. Hydro is in the hundreds of millions of dollars.  
10 It's going to have a very strong economic impact on the  
11 province, and the customers should be able to come  
12 forward and at least speak to the appropriateness of  
13 that relief.

14 That concludes my comments unless you have  
15 any questions.

16 THE CHAIRPERSON: Thank you.

17 MR. FULTON: Kemess Mines?

18 MR. HALIPCHUK: Mr. Commissioner, I received a letter from  
19 my key account manager from B.C. Hydro on December 22<sup>nd</sup>,  
20 of which I was already -- my schedule with the mine had  
21 already ended. I actually received this letter on  
22 January 4<sup>th</sup>. The letter was dated December 22<sup>nd</sup>  
23 concerning the interim rate increase. I could submit  
24 that as evidence to Mr. Fulton if required. It goes to  
25 the point of Mr. Sanderson that perhaps we should have  
26 spoken earlier on this matter. We were not aware of

1           that until receipt of the document here.

2                       The operating budget and the forecast of  
3           Kemess Mines, the production forecast of Kemess Mine,  
4           was established in November and was approved by its  
5           board of directors and shareholders in the first week of  
6           December. And that forecast included the energy  
7           component, which is a critical part in our operation.  
8           The energy component was based on conversations held  
9           with senior executive officers of B.C. Hydro and senior  
10          management of B.C. Hydro, which provided indications of  
11          what could be expected in terms of rate increases over a  
12          three-year period, which were substantially more modest  
13          than what was presented in the letter I have of December  
14          22<sup>nd</sup>. So the level of the interim rate increases causes  
15          some considerable difficulty in that it is not a  
16          recoverable cost and we cannot alter our forecasts that  
17          have been published to the shareholders of the company.

18                      My last point on the matter is we talk about  
19          a subject to a refund, depending on how the Commission  
20          views the evidence provided by B.C. Hydro and the  
21          validity of the rate increase. We were just wondering  
22          if there would be interest paid on that. We're talking  
23          of a considerable amount of money here, and Kemess or  
24          its shareholders in Northgate Exploration are not really  
25          interested in financing the activities of B.C. Hydro if  
26          not deemed valid by the Commission.

1 THE CHAIRPERSON: Thank you.

2 MR. FULTON: In terms of the interest issue, Mr. Chairman,  
3 it's ordinarily at a rate of interest consistent with  
4 that of the principal bank with which the utility deals.

5 THE CHAIRPERSON: I'm really trying to just speak to -- to  
6 hear from the parties with respect to process at this  
7 stage, not the merits or the particulars of what the  
8 interim order would look like. But thank you for your  
9 comments.

10 The letter that you spoke to, you have  
11 submitted it to the Commission?

12 MR. HALIPCHUK: No, I haven't submitted it. It's available  
13 here.

14 THE CHAIRPERSON: I'm sorry, I misunderstood. You can make  
15 it available to Mr. Fulton for the first time this  
16 morning.

17 MR. HALIPCHUK: Yes.

18 THE CHAIRPERSON: Okay. And it speaks to the issue of the  
19 interim application?

20 MR. HALIPCHUK: Yes.

21 THE CHAIRPERSON: Yes. Let's wait until the Commission  
22 Panel makes a decision with respect to process before  
23 you make that available.

24 MR. HALIPCHUK: Very good. Thank you.

25 THE CHAIRPERSON: Thank you.

26 MR. FULTON: Elk Valley Coal Corporation, Mr. Newlands.

1 MR. NEWLANDS: Elk Valley supports the position of Mr.  
2 Wallace with regard to process, Mr. Chairman.

3 MR. FULTON: B.C. Old Age Pensioners *et al.*

4 MR. GATHERCOLE: It'll be brief, Mr. Chairman. Those of us  
5 who have been around for all those many years, I do  
6 recall a couple of situations where a process was  
7 established. My recollection is the intervenors were  
8 not successful in either one.

9 I think it's fair to say that the process  
10 that the Commission generally follows is a very  
11 supportable process. Usually what happens however is  
12 the timing between the application and when the rates  
13 would come into effect is fairly short, so it would be  
14 very difficult to have any process.

15 In this case there is a little more time, so  
16 I would submit that it is open to the Commission to have  
17 a limited process with respect to the interim.

18 THE CHAIRPERSON: Thank you.

19 MR. FULTON: The Sierra Club, Mr. Jones?

20 MR. JONES: No submissions.

21 MR. FULTON: Commercial Energy Consumers, Mr. Weafer?

22 MR. WEAFER: I support the submissions of Mr. Wallace, Mr.  
23 Chairman.

24 MR. FULTON: Thank you. James Campbell?

25 MR. CAMPBELL: I support the submissions of Mr. Wallace.

26 MR. FULTON: Alan Wait?

1 MR. WAIT: I support Mr. Wallace.

2 MR. FULTON: Save B.C. Coalition, Mr. Turner?

3 MR. TURNER: I support Mr. Wallace.

4 MR. FULTON: All right, is there anyone else who I haven't  
5 called out who has a submission they wish to make on  
6 this issue? There are none, Mr. Chairman.

7 THE CHAIRPERSON: Mr. Sanderson?

8 MR. SANDERSON: Mr. Chairman, with respect to process, it  
9 is my respectful submission that Mr. Wallace and those  
10 following him in making their submissions haven't really  
11 identified anything that is distinctive about this  
12 process -- sorry, this application and a reason to  
13 depart from the Commission's normal practice of simply  
14 issuing its own order with respect to the interim. It's  
15 hard to see what would be gained by -- in the middle of  
16 what I'm assuming is going to be an intense process  
17 anyway, spending two or three weeks in a sideshow  
18 dealing at summary level, and I'm not sure with what but  
19 at some summary level, with some overview idea as to  
20 whether or not the application is on its face sensible  
21 or not. I mean, that's all I can think you'd be dealing  
22 with and I don't know how you'd do that without starting  
23 to get into the very issues that the IRs are supposed to  
24 get out and the whole process of getting us ready for  
25 the main hearing is designed to get at.

26 And I think that's probably why there's --

1           that might be an explanation to Mr. Gathercole as to why  
2           when these processes, on the rare occasions they have  
3           occurred, haven't benefited the intervenors ultimately  
4           anyway. Because the Commission, faced with those  
5           things, has probably reached similar conclusions. That  
6           is, we can't make up our mind here without going to the  
7           full hearing process, so -- and we're headed there in  
8           the fullness of time.

9                        So my first point is that I don't think a  
10           case has been made as to why we should deviate from that  
11           normal practice.

12                       The second point I think as to -- and maybe  
13           the only caveat on what I've just said, was the only  
14           exceptional circumstance here is the last point Mr.  
15           Gathercole made; that is, there's a two-month gap  
16           between when the application for the interim is sought  
17           -- a ruling on it is sought, and when the interim rates  
18           could come into effect, and that isn't typical. And  
19           that's so. I think there is a 60-day period there,  
20           which is a little atypical.

21                       What I'd say about that is that the remarks  
22           made on behalf of Kemess Mines really make the point  
23           with respect to why it would be desirable for the  
24           Commission to make its decision now. B.C. Hydro's bill  
25           for a number of industrial clients in particular is very  
26           significant, and that's accepted, and also from any

1 residential or commercial customers it's a significant  
2 component of their monthly expenses. To give as much  
3 notice as possible as to what they're going to face this  
4 year, whether on a final basis or not, is a useful  
5 thing. And so for the Commission to be -- well that  
6 drove Hydro to bring its application as far forward and  
7 get it filed as soon as it could, and for the Commission  
8 to follow through and provide formal notice to parties  
9 that this is what you can expect as of April -- sure,  
10 it'll be subject to refund but nevertheless you're still  
11 going to have to budget to be able to pay it in the  
12 interim -- is a useful thing. To leave that decision  
13 until March the 31<sup>st</sup> and then present the bill on April  
14 the 1<sup>st</sup> is much less useful. And we can do that here, in  
15 my respectful submission, and therefore we should.

16 THE CHAIRPERSON: Mr. Feldberg.

17 MR. FELDBERG: I have no comment.

18 THE CHAIRPERSON: Thank you. The Commission Panel will  
19 make a decision with respect to process within a  
20 reasonable length of time, and my guess is that'll be  
21 within the next week. Thank you, Mr. Wallace, for  
22 raising the issue.

23 I think at this point in this prehearing  
24 conference, I would like to hear from anyone who wishes  
25 to raise issues that we have not yet spoken to. If  
26 there are any, I'm going to make a determination as to

1           whether -- a ruling as to whether or not they're within  
2           the scope of the prehearing conference. But not to  
3           intimidate anyone, if you wish to raise any issues I'd  
4           be delighted to hear from you.

5                         Hearing none, let me -- just before we close  
6           I want to make sure that I'm not missing any issues that  
7           I wanted to raise. No, I think that brings us to the  
8           end of our agenda for the prehearing conference.

9                         Mr. Weafer.

10       MR. WEAFER:     Mr. Chairman, the Commission is presently  
11           reviewing participant funding guidelines, and this is a  
12           very significant proceeding we're embarking on. Would  
13           the Chair be able to comment as to whether the Panel  
14           anticipates the new guidelines applying to this  
15           proceeding in terms of a timing of implementation of the  
16           new guidelines?

17       THE CHAIRPERSON:   I can. My anticipating is that the new  
18           guidelines will be the guidelines that will apply to  
19           this proceeding.

20                         Hearing no further issues, thank you for your  
21           attendance at the prehearing conference, and that closes  
22           this matter. Thank you.

23                         (PROCEEDINGS ADJOURNED AT 11:50 P.M.)

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