

DIRECT TESTIMONY OF DREW DUNLOP

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Q1. *Please state your name and present position.*

A. My name is Drew Dunlop. I hold the position of Manager, Strategic Asset Management for the Generation Line of Business.

Q2. *How long have you held that position?*

A. For approximately 3 years.

Q3. *What were your previous positions with BC Hydro?*

A. I previously have held the positions of Manager, Power Supply Engineering; Manager, Power Facilities; Regional Manager, Vancouver Island; Area Manager, Bridge River/Coastal; Area Manager, Metro-Coastal Production; Area Manager, East Kootenay Production; System Operations Supervisor; Manager, Mica Generating Station; Rotating Machine Specialist, Appartaus; and Electrical Maintenance Supervisor, G.M. Shrum Generating Station.

Q4. *What positions did you hold prior to joining BC Hydro and with whom?*

A. None.

Q5. *What are your professional qualifications?*

A. Professional Engineer, registered in the province of B.C.

Q6. *Have you previously testified before this Commission or its predecessors?*

A. No.

Q7. *What role did you play in the development of this Application?*

A. I assisted in preparation of parts of Section 5 of the Application.

Q8. *Are there sections of the application for which you are responsible?*

A. Yes. I will be speaking to sections of Chapter 5 of the application that I had a role in developing.

Q9. *Does this complete your direct testimony?*

A. Yes.

1 DIRECT TESTIMONY OF BOB ELTON

2

3 **Q1.** *Please state your name and present position.*

4 **A.** My name is Bob Elton. I hold the position of President and Chief Executive
5 Officer.

6

7 **Q2.** *How long have you held that position?*

8 **A.** I have held the position of President and Chief Executive Officer for
9 approximately four months.

10

11 **Q3.** *What were your previous positions with BC Hydro?*

12 **A.** My previous position was Executive Vice-President, Finance and Chief Financial
13 Officer, and Chief Financial Officer of Powerex. I assumed the latter position
14 when I joined Powerex in 2001 and was appointed to the former positions at
15 BC Hydro in 2002.

16

17 **Q4.** *What positions did you hold prior to joining BC Hydro and with whom?*

18 **A.** I was Chief Financial Officer of Eldorado Gold Corporation and prior to that, a
19 partner at PricewaterhouseCoopers.

20

21 **Q5.** *What are your professional qualifications?*

22 **A.** I graduated from Cambridge University in 1973 with a Master of Arts degree and
23 am a chartered accountant (1976) and a chartered business valuator (1987).

24

25 **Q6.** *Have you previously testified before this Commission or its predecessors?*

26 **A.** Yes, I testified at the following hearings:

- 27
 - 2003 Vancouver Island Generation Project CPCN Application
 - 2003 Heritage Contract Enquiry

29

1 **Q7.** *What role did you play in the development of this Application?*

2 **A.** First as CFO and then as CEO, I have had overall responsibility for the policy
3 positions taken in the Application.

4

5 **Q8.** *Are there sections of the application for which you are responsible?*

6 **A.** Yes. I will be speaking to Chapter 1 of the Application. Together with some of
7 my colleagues, I will also speak to some aspects of the portion of Chapter 2
8 relating to deferral accounts and the portions of Chapter 3 relating to Budget
9 Process, the Corporate Executive Office, and Safety, Environmental
10 Responsibility and Sustainability Policies.

11

12 **Q9.** *Are there any specific policy issues which you wish to address as part of your
13 testimony?*

14 **A.** Yes, I would like to address the nature of BC Hydro's ongoing planning process
15 and the relationship I see between BC Hydro and its regulator in connection with
16 that process.

17

18 **Q10.** *Please elaborate.*

19 **A.** BC Hydro will be filing its Integrated Electricity Plan (the "IEP") and a Resource
20 Expenditure and Acquisition Plan (the "REAP") on March 31, 2004.

21 The IEP is a long-term planning document. In the past, BC Hydro's IEPs laid out
22 its projections for the supply and demand balance for a 20-year period and the
23 steps BC Hydro intended to take to address any imbalance. Over the years, the
24 plans have evolved from an ordering of specific projects with anticipated dates at
25 which each would be brought into BC Hydro's integrated system to an
26 identification of portfolios of resources available to meet future demand. In all
27 these plans, the focus was on steps BC Hydro could take to build resources
28 capable of meeting future load.

29 This IEP has a different focus. Pursuant to the Energy Plan, BC Hydro projects
30 will be less prominent in meeting new resource requirements and purchases from
31 independent power producers more prominent.

32 This change in approach to ensuring that the province's future electricity needs
33 are met, as mandated by the Energy Plan, means that BC Hydro can be much
34 less precise about what projects are available to meet future needs. One of the
35 objectives of the Energy Plan is to unleash the creativity and flexibility of the

1 private sector to determine diversified, least cost means of producing electricity.
2 BC Hydro's role is to facilitate the development of private sector solutions, except
3 to the extent that there are improvements to BC Hydro's existing facilities or
4 expansions on existing river systems with Cabinet approval that are more
5 attractive than what is available from the private sector.

6 In light of that new role, BC Hydro cannot identify what private sector resources
7 will be built to meet future load. Instead, it must look to long-term influences on
8 the supply/demand balance and ensure that it is seeking resources from the
9 private sector in a form and at a time that will permit it to meet load as it develops
10 from domestic supply.

11 BC Hydro's 2004 IEP is intended to do this. It identifies the trends affecting both
12 supply and demand and some of the potential resources available to meet that
13 supply and demand. In particular, it outlines a number of portfolios which could
14 meet projected supply. The actual portfolios that will be employed by BC Hydro
15 will very much depend on future events.

16 In my view, it is the very flexibility of the IEP which makes it wholly unsuitable for
17 review and approval at this stage. It is simply a mechanism BC Hydro employs
18 to ensure that its ongoing expenditure and acquisition programs are optimal in
19 light of the long-term context set out in the IEP.

20 As BC Hydro gets closer to actually needing energy or capacity from new
21 sources, its planning must become much more specific. It must determine where
22 to allocate its own capital to increase production from its Heritage Resources,
23 how much to spend on demand side management programs and when to enter
24 into new energy purchase agreements. BC Hydro will set out its intentions in this
25 regard on a prospective basis in its REAP, the first of which will be filed with the
26 Commission for approval on March 31, 2004, and thereafter will be prepared
27 annually. The REAP is comprised of a two-year estimate of capital expenditures
28 and demand side management expenditures and a four-year outlook for resource
29 acquisition expenditures. Generally speaking, the annual preparation of the
30 REAP will provide the opportunity for BC Hydro to advise the Commission of the
31 actual expenditures that it intends to make well in advance of making them and,
32 thus, provide the Commission with an opportunity to review and approve those
33 expenditures before they are made.

34 The March 31, 2004 REAP will be primarily a stay-the-course plan because the
35 base case scenarios identified in the IEP do not require material additional
36 expenditures on resource acquisition in the next four years. However, the
37 budgets filed in support of the Revenue Requirement Application do include
38 expenditures that are supportive of resource acquisition in that they maintain
39 BC Hydro's ability to bring forward some significant projects of its own and/or
40 acquire significant additional volumes of energy from IPPs should that prove
41 necessary. In my view, these expenditures are prudent in light of the significant
42 uncertainties associated with the future and the potential for significant additional

1 requirements developing because of unanticipated shortfalls from BC Hydro's
2 planned resources.

3 In my view, detailed review and approval of the REAP affords the Commission
4 the opportunity to ensure that it is persuaded that the expenditures BC Hydro
5 anticipates needing to make to meet its obligation to serve are appropriate.
6 Accordingly, BC Hydro anticipates filing an updated REAP with the Commission
7 for approval annually.

8

9 **Q.11** *What process do you believe is appropriate for review of the specific contracts*
10 *that BC Hydro enters into for the acquisition of new resources?*

11 **A.** I believe that the Energy Plan recognizes that to the maximum extent possible,
12 the private sector should be left to develop projects as free from rate regulations
13 as possible. The private sector will take the financial risks and must be permitted
14 to realize financial rewards for taking those risks.

15 The role of the regulator in connection with these contracts should be very
16 restrained. I do not understand the Utilities Commission Act to contemplate an
17 approval process for individual contracts. Rather, the Act provides the
18 Commission with the power to void contracts where they are not in the public
19 interest. I would expect the Commission would not take such an extraordinary
20 step, except where it had reason to believe that the process leading to the
21 contract was fundamentally flawed in some way. So long as the Commission is
22 satisfied that BC Hydro is using a RFP process that is designed to obtain least
23 cost appropriate resources in light of its long term needs, I would not expect the
24 Commission would need to use its powers under section 71. Of course, BC Hydro
25 will be filing all its EPAs well before power is delivered under them. Together with
26 the annual review of the REAP, these filings will ensure the Commission is
27 equipped to address any concerns it may have in a timely way.

28

29 **Q.12** *Does this complete your direct testimony?*

30 **A.** Yes.

1 DIRECT TESTIMONY OF DAWN FARRELL

2

3 **Q1.** *Please state your name and present position.*

4 **A.** My name is Dawn Farrell. I hold the position of Executive Vice-President,
5 Generation.

6

7 **Q2.** *How long have you held that position?*

8 **A.** For approximately 1 year.

9

10 **Q3.** *What were your previous positions with BC Hydro?*

11 **A.** I previously have held no positions with BC Hydro.

12

13 **Q4.** *What positions did you hold prior to joining BC Hydro and with whom?*

14 **A.** I held the positions of Executive Vice President, Corporate Development;
15 Executive Vice President, Independent Power Projects; and Executive Vice
16 President, Energy Marketing and Development, all with TransAlta Corporation in
17 Calgary.

18

19 **Q5.** *What are your professional qualifications?*

20 **A.** I hold the degrees of Bachelor of Commerce and Master of Arts in Economics.

21

22 **Q6.** *Have you previously testified before this Commission or its predecessors?*

23 **A.** Yes, I testified at the following hearings:

- 24 • 2003 Vancouver Island Generation Project CPCN Application

25

1 **Q7.** *What role did you play in the development of the Application?*

2 **A.** I provided executive direction for the development of evidence to be dealt with by
3 panels testifying to the Generation line of business and related policy evidence.

4

5 **Q8.** *Are there sections of the Application for which you are responsible?*

6 **A.** Yes. I will be speaking to the following sections of the Application:

7 Chapters 1, 3, 4, 5, 9 and 11, as they pertain to Generation.

8

9 **Q9.** *Does this complete your direct testimony?*

10 **A.** Yes.

1 DIRECT TESTIMONY OF SANDY GILLIES

2

3 **Q1.** *Please state your name and present position.*

4 **A.** My name is Sandy Gillies. I hold the position of Director of Operations,
5 Distribution.

6 **Q2.** *How long have you held that position?*

7 **A.** For approximately 1-1/2 years.

8 *What were your previous positions with BC Hydro?*

9 **A.** Between 1968 and 1980, and then since 1982, I have held the positions of Sr.
10 V-P Distribution; Sr. V-P Power Supply; Field Resources Manager T&D; Interior
11 Field Resources Manager T&D; South Interior Regional Manager T&D;
12 Operational Support Services Manager T&D; Engineering & Technical Services
13 Manager - Customer Services; Regional Production Manager - South Interior;
14 Regional Production Manager - Northern; Area Production Manager - Peace
15 River; Assistant Superintendent - GM Shrum Generating Station; Production
16 Maintenance Supervisor - GM Shrum GS; Production Maintenance Supervisor -
17 Fraser Valley; Production Maintenance Supervisor - - Prince George; Electrical
18 Maintenance Engineer - Apparatus.

19 **Q3.** *What positions did you hold prior to joining BC Hydro and with whom?*

20 **A.** I have held the following positions:

- 21 • Partner, R.J. Fraser De-Scaling Ltd. (Scotland, 1980-1982)
22 • Research Project Manager, Federal Pioneer (Winnipeg, 1967-1968)
23 • Transformer Designer and Apprentice Mechanical Fitter, Bonar Long (Scotland,
24 1960-1967)

25 **Q4.** *What are your professional qualifications?*

26 **A.** I obtained the Higher National Certificate in Electrical Engineering from Dundee
27 College of Technology (1966).

28 **Q5.** *Have you previously testified before this Commission or its predecessors?*

29 **A.** No.

30 **Q6.** *What role did you play in the development of the Application?*

31 **A.** Development of Chapter 7.

1 **Q7.** *Are there sections of the Application for which you are responsible?*

2 **A.** Yes. I will be speaking for the following sections of the Application:

3 • Chapter 7

4 **Q8.** *Does this complete your direct testimony?*

5 **A.** Yes.

DIRECT TESTIMONY OF JAY GREWAL

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Q1. *Please state your name and present position.*

A. My name is Jay Grewal. I hold the position of Acting Chief Financial Officer.

Q2. *How long have you held that position?*

A. Since November 10, 2003.

Q3. *What were your previous positions with BC Hydro?*

A. I joined BC Hydro in January 2003 as Director, Business Development where I directed the following areas: Corporate Finance, Treasury, Information Technology, Strategic Planning and Outsourcing.

Q4. *What positions did you hold prior to joining BC Hydro and with whom?*

A. I was Acting President/Strategic Advisor to the Board of Directors, Aimtronics Corporation (2001 to 2002) and Managing Director, Tricor Pacific Capital Corporation (2000 to 2001).

I was Executive Director, Credit Capital Markets, CIBC Worlds Markets (1999 to 2000) and Director/Executive Director, North American Corporate Banking, CIBC (1996 to 1998).

Q5. *What are your professional qualifications?*

A. 1985 - MBA Finance, Richard Ivey School of Business, University of Western Ontario
1981 - BA Honours, University of British Columbia

Q6. *Have you previously testified before this Commission or its predecessors?*

A. No.

- 1 **Q7.** *What role did you play in the development of the Application?*
- 2 **A.** I became responsible for the Revenue Requirements application when assuming
3 the role of the Acting CFO on November 10, 2003. Financial evidence and
4 related policy evidence after this date was prepared under my supervision.
5
- 6 **Q8.** *Are there sections of the Application for which you are responsible?*
- 7 **A.** Yes. I will be speaking, in part, to the following sections of the Application:
- 8 • Chapter 1
9 • Chapter 2, 2A (Evidentiary Update) and 2B (Deferral Accounts)
10 • Chapter 3 (Budget Process, Corporate Executive Office, Safety, Environmental
11 Responsibility, and Sustainability policies, Financial and Risk Management,
12 Pricing of External Products and Services) and Distribution Corporate Function)
13 • Chapter 10
14 • Appendix B (Applicable Rate Schedules and Proposed Rate Increase)
15 • Appendix C (List of Tariffs with Proposed Changes)
16 • Appendix J (Consolidated Historical Financials)
17
- 18 **Q9.** *Ms. Grewal, since BC Hydro filed its Application on December 15, 2003, have*
19 *there been any changes in the key parameters which affect the forecast for*
20 *BC Hydro's income in F2005 and F2006?*
- 21 **A.** Yes, there have been some significant changes. On February 20, 2004,
22 BC Hydro filed an Evidentiary Update which identifies those changes. The most
23 significant changes involve lower forecast water inflows in F2005 and revised
24 interest and foreign exchange rate assumptions for both F2005 and F2006.
25
- 26 **Q10.** *What impact did the changed assumptions reflected in the Evidentiary Update*
27 *have on BC Hydro's forecast of its revenue requirements in 2005/2006?*
- 28 **A.** It was assumed that the forecast changes described in the Evidentiary Update
29 would be flowed through deferral account mechanisms that had been proposed
30 in the Application. This assumption was employed because at that time,
31 BC Hydro had not concluded its consideration of what deferral account
32 mechanisms would be appropriate in determining BC Hydro's future rates.
33

1 **Q11.** *Has that consideration been completed?*

2 **A.** Yes, it has. BC Hydro has concluded that the design of deferral accounts should
3 be structured so as to pass through risks over which BC Hydro has no control to
4 ratepayers, but should impose risks over which BC Hydro does have control on
5 BC Hydro, regardless of whether these risks arise under the Heritage Contract.
6 In this way, BC Hydro will maintain the incentive to manage those costs it can
7 control as effectively as possible.

8 Application of this general approach has confirmed BC Hydro's support for the
9 Trade Income Deferral Account and the BCTC Transition Deferral Account as
10 employed in the Application. However, BC Hydro's thinking with respect to the
11 Heritage Payment Obligation Deferral Account ("HDA") has evolved.

12

13 **Q12.** *What is BC Hydro's current thinking with respect to the Heritage Payment*
14 *Obligation Deferral Account?*

15 **A.** In BC Hydro's view, the HDA should be designed to capture variations in those
16 elements of the Heritage Payment Obligation that BC Hydro cannot control, but
17 leave BC Hydro responsible for variations in those elements that it can control.
18 Thus, the HDA is designed not so much to focus on the specific costs associated
19 with supplying energy under the Heritage Contract as it is in capturing those
20 elements that are outside BC Hydro's control. The result of this approach is that
21 certain elements of the Heritage Payment Obligation which would have been the
22 subject of a deferral account are now proposed not to be. Conversely, certain
23 elements of BC Hydro's costs outside the Heritage Payment Obligation, which
24 are nevertheless outside of its control, are proposed to be in a deferral account:
25 the Non-Heritage Deferral Account ("NHDA"). While under the terms of Special
26 Direction No. HC2 the NHDA must be separate from the HDA, BC Hydro
27 proposes the two deferral accounts be treated on a consolidated basis for later
28 disposition.

29

30 **Q13.** *Who assumed responsibility for developing the deferral accounts applying the*
31 *principles you have described?*

32 **A.** Mr. Tony Morris was responsible for developing the response to BCUC IR No.
33 2.122.0 and can speak to the application of the deferral account mechanisms.

34

1 **Q14.** *What is the effect of employing deferral accounts in this way on BC Hydro's*
2 *revenue requirement for F2005?*

3 **A.** There are a number of effects which, to some extent, counterbalance each other.
4 First, the use of updated snow pack conditions as the starting point for the
5 forecast for F2005 significantly reduces forecast net income. This is because the
6 Application was filed on the basis of actual reservoir levels as of October 1, 2003
7 and normal expectation of snowpack conditions for the following winter. The
8 February 2004 update is based on actual reservoir and snow pack conditions on
9 January 1, 2004 and, as set out at page 2A-1 of the Application, those conditions
10 were 94% of normal, which is significantly worse than had been anticipated in
11 October 2003. Thus, the forecast which should serve as the base for
12 determining rates in F2005 is a more pessimistic one than had previously been
13 the case. Of course, any difference between this forecast and actual results will
14 be captured in the deferral accounts.

15 On the other hand, the forecast with respect to finance charges was more
16 favourable in February 2004 than it had been in November 2003. That is, lower
17 forecast interest rates decreased BC Hydro's forecast finance costs and, thus,
18 increased its forecast net income.

19

20 **Q15.** *What is the net impact on BC Hydro's revenue requirement?*

21 **A.** The net impact of the reduced snow pack and lower interest rates is to increase
22 the revenue requirement for F2005.

23

24 **Q16.** *Will the proposed rate increases of 7.23% for F2005 and 2% for F2006 produce*
25 *the forecast revenue requirement?*

26 **A.** No, they will not. Accordingly, BC Hydro is amending its Application for F2005 to
27 seek an additional 1.67% increase (over and above the 7.23% already allowed
28 on an interim basis for a total of 8.9%) effective 30 days after the Commission's
29 decision on the Application is issued. Based on the foregoing and the
30 Evidentiary Update, the additional 2% increase applied for to be effective April 1,
31 2005 is no longer required.

32

33 **Q17.** *Does this affect BC Hydro's request for interim rate relief?*

34 **A.** No, it does not. BC Hydro identified the interim rate increase it required as early
35 as it could in order to give customers maximum notice of the rate increase that
36 they would experience on April 1, 2004. BC Hydro recognizes the significance of
37 changes in its rates to its customers and does not wish to change those rates on

1 short notice. BC Hydro is requesting an interim and final increase of 7.23%
2 effective April 1, 2004 and will forego the further required increase of 1.67% until
3 30 days after the Commission's decision is issued with respect to this
4 Application.

5

6 **Q18.** *Does this complete your direct testimony?*

7 **A.** Yes.

1 **DIRECT TESTIMONY OF JIM GURNEY**

2

3 **Q1.** *Please state your name and present position.*

4 **A.** My name is James Harvey Gurney. I hold the position of Investment Analysis
5 Manager in the Investment Analysis and Strategy Division of British Columbia
6 Transmission Corporation (BCTC). I also manage BCTC's Strategic Research
7 and Development Program.

8

9 **Q2.** *How long have you held that position?*

10 **A.** For approximately one year.

11

12 **Q3.** *What were your previous positions with BC Hydro?*

13 **A.** I previously have held the positions of:

- 14 • Manager, Strategic Research & Development
- 15 • Manager, Transmission Services Agreements
- 16 • Acting Manager, Transmission Maintenance and Asset Management
- 17 • Executive Assistant to: President, BCTC; Senior Vice President, Transmission;
- 18 Senior Vice President, Transmission & Distribution; Vice President, Engineering
- 19 • Manager, Protection & Control Design Department
- 20 • Design Engineer, Hydroelectric and Stations Projects

21

22 **Q4.** *What positions did you hold prior to joining BC Hydro and with whom?*

23 **A.** Student Summer Employee, MacMillan Bloedel Limited.

24

25 **Q5.** *What are your professional qualifications?*

26 **A.** I graduated in 1971 from the University of British Columbia with a Bachelor of
27 Applied Science (Electrical Engineering) degree. I am a registered Professional
28 Engineer in the Province of British Columbia. I am also a Senior Member of the
29 Institute of Electrical and Electronics Engineers.

30

1 **Q6.** *Have you previously testified before this Commission or its predecessors?*

2 **A.** No.

3

4 **Q7.** *What role did you play in the development of the Application?*

5 **A.** I participated in the preparation of the Application, specifically Volume 1,
6 Chapter 6 (Transmission).

7

8 **Q8.** *Are there sections of the Application for which you are responsible?*

9 **A.** Yes. I will be speaking to the sections of the Application that I was involved in
10 developing.

11

12 **Q9.** *Does this complete your direct testimony?*

13 **A.** Yes.

1 DIRECT TESTIMONY OF DANA HARDY

2

3 Q1. *Please state your name and present position.*

4 A. My name is Dana Hardy. I hold the position of Controller.

5 Q2. *How long have you held that position?*

6 A. For approximately 1-1/2 years.

7 Q3. *What were your previous positions with BC Hydro?*

8 A. I previously have held the positions of Manager, Business Planning & Assistant
9 Controller; and Manager, Financial Reporting and Planning.

10 Q4. *What positions did you hold prior to joining BC Hydro and with whom?*

11 A. I was a tax manager and prior to that an audit senior at Ernst & Young.

12 Q5. *What are your professional qualifications?*

13 A. I graduated from the University of British Columbia in 1985 with a Bachelor of
14 Commerce degree and am a chartered accountant.

15 Q6. *Have you previously testified before this Commission or its predecessors?*

16 A. No, I have not.

17 Q7. *What role did you play in the development of the Application?*

18 A. I was responsible for:

- 19 • the development of the overall revenue requirement forecast and development of
20 related explanatory material in Chapter 2, including providing common
21 assumptions for use by all Lines of Business;
22 • recommending and applying allocation methodology for corporate costs;
23 • explanation of the budget process; and
24 • summary of historical information and related explanatory material in Volume 2,
25 Appendix J

1 **Q8.** *Are there sections of the Application for which you are responsible?*

2 **A.** Yes. I will be speaking primarily to Chapter 2 and Chapter 2A of the Application,
3 as well as Appendix J.

4 **Q9.** *Does this complete your direct testimony?*

5 **A.** Yes.

1

2 **Q7.** *What role did you play in the development of the Application?*

3 **A.** I was involved with the development of Chapter 4, Chapter 8, Appendix F,
4 Appendix G and Appendix H.

5

6 **Q8.** *Are there sections of the Application for which you are responsible?*

7 **A.** Yes. I will be speaking to the sections of the Application that I was
8 involved in developing.

9

10 **Q9.** *Does this complete your direct testimony?*

11 **A.** Yes.

1 DIRECT TESTIMONY OF STEVE HOBSON

2

3 **Q1.** *Please state your name and present position.*

4 **A.** My name is Steve Hobson. I hold the position of Manager, Marketing, Customer
5 Care & Power Smart.

6

7 **Q2.** *How long have you held that position?*

8 **A.** For approximately 1 year.

9

10 **Q3.** *What were your previous positions with BC Hydro?*

11 **A.** I previously have held various positions within Customer Care & Power Smart.

12

13 **Q4.** *What positions did you hold prior to joining BC Hydro and with whom?*

14 **A.** None.

15

16 **Q5.** *What are your professional qualifications?*

17 **A.** I have a degree in Business Administration (BBA) with a concentration in
18 Marketing.

19

20 **Q6.** *Have you previously testified before this Commission or its predecessors?*

21 **A.** No.

22

23 **Q7.** *What role did you play in the development of the Application?*

24 **A.** I participated in the preparation and review of the parts of the Application
25 regarding Power Smart (i.e. demand side management).

26

1 **Q8.** *Are there sections of the application for which you are responsible?*

2 **A.** Yes. I will be speaking for the following sections of the Application:

- 3 • Volume I, Chapter 4 (Energy Supply Costs), Section 2 (Power Smart);
4 • Volume I, Chapter 8 (Power Smart, Customer Care, And Energy Management),
5 Section 1 (Power Smart);
6 • Volume II, Appendix H (BC Hydro Conservation Potential Review 2002 Summary
7 Report);
8 • Volume II, Appendix I (Power Smart 10-Year Plan)
9 • Volume II, Appendix M (DSM Evaluation Summary and Plan)
10 • Volume II, Appendix N (Power Smart Program Summaries)

11

12 **Q9.** *Does this complete your direct testimony?*

13 **A.** Yes.

1 **DIRECT TESTIMONY OF ELIZABETH HONG**

2

3 **Q1.** *Please state your name and present position.*

4 **A.** My name is Elizabeth Hong. I hold the position of Controller of British Columbia
5 Transmission Corporation (BCTC).

6

7 **Q2.** *How long have you held that position?*

8 **A.** For approximately 1 year.

9

10 **Q3.** *What were your previous positions with BC Hydro?*

11 **A.** I previously have held the following positions with BC Hydro (since 1990):

- 12 • Manager, Business Support and Controller, Transmission Line of Business
- 13 • Acting Manager, Operational Support Services and Controller, Transmission and
- 14 Distribution Group
- 15 • Manager, Business Planning, Transmission and Distribution Group
- 16 • Manager, Comptrollership/Business Financial Services, Transmission and
- 17 Distribution Group
- 18 • Assistant Manager, Finance and Administration, Customer Services Group
- 19 • Manager, Management Services, Corporate
- 20 • Management Services Consultant, Corporate

21

22 **Q4.** *What positions did you hold prior to joining BC Hydro and with whom?*

23 **A.** I was the Corporate Financial Planner and Financial Reporting Analyst with
24 Ontario Hydro, and an Audit Supervisor and Management Consultant with Price
25 Waterhouse.
26

27 **Q5.** *What are your professional qualifications?*

28 **A.** I received a Bachelor of Commerce degree from the University of Toronto in
29 1979, and am a chartered accountant.

30

1 **Q6.** *Have you previously testified before this Commission or its predecessors?*

2 **A.** No.

3

4 **Q7.** *What role did you play in the development of the Application?*

5 **A.** I was involved in the development of Transmission Revenue Requirement
6 contained in Chapter 6 of the Application, and Financial Schedules C3 and D4
7 contained in Chapter 2. I was also involved in BCTC's deferral account
8 application.

9

10 **Q8.** *Are there sections of the Application for which you are responsible?*

11 **A.** Yes. I will be speaking to the sections of the Application that I was involved in
12 developing, as well as BCTC's deferral account application.

13

14 **Q9.** *Does this complete your direct testimony?*

15 **A.** Yes.

1 **DIRECT TESTIMONY OF VALERIE LAMBERT**

2

3 **Q1.** *Please state your name and present position.*

4 **A.** My name is Valerie Lambert. I hold the position of Treasurer of BC Hydro.

5 **Q2.** *How long have you held that position?*

6 **A.** For approximately 5-1/2 years.

7 **Q3.** *What were your previous positions with BC Hydro?*

8 **A.** I have held no other positions with BC Hydro.

9 **Q4.** *What positions did you hold prior to joining BC Hydro and with whom?*

10 **A.** The World Bank - Energy Analyst, East Asia Region (1996-1998)
11 Terasen (formerly BC Gas) - Vice-President, Supply Development (1988-1996)
12 MacMillan Bloedel Ltd. - Manager, Investor Relations and Finance (1981-1988)

13 **Q5.** *What are your professional qualifications?*

14 **A.** I graduated from the University of Toronto in 1976 with a Bachelor of Arts
15 (Honours) degree in English and Economics, and am a chartered accountant.

16 **Q6.** *Have you previously testified before this Commission or its predecessors?*

17 **A.** Yes, I testified at the following hearings:

- 18 • BC Gas, 1992 - Revenue Requirement

19 **Q7.** *What role did you play in the development of the Application?*

20 **A.** I had a supervisory role in the development of the evidence in the sections of the
21 Application for which I am responsible.

22 **Q8.** *Are there sections of the Application for which you are responsible?*

23 **A.** Yes. I will be speaking for the following sections of the Application:

- 24 • Sections: 3.6, 7.2.5, 9.5.4
25 • Schedules: A10, A12, A12-1, B5

26 **Q9.** *Does this complete your direct testimony?*

27 **A.** Yes.

1 **DIRECT TESTIMONY OF DENNIS MANIAGO**

2

3 **Q1.** *Please state your name and present position.*

4 **A.** My name is Dennis Maniago. I hold the position of Vice President, BC Hydro
5 Field Services.

6 **Q2.** *How long have you held that position?*

7 **A.** For approximately 2 years.

8 **Q3.** *What were your previous positions with BC Hydro?*

9 **A.** I previously have held the positions of Manager Transmission & Distribution
10 Asset Management; Manager Metro Region, Transmission & Distribution;
11 Manager Vancouver/Burnaby Region, Customer Services; Manager Fraser
12 Valley West, Customer Services; Manager Customer Service & Design Metro
13 West, Customer Services; Manager Customer Service & Design North Shore,
14 Customer Services; Assistant Manager Fraser Valley Regional Distribution
15 Engineering, Customer Services.

16 **Q4.** *What positions did you hold prior to joining BC Hydro and with whom?*

17 **A.** I joined BC Hydro directly after obtaining my Bachelor of Applied Science degree.

18 **Q5.** *What are your professional qualifications?*

19 **A.** I graduated from the University of British Columbia in 1973 (Bachelor of Applied
20 Science - Electrical Engineering) and am a registered professional engineer.

21 **Q6.** *Have you previously testified before this Commission or its predecessors?*

22 **A.** No.

23 **Q7.** *What role did you play in the development of the Application?*

24 **A.** I contributed to the development of information in the Field Services section of
25 the Application.

26 **Q8.** *Are there sections of the Application for which you are responsible?*

27 **A.** Yes. I will be speaking for the following sections of the Application:

- 28 • Chapter 9, Section 3, Field Services Organization
29 • Chapter 11, Section 4, Field Services Capital Expenditures

1 Q9. *Does this complete your direct testimony?*

2 A. Yes.

1 DIRECT TESTIMONY OF YAKOUT MANSOUR

2

3 **Q1.** *Please state your name and present position.*

4 **A.** My name is Yakout Mansour. I am Senior Vice President for System Operations
5 and Asset Management for the British Columbia Transmission Corporation
6 (BCTC).

7

8 **Q2.** *How long have you held that position?*

9 **A.** Since the inception of BCTC in the summer of 2003.

10

11 **Q3.** *What were your previous positions with BC Hydro?*

12 **A.** Until taking my new job early last year, I was VP for Grid Operations &
13 Inter-Utility Affairs at BC Hydro. From March 1995 to February 1996, I was
14 Manager for System Planning; from May 1991 to March 1995, I was the Manager
15 for Regional System Planning; and from 1978 to July 1989, I was the Senior
16 System Transmission Planning Engineer. From July 1989 to April 1991, I was
17 Manager for Power Engineering at Powertech Labs, a wholly owned subsidiary of
18 BC Hydro.

19

20 **Q4.** *What positions did you hold prior to joining BC Hydro and with whom?*

21 **A.** Prior to my work with BC Hydro, I was a Design Engineer at Montreal
22 Engineering Co. from 1977 to 1978; Teaching and Research Assistant in the
23 Master of Science Program at the University of Calgary from 1975 to 1977;
24 Testing Engineer for Rural Electrification Authority for Egypt Distribution
25 Protection from 1973 to 1975; and a Maintenance Engineer at KIMA Plant from
26 1971 to 1973.

27

28 **Q5.** *What are your professional qualifications?*

29 **A.** I obtained my Bachelor of Science Degree in Electrical Engineering at the
30 University of Alexandria in 1971 and my Master of Science in Electrical
31 Engineering at the University of Calgary in 1977.

32

1 **Q6.** *Have you previously testified before this Commission or its predecessors?*

2 **A.** Yes, I testified at the following hearings:

- 3 • both of BC Hydro's Wholesale Transmission Source applications, in 1996 and
4 1998;
5 • 2003 Vancouver Island Generation Project CPCN Application.

6

7 **Q7.** *What role did you play in the development of the Application?*

8 **A.** I had an oversight role with respect to the evidence set out in Chapter 6 of the
9 Application.

10

11 **Q8.** *Are there sections of the Application for which you are responsible?*

12 **A.** Yes. I will be speaking to Chapter 6 of the Application.

13

14 **Q9.** *Does this complete your direct testimony?*

15 **A.** Yes.

- 1 • Volume 1, Chapter 8 (Power Smart, Customer Care, And Energy
- 2 Management), Section 2 (Customer Care)
- 3 • Volume II, Appendix H (BC Hydro Conservation Potential Review 2002
- 4 Summary Report)
- 5 • Volume II, Appendix I (Power Smart 10-Year Plan)
- 6 • Volume II, Appendix M (DSM Evaluation Summary and Plan)
- 7 • Volume II, Appendix N (Power Smart Program Summaries)

8 **Q9.** *Does this complete your direct testimony?*

9 **A.** Yes.

1 **DIRECT TESTIMONY OF WARREN MCKAY**

2

3 **Q1.** *Please state your name and present position.*

4 **A.** My name is Warren McKay. I hold the position of Chief Information Officer.

5

6 **Q2.** *How long have you held that position?*

7 **A.** For approximately 9 months.

8

9 **Q3.** *What were your previous positions with BC Hydro?*

10 **A.** I was previously a consultant with BC Hydro.

11

12 **Q4.** *What positions did you hold prior to joining BC Hydro and with whom?*

13 **A.** I was an independent consultant, President of ETV Technologies Inc., President
14 of MEMEX Software Inc., and Regional Manager, Western Canada, Cognos Inc.

15

16 **Q5.** *What are your professional qualifications?*

17 **A.** I graduated from the faculty of Computer Science, Northern Alberta Institute of
18 Technology, 1976.

19

20 **Q6.** *Have you previously testified before this Commission or its predecessors?*

21 **A.** No.

22

23 **Q7.** *What role did you play in the development of the Application?*

24 **A.** I was responsible, in part, for the information technology section of Chapter 3 of
25 the Application.

26

1 **Q8.** *Are there sections of the Application for which you are responsible?*

2 **A.** Yes. I will be speaking to the sections of the Application that I was responsible
3 for developing.

4

5 **Q9.** *Does this complete your direct testimony?*

6 **A.** Yes.

7

1 **DIRECT TESTIMONY OF TONY MORRIS**

2

3 **Q1.** *Please state your name and present position.*

4 **A.** My name is Tony Morris. I hold the position of Group Controller, Generation line
5 of business, BC Hydro.

6 **Q2.** *How long have you held that position?*

7 **A.** For approximately 2 years.

8 **Q3.** *What were your previous positions with BC Hydro?*

9 **A.** I previously have held management positions within the Corporate Controllers
10 Division (1989-1994); Corporate Controller (1994-1997), and Group Controller
11 (Marketing & Customer Service; Executive Operations: Operations) (1997-
12 2002).

13 **Q4.** *What positions did you hold prior to joining BC Hydro and with whom?*

14 **A.** I was employed by Price Waterhouse (now PriceWaterhouseCoopers) from
15 1974-1989. My last position with them was as a Director in the Business
16 Valuation and Litigation Support Group.

17 **Q5.** *What are your professional qualifications?*

18 **A.** I am a chartered accountant (1973) and a chartered business valuator (1989).

19 **Q6.** *Have you previously testified before this Commission or its predecessors?*

20 **A.** Yes, I testified at the following hearings:

- 21 • 1994 Revenue Requirement Application
22 • 2003 Heritage Contract Enquiry

23 **Q7.** *What role did you play in the development of the Application?*

24 **A.** I coordinated the preparation of Chapter 5 (Heritage Contract) and I am
25 responsible for the financial aspects of that Chapter. I am also responsible for
26 the evidence regarding the operation of the deferral accounts BC Hydro has
27 applied for.

1 **Q8.** *Are there sections of the Application for which you are responsible?*

2 **A.** Yes. I will be speaking to the sections of the Application that I had a role in
3 developing.

4 **Q9.** *Does this complete your direct testimony?*

5 **A.** Yes.

1 **DIRECT TESTIMONY OF CHRIS O'RILEY**

2

3 **Q1.** *Please state your name and present position.*

4 **A.** My name is Chris O'Riley. I hold the position of Powerex Risk Manager. I also
5 have a role as a Corporate Risk Consultant in BC Hydro, reporting to the Chief
6 Financial Officer.

7 **Q2.** *How long have you held that position?*

8 **A.** I have been the Powerex Risk Manager since May 1999. I have held the
9 Corporate consultancy position since fall 2002.

10 **Q3.** *What were your previous positions with Powerex and BC Hydro?*

11 **A.** I previously have held the positions of Portfolio Manager at Powerex, account
12 manager and analyst in BC Hydro Customer Services, and Telecontrol line
13 manager and Engineer in Training with BC Hydro Production.

14 **Q4.** *What positions did you hold prior to joining BC Hydro and with whom?*

15 **A.** I joined BC Hydro in 1990, after graduating from the University of British
16 Columbia.

17 **Q5.** *What are your professional qualifications?*

18 **A.** I have a Bachelor of Applied Science degree from the University of British
19 Columbia (1990) and a Masters Degree in Business Administration from the
20 University of Western Ontario (1995). In 1993 I became a registered
21 professional engineer in British Columbia.

22 **Q6.** *Have you previously testified before this Commission or its predecessors?*

23 **A.** Yes, I testified at the 2003 Heritage Contract Enquiry.

24 **Q7.** *What role did you play in the development of the Application?*

25 **A.** I participated in the development of Chapter 3, Page 3-7 to 3-8 and Chapter 9,
26 Page 9-46 to 9-50.

1 **Q8.** *Are there sections of the Application for which you are responsible?*

2 **A.** Yes. I will be speaking to the sections of the Application that I participated in the
3 development of.

4 **Q9.** *Does this complete your direct testimony?*

5 **A.** Yes.

1 DIRECT TESTIMONY OF JANE PEVERETT

2

3 **Q1.** *Please state your name and present position.*

4 **A.** My name is Jane Peverett. I am the Chief Financial Officer for the British
5 Columbia Transmission Corporation (BCTC).

6 **Q2.** *How long have you held that position?*

7 **A.** Since June 2003.

8 **Q3.** *What positions did you hold prior to joining BCTC and with whom?*

9 **A.** I joined BCTC from Union Gas Limited, where I was the President. I also held
10 the positions of Senior Vice President, Sales and Marketing and Chief Financial
11 Officer with Union Gas. Prior to that, I was with Westcoast Energy in the roles of
12 Vice President, Finance and Vice President Regulatory Affairs and Accounting.
13 Prior to going to Westcoast, I was with Centra Gas Ontario Inc., a subsidiary of
14 Westcoast, where I held a series of positions including Manager of Budgets and
15 Manager of Corporate Planning. Before Centra Gas, I spent time with Prudential
16 Bache Securities and Imperial Oil.

17 **Q4.** *What are your professional qualifications?*

18 **A.** I have a Bachelor of Commerce degree from McMaster University and an MBA
19 from Queens. I am also a certified management accountant.

20 **Q5.** *Have you previously testified before this Commission or its predecessors?*

21 **A.** Yes, I testified at the hearing regarding the Southern Crossing pipeline hearing.

22 **Q6.** *What role did you play in the development of the Application?*

23 **A.** I have been directly involved in the preparation of Chapter 6, and BCTC's
24 deferral account application.

25 **Q7.** *Are there sections of the Application for which you are responsible?*

26 **A.** Yes. I will be speaking, in part, to Chapter 6 of the Application; as well as
27 BCTC's deferral account application.

28 **Q8.** *Does this complete your direct testimony?*

29 **A.** Yes.

1 **DIRECT TESTIMONY OF KEN SPAFFORD**

2

3 **Q1.** *Please state your name and present position.*

4 **A.** My name is Kenneth Ray Spafford. I hold the position of Strategic Technical
5 Advisor within BC Hydro's Generation line of business.

6 **Q2.** *How long have you held that position?*

7 **A.** For approximately 1 year.

8 **Q3.** *What were your previous positions with BC Hydro?*

9 **A.** I previously have held the positions of Principal Engineer, within the Resource
10 Management group or Power Supply; Manager, Resource Planning; Manager,
11 Resource Optimization, and a number of engineering positions within the
12 business units responsible for resource planning and acquisition.

13 **Q4.** *What positions did you hold prior to joining BC Hydro and with whom?*

14 **A.** I started with BC Hydro immediately after graduation from university.

15 **Q5.** *What are your professional qualifications?*

16 **A.** I graduated from the University of British Columbia in 1973 with a Bachelor of
17 Applied Science degree and am a registered professional engineer.

18 **Q6.** *Have you previously testified before this Commission or its predecessors?*

19 **A.** Yes, I testified at the following hearings:

- 20 • 1991 Energy Removal Certificate renewal application, specifically to address
21 issues related to the supply and demand balance and the estimates of surplus
22 capability;
- 23 • 1992 Rate Design Hearing, specifically to address issues related to the cost of
24 new supply and the impact of the proposed rates on BC Hydro's Electricity Plan;
- 25 • 1993 and 1994 Revenue Requirements hearings, specifically to address issues
26 related to BC Hydro's integrated resource plan;
- 27 • 1994 Kemano Completion Project Review, specifically to address issues related
28 to purchase agreements between BC Hydro and Alcan;
- 29 • 1995 Electricity Market Structure Review, specifically to provide information on
30 reservoir system optimization; and

- 1 • 2003 Heritage Contract, Stepped Rates and Access Principles Section 5 Inquiry,
2 specifically to provide information on the system capability and BC Hydro's
3 recommendation for a Heritage Contract
- 4 **Q7.** *What role did you play in the development of this Application?*
- 5 **A.** I participated in the preparation of Chapter 5 Heritage Contract and reviewed
6 information in Chapter 4 Energy Supply Costs and portions of Chapter 11 Capital
7 Expenditures.
- 8 **Q8.** *Are there sections of the application for which you are responsible?*
- 9 **A.** Yes. I will be speaking to sections of Chapter 5 that I had a role in developing.
- 10 **Q9.** *Does this complete your direct testimony?*
- 11 **A.** Yes.

1 **Q7.** *What role did you play in the development of the Application?*

2 **A.** I provided executive direction for the development of evidence to be dealt
3 with by panels testifying to energy supply costs, the Distribution line of
4 business and related policy evidence.

5

6 **Q8.** *Are there sections of the Application for which you are responsible?*

7 **A.** Yes. I will be speaking to the following sections of the Application:

- 8 • Chapter 4 and Appendices F, G, H, I, M, and N; and
9 • Chapters 1, 3, 7, 8, 9, and 11, as they pertain to Distribution.

10

11 **Q9.** *Does this complete your direct testimony?*

12 **A.** Yes.

DIRECT TESTIMONY OF NICOLA WEBB

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Q1. *Please state your name and present position.*

A. My name is Nicola Judith Webb. I hold the position of Chief Human Resources Officer for BC Hydro.

Q2. *How long have you held that position?*

A. Since December 2003.

Q3. *What were your previous positions with BC Hydro?*

A. I have not held any previous positions with BC Hydro.

Q4. *What positions did you hold prior to joining BC Hydro and with whom?*

A. Before joining BC Hydro, I was the Vice President Human Resources Ontario and Western Canada for Molson Canada. Previous to Molson Canada, I worked for over 20 years with General Electric in a series of progressive Human Resources roles in both Canada and the U.S. My last position with General Electric, which I held from 1996-2001, was the Vice President Human Resources for their Canadian Appliance Affiliate.

Q5. *What are your professional qualifications?*

A. I have my Bachelor of Commerce in Industrial Relations Management from the University of British Columbia (Honours) and my Master of Business Administration in Organization Behaviour from the University of Toronto (Dean's List). I have participated in a wide range of training programs on Human Resources and business issues throughout my career.

Q6. *Have you previously testified before this Commission or its predecessors?*

A. No.

1 **Q7.** *What role did you play in the development of the Application?*

2 **A.** None - the application was prepared prior to starting my employment with
3 BC Hydro.

4

5 **Q8.** *Are there sections of the Application for which you are responsible?*

6 **A.** Yes. I will be speaking to the sections of the Application relating to BC Hydro's
7 employment practices and policies.

8

9 **Q9.** *Does this complete your direct testimony?*

10 **A.** Yes.