

**Fred James**

Chief Regulatory Officer

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March 17, 2020

Mr. Patrick Wruck  
Commission Secretary and Manager  
Regulatory Support  
British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, BC V6Z 2N3

Dear Mr. Wruck:

**RE: Project No. 1598969  
British Columbia Utilities Commission (BCUC or Commission)  
British Columbia Hydro and Power Authority (BC Hydro)  
Electricity Purchase Agreement (EPA) Renewals – Sechelt Creek Hydro,  
Brown Lake Hydro, and Walden North Hydro**

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BC Hydro writes further to the BCUC letter dated March 4, 2020 seeking submissions from BC Hydro and registered interveners on whether costs accrued under the term of the Walden North EPA Renewal are recoverable from ratepayers and why (**BCUC Request for Submissions**).

As noted on page 26 and 27 of the Application (Exhibit B-1), the original Walden North Electricity Purchase Agreement dated August 18, 1990 (**Original Walden EPA**) was not terminated and continues in accordance with its terms. Hence, the Original Walden EPA has continued to be in effect and operative and specifically, with respect to being responsive to the BCUC Request for Submissions, payments made by BC Hydro to Cayoose Creek Power Limited Partnership (**Cayoose LP**) for energy from the Walden North facility have continued to be pursuant to the Original Walden EPA.

Although the Walden EPA Renewal was signed and in effect as of April 1, 2018 (and was in effect concurrent with the Original Walden North EPA), only certain sections of Walden EPA Renewal became operative prior to its termination, and this did not include provisions related to the sale and purchase of energy. As explained on page 2 of BC Hydro's submission dated February 21, 2020 (Exhibit B-20), the termination of the Walden North EPA Renewal will not impact the ongoing energy transactions between the parties which have continued to occur under the Original Walden EPA. Accordingly, there have been no costs accrued by BC Hydro under the Walden North EPA Renewal.

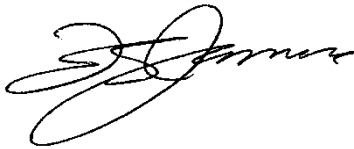
BC Hydro further submits that all energy purchase payments which have been made to Cayoose LP, to date, have all been under the Original Walden North EPA. In addition, consideration provided by Cayoose LP to BC Hydro under the Forbearance Agreement

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has also continued during this period. BC Hydro notes that any Walden North EPA costs that BC Hydro has incurred, or will be incurring, pursuant to the Original Walden North EPA (whether or not the Forbearance Agreement is in effect) are recoverable pursuant to section 4(1)(b) of Direction No. 8 to the BCUC.<sup>1</sup>

For further information, please contact Fred James at 604-623-4121 or by email at [bchydroregulatorygroup@bchydro.com](mailto:bchydroregulatorygroup@bchydro.com).

Yours sincerely,



Fred James  
Chief Regulatory Officer

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<sup>1</sup> Please also refer to paragraphs 41 through 43 of [BC Hydro's Final Argument](#) for a more detailed explanation regarding the original EPA in relation to the Walden North project remaining in effect at this time and that the costs that BC Hydro is incurring pursuant to the original Walden North EPA (whether or not the Forbearance Agreement is in effect) are recoverable pursuant to section 4(1)(b) of Direction No. 8 to the BCUC.