IN THE MATTER OF
the Utilities Commission Act
S.B.C. 1980, c. 60, as amended

and

IN THE MATTER OF
an Application by Yoho Power Ltd.
for a Certificate of Public Convenience
and Necessity to construct and operate the
Yoho Grid Connection and to amend certain Rate Structures

DECISION

June 24, 1988

Before:

J.G. McIntyre, Chairman
J.D.V. Newlands, Deputy Chairman

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APPEARANCES

A.W. CARPENTER G. SUNELL G. MCDONNELL	for the Applicant Yoho Power Ltd.
MS. E. SANDS	Commission Counsel
I. CHURCH	Superintendent of Yoho National Park
R. ROBERTSON MS. C. CAMERON G. POLE	Field Power Action Committee

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N.C.J. SMITH B. McKINLAY	Commission Staff
W.G. BEMISTER	Hearing Officer Allwest Reporting Ltd.
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LIST OF EXHIBITS

LIST OF EXHIBITS
(cont'd)

1.0 BACKGROUND

On November 5, 1987 Yoho Power Ltd. ("Yoho") acquired the assets of the diesel electrical generating system in Field, British Columbia (150 customers) from the Northern Canada Power Commission ("NCPC"). Yoho is a wholly-owned subsidiary of Synex Energy Resources Ltd. ("SERL" or "Synex") which in turn is a wholly-owned subsidiary of Synex International Inc., a public company listed on both the Toronto and Vancouver Stock Exchanges. The Franchise Agreement executed on October 30, 1987 between Parks Canada and Yoho for the provision of electrical service to Field is for an initial period of 21 years.

The existing power system is comprised of a diesel generation plant and approximately nine circuit-kilometers of 2400 volt, three-phase, three-wire (delta), wood-pole distribution system. The diesel generation plant has an installed capacity of 750 kW provided by four diesel engines which have been in service from 20 to 29 years. While old and obsolete, the plant has been well maintained and should be capable of prime power generation for some time yet. The same cannot be said for the distribution system which clearly requires upgrading and renewal.

The existing load in Field averages 130 kW with a peak of 300 kW. With the addition of West Louise Lodge, which is adjacent to Field, the average load would increase to 195 kW while the peak load would increase to 440 kW. If Emerald Lake Lodge, which is located nine kilometres west of Field is attached, the average load would increase to approximately 295 kW with a peak load of 660 kW. The attachment of this load is unlikely in the near term due to the cost of providing the extension.

The existing tariff in Field for residential and commercial service for basic-charge/energy-charge is $5.22/21.55¢/kWh and $20.86/29.44¢/kWh respectively, which is approximately 400 percent higher than adjacent rates in British Columbia and Alberta, albeit a residential customer is currently receiving a subsidy from the British Columbia Hydro and Power Authority ("B.C. Hydro") which reduces the effective rate for the first 550 kWh to 7.5¢/kWh. This subsidy does not apply to Government of Canada accounts.

Pursuant to Commission Order No. C-1-88 dated April 14, 1988, Yoho was granted a Certificate of Public Convenience and Necessity for the provision of electric service in Yoho National Park. This Certificate recognizes Yoho's status as a public utility in British Columbia and gives the Utilities Commission full regulatory jurisdiction over the activities of the Applicant. The Utilities Commission's jurisdiction over Yoho was substantiated in a letter to the Honourable Jack Davis, MLA, from the Honourable Tom McMillan, M.P., Minister of Environment dated March 10, 1988 (Appendix A).

2.0 THE APPLICATION

Pursuant to Section 51 of the Utilities Commission Act ("the Act"), Yoho filed an Application dated May 6, 1988 for a Certificate of Public Convenience and Necessity to construct and operate a 24 km, 25 kV powerline from TransAlta Utilities' ("TransAlta") system at Lake Louise, Alberta to the community of Field, British Columbia. In addition to this Application, the Applicant is also seeking amendments to its existing rate structure.

3.0 THE HEARING

3.1 Introduction

On April 18, 1988, the Commission issued Order No. G-36-88, ordering a public hearing to commence on May 19, 1988 in the Mt. Steven Centennial Community Centre, Field, B.C.

The registered intervenors were Mr. I. Church and Mr. R. Lightfoot of Parks Canada, and Ms. C. Cameron, Mr. R. Robertson and Mr. G. Pole of the Field Power Action Committee.

In his opening remarks, the Chairman indicated his willingness to accommodate presentations from intervenors who did not have prior registration. He also emphasized that the primary focus of the hearing was on the grid connection

and that submissions respecting the current rate subsidy would be entertained. A large number of local residents attended the hearing at a special evening sitting of the Commission.

3.2 Yoho Power Submission

Counsel for Yoho began his presentation by explaining the benefits to Yoho customers of the grid connection, namely stable rates and significantly lower marginal costs. He stressed the fact that the proposed power line will allow potential customers located along the route to shut down their individual diesel units and connect to the line thereby reducing the average cost of supplying power to Yoho's existing customers. He then advised that it was a requirement that West Louise Lodge be attached for the grid connection for the project to be economically comparable with the diesel plant in the short term.

Mr. Carpenter further stated that there were secondary or non-financial benefits of the grid and these related to quality of service, voltage and frequency stability, as well as elimination of air and noise pollution caused by the diesel plant.

On other matters, Mr. Carpenter contended that the tariff changes proposed in the Application were essentially of a house-keeping nature and were primarily intended to eliminate discrimination between government and non-government customers. The net effect would be a reduction in rates to the government customers in the residential and commercial categories, in addition to a slight reduction in the industrial rates for all such customers. Street Lighting rates however, have been proposed for significant increases commensurate with the power rating per luminary and application of the Commercial rate schedule.

The final item in Mr. Carpenter's opening statement addressed the new rate schedule for "bulk" customers. This rate applies to large power users and specifies that an existing diesel system must be in place to back-up the power line supply.

In direct examination by Mr. Carpenter, Mr. Sunell testified that 90 percent of the costs under diesel generation would be subject to inflation, and that approximately one third of these costs were for diesel fuel. Alternatively, Mr. Carpenter had earlier submitted that under grid connection only 50 percent of the costs would be subject to inflation.

Mr. Sunell testified that underground construction was selected because it is considered to be a requirement of Parks Canada, given its location within the park. The Commission had previously requested Yoho to provide realistic up-to-date cost estimates for the overhead alternative (Exhibit 2), but Yoho only provided an earlier prepared preliminary estimate of $1.4 million which included some underground sections. The question was posed to Mr. Sunell whether he had approached Parks Canada for a contribution amounting to the difference between the overhead and underground costs. In his response, the panel was provided with a letter from Parks Canada (Exhibit 3) which was very explicit regarding Parks Canada's refusal to offer any monetary contribution to the project. The letter also stipulated that the proposed line must be built underground in sections to be specified as the project development plans are approved by Parks Canada. Mr. Sunell proceeded to advise the Commission that on conclusion of the Environmental Assessment and Review Process ("EARP") which is anticipated to be completed by July 15, 1988, an Agreement will be executed between Yoho and Parks Canada specifying the conditions for construction and operation of the line.

Further cross examination of Mr. Sunell revealed that potential bulk customers were West Louise Lodge, C.P. Rail, Cathedral Resorts and Canadian Parks Service at Kicking Horse campground. He further clarified that without West Louise Lodge's firm commitment to connect to the line, the grid connection project would probably not proceed (Transcript p. 36), since the economics would not justify the $1.8 million construction expenditure (Appendix B). West Louise Lodge on the other hand has refrained from making a firm commitment about their 140 kW load at this time in hopes of strengthening their rate bargaining position. The Lodge would only advise (Exhibit 5) that they would take power from the grid as long as it is financially comparable or better than

their existing diesel generation costs. Mr. Sunell expressed the opinion that Yoho's proposed bulk rates are similar to West Louise Lodge's present generation costs.

Mr. Carpenter reiterated to the Commission that the grid connection was only one part of the Application, and that the proposed rate changes should proceed regardless of the outcome of the facilities Application.

Responding to a question from the Commission, Mr. Sunell advised that certain developments are being considered in Field but most are still in the conceptual stage. These include a 12-room hotel, skating rink, curling rink, and Travel Info-centre. These anticipated loads and associated revenues were not included in Yoho's financial analysis because of uncertainty surrounding their construction. He further elaborated that these loads were not very significant and would therefore only have a negligible impact on rates.

3.3 Commission Counsel Cross-Examination

Under cross-examination by Commission Counsel, Mr. Sunell acknowledged that assumptions relating to the B.C. Hydro subsidy did not factor into the revenue estimates. More specifically, he did not anticipate a drastic decrease in consumption if the subsidy was removed since the average monthly domestic usage is already quite low. He also confirmed that in the short term, the rates would not change appreciably whether the grid connection is built or the diesels remained in service, and that long-term lower rates were assured with the power line (Transcript p. 135).

An item of concern to the Commission was the reduction by 50 per cent of the salary of the Field operator if the grid connection is implemented. The question arose as to whether Yoho would be able to satisfy the present operator or attract a new one with a salary of $25,000 to assume responsibility for the new substation, distribution system, standby diesel plant and other duties of an administrative nature. Yoho could not provide a definite affirmative response to the question.

3.4 Intervenors Submissions and Cross-Examinations

Mr. R. Robertson criticized Parks Canada for lack of participation, direction and support regarding the electricity situation in Field, as well as in the rest of Yoho National Park, while allocating several millions of dollars to the Lake Louise re-development program in Alberta.

Mr. Robertson also levelled criticisms at B.C. Hydro for its reluctance to fulfill its mandate, as perceived by Mr. Robertson, where Field is concerned and in particular its recent overtures to remove the subsidy when Yoho acquired the electric system from NCPC.

In cross-examining Mr. Sunell on the construction costs of $1.8 million for underground instead of the cheaper overhead construction, Mr. Robertson was advised that all discussions with Parks Canada indicated that overhead construction would not be acceptable in the Park. Mr. Sunell however stated that the overhead alternative would result in a lower rate. Mr. Robertson then questioned why Parks Canada, as a customer and proponent of the underground construction, was not forced into providing a grant to meet the difference between the two costs. Mr. Sunell deferred on a response to this question.

In the Application, Yoho indicated that quality of service would improve under grid connection. This was challenged by Mr. Robertson, since he indicated he was privy to information regarding dissatisfaction among some residents of Lake Louise that abnormal voltage conditions were prevalent. Mr. Sunell maintained that TransAlta had advised that some areas had experienced problems in the recent past, but that the situation has since been rectified. He continued that the possibility of a prolonged power failure was much higher under diesel service than under grid connection especially in view of the diesel system dependence on a single operator.

Another intervenor, Ms. C. Cameron, the owner of a small business in Field, focussed her presentation on the domestic rate subsidy and the financial hardships that would ensue on its removal, if rates were allowed to escalate to

unsubsidized levels. The presentation also addressed the exorbitant cost of power in Field as compared with other areas of B.C. where B.C. Hydro has assumed responsibility for the electricity supply.

Mr. G. Pole made a submission on behalf of the unsubsidized commercial customers who presently pay a basic monthly charge of $20.86, and an energy rate of 29.44 cents per kWh. He explained that the financial burdens experienced by these businesses because of high electricity rates are such that profits are minuscule at best and some basic services have to be curtailed. He cited the marked discrepancy between this rate and that of B.C. Hydro's Zone II customers who pay a basic bi-monthly charge of $7.82 and an energy charge of 6.92 cents per kWh for the first 550 kWh.

Mr. Robertson then sought comment on the scenario in which West Louise Lodge has agreed to connect to the system as a bulk customer, the line is built, and the lodge goes bankrupt or otherwise ceases operation. Mr. Sunell responded that the loss of any major customer, bulk or otherwise, would certainly impact on the rates charged the other customers (Appendix B).

In Mr. I. Church's presentation, he defended the criticism levelled against Parks Canada by advising that Parks Canada does not provide electrical service in any national park townsites. He continued that the franchise fee was waived in the case of Yoho which is contrary to normal practice, and that his staff provides some emergency support to the utility in times of need. He pledged Parks Canada's total support for the grid connection as long as it satisfies aesthetic and environmental requirements and provides a stable source of power (Transcript p. 217).

Mr. Church also stated that the Canadian Government has made a commitment to preserve the heritage character of the Kicking Horse Corridor in Yoho Park since it forms part of a World Heritage site. The implication is that the underground construction stipulation for the grid connection must be enforced where feasible. He then referenced Yoho's Franchise Agreement with Parks

Canada which clearly states that all new distribution extensions must be constructed underground (Transcript p. 235), and compared this with similar requirements for new developments in Lake Louise.

4.0 DISCUSSION

4.1 Introduction

The hearing highlighted the position of the residents of Field that their over-riding concern was cheaper long-term rates for all electricity users. After having benefitted from a significant rate subsidy for the past six years, the residential customers cannot now easily accept costs at the unsubsidized posted rate. Once the figures were published and the possible cost implications of the cable extension were known, the residents expressed serious concern that the extension would not bring the immediate rate relief benefits that were anticipated.

Rather, should Yoho have to finance the total project, and the subsidy is removed, electricity costs could escalate in the short term to levels beyond what they would have been under continued diesel operation. The net result of this realization on the part of the residents appears to be a feeling of apathy tempered with some apprehension regarding the merits of the new extension.

Yoho has itself created some uncertainty about the viability of the project by advising the Commission that project implementation would almost certainly be contingent on a firm commitment from West Louise Lodge to connect to the system (Transcript p. 96). An interesting point to note is that this condition was not made explicit in Yoho's Application.

The key question to be answered is whether an investment of $1.8 million should be allowed to proceed in view of the uncertain climate with respect to definite construction costs, lack of formal approval from Parks Canada, the proposed floating rate of the 100 percent debt financing, the uneconomic

nature of the project without West Louise Lodge (Appendix B), and the vague plans for the provision of service in the case of an emergency on the system.

On a more positive note, a grid connection could afford financial incentive programs to increase usage since marginal costs would be very low (approximately 4.5 cents). Such incentive programs could probably be designed for direct competition with the current widespread use of propane in heating and cooking appliances.

4.2 Demand Projections

According to the Application, forecast energy sales for the test year are based on annual energy sales information provided by NCPC. The forecast is heavily dependent on the most recent data as Yoho's industrial customers have significantly decreased their energy use in recent years. Forecast changes in use are minor as both major customers, Canadian Pacific Railway ("C.P.R.") and Parks Canada have estimated no changes in their loads, albeit that C.P.R. did not appear at the hearing. The number of domestic customers is anticipated to increase by two accounts.

Yoho projects a 1 percent annual increase in Residential and Industrial sales (5 percent annually for Commercial sales to 1996/97) for either grid or diesel operation.

The Application assumes that certain resorts outside of Field (notably West Louise Lodge) will subscribe under grid connection rates for bulk service. These "bulk loads" add 671 MWh in 1988/89 and increase annually by 3 percent thereafter.

According to the Application (Transcript p. 96) Yoho will not proceed with the grid connection project until they have assurances from West Louise Lodge that they will take power at an agreed rate. West Louise is waiting to see what the Commission says with respect to the power line (Transcript p. 97).

4.3 Capital Costs

Yoho estimates the capital cost of the grid connection to be $1.8 million. The costs are broken down as follows:

Cost of TransAlta segment - $535,900 (Quoted by TransAlta)
Cost of B.C. segment - $1,264,100

Of the above totals, cable costs are estimated at $474,000 or 26 percent of the overall cost, while Synex's management, engineering and contingencies costs account for $267,000 or 15 percent of the total. The major cost allocation therefore, goes into labour, equipment and miscellaneous materials.

4.4 Operations

At present, all routine daily activities of both a technical and non-technical nature are performed by a single staff person. Consulting assistance is procurred when major repairs or overhauls are being performed. This system has worked satisfactorily to date.

With the grid connection in place, Yoho's current thinking is to retain the single operator, but at a salary reduction of 50 percent since his power station duties will now be severely reduced. At a salary of $25,000 per year, Yoho is hoping to either retain the present incumbent or attract a new employee to assume the duties of part-time power station operator, in addition to full-time distribution line-man/technician, meter reader and on-site utility administrator. This employee will essentially be on full-time emergency standby duty as well.

While Yoho is being overly optimistic in their expectation to fill such a position at the salary proposed, there is also the added consideration of emergency assistance from either TransAlta or B.C. Hydro in the event of a major distribution failure. Costs for such back-up assistance can be considerable, depending on the severity of the problem, and Yoho has not adequately addressed this issue.

4.5 Accounting and Rate Design

4.5.1 Depreciation

The depreciation rates are identical in both diesel and grid schedules and reflect the expected life of the proposed facilities as follows:

- 30 years for the proposed grid connection
- 20 years for the existing buildings and the distribution system
- 10 years for the existing diesel generation system
- 3 years for the transportation equipment and rate hearing costs.

Under the grid connection proposal, partial or deferred depreciation is included in the first four years with the accumulated amount credited in the next five years.

4.5.2 Financing

Yoho is financed 100 percent through intercompany loans at floating rates and the project will actually be funded through Synex Energy Resources Ltd. by Synex International Inc. with 70 percent project backing from the Swiss Bank Corporation (Canada).

Under diesel generation the Application proposes a notional capital structure for Yoho of 50 percent debt and 50 percent equity. At the proposed rates this would result in a 16-17 percent return on equity.

Under the grid connection, Yoho proposes a notional capital structure of 60 percent debt and 40 percent equity. The long-term average return on equity with the proposed grid connection would be approximately 15 percent.

The interest on notional debt has been assumed at 12 percent, floating. Mr. Sunell felt (Transcript p. 312) he would have a problem if the Commission decided it was prudent to fix a rate and deem it to be a 10 or 20 year rate, since it would be difficult to finance based soley on the assets of Yoho Power Ltd. The parent may not be prepared to attach some of its assets to secure such an agreement.

4.5.3 Intercorporate Charges

Yoho has only one employee and Synex will be taking over functions previously performed by NCPC, such as administration and billing. The costs are shown as SERL Services, Contract Services, and Miscellaneous/Travel in the Application schedules as per:

SERL Services	-	$48,107
Contract Services	-	$5,500
Miscellaneous/Travel	-	$9,507

The annual estimates are extrapolated based on Synex's Yoho experience over the period from November 1987 to March 1988.

4.5.4 Rate Design

The existing rate schedules are identical to those of NCPC and have remained unchanged since 1983. The existing Domestic and Commercial rate schedules contain a special condition which states that B.C. Hydro may provide a subsidy on the energy charge on the first 550 kWh per month in an amount sufficient to reduce the energy charge to 7.5¢/kWh. Commission Order No. G-88-87 permits this subsidy for qualifying residential customers.

Yoho proposes certain changes to end what, in their view, is undue discriminatory practices and reduce the cross-subsidization of customers:

(a) The Government designation within the Domestic and Commercial schedules would be eliminated.

(b) The energy charge for the Industrial schedule will change from the current rate composed of a mix of 36.462¢/kWh and 27.489¢/kWh to a constant charge of 31.00¢/kWh.

(c) The cost per luminaire per month as listed in the Municipal Street Lighting Service rate schedule will be based on wattage which will increase the charge on standard mercury vapour luminaires from $5.64, $7.25, $10.45, and $14.43 to $15.75, $21.55, $30.00, and $46.40 respectively.

(d) The energy charge for Domestic customers is to include the provision for all kWh in excess of 1000 kWh per month to be billed at 11¢/kWh.

A new class of bulk customer outside the existing Field system will be created. A Bulk Customer would be responsible for and would have to provide back-up generating facilities which are electrically isolated from the proposed powerline. The rate schedule for the Bulk Customer would be 18¢/kWh for the first 50,000 kWh in any month and 11¢/kWh for all energy in excess of 50,000 kWh per month.

The bulk rate is significantly higher than diesel fuel cost but should be close to such customer's generation costs after Operation and Maintenance (O & M) are taken into consideration. However, the major load, West Louise Lodge, was not prepared to tell Yoho what their O & M costs were (Transcript p. 168).

5.0 THE DECISION

The Commission has considered the Application and evidence provided by the Applicant and the Intervenors. On the basis of this evidence the Commission rejects the Application as constituted.

There is no doubt that an extension of the TransAlta system to Field has definite and distinct advantages but these are more than offset by the Commission's concerns regarding the lack of definitive construction costs, the lack of formal approval by Parks Canada, the proposed floating rate financing, the uneconomic nature of the project without West Louise Lodge (Appendix B) and the vague plans for the provision of service in the case of an emergency on the system. Until these matters are resolved, it is in the public interest for service to continue with electricity provided by the existing diesel system.

On the basis of the evidence heard and to provide the investors and customers with reasonable rates and risks, it appears to the Commission that a significant contribution in aid of construction is required. The Commission estimates this to be in the order of $1.2 million. If this or some lesser amount is ultimately received, the Commission believes the following must also be resolved before a Certificate could be issued:

1. Formal approval from Parks Canada that the project can proceed.

2. Definitive construction costs.

3. An actual capital structure for Yoho which is composed of both fixed rate debt and equity.

4. Contract with West Louise Lodge for provision of electrical service for at least five years and similar contracts with Parks Canada and the Canadian Pacific Railway.

5. Definitive plan for the provision of emergency service and the costs thereof and other normal service which Yoho did not propose to provide.

6. The provision of a subsidy to either Yoho or TransAlta Utilities for the construction of the transmission line from Lake Louise to the Alberta/British Columbia border and, thence, to Field in order to

provide reasonable rates (Appendix C). An alternative which Yoho may wish to consider would be the construction and operation of the transmission line by TransAlta Utilities or a subsidiary thereof.

7. A definitive plan for upgrading the existing distribution facilities in Field.

The Commission accepts generally the Terms and Conditions of Service proposed by the Applicant but believes that the rate structure in effect since 1983 should remain, adjusted only to reflect a uniform rate for the industrials and the revised rates for Municipal Street Lighting. This rate structure is then adjusted to reflect the revenue requirements determined in this Decision. In addition, the Commission believes the following changes in the proposed Terms and Conditions are required.

1. Security Deposits

Interest should be credited annually to the customer's account.

2. Metering

The Commission has considered the proposed meter removal charge of $50 and is of the view that this charge should be reduced to $25, the same rate charged by B.C. Hydro and West Kootenay Power and Light Company, Limited.

3. Extension of Distribution Lines

The Commission has considered the proposed extension policy and is of the view that additional work is required especially with regard to the formula which under certain assumptions appears to require a negative contribution from new customers. The Applicant is directed to review the proposal with Commission staff and submit a revised proposal.

Upon incorporation of the above Terms and Conditions in the Tariff they will be accepted for filing.

DATED at the City of Vancouver, in the Province of British Columbia, this 24th day of June, 1988.

J.G. McINTYRE, Chairman

J.D.V. NEWLANDS, Deputy Chairman

BRITISH COLUMBIA UTILITIES COMMISSION

BRITISH COLUMBIA UTILITIES COMMISSION

ORDER NUMBER G-62-88

PROVINCE OF BRITISH COLUMBIA

BRITISH COLUMBIA UTILITIES COMMISSION

IN THE MATTER OF the Utilities Commission Act, S.B.C. 1980, c. 60, as amended

and

IN THE MATTER OF an Application by Yoho Power Ltd.

BEFORE: J.G. McIntyre, Chairman; J.D.V. Newlands, Deputy Chairman) June 24,1988

O R D E R

WHEREAS Yoho Power Ltd. ("Yoho") applied April 13, 1988 which was subsequently amended on May 6, 1988, to construct and operate an electrical grid connection from TransAlta Utilities Corporation Ltd. near Lake Louise on the Alberta/British Columbia border to the existing distribution system at Field, B.C.; and

WHEREAS the Application to construct facilities including a review of the rates and terms and conditions of service was heard at a public hearing on May 19 and 20, 1988 in Field, B.C. pursuant to Commission Order No. G-36-88; and

WHEREAS the Commission has considered the Application by Yoho and the evidence adduced thereon during the public hearing of the Application all as set forth in the Decision (the "Decision") issued concurrently with this Order.

NOW THEREFORE the Commission orders as follows:

1. The Application for a Certificate of Public Convenience and Necessity to construct and operate a grid interconnection from the Alberta/British Columbia border to the existing distribution facilities at Field, B.C. is rejected.

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2. Yoho is to file Electric Tariff Rate Schedules in Commission approved format to be effective July 1, 1988 in conformity with the Decision.

3. The Electric Tariff, Terms and Conditions proposed by the Applicant are accepted subject to changes in the areas of Security Deposits, Metering and Extension of Distribution Lines policy as outlined in the Decision. Yoho is to file appropriate Tariff sheets in Commission approved format by July 29, 1988.

4. Hearing costs are permitted to be recovered over a five-year period commencing at the beginning of the company's next fiscal year.

DATED at the City of Vancouver, in the Province of British Columbia, this 24th day of June, 1988.

BY ORDER

J.G. McIntyre
Chairman

Minister of the Environment

CANADA

Ministre de l'Environnement

MAR 10 1988

The Honourable Jack Davis, P.C., M.L.A.,
Minister of Energy, Mines
and Petroleum Resources,
Government of British Columbia,
Parliament Buildings,
Victoria, British Columbia.
V8V 1X4

Dear Dr. Davis,

Thank you for your letter of 5 January regarding the provision of electricity to Field, British Columbia.

I am very pleased that the electrical subsidy has been reinstated and that the British Columbia Utilities Commission will act as the rate-setting body for Yoho Power Limited. Plans are currently being developed by Yoho to run a line from Lake Louise to Field. If the line proves feasible, the electric rates would be lower.

I greatly appreciate your reconsideration of these matters.

All good wishes,

Yours sincerely,

Tom McMillan, P.C., M.P.
Hillsborough

Minister of the Environment

xc: Mr. Ed Macgregor
Mr. John Allan

ESTIMATED RATES WITHOUT BULK SALES (Exhibit 18)

APPENDIX B

SCHEDULE 1 - PLANT	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
YOHO CASE 2														
PLANT IN SERVICE, opening	$1,948,273	$1,950,273	$1,962,313	$1,974,594	$1,987,121	$1,999,899	$2,012,933	$2,026,228	$2,039,789	$2,053,621	$2,067,730	$2,082,121	$2,089,608	$2,097,245
Additions (disposals)	2,000	12,040	12,281	12,527	12,778	13,034	13,295	13,561	13,832	14,109	14,391	7,487	7,637	7,790
2.00%														
PLANT IN SERVICE, closing	1,950,273	1,962,313	1,974,594	1,987,121	1,999,899	2,012,933	2,026,228	2,039,789	2,053,621	2,067,730	2,082,121	2,089,608	2,097,245	2,105,035
Accum. Depreciation	44,654	88,288	142,536	206,173	280,449	365,376	460,968	567,238	679,200	751,867	821,821	892,149	962,859	1,033,959
NET PLANT IN SERVICE, closing	1,905,619	1,874,025	1,832,058	1,780,948	1,719,450	1,647,557	1,565,260	1,472,551	1,374,421	1,315,863	1,260,300	1,197,459	1,134,386	1,071,076
NET PLANT IN SERVICE, opening	1,941,651	1,905,619	1,874,025	1,832,058	1,780,948	1,719,450	1,647,557	1,565,260	1,472,551	1,374,421	1,315,863	1,260,300	1,197,459	1,134,386
NET PLANT IN SERVICE, Mid yr.	1,923,635	1,889,822	1,853,042	1,806,503	1,750,199	1,683,504	1,606,409	1,518,906	1,423,486	1,345,142	1,288,082	1,228,880	1,165,923	1,102,731
WORKING CAPITAL ALLOWANCE	37,402	37,402	37,402	37,402	37,402	37,402	37,402	37,402	37,402	37,402	37,402	37,402	37,402	37,402
UTILITY RATE BASE, MID-YEAR	$1,961,037	$1,927,224	$1,890,444	$1,843,905	$1,787,601	$1,720,906	$1,643,811	$1,556,308	$1,460,888	$1,382,544	$1,325,484	$1,266,282	$1,203,325	$1,140,133
SCHEDULE 2 - INCOME	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
REVENUE (Schedule 2a)	$465,000	$530,000	$570,000	$572,000	$620,000	$635,000	$645,000	$660,000	$655,000	$590,000	$590,000	$590,000	$590,000	$590,000
LEASE INCOME	4,684	4,871	5,066	5,269	5,480	5,699	5,927	6,164	6,411	6,667	6,934	7,211	7,499	7,799
PURCHASES (Schedule 2b)	72,332	75,623	78,909	82,402	86,376	90,572	95,013	99,709	102,707	105,790	108,970	112,234	115,597	119,071
GROSS MARGIN	397,352	459,248	496,157	494,867	539,104	550,127	555,914	566,455	558,704	490,877	487,964	484,977	481,902	478,728
Salaries and Wages	25,209	26,217	27,266	28,357	29,491	30,671	31,898	33,174	34,501	35,881	37,316	38,809	40,361	41,975
SERL Admin. & Contract	42,485	44,184	45,951	47,789	49,701	51,689	53,757	55,907	58,143	60,469	62,888	65,404	68,020	70,741
Misc. & Travel	9,507	9,887	10,282	10,693	11,121	11,566	12,029	12,510	13,010	13,530	14,071	14,634	15,219	15,828
Yoho O & M	36,227	37,580	38,986	40,545	42,167	43,854	45,608	47,432	49,329	51,302	53,354	55,488	57,708	60,016
Depreciation (Schedule 2c)	38,032	43,634	54,248	63,637	74,276	84,927	95,592	106,270	111,962	72,667	69,954	70,328	70,710	71,100
OPERATING EXPENSES	151,460	161,502	176,733	191,021	206,756	222,707	238,884	255,293	266,945	233,849	237,583	244,663	252,018	259,660
Utility Income before tax	245,892	297,746	319,424	303,846	332,348	327,420	317,030	311,162	291,759	257,028	250,381	240,314	229,884	219,068
INCOME TAX EXPENSE	12,873	50,847	66,737	69,565	88,888	94,166	97,383	102,818	100,518	71,810	71,576	69,910	68,171	66,242
EARNED RETURN	$233,019	$246,899	$252,687	$234,281	$243,460	$233,254	$219,647	$208,344	$191,241	$185,218	$178,805	$170,404	$161,713	$152,826
SCHEDULE 3 - INCOME TAXES	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Utility Income before tax	$245,892	$297,746	$319,424	$303,846	$332,348	$327,420	$317,030	$311,162	$291,759	$257,028	$250,381	$240,314	$229,884	$219,068
Deduct: Interest	(141,195)	(138,760)	(136,112)	(132,761)	(128,707)	(123,905)	(118,354)	(112,054)	(105,184)	(99,543)	(95,435)	(91,172)	(86,639)	(82,090)
Accounting Income	104,697	158,986	183,312	171,085	203,641	203,515	198,676	199,108	186,575	157,485	154,946	149,142	143,245	136,978
Timing differences	(17,647)	8,824	8,824											
- Powerline Depn.	15,000	20,000	30,000	55,000	65,000	75,000	85,000	95,000	100,000	60,000	60,000	60,000	60,000	60,000
- Powerline CCA at	(72,000)	(69,120)	(66,355)	(63,701)	(61,153)	(58,707)	(56,359)	(54,104)	(51,940)	(49,862)	(47,868)	(45,953)	(44,115)	(42,351)
4.00%														
TAXABLE INCOME	$30,050	$118,690	$155,781	$162,384	$207,488	$219,808	$227,317	$240,004	$234,635	$167,623	$167,078	$163,189	$159,130	$154,627
42.84%														
Income tax rate	42.84%	42.84%	42.84%	42.84%	42.84%	42.84%	42.84%	42.84%	42.84%	42.84%	42.84%	42.84%	42.84%	42.84%
INCOME TAX EXPENSE	$12,873	$50,847	$66,737	$69,565	$88,888	$94,166	$97,383	$102,818	$100,518	$71,810	$71,576	$69,910	$68,171	$66,242
SCHEDULE 4 - CAPITAL	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Notes Payable (notional)	$1,176,622	$1,156,334	$1,134,266	$1,106,343	$1,072,561	$1,032,544	$986,287	$933,785	$876,533	$829,526	$795,290	$759,769	$721,995	$684,080
proportion	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%
embedded cost	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
% cost component	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%
$ return	$141,195	$138,760	$136,112	$132,761	$128,707	$123,905	$118,354	$112,054	$105,184	$99,543	$95,435	$91,172	$86,639	$82,090
12.00%														
Common equity	$784,415	$770,890	$756,178	$737,562	$715,040	$688,362	$657,524	$622,523	$584,355	$553,018	$530,194	$506,513	$481,330	$456,053
proportion	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%
ROE	11.71%	14.03%	15.42%	13.76%	16.05%	15.89%	15.41%	15.47%	14.73%	15.49%	15.72%	15.64%	15.60%	15.51%
% cost component	4.68%	5.61%	6.17%	5.50%	6.42%	6.36%	6.16%	6.19%	5.89%	6.20%	6.29%	6.26%	6.24%	6.20%
$ return	$91,824	$108,139	$116,575	$101,520	$114,753	$109,349	$101,293	$96,290	$86,057	$85,675	$83,370	$79,232	$75,074	$70,736
40.00%														
UTILITY RATE BASE	$1,961,037	$1,927,224	$1,890,444	$1,843,905	$1,787,601	$1,720,906	$1,643,811	$1,556,308	$1,460,888	$1,382,544	$1,325,484	$1,266,282	$1,203,325	$1,140,133
RETURN ON RATE BASE	11.88%	12.81%	13.37%	12.71%	13.62%	13.55%	13.36%	13.39%	13.09%	13.40%	13.49%	13.46%	13.44%	13.40%

YOHO GRID 2 — YOHO POWER LTD. — 5/16/88

SCHEDULE 2a - RATES	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
RESIDENTIAL		7.6 New MWh												
Sales - MWh	460	465	470	475	480	485	490	495	500	505	510	515	520	525
Average rate/kWh	21.55	21.55	21.55	21.55	21.55	21.55	21.55	21.55	21.55	21.55	21.55	21.55	21.55	21.55
Basic charges	8,442	7,642	7,642	7,642	7,642	7,642	7,642	7,642	7,642	7,642	7,642	7,642	7,642	7,642
Revenue	$109,210	$107,850	$108,927	$110,005	$111,082	$112,160	$113,237	$114,315	$115,392	$116,470	$117,547	$118,625	$119,702	$120,780
21.55														
COMMERCIAL														
Sales - MWh	230	242	254	266	280	294	308	324	340	343	347	350	354	357
Average rate/kWh	29.44	29.44	29.44	29.44	29.44	29.44	29.44	29.44	29.44	29.44	29.44	29.44	29.44	29.44
Basic charges	6,759	6,759	6,759	6,759	6,759	6,759	6,759	6,759	6,759	6,759	6,759	6,759	6,759	6,759
Revenue at	$74,471	$78,004	$81,537	$85,069	$89,191	$93,313	$97,434	$102,145	$106,855	$107,738	$108,916	$109,799	$110,977	$111,860
29.44														
INDUSTRIAL														
Sales - MWh	450	520	525	530	535	540	545	550	556	562	568	574	580	586
Average rate/kWh	34.21	34.21	34.21	34.21	34.21	34.21	34.21	34.21	34.21	34.21	34.21	34.21	34.21	34.21
Basic charges	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400
Revenue at	$159,345	$183,292	$185,003	$186,713	$188,424	$190,134	$191,845	$193,555	$195,608	$197,660	$199,713	$201,765	$203,818	$205,871
34.21														
BULK														
Sales - MWh	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average rate/kWh	20.71	20.71	20.71	20.71	20.71	20.71	20.71	20.71	20.71	20.71	20.71	20.71	20.71	20.71
Revenue	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
20.71														
STREET LIGHTS MWh	30	32	32	32	32	32	32	32	32	32	32	32	32	32
Revenue	$3,035	$3,035	$3,035	$3,035	$3,035	$3,035	$3,035	$3,035	$3,035	$3,035	$3,035	$3,035	$3,035	$3,035
TOTAL														
Sales - MWh	1,170	1,258	1,280	1,303	1,326	1,350	1,375	1,401	1,401	1,401	1,401	1,401	1,401	1,401
Existing average rate	29.58	29.59	29.57	29.53	29.54	29.53	29.49	29.48	30.04	30.33	30.64	30.92	31.23	31.52
Revenue at existing rates	$346,061	$372,181	$378,502	$384,822	$391,732	$398,642	$405,551	$413,050	$420,890	$424,903	$429,211	$433,224	$437,532	$441,546
% Increase required	34.35%	6.01%	5.70%	-1.41%	6.51%	0.60%	-0.28%	0.43%	-0.76%	-9.93%	0.00%	0.00%	0.00%	0.00%
Revised average rate	39.74	42.13	44.53	43.90	46.76	47.04	46.91	47.11	46.75	42.11	42.11	42.11	42.11	42.11
REVENUE, at revised rates	$465,000	$530,000	$570,000	$572,000	$620,000	$635,000	$645,000	$660,000	$655,000	$590,000	$590,000	$590,000	$590,000	$590,000

SCHEDULE 2b - PURCHASES	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
INFLATION - MWh sales	1.00%													
- Expenses	4.00%													
TRANSALTA	3.00%													
Demand charge	$10.20													
Energy charge	0.018													
Sales & losses	5.00%													
Peak load - kW	517													
Average rate/kWh	57.87	59.61	61.40	63.24	65.14	67.09	69.10	71.17	73.31	75.51	77.78	80.11	82.51	84.99
PURCHASES	$71,064	$74,989	$78,592	$82,402	$86,376	$90,572	$95,013	$99,709	$102,707	$105,790	$108,970	$112,234	$115,597	$119,071
FUEL & LUBE	$1,268	$634	$317											
GROSS MARGIN	$392,668	$454,377	$491,091	$489,598	$533,624	$544,428	$549,987	$560,291	$552,293	$484,210	$481,030	$477,766	$474,403	$470,929
%	84.44%	85.73%	86.16%	85.59%	86.07%	85.74%	85.27%	84.89%	84.32%	82.07%	81.53%	80.98%	80.41%	79.82%

SCHEDULE 2c - DEPN/AMORT	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
	10.00%	5.00%	33.33%	3.33%	33.33%									
FIELD - Generators at 10%	3,433	3,433	3,433	3,433	3,433	3,433	3,433	3,433	3,433	3,433				
- Distribution at 5%	3,361	3,963	4,577	5,204	5,843	6,494	7,159	7,837	8,529	9,234	9,954	10,328	10,710	11,100
- Transportation at 33.3	3,238	3,238	3,238											
GRID CONNECTION at 3.33%	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
DEFERRED	(45,000)	(40,000)	(30,000)	(5,000)	5,000	15,000	25,000	35,000	40,000					
RATE HEARING at 33.33%	13,000	13,000	13,000											
TOTAL	38,032	43,634	54,248	63,637	74,276	84,927	95,592	106,270	111,962	72,667	69,954	70,328	70,710	71,100

COMMENTS

Duplicates "GRIDYOHO" Application, except:
1. Bulk sales removed.
2. Revised average rate increased, to keep
3. Return on equity at 14-16%

SCHEDULE 1 - PLANT	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
PLANT IN SERVICE, opening	$748,273	$750,273	$762,313	$774,594	$787,121	$799,899	$812,933	$826,228	$839,789	$853,621	$867,730	$882,121	$889,608	$897,245
Additions (disposals)	2,000	12,040	12,281	12,527	12,778	13,034	13,295	13,561	13,832	14,109	14,391	7,487	7,637	7,790
2.00%														
PLANT IN SERVICE, closing	750,273	762,313	774,594	787,121	799,899	812,933	826,228	839,789	853,621	867,730	882,121	889,608	897,245	905,035
Accum. Depreciation	49,694	93,368	137,656	166,333	195,649	225,616	256,248	287,558	319,560	352,267	382,261	412,629	443,379	474,519
NET PLANT IN SERVICE, closing	700,579	668,945	636,938	620,788	604,250	587,317	569,980	552,231	534,061	515,463	499,860	476,979	453,866	430,516
NET PLANT IN SERVICE, opening	741,651	700,579	668,945	636,938	620,788	604,250	587,317	569,980	552,231	534,061	515,463	499,860	476,979	453,866
NET PLANT IN SERVICE, Mid yr.	721,115	684,762	652,942	628,863	612,519	595,784	578,649	561,106	543,146	524,762	507,662	488,420	465,423	442,191
WORKING CAPITAL ALLOWANCE	37,402	37,402	37,402	37,402	37,402	37,402	37,402	37,402	37,402	37,402	37,402	37,402	37,402	37,402
UTILITY RATE BASE, MID-YEAR	$758,517	$722,164	$690,344	$666,265	$649,921	$633,186	$616,051	$598,508	$580,548	$562,164	$545,064	$525,822	$502,825	$479,593
SCHEDULE 2 - INCOME	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
REVENUE (Schedule 2a)	$368,130	$371,676	$384,118	$363,473	$377,882	$385,207	$393,582	$403,165	$409,155	$421,885	$427,347	$434,505	$441,550	$448,704
LEASE INCOME	4,684	4,871	5,066	5,269	5,480	5,699	5,927	6,164	6,411	6,667	6,934	7,211	7,499	7,799
PURCHASES (Schedule 2b)	85,004	87,637	93,978	98,698	103,853	109,423	115,299	121,471	125,117	128,877	132,752	136,740	140,842	145,058
GROSS MARGIN	287,810	288,907	295,206	270,044	279,509	281,483	284,210	287,858	290,449	299,675	301,529	304,976	308,207	311,445
Salaries and Wages	25,209	26,217	27,266	28,357	29,491	30,671	31,898	33,174	34,501	35,881	37,316	38,809	40,361	41,975
SERL Admin. & Contract	42,485	44,184	45,951	47,789	49,701	51,689	53,757	55,907	58,143	60,469	62,888	65,404	68,020	70,741
Misc. & Travel	9,507	9,887	10,282	10,693	11,121	11,566	12,029	12,510	13,010	13,530	14,071	14,634	15,219	15,828
Yoho O & M	36,227	37,580	38,986	40,545	42,167	43,854	45,608	47,432	49,329	51,302	53,354	55,488	57,708	60,016
Depreciation (Schedule 2c)	43,072	43,674	44,288	28,677	29,316	29,967	30,632	31,310	32,002	32,707	29,994	30,368	30,750	31,140
OPERATING EXPENSES	156,500	161,542	166,773	156,061	161,796	167,747	173,924	180,333	186,985	193,889	197,623	204,703	212,058	219,700
Utility income before tax	131,310	127,365	128,433	113,983	117,713	113,736	110,286	107,525	103,464	105,786	103,906	100,273	96,149	91,745
INCOME TAX EXPENSE	23,601	34,783	36,617	27,768	30,234	29,396	28,782	28,462	27,586	29,444	29,450	28,761	27,966	27,048
EARNED RETURN	$107,709	$92,581	$91,816	$86,215	$87,479	$84,340	$81,504	$79,063	$75,878	$76,342	$74,456	$71,512	$68,183	$64,697
SCHEDULE 3 - INCOME TAXES	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Utility income before tax	$131,310	$127,365	$128,433	$113,983	$117,713	$113,736	$110,286	$107,525	$103,464	$105,786	$103,906	$100,273	$96,149	$91,745
Deduct: Interest	(54,613)	(51,996)	(49,705)	(47,971)	(46,794)	(45,589)	(44,356)	(43,093)	(41,799)	(40,476)	(39,245)	(37,859)	(36,203)	(34,531)
Accounting income	76,697	75,369	78,728	66,012	70,919	68,147	65,930	64,432	61,665	65,310	64,661	62,414	59,946	57,214
Timing differences	(17,647)	8,824	8,824											
- Powerline Depn.	20,040	20,040	20,040	20,040	20,040	20,040	20,040	20,040	20,040	20,040	20,040	20,040	20,040	20,040
- Powerline CCA at	(24,000)	(23,040)	(22,118)	(21,234)	(20,384)	(19,569)	(18,786)	(18,035)	(17,313)	(16,621)	(15,956)	(15,318)	(14,705)	(14,117)
4.00%														
TAXABLE INCOME	$55,090	$81,193	$85,474	$64,818	$70,575	$68,618	$67,184	$66,437	$64,392	$68,729	$68,745	$67,136	$65,281	$63,137
42.84%														
Income tax rate	42.84%	42.84%	42.84%	42.84%	42.84%	42.84%	42.84%	42.84%	42.84%	42.84%	42.84%	42.84%	42.84%	42.84%
INCOME TAX EXPENSE	$23,601	$34,783	$36,617	$27,768	$30,234	$29,396	$28,782	$28,462	$27,586	$29,444	$29,450	$28,761	$27,966	$27,048
SCHEDULE 4 - CAPITAL	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Notes Payable (notional)	$455,110	$433,298	$414,206	$399,759	$389,953	$379,912	$369,631	$359,105	$348,329	$337,298	$327,038	$315,493	$301,695	$287,756
proportion	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%
embedded cost	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
% cost component	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%
$ return	$54,613	$51,996	$49,705	$47,971	$46,794	$45,589	$44,356	$43,093	$41,799	$40,476	$39,245	$37,859	$36,203	$34,531
12.00%														
Common equity	$303,407	$288,866	$276,138	$266,506	$259,968	$253,274	$246,420	$239,403	$232,219	$224,866	$218,026	$210,329	$201,130	$191,837
proportion	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%
ROE	17.50%	14.06%	15.25%	14.35%	15.64%	15.31%	15.08%	15.02%	14.68%	15.96%	16.14%	16.00%	15.89%	15.73%
% cost component	7.00%	5.62%	6.10%	5.74%	6.26%	6.12%	6.03%	6.01%	5.87%	6.38%	6.46%	6.40%	6.36%	6.29%
$ return	$53,096	$40,585	$42,111	$38,244	$40,685	$38,751	$37,148	$35,970	$34,079	$35,866	$35,211	$33,653	$31,980	$30,166
40.00%														
UTILITY RATE BASE	$758,517	$722,164	$690,344	$666,265	$649,921	$633,186	$616,051	$598,508	$580,548	$562,164	$545,064	$525,822	$502,825	$479,593
RETURN ON RATE BASE	14.20%	12.82%	13.30%	12.94%	13.46%	13.32%	13.23%	13.21%	13.07%	13.58%	13.66%	13.60%	13.56%	13.49%

ESTIMATED RATES WITH $1.2 MILLION SUBSIDY

APPENDIX C

SCHEDULE 2a - RATES	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
RESIDENTIAL		7.6 New MWh												
Sales - MWh	460	465	470	475	480	485	490	495	495	495	495	495	495	495
Average rate/kWh	7.50	7.15	7.07	6.54	6.66	6.64	6.63	6.64	6.74	6.95	7.04	7.16	7.27	7.39
Basic charges	8,442	7,642	7,642	7,642	7,642	7,642	7,642	7,642	7,642	7,642	7,642	7,642	7,642	7,642
Revenue	$43,512	$40,890	$40,871	$38,707	$39,610	$39,846	$40,129	$40,510	$41,005	$42,045	$42,490	$43,084	$43,629	$44,223
7.5														
COMMERCIAL														
Sales - MWh	230	242	254	267	280	294	309	324	324	324	324	324	324	324
Average rate/kWh	7.50	7.15	7.07	6.54	6.66	6.64	6.63	6.64	6.74	6.95	7.04	7.16	7.27	7.39
Basic charges	6,759	6,759	6,759	6,759	6,759	6,759	6,759	6,759	6,759	6,759	6,759	6,759	6,759	6,759
Revenue at	$24,009	$24,062	$24,717	$24,221	$25,407	$26,281	$27,246	$28,273	$28,597	$29,277	$29,569	$29,957	$30,314	$30,703
7.5														
INDUSTRIAL														
Sales - MWh	450	520	525	530	535	540	545	550	550	550	550	550	550	550
Average rate/kWh	34.21	31.12	30.91	28.54	29.32	29.44	29.70	30.02	30.53	31.60	32.06	32.66	33.28	33.88
Basic charges	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400
Revenue at	$159,345	$167,216	$167,653	$156,642	$162,239	$164,355	$167,256	$170,497	$173,298	$179,215	$181,745	$185,024	$188,445	$191,719
34.21														
BULK														
Sales - MWh	671	691	757	780	803	828	852	878	878	878	878	878	878	878
Average rate/kWh	20.71	19.75	19.53	18.06	18.38	18.32	18.30	18.32	18.59	19.17	19.42	19.75	20.06	20.39
Revenue	$138,964	$136,473	$147,842	$140,868	$147,591	$151,690	$155,916	$160,850	$163,220	$168,313	$170,508	$173,405	$176,127	$179,024
20.71														
STREET LIGHTS MWh	30	32	32	32	32	32	32	32	32	32	32	32	32	32
Revenue	$3,035	$3,035	$3,035	$3,035	$3,035	$3,035	$3,035	$3,035	$3,035	$3,035	$3,035	$3,035	$3,035	$3,035
TOTAL														
Sales - MWh	1,841	1,949	2,037	2,084	2,129	2,178	2,228	2,279	2,279	2,279	2,279	2,279	2,279	2,279
Class average rates	20.04	19.07	18.86	17.44	17.75	17.69	17.67	17.69	17.95	18.51	18.75	19.07	19.37	19.69
Total class revenues	$368,865	$371,676	$384,118	$363,473	$377,882	$385,207	$393,582	$403,165	$409,155	$421,885	$427,347	$434,505	$441,550	$448,704
% increase required	-24.10%	-4.65%	-1.10%	-7.53%	1.78%	-0.34%	-0.11%	0.11%	1.47%	3.12%	1.30%	1.71%	1.57%	1.65%
Revised average rate	20.00	19.07	18.86	17.44	17.75	17.69	17.67	17.69	17.95	18.51	18.75	19.07	19.37	19.69
REVENUE REQUIREMENT	$368,130	$371,673	$384,118	$363,473	$377,882	$385,207	$393,582	$403,165	$409,155	$421,885	$427,347	$434,505	$441,550	$448,704

SCHEDULE 2b - PURCHASES	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
INFLATION - Res.,Com.,Ind.	1.00%	5.00%	1.00%											
- Expenses	4.00%													
TRANSALTA	3.00%													
Demand charge	$10.20													
Energy charge	0.018													
Sales & losses	5.00%													
Peak load - kW	517													
Average rate/MWh	43.34	44.64	45.98	47.36	48.78	50.24	51.75	53.30	54.90	56.55	58.25	60.00	61.80	63.65
PURCHASES	$83,736	$87,003	$93,661	$98,698	$103,853	$109,423	$115,299	$121,471	$125,117	$128,877	$132,752	$136,740	$140,842	$145,058
FUEL & LUBE	$1,268	$634	$317											
GROSS MARGIN	$283,126	$284,036	$290,140	$264,775	$274,029	$275,784	$278,283	$281,694	$284,038	$293,008	$294,595	$297,765	$300,708	$303,646
%	76.91%	76.42%	75.53%	72.85%	72.52%	71.59%	70.71%	69.87%	69.42%	69.45%	68.94%	68.53%	68.10%	67.67%

SCHEDULE 2c - DEPN/AMORT	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
	10.00%	5.00%	33.33%	3.33%	33.33%									
FIELD - Generators at 10%	3,433	3,433	3,433	3,433	3,433	3,433	3,433	3,433	3,433	3,433				
- Distribution at 5%	3,361	3,963	4,577	5,204	5,843	6,494	7,159	7,837	8,529	9,234	9,954	10,328	10,710	11,100
- Transportation at 33.33	3,238	3,238	3,238											
GRID CONNECTION at 3.33%	20,040	20,040	20,040	20,040	20,040	20,040	20,040	20,040	20,040	20,040	20,040	20,040	20,040	20,040
DEFERRED														
RATE HEARING at 33.33%	13,000	13,000	13,000											
TOTAL	43,072	43,674	44,288	28,677	29,316	29,967	30,632	31,310	32,002	32,707	29,994	30,368	30,750	31,140

COMMENTS

Duplicates "GRIDYOHO" Application, except:

1. Contribution of $1.2 million assumed.
2. Residential/Commercial rates set at 7.5c/kWh
3. 1989 ROE set at 17.5%
4. "Excess" revenues after 1989 allocated to Industrial class.