



LETTER NO. L-36-94

ROBERT J. PELLATT
COMMISSION SECRETARY

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. CANADA V6Z 2N3
TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

December 15, 1994

Dear :

Re: British Columbia Utilities Commission
Annual Report Requirements
Utilities Commission Act, Sections 29 and 56

The Commission has reviewed the directions contained in the Utilities Commission Act ("the Act"), which require the Commission to *"keep itself informed"* about the utilities under its jurisdiction. Section 29 of the Act, regarding examination and inquiries, directs that:

"The commission shall, in its supervision of public utilities, make examinations and conduct inquiries necessary to keep itself informed about

- (a) the conduct of public utility business,*
- (b) compliance by public utilities with this Act, regulations or any other law, and*
- (c) any other matter in the commission's jurisdiction."*

The Annual Report to the BCUC

In compliance with Section 29, the Commission has directed the utilities, under its jurisdiction, to file an Annual Report within four months after the end of the financial year. The Commission is empowered to require the Annual Report filing pursuant to Section 56 of the Act which states that:

"The commission may, by order, require every public utility to

- (a) keep the records and accounts of the conduct of the utility's business as the commission may specify, and for public utilities of the same class, to adopt a uniform system of accounting specified by the commission,*
- (b) furnish at the times and in the form and manner the commission specifies, a detailed report of finances and operations, verified as specified,"*

By letter dated November 19, 1993 the Commission provided the utilities with excerpts of Sections 29 and 56 of the Act and proposed that the Commission may direct the utilities under its jurisdiction to provide additional information. Comments were requested from the utilities on the proposed changes which resulted in written submissions and meetings on June 23 and October 20, 1994 between the utilities and Commission staff. The Commission is conscious of the need to streamline utility reporting requirements, avoid duplication of workload and control regulatory costs. The proposed information requirements have been modified to recognize the utilities' concerns.

New Directions to the Utilities under the BCUC's Jurisdiction

The Commission has considered the utilities' comments and the requirements of Sections 29 and 56 of the Act. In order to *"keep itself informed"* about the utility activities, the Commission directs the utilities under its jurisdiction to provide the following information pursuant to Sections 29, 51 and 56 of the Act:

- 1) the action plan, contained in the utility's Integrated Resource Plan ("IRP"), will incorporate the capital budget statements and system plans that were previously filed under Section 51 of the Act. This will eliminate the need for utilities to file separate budget statements and system plans under Section 51 in the same year that an IRP is filed. The capital budget statements must contain details on forecasted CPCN projects and other material capital projects and a summary report for all other capital projects that are below the materiality limit for the utility. The materiality limit is to be established for each utility and accepted by the Commission. The materiality limit could be different for additions to plant generation, transmission, distribution and by type of activity such as system reinforcement. In the years when an IRP is not filed, the Section 51 filings of capital budget statements and system plans should be made in the Annual Report to the Commission;
- 2) a detailed comparison between forecast and actual results for all completed or in progress capital projects above the utility's materiality limit. For capital projects with ongoing reporting, the explanation may refer to those reports. For capital projects below the utility's materiality limit, a summary report showing forecast and actual is required;
- 3) copies of income tax assessment and reassessment notices pertaining to utility business;
- 4) a list of topics covered in the management letters. (The Commission may request copies of any management letters, or portions thereof, that have been prepared by the utility's external auditor in the course of the yearly audit of the utility's financial statements which address topics of concern to the Commission. The onus is on the utility to report any management letter issues to the Commission that would have a major impact on the utility);
- 5) a list of topics covered in the internal audit reports together with a brief description of each topic. (The Commission may request copies of the internal audit reports or executive summaries of the internal audit reports);
- 6) a reconciliation, prepared by the utility and attested to by a Company officer, of the utility's year-end financial statements to the shareholders compared to the Annual Report to the Commission;
- 7) a report, prepared by the internal auditor or equivalent and attested to by a Company officer, which examines the utility's classification of certain expenditures, as specified by the Commission, according to the Uniform System of Accounts. (The Commission may request a subsequent review by the utility's external auditor); and
- 8) a report, prepared by the internal auditor or equivalent and attested to by a Company officer, which confirms the utility's compliance with the Commission's financial directions contained in Decisions and Orders.

The above information will be provided on an annual basis starting with the 1994 fiscal year and where possible this information should be contained in the Annual Report to the Commission. In accordance with the utilities' request that a Company officer attest to items 6, 7 and 8 rather than an external auditor, the Commission requires that the Declaration page of the Annual Report be modified. Item number two of the Declaration page must contain the following statement: "That I have examined the content of this report and the information set out herein is complete and accurate, to the best of my knowledge, information and belief. I have read and understand Section 124 of the Utilities Commission Act."

The Annual Report to the Commission is to be filed within four months following the end of the utility's fiscal year. If other significant filings are required, a utility may request an extension to the Annual Report filing deadline of up to six months. If the base year in a revenue requirements application has been updated for actual normalized results in sufficient detail to meet the Annual Report requirements, the utility may request the waiving of an Annual Report for that year.

Yours truly,

Original signed by:

Robert J. Pellatt

/mmc

List of Addressees:

Mr. Leon Cender
Vice President
Pacific Coast Energy Corporation
1700 - 1188 West Georgia Street
Vancouver, B.C.
V6E 4A2

Mr. David A. Harrison
Senior Vice President
Corporate and Financial Affairs
British Columbia Hydro and Power Authority
18th Floor - 333 Dunsmuir Street
Vancouver, B.C.
V6B 5R3

Mr. John Hall
President
Princeton Light and Power Company, Limited
Box 908
Penticton, B.C.
V2A 7G1

Mr. Robert Hobbs
Secretary
West Kootenay Power Ltd.
Box 130
Trail, B.C.
V1R 4L4

Mr. Joe Peters
President
Hemlock Valley Electrical Services Limited
Box 7, Site 2, R.R. #1
Agassiz, B.C.
V0M 1A0

Mr. Greg Sunell
Operations Manager
Yoho Power Limited
Suite 800
1188 West Georgia Street
Vancouver, B.C.
V6E 4A2

Mr. John Barnes
General Manager
Central Heat Distribution Ltd.
BCUC/AnnRpt-Corr/UCA s.29-56-Primary

720 Beatty Street
Vancouver, B.C.
V6B 2M1

Mr. Marcel Reghelini, Manager
Regulatory Affairs and Rates
Centra Gas British Columbia Inc.
1675 Douglas Street
Victoria, B.C.
V8W 3V3

Mr. D.M. Masuhara
Vice-President
Legal and Regulatory Affairs
BC Gas Utility Ltd.
1111 West Georgia Street
Vancouver, B.C.
V6E 4M4

Mr. C.P. Donohue
Manager of Regulatory Affairs
Pacific Northern Gas (N.E.) Ltd.
Suite 1400
1185 West Georgia Street
Vancouver, B.C.
V6E 4E6

Mr. C.P. Donohue
Manager of Regulatory Affairs
Pacific Northern Gas Ltd.
Suite 1400
1185 West Georgia Street
Vancouver, B.C.
V6E 4E6

Mr. D.M. Masuhara
Vice-President
Legal and Regulatory Affairs
Squamish Gas Co. Ltd.
1111 West Georgia Street
Vancouver, B.C.
V6E 4M4