



LETTER NO. L-16-04

ROBERT J. PELLATT
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
web site: <http://www.bcuc.com>

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
Log No. 3658

VIA E-MAIL / FACSIMILE

March 8, 2004

<p>TO: Mr. Richard Stout Chief Regulatory Officer British Columbia Hydro and Power Authority 17th Floor, 333 Dunsmuir Street Vancouver, B.C. V6B 5R3 Email: alice.ferreira@bchydro.com</p>	<p>Mr. Tom Loski Regulatory Services Terasen Gas (Vancouver Island) Inc. 16705 Fraser Highway Surrey, BC V3S 2X7 Email: Regulatory.Affairs@terasen.com</p>
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Re: British Columbia Hydro and Power Authority ("BC Hydro")
Application for Reconsideration of Part of the Decision of the
British Columbia Utilities Commission ("BCUC", the "Commission") dated June 5, 2003

By Order No. G-87-03 dated December 24, 2003, the Commission allowed the BC Hydro Application dated September 30, 2003 for reconsideration, and established a written process for argument. In accordance with Order No. G-87-03, as amended by Order No. G-9-04, the following submissions were received: BC Hydro Argument, January 22, 2004; Intervenor Argument, i.e. Terasen Gas (Vancouver Island) Inc. ("TGVI"), February 6, 2004; and BC Hydro Reply Argument, February 13, 2004. On January 22, 2004, the Vancouver Island Gas Joint Venture (the "Joint Venture") filed a submission to correct the record with respect to BC Hydro's submission related Peaking Gas Management Agreement ("PGMA").

Following the submissions called for in Order No. G-87-03, as amended, TGVI filed a further submission dated February 19, 2004 in response to the BC Hydro Reply Argument. BC Hydro objected by letter dated February 19, 2004 and TGVI by letter dated February 20, 2004 responded to BC Hydro's objection. TGVI claimed that its February 19 letter, although not called for by Order No. G-87-03, was required to correct certain misstatements and address new issues and numerical examples contained in the BC Hydro Reply Argument. BC Hydro, in turn, argues that the TGVI response contains inaccuracies and at least one piece of new evidence.

The Reconsideration Panel will accept and consider the TGVI letter dated February 19, 2004 (“TGVI Letter”) and grants leave to BC Hydro to respond by March 15, 2004. The BC Hydro response should be limited to comments that it believes are necessary to address inaccuracies arising from the TGVI Letter and to issues raised by the second last paragraph of the TGVI Letter.

The Reconsideration Panel also requests that BC Hydro and TGVI appear on March 24, 2004 at 10:30 a.m. in the Hearing Room of the Commission offices for an oral phase of the proceeding. If it so chooses, the Joint Venture may wish to attend as well. During this oral phase, TGVI and BC Hydro will be given an opportunity to respond to questions and issues that are then raised by the Reconsideration Panel. BC Hydro and TGVI and the Joint Venture, as appropriate, will be given an opportunity after a noon hour break to provide further comments with respect to matters raised in the morning session. BC Hydro and TGVI should then expect that the record will be closed to any further submissions.

Yours truly,

Original signed by:

Robert J. Pellatt

JWF/cms

cc. Mr. Russell W. Lusk,
Borden Ladner Gervais LLP

Mr. C.B. Johnson
Fasken Martineau DuMoulin LLP

Mr. Karl Gustafson
Lang Michener LLP on behalf of
the Vancouver Island Gas Joint Venture