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VIA E-MAIL

British Columbia Utilities Commission
6th Floor – 900 Howe Street
Vancouver, BC V6Z 2V3

Attention: Erica Hamilton, Commission Secretary

Dear Sirs/Mesdames:

**Re: BC Hydro 2015 Rate Design Application (RDA)
Association of Major Power Customers (AMPC) Submissions re Appendix
B of Order G-156-15**

We are legal counsel to AMPC in this matter and write on its behalf in response to the Commission's Order G-156-15 inviting submissions on Appendix B in the Order. This submission reviews each of the four matters identified by the Commission in turn.

1. The Role of BC Hydro's Cost of Service Study

AMPC submits that BC Hydro's F2016 Cost of Service (COS) study should be limited in its use as a contextual document for rate design, with some opportunity to test its conclusions as they relate to relevant issues in the rate design.

Given the Order in Council restricting changing rates based on the revenue-cost ratio for classes of customers, there is little value in fully testing the COS study. Such a process would require extensive expert evidence, and would be an expensive and time consuming process that would provide little benefit because its results would have limited application to the RDA. These costs are disproportionate to any benefit that may be obtained.

Instead, the COS study should be used as a contextual document in the rate design process, and parties should be allowed to introduce limited evidence as to its effects. For example, as BC Hydro notes at p. 3-1 of the RDA, after costs are assigned to rate classes, the COS study is used as a foundation for examining rates, such as comparing energy, demand and customer-related charges relative to revenues. Parties should be

allowed to bring forward limited evidence to test the sensitivity and degree of precision of these issues.

The use of the COS study as a contextual rate design document would not imply Commission approval of any functional classification or cost allocation used within the COS study, although BC Hydro should still be required to provide calculations of the full impact on revenue to cost ratios of any changes in such classifications or allocations if so requested by interveners.

However, the COS study should not be tested in full at this time, and parties should not be encouraged to file evidence that attacks or supports the foundations of the COS study. A full examination of COS studies should only occur when those studies are allowed to justify rate rebalancing.

AMPC does not oppose a negotiated settlement process (NSP), although AMPC expects the most likely outcome would be an agreement to use the COS as a contextual document, rather than a detailed agreement on COS principles. If AMPC is wrong and an agreement on many key issues are reached during an NSP, then consideration, after submissions from all parties, could be given to attaching significant weight to the agreed issues.

If the Commission determines that the COS study should be used as more than a contextual document, and no agreement is reached through an NSP, then AMPC submits that a full oral hearing with evidence will be required to test the COS study, and is opposed to any streamlined review process for any part of that review. The potential issues in the COS are potentially contentious and are too large and too important to be treated summarily.

2. BC Hydro's Proposed Accelerated Process for Large and Medium General Service Customers

AMPC supports accelerated processes when timely approval can provide material benefits, and the process remains procedurally fair. As with the suggested freshet SRP, the LGS/MGS accelerated process appears to be one of those cases, particularly given the interim treatment proposed for the 100% rates. As they will be superseded by the ultimately approved LGS/MGS rates, there appears to be little potential prejudice associated with the proposed accelerated process.

3. BC Hydro's Proposed Expedited Process for Freshet, Rate Schedule 1823 and other Transmission Service Rates

Consistent with AMPC's letter dated September 18, 2015, attached as Appendix C-5E to the Rate Design Application, AMPC supports the Streamlined Review Process (SRP) proposed by BC Hydro for acceptance of:

- (i) the freshet rate pilot for Transmission Services, including approval by February 1, 2016;
- (ii) pricing principles for RS1823; and
- (iii) other existing Transmission Service rates.

AMPC supports an SRP for all three matters and sees a particularly pressing need for the freshet rate pilot to be approved by February 1, 2016. Of all consumers, the timely approval of the freshet rate pilot most directly affects AMPC's members, who are most likely to utilize the freshet rate schedule. Approval of the freshet rate pilot by February 1, 2016 is necessary so that the program can be implemented and available for calendar 2016. The freshet period runs from May 1 to July 31, and both BC Hydro and potential freshet customers require time after approval to negotiate terms, including the appropriate baseline, and sign agreements before taking energy under the freshet pilot. This process requires the time afforded by a February 1, 2016 approval.

In addition, a freshet SRP will provide any potential opponents of the freshet rate pilot adequate opportunity to voice concerns and to have the Commission consider those concerns. The freshet pilot is a time-limited pilot that will only occur for two years on an interim basis, and will only involve a small amount of energy consumption.

As a result, a SRP for the freshet pilot is appropriate, with an order by February 1, 2016. AMPC further notes that the January procedural conference currently scheduled should not affect the hearing on the freshet rate pilot. It is important that the SRP take place according to the proposed schedule, so that the 2016 freshet season is not missed.

The use of an SRP for pricing principles under RS1823 and for other Transmission Rates is also justified because there is unlikely to be significant concerns with their implementation. Based on AMPC's extensive workshop participation, AMPC understands these issues to be relatively uncontentious matters that would benefit from an efficient resolution.

In the circumstances, AMPC similarly supports BC Hydro's proposed timing.

4. BC Hydro's Proposed Expedited Process for Minimum Reconnection Charges.

AMPC takes no position with respect to the Minimum Reconnection Charges, as it does not affect AMPC's members.

Please contact the writer if you have any questions.

Yours truly,

Bull, Houser & Tupper LLP



per: Matthew D. Keen

MDK/dnm