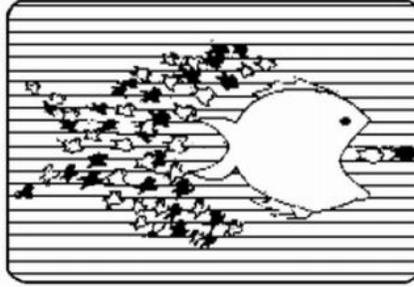


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April 12, 2011

Our file: 7481

Erica M. Hamilton
Commission Secretary
BC Utilities Commission
6th Floor - 900 Howe Street
Vancouver, BC V6Z 2N3

VIA E-MAIL

Dear Mesdames/Sirs:

**Re: Project No. 3698622
British Columbia Hydro and Power Authority F2012 to F2014
Revenue Requirements Application**

These are the comments of BCOAPO *et al.*, speaking on behalf of BC Hydro's residential ratepayers, in response to BC Hydro's submission on future process and other matters. That submission is captured in Hydro's letters dated April 8 and April 11, 2011, being Exhibits B-5 and B-6, respectively. We are strongly opposed to BC Hydro's proposal that the discovery process in this matter proceed on the foundation of the original Application (Exhibit B-1) and that the Procedural Conference scheduled for April 20 be cancelled.

We note that the Minister has appointed a panel to review the Application, with a mandate to determine what measures could be taken to mitigate projected rate increases. The Minister was quoted in the *Vancouver Sun* on April 8th saying that the government intended "to make sure that all our options are on the table". It appears that every aspect of the Application could be subject to substantial modification as a result of that process.

Given that context, we cannot fathom the reasoning for proceeding with Information Requests and Responses addressing an Application which is subject to substantive revisions in a few weeks' time and whose extent is undetermined. It is difficult to imagine a less prudent or productive way for intervenors to spend their time, except perhaps for the prospect of BC Hydro devoting resources to responding to them. And of course, in the latter instance, BC Hydro would look to ratepayers to cover the cost of this pointless activity.

Exhibit B-6 states that "BC Hydro understands that some parties have already invested time and resources in the drafting of potential information requests". If any of those requests remain useful and relevant after the Application is amended, we suggest that they can be posed once participants know what BC Hydro's case will be going into the hearing of this matter. Any work which is superceded by the review process will be an utter waste of time.

Regarding BC Hydro's proposal for interim rate adjustments, we feel compelled to observe that, while Hydro has explicitly adopted the approach we advanced at the March 25th Procedural Conference and our rationale for that approach, they appear unable to quite bring themselves to

adopt our proposed adjustment. We submit that the 2% rollback which we proposed on March 25th remains a fair and balanced number which goes farther than Hydro's hair-splitting 1.5% to mitigate needless hardship for ratepayers.

We also wish to comment regarding Exhibit A2-9, the Auditor General's letter to BC Hydro dated March 3rd, initiating a review of BC Hydro's deferral accounts and deferral practices. The Exhibit indicates that it will be completed with a Report by May 31, 2011 – that is, in good time before the Application is projected to be amended but well after the current schedule for the first round of Information Requests. This development could have very large implications for rates during Hydro's proposed test period.

We are more than a little perplexed that BC Hydro did not feel motivated to share this information with intervenors much earlier (all the more so since it appears from Exhibit A2-9 that they have been aware that this was pending since November 8th of last year).

Deferral accounts and rate riders are a major factor in this proceeding; furthermore, intervention by the Auditor General could prevent such measures in the Application as Hydro's proposal to defer recovery of the cost of SMI until a year beyond the point when this would normally occur, according to established regulatory principle (i.e., at the beginning of the rate year immediately following the project becoming operational – April 1, 2013). If this departure from normal practice is rejected by the Auditor General, then upward pressure on rates will increase in the short term and a large range of SMI-related issues will become far more central to the Application. In that scenario, we also suspect that the proposed three-year test period could become untenable.

With so many pieces of the Application thrown into doubt due to the intervention of the Minister and the Auditor General, any discovery or other process purporting to address the substance of the Application would amount to "shooting in the dark". We submit that intervenors and BC Hydro, alike, have better ways to spend their time and resources.

Accordingly, we submit that the Procedural Conference should be convened, as planned, on April 20th so that these and other issues may be spoken to and a rational course may be set.

Yours truly,

BC PUBLIC INTEREST ADVOCACY CENTRE

Original in file signed by:

Jim Quail, Executive Director
Barrister & Solicitor

and signed by:

Leigha Worth
Barrister & Solicitor

cc: parties of record