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British Columbia Utilities Commission
600-900 Howe Street
Vancouver, B.C.
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Attention: Erica M. Hamilton
Commission Secretary

Dear Sirs/Mesdames:

Re: BC Hydro F2012-14 Revenue Requirements Application

We write on behalf of the Association of Major Power Customers of BC (“AMPC”) to respond to BC Hydro’s letters of April 8, 2011 and April 11, 2011 in this matter. We will deal with the various BC Hydro submissions in the order presented, combining some where we feel appropriate.

- 1. Government Review of BC Hydro, and**
- 2. Process Going Forward**

AMPC is surprised and puzzled that BC Hydro would acknowledge on one hand that there is a major review going forward at the request of Government, with recommendations and options to be reported the Minister of Energy & Mines and the Premier by June 30, 2011, and an investigation by the Auditor General, and on the other hand suggest that we should proceed as if nothing is happening. The Minister has said there will be reductions in rate impacts and AMPC believes there will be. Interim and permanent increases of 9.73% are not acceptable. Nor is an interim of 8.23%.

As AMPC understands BC Hydro’s position, BC Hydro wishes to proceed with the regulatory process with no changes other than those necessary to accommodate the delays which have already occurred. In support of its business as normal approach, it appears that BC Hydro adopts a very literal interpretation of the Terms of Reference which state “this review will not alter or interfere with the normal, more detailed rate increase review which BC Hydro undertakes pursuant to its statutory authority.”



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In AMPC's submission this is an inappropriate and overly literal interpretation of the Government's direction. The terms of reference make it clear the Government wishes the Commission to retain its authority over its normal detailed review of BC Hydro's rates. However, the Government does not go so far as to suggest that the Commission, the Interveners or BC Hydro should waste time and effort following issues and matters that may not be before you in August. In AMPC's submission the Terms of Reference should be taken as confirmation of the Commission's mandate but not a direction to go forward in a procedurally inefficient manner. The Commission is in control of its own process.

Interveners, BC Hydro and the Commission have all expressed concerns about the extent of the effort and cost of preparing and responding to information requests in the past. We all have a duty to undertake that process efficiently. AMPC submits efficiency requires that the Commission suspend its information request process until BC Hydro decides how things are going to change and revises its Application. This is a three year application and a few months delay in the information request process is not unreasonable and in fact could save significant time and money.

3. Interim Rates Going Forward

BC Hydro has requested an average rate increase of 8.23% effective May 1, 2011. This is approximately 1.5% less than the interim BC Hydro originally sought.

AMPC, and we expect most customers, is extremely disappointed that this is the only reduction that the Government review, which offers so much promise, has led to at this time.

AMPC submits that the original evidence upon which to base an interim has been compromised. There is no longer any evidence the Commission can rely on as everything is up in the air and open to review.

Interim relief is a privilege granted by the Commission to utilities who know what they need. BC Hydro does not know what it wants and should not get interim relief until it does. Furthermore, 8.23% is not only too high, it appears to be a fabricated number without any basis. Even 50% of the requested interim would be generous in the current circumstances. It would still be more than double the current rate of inflation. A 1.5% reduction in the request is mere tokenism.

4. Recovery of Revenue Deficiency

BC Hydro has not requested a new deferral account, and accordingly, AMPC does not have any submissions with respect to such an account at this time. However, AMPC does request that if and when BC Hydro applies for such an account that the Commission request and take into account the submissions of all interested parties, not just BC Hydro.



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5. Confirmation Regarding Current Interim Rates

AMPC accepts that Order G-41-11 was probably not intended to affect the continuation of the deferral account rate rider (DARR) at 2.5% on an interim and refundable basis. AMPC believes this is appropriate treatment and supports a clarification if required.

6. COPES Request Regarding BC Hydro's Arrangements with Accenture

AMPC does not have any submissions on this subject at this time.

7. April 20th Procedural Conference

AMPC disagrees with BC Hydro's suggestion that the April 20, 2011 conference does not need to proceed. While the current exchange of submissions by BC Hydro and the Intervenors is helpful, AMPC submits that everybody's understanding of the issues, and the ramifications of the current review, will be improved by oral submissions and the opportunity for questions and responses. Furthermore, even if BC Hydro's April 8th, 2011 submissions and the Intervenor's responses to them were conclusive, which is unlikely, there are other matters that were intended to be dealt with at the pre-hearing conference that was to be held on March 25th and was adjourned at BC Hydro's request. None of the items on the agenda for that conference were dealt with before it was adjourned.

Yours truly,

Bull, Housser & Tupper

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