

**Janet Fraser**

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May 16, 2011

Ms. Alanna Gillis  
Acting Commission Secretary  
British Columbia Utilities Commission  
Sixth Floor – 900 Howe Street  
Vancouver, BC V6Z 2N3

Dear Ms. Gillis:

**RE: Project No. 3698622**  
**British Columbia Utilities Commission (BCUC)**  
**British Columbia Hydro and Power Authority (BC Hydro)**  
**F2012 to F2014 Revenue Requirements Application (F12-F14 RRA)**  
**Compliance with Exhibit A-13**

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BC Hydro writes further to the BCUC's May 2, 2011 letter in this matter (Exhibit A-13). That letter requested submissions regarding the merits of a discrete hearing process, within the window of opportunity created by the suspension of the review of the F12-F14 RRA, to address the new methodology BC Hydro would use to allocate the Point-to-Point transmission charges it incurs from the use of its transmission system under the Open Access Transmission Tariff. That allocation methodology, and the reasons for changing it, are described in section 8.15 of the F12-F14 RRA.

BC Hydro sees little value in pursuing this issue in a discrete hearing process. The reasons are as follows.

The suspension of the hearing into the F12-F14 RRA was precipitated by the government review of BC Hydro, which continues to occupy the time of BC Hydro management and regulatory staff, and will continue to do so until an amended F12-F14 RRA is filed sometime later this year. That is, from BC Hydro's perspective, there is simply no window of opportunity.

Second, there is no urgency to the resolution of the issue. As described in section 8.15, the new allocation methodology BC Hydro would use will yield greater transparency, consistency, and efficiency. BC Hydro expects that, in the current policy context, these advantages will deliver benefits to its ratepayers over the long-term. In the short-term, BC Hydro expects no measurable effect from the BCUC order<sup>1</sup> directing BC Hydro to not use the allocation

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<sup>1</sup> Paragraph 7 of BCUC Order No. G-72-11 directs BC Hydro "not to implement the non-rate terms or conditions, in particular those relating to the Point-to-Point transmission charge allocation methodology described in Chapter 8.15." BC Hydro is uncertain what "non-rate terms and conditions" the order is referring to, but since only the allocation methodology described in section 8.15 of the F12-F14 RRA has been in issue, BC Hydro's view is that paragraph 7 applies only to that allocation methodology.

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methodology described in section 8.15 (note that revised financial schedules reflecting the BCUC order on this point will be included in the revised F12-F14 RRA filing to be made following the conclusion of the government review).

Finally, and as pointed out in the letter of May 6, 2011, on behalf of the BCOAPO (Exhibit C1-4), the scope of the current government review is broad, and could include within it some of the policy assumptions that underpin the new allocation methodology. In consequence, BC Hydro cannot say that the new allocation methodology is one it will necessarily be advancing once the government review has concluded. It follows that a hearing into the issue prior to the conclusion of the government review could be a waste of resources.

For further information, please contact Fred James at 604-623-4317 or by e-mail at [bchydoregulatorygroup@bchydro.com](mailto:bchydoregulatorygroup@bchydro.com).

Yours sincerely,



Janet Fraser  
Chief Regulatory Officer

fj/ma

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