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May 16, 2011

VIA E-MAIL (Commission.Secretary@bcuc.com)

British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, BC V6Z 2N3

Attention: Alanna Gillis,
Acting Commission Secretary

Re: British Columbia Hydro F2012 - F2014 Revenue Requirements/Exhibit A - 13

Dear Ms. Gillis:

We write in response to your letter dated May 2, 2001 (Exhibit A-13) on behalf of our client, Morgan Stanley Capital Group.

Morgan Stanley would be pleased to participate in a discreet phase of the proceeding regarding the issue of non-rate terms or conditions, in the form of a negotiated settlement process between and among all parties interested in such issues and in particular the Point-to-Point transmission charge allocation methodology. In the event that such a process provides for an agreement on the conditions, the Commission could then consider the agreement for its approval.

However, should a negotiated settlement process not result in an agreement, Morgan Stanley would prefer the non-rate terms or conditions not be the subject of an earlier phase of the proceeding as it is uncertain at this point as to when the actual revenue requirements application as a whole will be heard and Morgan Stanley is of the view that absent a negotiated settlement, the allocation methodology would best be considered by the Commission as part of the revenue requirement application process as a whole. If convenient, a discrete portion of the hearing of the application could be allocated for this issue to permit those parties not interested in the issue to be absent for the duration of the evidence to be heard on the matter.

Yours truly,

Paul R. Cassidy

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