

**Janet Fraser**

Chief Regulatory Officer

Phone: 604-623-4046

Fax: 604-623-4407

[bhydroregulatorygroup@bchydro.com](mailto:bhydroregulatorygroup@bchydro.com)

November 23, 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. 3698640  
British Columbia Utilities Commission (BCUC)  
British Columbia Hydro and Power Authority (BC Hydro)  
Application for a Certificate of Public Convenience and Necessity (CPCN) for the  
Dawson Creek/Chetwynd Area Transmission (DCAT) Project  
Suspension of the DCAT CPCN Hearing until Further Notice**

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On November 8, 2011, the BCUC issued Order No. G-184-11 establishing a third round of Information Requests (**IRs**) in connection with BC Hydro's CPCN application for the DCAT project. On November 15, 2011, the Commission Panel issued its own IRs (**CP IR 1**) and on November 18, 2011 interveners filed their third round IRs. Pursuant to BCUC Order No. G-184-11, responses to all IRs, totaling 316 questions, are due on December 2, 2011.

These newest IRs address policy and factual areas that were not addressed in the DCAT Application, were largely outside the scope of what BC Hydro had anticipated would arise in this proceeding, and in some cases extend beyond the responsibilities of the DCAT project team. The approach taken by the BCUC and interveners in connection with some of the policy issues raised could have ramifications far beyond the DCAT project. Indeed the policy issues raised by the Commission Panel, Staff and interveners include such fundamental issues as:

1. Whether rolled in rate principles should apply on the BC Hydro system (for example: CP IR 1.1.1 series; CP IR 1.3.4 series; BCUC IR 3.8 series);
2. Whether distinctions should be made between old and new customers for ratemaking and service level purposes (for example: CP IR 1.5 series; AMPC IR 1.1 series; AMPC IR 1.2 series);
3. Whether postage stamp rates, which have been in effect since BC Hydro was created in 1962, remain appropriate on its system (for example BCUC IR 3.13 series); and
4. Whether its N-1 service standard, required by WECC and confirmed by the BCUC as recently as 2005, remains the appropriate service standard (for example: BCUC IR 3.12 series; BCUC IR 3.16 series; BCUC IR 3.17 series).

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In its Reasons for Decision for Order No. G-184-11, the BCUC acknowledged that these sorts of issues are not normally considered in a CPCN application, but held that in the extraordinary circumstances of this case, they needed to be examined. BC Hydro believes that if such a review is to be done, it must be done on the basis of the most complete information BC Hydro can provide, and in the context of a reasoned policy proposal prepared by it in connection with each of these issues.

Development of the information relevant to the additional policy issues cannot be accomplished within the timeframe currently established through BCUC Order No. G-184-11, for BC Hydro's responses in this hearing. As the Commission Staff has pointed out in some of the IRs, the Government review of BC Hydro identified the need for some of these issues to be studied jointly by government and BC Hydro, and the scope of and process needed to undertake that work is still under development. Accordingly, BC Hydro cannot say whether that work will affect its policy positions in relation to the broad issues that the BCUC, Staff and interveners wish to see addressed.

In these circumstances, BC Hydro requires time to collaborate with Government and potentially key stakeholders before setting out policy positions on such fundamental issues. To facilitate that process, BC Hydro asks that the DCAT hearing process be temporarily suspended and no further steps be taken in connection with the DCAT Application until requested by BC Hydro. BC Hydro will advise the BCUC as soon as it is ready to resume the process and will make any additional submissions with respect to the process that is appropriate at that time.

BC Hydro continues to be concerned with the overall project in service date, particularly as it relates to new customers that are seeking service through DCAT, and those existing customers not currently receiving the quality of service enjoyed by other customers on BC Hydro's system. BC Hydro will stay in touch with those existing and potential customers in an effort to ensure their expectations are consistent with this process as it evolves.

For further information, please contact Geoff Higgins at 604-623-4121 or by e-mail at [bchydroregulatorygroup@bchydro.com](mailto:bchydroregulatorygroup@bchydro.com).

Yours sincerely,



Janet Fraser  
Chief Regulatory Officer

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