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May 9, 2012

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. 3698660
British Columbia Utilities Commission (BCUC)
British Columbia Hydro and Power Authority (BC Hydro)
Generic Cost of Capital Proceeding
Submissions on Cost Allocation of Participant Assistance/Cost Awards,
Participant Assistance/Cost Awards eligibility and Draft Preliminary
Regulatory Timetable**

By Order No. G-50-12, the BCUC invited comments on the cost allocation of participant assistance/cost awards, participant assistance/cost awards eligibility and comments on the draft preliminary regulatory timetable attached as Appendix D to that order.

BC Hydro is registered as an “Other Utility” in this proceeding, but has an interest in ensuring that costs are prudently incurred in the course of the proceeding and that there is a fair and reasonable allocation of those costs to the respective utilities that will bear them.

With respect to the allocation of participant assistance/cost awards, BC Hydro submits that all regulated utilities are entitled in law to a reasonable opportunity to earn a return on equity, to be recovered through their rates. It follows that all regulated utilities are *prima facie* affected by the BCUC’s decision in this matter, and ought to bear some degree of cost responsibility, given the generic nature of the proceeding. In particular, there should be no exception based on the degree of a utility’s participation. However, regulated utilities ought to be given a clear opportunity to argue that their particular circumstances justify a departure from the *prima facie* position. In the absence of any such applications it is premature to set any determination criteria.

With respect to participant assistance/cost awards eligibility, the BCUC ought to make it clear that interveners representing common interests must collaborate wherever possible, and that participant assistance/cost award applications will be scrutinized to

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ensure that there is no material overlap with applications of others that advanced substantially the same positions.

Regarding the prospect of smaller utilities being eligible for participant assistance/cost award funding, BC Hydro sees no reason in principle why that should be so. As noted, all utilities benefit, as a matter of law, from the right to earn a return on equity, and accordingly should pay their proportionate costs of this proceeding, at least on a *prima facie* basis. In that context, it is unclear what rationale there might be to allow utilities to claim participant assistance/cost awards.

With respect to the proposed regulatory timetable, BC Hydro believes that the proposed timeline and activities are appropriate, and has no further comments.

For further information, please contact Fred James at 604-623-4317 or by e-mail at bchydroregulatorygroup@bchydro.com.

Yours sincerely,



Janet Fraser
Chief Regulatory Officer

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Intervener Distribution List.