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Our file: 7615

February 16, 2016

VIA EMAIL

Erica Hamilton
Commission Secretary
BC Utilities Commission
6th Floor 900 Howe Street
Vancouver, BC V6Z 2N3

**Re: BC Hydro and Power Authority 2015 Rate Design Application
BCOAPO response to request for comments in BCUC letter dated February
11, 2016 - Negotiated Settlement Process for Cost of Service Study and
Rate Class Segmentation**

We write on behalf of BCOAPO further to the BC Utilities Commission's letter dated February 11, 2016 (Exhibit A-18 in this proceeding), in which the Commission seeks submissions on the following four issues related to the March 7-8, 2016 Negotiated Settlement Process for Cost of Service Study and Rate Class Segmentation (F2016 COS NSP):

1. Confirmation from the parties who intend to participate in the settlement discussions;
2. Submissions from registered interveners on BC Hydro's submission in its letter dated January 21, 2016 (Exhibit B-10). Specifically, BC Hydro states that those Commission staff identified by the Chair at the commencement of the procedural conference should be established by the Panel as Active Participants for any F2016 COS NSP in accordance with Part IV, section 1(iv) (a) of the NSP Guidelines;
3. Comments on the specific issues related to the COSS and rate class segmentation including the street lighting rate class proposal that parties wish to have addressed in the NSP; and
4. Comments from all parties on the recommendation by the Commission Panel that the Facilitator of the NSP be Ms. Liisa O'Hara.

Our comments are set out below.

Question 1

Erin Pritchard and Sarah Khan will be attending the F2016 COS NSP.

Question 2

We are not opposed to BC Hydro's proposal that certain Commission staff should be designated by the Panel as Active Participants for any F2016 COS NSP in accordance with Part IV, section 1(iv) (a) of the NSP Guidelines.

Question 3

BCOAPO anticipates that the F2016 COS NSP will specifically address each of the proposed changes to BC Hydro's COSS methodology as set out in Table 3-1 of the Application and the response to FortisBC 1.2.1 as well as BC Hydro's Street Lighting rate class proposal.

BCOAPO continues to review BC Hydro's information request responses on these matters and consider its positions. However, at this point, specific proposed changes that BCOAPO expects to address at the NSP include:

- The functionalization and subsequent classification of DSM costs,
- The functionalization/sub-functionalization of Distribution costs,
- The classification of IPP costs,
- The classification of SMI costs, and
- The allocation of Customer Care costs.

In addition, BCOAPO expects to raise as issues the following aspects of BC Hydro's COSS:

- The classification of Generation-Related Transmission Assets costs, and
- The derivation of the 4CP and 1NCP allocators.

Question 4

We support the Commission Panel's recommendation that the Facilitator of the NSP be Ms. Liisa O'Hara.

All of which is respectfully submitted.

Sincerely,
BC Public Interest Advocacy Centre

Sarah Khan and Erin Pritchard

- c. Tom Loski, Chief Regulatory Officer, BC Hydro
Registered Intervenors