



Tom A. Loski
Chief Regulatory Officer
Phone: 604-623-4046
Fax: 604-623-4407
bchydroregulatorygroup@bchydro.com

February 17, 2016

Ms. Erica Hamilton
Commission Secretary
British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

**RE: Project No. 3698781
British Columbia Utilities Commission (BCUC or Commission)
British Columbia Hydro and Power Authority (BC Hydro)
2015 Rate Design Application (2015 RDA)
Compliance with Exhibit A-18**

BC Hydro writes in response to Commission's February 11, 2016 letter (Exhibit A-18) which requested comments on four items:

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);
3. Comments on the specific issues related to the cost of service study (**COSS**) and rate class segmentation including the street lighting rate class proposal that parties wish to have addressed in the Cost of Service Negotiated Settlement Process (**NSP**) on March 7 to 8, 2016; and
4. Comments on the recommendation by the Commission Panel that the Facilitator of the NSP be Ms. Liisa O'Hara.

Item 1

BC Hydro confirms its participation in the NSP.

Item 2

In its January 21, 2016 letter (Exhibit B-10) BC Hydro requested that the Commission staff identified at the start of the January 19, 2016 procedural conference be established as Active Participants for the NSP because they had taken a position on the F2016 COS study. BC Hydro has no additional comments regarding this letter.

Item 3

BC Hydro has no specific issues regarding the scope of the NSP but expects it will cover cost of service methodology and the determination of rate classes. BC Hydro plans to distribute a list of discussion topics before the start of the NSP.

BC Hydro hopes consensus can be reached during the NSP on most F2016 Cost of Service methodologies such that they can be adopted and used to evaluate rate design and extension policy in the balance of 2015 RDA Module 1, the upcoming 2015 RDA Module 2, and any other rate design proposals prior to the F2019 COS. Although BC Hydro has suggested the 2007 RDA methodologies be used in areas where consensus cannot be reached, significant effort has been expended in preparing the 2016 COS study and BC Hydro continues to believe the F2016 analysis is equivalent or superior to the 2007 RDA methodologies.

Item 4

BC Hydro appreciates the clarification provided by the Commission's letter dated February 16, 2016 (Exhibit A-19) and confirms its support for Ms. Liisa O'Hara as the Facilitator of the NSP. The letter stated Ms. O'Hara is expected to complete panel related responsibilities "before the commencement of the negotiated settlement process (NSP) scheduled for March 7 and 8, 2016." If this is not possible, BC Hydro believes the NSP should still proceed on March 7 and 8, 2016 with Ms. Liisa O'Hara as the Facilitator. If the Commission decides to reschedule the NSP, BC Hydro respectfully requests the NSP occur after BC Hydro responds to second round information requests on April 12, 2016.

For further information, please contact Gordon Doyle at 604-623-3815 or by email at bchydroregulatorygroup@bchydro.com.

Yours sincerely,



Tom Loski
Chief Regulatory Officer

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Copy to: BCUC Project No. 3698781 (2015 RDA) Registered Intervener Distribution List.