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July 18, 2016

Ms. Laurel Ross
Acting Commission Secretary
British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Ms. Ross:

**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)
Response to Exhibit A-35**

BC Hydro writes in response to the Commission's July 11, 2016 letter (Exhibit A-35) seeking submissions from parties on the review process pertaining to the Commercial Energy Consumers Association of British Columbia's (**CEC**) proposal to establish a non-firm interruptible rate pilot for Medium and Large General Service customers (Exhibit C1-10) (**Rate Pilot**).

BC Hydro appreciates CEC's request for the Rate Pilot to be reviewed in a timely manner; however, it is of the view that the review process suggested by the CEC is premature and that the Rate Pilot proposal is more appropriately addressed as part of Module 2 of BC Hydro's 2015 RDA.

At a high level, BC Hydro is not opposed to the introduction of a pilot for a rate for non-firm interruptible capacity service for general service customers subject to customer agreement and need being demonstrated. However, the development of a pilot like the one described by CEC, takes time to properly evaluate and to complete sufficient customer engagement. The compressed timelines outlined by the CEC in its proposal (and in particular the one month period commencing this month), do not allow BC Hydro time to adequately review CEC's proposal, understand the issues raised and engage with all of the necessary stakeholders given BC Hydro's current resourcing with respect to preparation for the 2015 RDA oral hearing in August. As such, BC Hydro does not believe that a separate streamlined review process commencing in August is reasonable and an alternative timetable and review process, as more fully described below, should be considered.

BC Hydro expects that its evaluation of the proposed Rate Pilot can realistically begin in September 2016 (on the assumption that its Medium General Service (**MGS**) and Large General Service (**LGS**) rate proposals will be accepted by the Commission). While it

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would be addressed as part of Module 2, BC Hydro is not opposed to a rate pilot like CEC's being advanced prior to the other items currently identified in Module 2 provided there is need and agreement for it.

Based on a September 2016 start date, the below timeline for consultation and other review processes would necessarily follow:

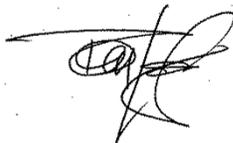
- Stakeholder consultation with respect to the Rate Pilot starting in October 2016;
- A 2015 RDA Module 1 decision from the Commission in or about December 2016 or January 2017, setting, among other things, default rate structures for the MGS and LGS rate classes;
- A 2015 RDA Module 2 application in the spring or summer 2017; and
- An expedited process for review of the Rate Pilot (similar to the process employed in regard to the freshet rate pilot) in late summer/early fall 2017.

The above schedule would, if approved, allow for the introduction of a pilot program in time for the November 2017 to February 2018 peak season. This alternative timetable allows sufficient time for careful review and engagement and is one that BC Hydro believes strikes a reasonable balance for all interested parties.

In BC Hydro's view, and subject to the comments of the CEC and other interveners, if the above schedule is accepted, the result may be that it is not necessary for the CEC to appear for cross-examination at the oral hearing, which BC Hydro would not oppose. Alternatively, BC Hydro echoes the comments made by counsel for the Association of Major Power Customers, specifically, that CEC's proposed Rate Pilot has been filed as intervener evidence and it should thus be treated like any other intervener evidence filed in this proceeding. This means that parties should be prepared to cross-examine the CEC on its proposal at the oral hearing; submit argument with respect to that evidence and expect a Commission determination on the issue.

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

jc/ma

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