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Our File: 23841/0131

**Attention: Ms. Laurel Ross, Acting Commission Secretary and Director**

Dear Sirs/Mesdames:

**Re: British Columbia Hydro and Power Authority (“BC Hydro”) 2015 Rate Design Application, Project No. 3698781 – Response to Exhibit A-35**

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

By way of background, the CEC wishes to be clear that it has not applied for an amendment to the regulatory process established by the Commission in Order G-12-16 or any other procedural order in this proceeding. The CEC schedule was proposed in response to an Information Request from Commission staff which asked in effect “What process does the CEC believe may work to assist in the development of the Rate Pilot?” The CEC responded with a proposal. The CEC appreciates the efforts of the Commission to determine whether other parties saw the timeline the CEC provided as a reasonable proposal.

That said, the CEC has complied with all of the Commission’s procedural orders and filed evidence in accordance with the established schedule and has responded to information requests from Commission staff, BC Hydro and some interveners. There were no objections to the CEC’s evidence being considered as part of this proceeding nor did BC Hydro file rebuttal evidence in accordance with the regulatory agenda established by the Commission. The CEC submits that its evidence will be useful in shaping a Pilot Program and that this value should be obtained in Module 1 for application in Module 2.

The CEC has gone to considerable effort to prepare evidence to enable the Commission to have in front of it an alternative proposal to deal with customer concerns in regard to BC Hydro’s Module 1 default rate proposals. The alternative proposal in the evidence is a customer driven

initiative. For instance, Mr. Edwards on behalf of flood pumping authorities was initially accepted as an intervener before the Commission. Independently Mr. Edwards has held discussions with the CEC and the CEC worked with Mr. Edwards to create regulatory efficiency by amalgamating customer interests.

The CEC also notes it has had assistance and input from BC Hydro over the course of the past several months. BC Hydro's assistance is acknowledged and appreciated by the CEC.

The CEC notes that the government adopted the BC Hydro Integrated Resource Plan which recommended that BC Hydro look at the programs for general service customers in 2015 as noted in CEC's evidence at page 10. The CEC does not believe that waiting until the conclusion of Module 2 of this proceeding, likely late 2017, to develop such a rate is a timely response to the government and, more so, to customer needs and future customer business development.

The CEC acknowledges the proposed time line at page 2 of BC Hydro's letter of July 18, 2016 which proposes:

- 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 from 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 CEC would add to this schedule a request that the Module 1 decision on the issues the CEC has presented be covered by and in scope for the BC Hydro proposed Rate Pilot. The CEC asks for this particularly in regard to CEC concerns about the Module 1 default rate proposals. These concerns may be allayed significantly if the BC Hydro Rate Pilot adequately evaluates the CEC's proposals and the decisions from Module 1 in regard to these proposals. The CEC expects that this will make the BC Hydro Module 1 proposals more acceptable.

The CEC acknowledges that the BC Hydro schedule, if approved, would allow for the introduction of a Rate Pilot program in time for the November 2017 to February 2018 peak season.

The CEC accepts this alternative time table, which would allow sufficient time for review and engagement to meet the later time frame in the BC Hydro proposal. This appears to be a reasonable proposal for interested parties who made comments on the process.

The CEC is also in agreement with the submissions of AMPC and the BCSEA that the Rate Pilot has been properly filed as intervener evidence and it should thus be treated like any intervener evidence filed in this proceeding.

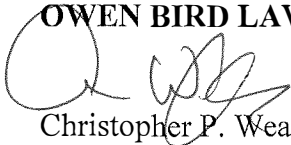
The CEC requested in the Procedural Conference that parties be able to link Module 1 and Module 2 as there was concern with a disjointed process. The CEC believes that they have made this link and that it would be a useful contribution to advancing customer interests in the RDA for both Module 1 and Module 2.

The CEC's witness will be available for cross-examination and submits that the testing of the CEC evidence will have value in assisting the development of the BC Hydro Rate Pilot in October 2016.

All of which is respectfully submitted.

Yours truly,

**OWEN BIRD LAW CORPORATION**



Christopher P. Weafer  
CPW/jlb  
cc: CEC  
cc: BC Hydro  
cc: Registered Interveners