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January 20, 2017

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. 3698898  
British Columbia Utilities Commission (BCUC or Commission)  
British Columbia Hydro and Power Authority (BC Hydro)  
Class Exemption for BC Hydro Customers Under Certain Lease  
Arrangements**

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BC Hydro writes with respect to Directive 2 of Commission Order No G-191-16 (**Order**) whereby the Commission requests comments on its proposed class exemption pursuant to sections 88(1) and 88(3) of the *Utilities Commission Act (UCA)* for all BC Hydro customers with lease arrangements, where the Lessor, not otherwise a public utility, provides electricity only to the Lessee where the lease period is greater than five years.

With respect to the Commission's first question, BC Hydro does not oppose the granting of the proposed class exemption. BC Hydro agrees that the class exemption should not exempt the lessors from sections 25, 38, 41 and 42 of the *UCA* and that the lessor should be required to meet the criteria of the BC Hydro Electric Tariff Terms and Conditions for the Resale of Electricity and all other requirements of the *UCA*.

The terms and conditions proposed in the draft exemption order attached as Appendix B to the Order are satisfactory subject to two edits:

1. Section 2 needs to be amended to delete the words "Pursuant to section 83 of the UCA". By citing section 83 only, this suggests a possible interpretation that section 83 is the only section under which the Commission could exercise its powers to make an order with respect to the service provided by the public utility landlord. However, while section 83 speaks to the Commission's authority upon a complaint being made, it is not the section under which the Commission would necessarily issue an order to the public utility landlord. Therefore, BC Hydro suggests the remaining language of the proposed order is sufficient to preserve the Commission's flexibility to issue an appropriate order:

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“The exemption referred to in Directive 1 of this order remains in effect until the Commission, after conducting a hearing on its own motion, or after a hearing on a complaint by an interested person for which sufficient notice has been given to the persons the Commission believes may be affected, orders that the exemption no longer applies.”

2. BC Hydro suggests that the words “as amended from time to time” should be added to section 1a. after “BC Hydro Electric Tariff and Terms and Conditions” to reflect that the tariff terms in effect from time to time will be used.

With respect to the third question, BC Hydro does not believe any further process is required unless the direction the Commission has taken in the draft order changes materially following this round of comment.

For further information, please contact Gordon Doyle at 604-623-3815 or by email at [bchydroregulatorygroup@bchydro.com](mailto:bchydroregulatorygroup@bchydro.com).

Yours sincerely,



Fred James  
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