



ROBERT J. PELLATT
COMMISSION SECRETARY

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VIA FACSIMILE

December 29, 1995

Mr. David A. Harrison
Senior Vice President
Corporate & Financial Affairs and
Chief Financial Officer
British Columbia Hydro and Power Authority
18th Floor
333 Dunsmuir Street
Vancouver, B.C.
V6B 5R3

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<input checked="" type="checkbox"/> L. Barr	<input checked="" type="checkbox"/> W. Grant
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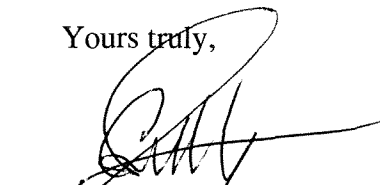
Dear Mr. Harrison:

Re: British Columbia Hydro and Power Authority
Application to Rescind or Vary Commission Order No. G-110-95
1995 Integrated Electricity Plan

Further to your letter dated December 22, 1995 applying to the Commission to rescind or vary Order No. G-110-95, we enclose Order No. G-120-95 denying the application. Accordingly, newspaper publication of the Hearing Notice should proceed as ordered on December 15, 1995.

The Commission looks forward to an early resolution of the legal appeal of the Commission's IRP jurisdiction and is prepared to assist in any way in accelerating that process.

Yours truly,


Constance M. Smith
for: Robert J. Pellatt

cms
Enclosure

BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-120-95

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SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3
CANADA

IN THE MATTER OF the Utilities Commission
Act, S.B.C. 1980, c. 60, as amended

and

IN THE MATTER OF an Application by
British Columbia Hydro and Power Authority
to Rescind or Vary Commission Order No. G-110-95

BEFORE: M.K. Jaccard, Chairperson; and)
K.L. Hall, Commissioner) December 29, 1995

ORDER

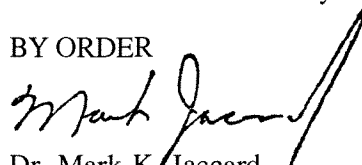
WHEREAS:

- A. On December 22, 1995, British Columbia Hydro and Power Authority ("B.C. Hydro") applied to the Commission to rescind Commission Order No. G-110-95 or, in the alternative, vary the timing set out therein; and
- B. The Commission has reviewed the application and has determined that:
- IRP provides the Commission with critical information for assessing the prudence of expenditures that determine regulated utility rates. On November 14, 1995, the Commission solicited and received public commentary on B.C. Hydro's IRP and on the review process it might next follow. After considering the arguments put forward at that time, the Commission determined that an oral public hearing was warranted. B.C. Hydro's arguments have not changed the Commission's judgment of the appropriate process.
 - Although B.C. Hydro has argued that there is no urgency for IRP information to the Commission, this is not the assessment of the Commission. IRP information is critical to many of the day-to-day rate determining and other decisions of the Commission, including extension policies, connection fees, Certificates of Public Convenience and Necessity, rate design and other Commission responsibilities. A delay until October, as requested by B.C. Hydro, is clearly unacceptable in this context.
 - The Commission is aware of the timetable for B.C. Hydro's wholesale transmission rate application. Commission Order No. G-109-95, which established a new timetable for that proceeding, was also issued on December 15, 1995, the day on which Order No. G-110-95 was issued. The Commission does not anticipate a conflict between these two proceedings and does not accept that B.C. Hydro will be denied the right to counsel, given that it has the option of using either its staff counsel or outside counsel.

NOW THEREFORE, for the reasons set out above, the Commission has determined that it will neither rescind nor vary Order No. G-110-95.

DATED at the City of Vancouver, in the Province of British Columbia this 29th day of December, 1995.

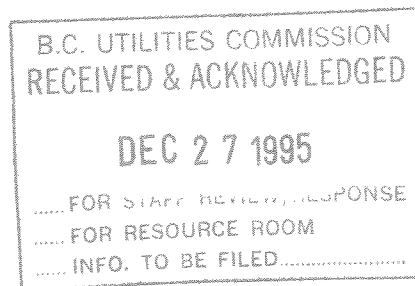
BY ORDER


Dr. Mark K. Jaccard
Chairperson

David A. Harrison
Senior Vice-President
Corporate & Financial Affairs,
and Chief Financial Officer

22 December 1995

Mr. R.J. Pellatt
Commission Secretary
British Columbia Utilities Commission
P.O. Box 250
600 - 900 Howe Street
Vancouver, B.C.
V6Z 2N3



Dear Mr. Pellatt:

Application to Rescind or Vary BCUC Order G-110-95

Please accept this letter as an application to rescind Commission Order G-110-95 or, in the alternative, vary the timing set out therein.

When B.C. Hydro received the Commission's 14 November 1995 letter inviting comment by 8 December 1995 on whether further public process in connection with B.C. Hydro's Integrated Electricity Plan was required, it assumed it would have an opportunity to respond to those comments. In the absence of that opportunity, B.C. Hydro will make those comments in this letter in support of its application to rescind G-110-95.

Rescind Order G-110-95

The parties responding to the 14 November 1995 letter indicated only lukewarm support for an oral public hearing. A number thought their concerns could be dealt with in written submissions (e.g. PIAC and IPABC). Of those that did want an oral hearing, most favoured raising it in the context of an otherwise scheduled hearing (e.g. BCEC and Donald Scarlett). There was very little support for an additional independent oral public hearing to be added to what is already a very crowded regulatory agenda in connection with B.C. Hydro.

B.C. Hydro believes there is a very strong additional reason that the Commission should decline to hold a public hearing into B.C. Hydro's 1995 IRP. Contrary to the comments of many of the submissions made to the Commission, B.C. Hydro supports the concept of IRP and the need for public consultation in connection with it. However, B.C. Hydro is firmly of the view that the purpose of IRP is to improve the utility's decision-making and planning processes, not to assist the Commission in carrying out its regulatory responsibilities. This

view has lead it to seek definition of the role of IRP through an appeal of the Commission's 1994 decision to mandate the manner in which the IRP process should take place at B.C. Hydro.

On 15 December 1995, the B.C. Court of Appeal concluded that B.C. Hydro's jurisdictional arguments had sufficient merit to justify giving B.C. Hydro leave to pursue this appeal. Should this appeal be successful, there would be no basis for a Commission hearing on B.C. Hydro's IRP and no significance to any order the Commission may make arising out of the hearing. Very substantial efforts by the Commission and its staff, B.C. Hydro and the intervenors to the process would have been made to no effect whatever. In these circumstances, it would surely be preferable to await the outcome of the appeal before conducting a public hearing which is bound to be lengthy and complex and for which there is only limited support in the first place.

We should note that we distinguish the need for a public hearing from the preparation of the 1995 IRP in the first place. B.C. Hydro determined that it should prepare the IRP notwithstanding its jurisdictional challenge to the Commission because it was committed to the process — its quarrel with the Commission was over the purpose of the process and the best way to conduct it, not the fact of the process. These differences of view, although important to have resolved, did not render compliance with the Commission's IRP directions wholly pointless or without benefit and thus lead to B.C. Hydro's decision not to pursue a stay in the Court of Appeal of the Commission's Order to carry out IRP. However, if B.C. Hydro's view of the jurisdictional issues is confirmed, the public hearing into IRP will be wholly without purpose and will have amounted to very significant increase in costs and a waste of resources.

For these reasons, we respectfully ask the Commission to either rescind Order G-110-95 or suspend it until the appeal has been determined.

Vary Order G-110-95

Quite apart from the need to rescind or vary G-110-95, B.C. Hydro submits it must be varied to establish a more workable timetable. There are three reasons for this.

First, the requirements for publication contained in the Order cannot be met in a way which will permit intervenors to meet the deadlines set out in the Order. Upon receipt of the Commission's Order, B.C. Hydro initiated its normal procedures to arrange publication and was advised that in light of the season, the earliest that publication in major dailies could even be contemplated was 2 January 1996, with no assurance that even that could be accomplished. Publication in the regional weeklies could not be assured until 9 January 1996 at the earliest. Thus an intervention and information request deadline of 12 January 1996 is wholly impractical.

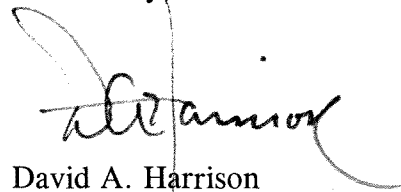
Second, B.C. Hydro regulatory personnel are fully committed to preparation of the wholesale wheeling application. It is scheduled to commence 3 March 1996 and involves responding to at least two sets of information responses and a two-day workshop prior to the hearing. Many of the same staff are responsible for preparing the ISO application, which is currently the subject of consultations with customers and which will result in a new filing with the Commission on 22 January 1996. This will likely result in a public hearing in May 1996. B.C. Hydro simply lacks the personnel in its regulatory department to handle another major hearing in the March to May timeframe and does not believe that its customers would be well served by the creation of a department big enough to handle such extraordinary demands in such a short period of time.

Third, B.C. Hydro does not currently have counsel briefed on the IEP issues available for a February hearing. If the hearing were to go into a third week, it would conflict directly with the wheeling application and, even if it did not, it is not possible for the same counsel to handle two hearings of this magnitude in immediate succession. Finding and instructing new counsel in the one and one-half months available is not practical. In consequence, the proposed hearing schedule deprives B.C. Hydro of the opportunity to be effectively represented by counsel.

For these reasons, if the Commission is not prepared to rescind its Order as requested, B.C. Hydro respectfully asks that it vary the Order to adjourn the hearing until after the ISO is completed. To achieve this with confidence, rescheduling the hearing for October 1996 would seem appropriate.

B.C. Hydro is strongly opposed to proceeding with the IRP hearing on the expedited basis proposed by the Commission. B.C. Hydro requests an early determination by the Commission of the requests made in this letter so that if its requests are denied, it may proceed expeditiously to pursue other avenues of relief. For this reason, B.C. Hydro asks that the Commission not follow the two-part process normally associated with applications for reconsideration, and instead require comments from interested parties by 2 January 1996 and issue its own decision by 3 January 1996.

Yours truly,



David A. Harrison
Senior Vice-President
Corporate & Financial Affairs,
and Chief Financial Officer

c: Interested Parties
Consultative Committee



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UTILITIES COMMISSION

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AN ORIGINAL
SIGNED COPY IS
ATTACHED - TOP COPY
IS A STAMPED
SIGNATURE

BEFORE: M.K. Jaccard, Chairperson; and)
K.L. Hall, Commissioner) December 29, 1995

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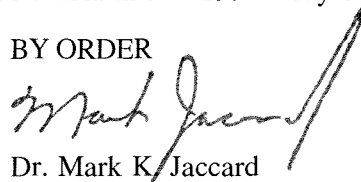
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