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VIA FACSIMILE

August 1, 1996

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

Dear Mr. Harrison:

Re: British Columbia Hydro and Power Authority
Commission Participant Funding Awards Determinations

I am writing in response to your letter of July 25, 1996 regarding the Commission's practices with respect to participant funding awards. In particular, you express concern that the Commission is not recognizing due process when making its funding determinations since the Commission has not asked utilities to comment on the merit of any participant funding application prior to determining an award. Accordingly, you suggest that the Commission's practice constitutes a breach of fairness and natural justice.

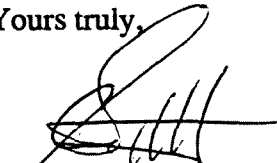
As you know the granting of participant awards is governed by Commission Order G-117-93 and its attached Appendix which sets out the criteria which the Commission must use when determining an award. Of the six criteria to be used in determining whether an award should be granted, only one refers to the quality of the participation of the party requesting assistance. That criteria states that the Commission must consider whether the participant contributed to a better understanding of the issues by the Commission. As you will appreciate, this is something which only the Commission is able to assess.

The Commission does note that the Appendix also states that the Commission may distribute the application to parties who are judged to be affected and may invite their comments by written or oral submissions by a specific date. It is not required to do so. However, nothing in the Appendix prevents a party to the hearing from commenting on the appropriateness or desirability of awarding participant funding to another party to the hearing on their own volition and in fact some parties have taken the opportunity to do so in final argument.

Based on both of the above, the Commission is convinced that no offense against natural justice has been committed by its current practice. Further, the Commission is convinced that the practice which you suggest, that is the implementation of a formal round of requests for comments with an opportunity for reply, would significantly add to the administrative burden of the Commission and hearing participants. Without evidence of a similar increase in benefit, the Commission is reluctant to impose these costs.

Nonetheless, the Commission takes seriously your concerns with respect to our practices. Accordingly, the Commission solicits your comments with respect to a practice which would allow the costs of any party, including the Applicant, whose costs could potentially or actually devolve to the utility's rate payers to be examined by and commented upon by all other parties to the hearing. The Commission would then have the benefit of these comments in determining not only the awards to be made to intervenors but the amount of the Applicant's cost to be collected from rate payers. Of course, any final determination would remain the prerogative of the Commission.

Yours truly,



for: Constance M. Smith
Robert J. Pellatt

DWE/ssc