



LETTER NO. L-11-00

ROBERT J. PELLATT
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
web site: <http://www.bcuc.com>

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. CANADA V6Z 2N3
TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

Log No. 3187

VIA FACSIMILE
623-4323

May 18, 2000

Mr. Ray Aldeguer
Senior Vice President
Legal and Regulatory Affairs and General Counsel
British Columbia Hydro and Power Authority
17th Floor, 333 Dunsmuir Street
Vancouver, B.C. V6B 5R3

Dear Mr. Aldeguer:

Re: British Columbia Hydro and Power Authority
Access Principles for Wholesale Customers

The Commission has reviewed B.C. Hydro's letter dated May 1, 2000 regarding the Commission's March 3, 2000 request for B.C. Hydro to inform the Commission if it intends to file an application aimed at developing a Wholesale Transmission Service ("WTS") tariff to include access principles. In its letter, B.C. Hydro acknowledges that it is prepared to file an application on principles that would govern the rights and obligations of access to embedded cost of service for new, existing, departing or returning wholesale customers. B.C. Hydro also commented on issues that it feels are relevant to assessing whether or not an application should proceed in the near future.

First, B.C. Hydro states that it would prefer to establish access principles separately from its WTS tariff to ensure that its tariff continues to conform to FERC's pro-forma structure. The Commission believes that an appropriate set of access principles that exist outside of B.C. Hydro's WTS tariff is a preferred option.

Second, B.C. Hydro suggests that the duration of the contracts with its existing wholesale customers, potential new market reform, and the fact that new wholesale customers are not likely to seek embedded cost service, are considerations in determining whether an application should be put forth this year.

The Commission has considered these factors and, nevertheless, has concluded that it is important to resolve these issues in relatively short order. The Commission does not accept it as certain that no new wholesale customers will seek embedded cost service from B.C. Hydro. It is important for B.C. Hydro and its existing and potential new wholesale customers to understand their rights and obligations before negotiating power supply arrangements. In the case of the City of New Westminster, the effect of Order No. G- 25-00 would require such an arrangement to be in place by the earlier of December 31, 2002 or when the Commission has completed a Rate Design Review. The Commission does not wish to compromise the need for parties to have certainty around their rights and obligations by potentially having to resolve this issue in subsequent years when resources may be further constrained by a Rate Design Review process. And finally, while market reform may occur in the future, it is not certain that these reforms would fundamentally alter the framework for establishing wholesale access principles in the near future.

For these reasons, the Commission believes that B.C. Hydro should proceed, as it has indicated, to file an application on wholesale access principles by September 29, 2000.

Yours truly,

Original signed by:

Robert J. Pellatt

GJC/cms

cc: Ms. Lynn James, Project Manager
Utility and Financial Systems
City of New Westminster
Ms. Sandra Jones, Manager, Regulatory Affairs
British Columbia Hydro and Power Authority