



LETTER NO. L-21-06

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

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

Log No. 14224

VIA E-MAIL

May 25, 2006

BCH_Integrated Electricity Plan (IEP) Exhibit A-6

TO: British Columbia Hydro and Power Authority
Registered Intervenors/Interested Parties

Re: British Columbia Hydro and Power Authority ("BC Hydro")
F2007 and F2008 Revenue Requirements Applications ("F07/08 RRA")
2006 Integrated Electricity Plan ("IEP") and Long-Term Acquisition Plan ("LTAP")
BCUC Order No. G-37-06/Project No. 3698419

By Order No. G-59-06, the Commission approved a Joint Industry Electricity Steering Committee ("JIESC") request to reconsider Order No. G-32-06 with Reasons to be attached to this Letter No. L-21-06. This letter also establishes a timetable for submissions on the Reconsideration Application.

By letter dated March 15, 2006, BC Hydro applied for certain Orders including an order setting current rates on an interim basis effective April 1, 2006 (the "Interim Application"). In that letter, BC Hydro advised that it would file the balance of the F07/08 Revenue Requirement Application ("RRA") in or about late April 2006. By Order No. G-32-06, the Commission approved BC Hydro's application for interim rates.

By letter dated May 1, 2006, BC Hydro informed the Commission and Intervenors that the balance of the F07/08 RRA would be delayed and filed towards the end of May 2006. By letter dated May 5, 2006, the JIESC requested that the Commission reconsider Order No. G-32-06. By letter dated May 8, 2006 the BC Old Age Pensioners Organization *et al.* ("BCOAPO") advised that it agrees with the request of the JIESC.

By letter dated May 10, 2006 (Exhibit A-3 in the BC Hydro F07/08 RRA and Exhibit A-4 in the BC Hydro IEP/LTAP), the Commission alerted BC Hydro and Intervenors to be prepared to speak at the May 19, 2006 Procedural Conference to the significance of the delay in the filing of the F07/08 RRA as a pertinent fact or issue regarding the JIESC and BCOAPO's request that the Commission reconsider Order No. G-32-06 making BC Hydro's rates interim.

The JIESC submits that interim rates encourage delay because, if they do not file, it does not matter since BC Hydro wants to recover 12 months of revenue requirement at 11 months, 10 months, whenever a rate is put into effect. In the JIESC's view, approving interim rates does not provide an incentive to file an application in a timely manner (T1:11). Elk Valley Coal supported the JIESC's request for reconsideration (T1:17) as well as BCOAPO (T1:18), Independent Power Producers of B.C. (T1:22), Commercial Energy Consumers (T1:24), and the Sierra Club of Canada, B.C. Chapter (T1:25).

BC Hydro replied that none of the intervenors referred to any of the four criteria that the Commission has established to determine whether or not a reasonable basis exists for allowing reconsideration, namely the Commission has made an error in fact or law; there has been a fundamental change in circumstances or facts since the Order; a basic principle had not been raised in the original proceedings; or a new principle has arisen as a result of the Order. The four criteria are set forth in the attached document entitled "A Participants' Guide to the B.C. Utilities Commission." Under Section 99 of the Act, the authority of the Commission to allow a

reconsideration is discretionary. The Commission exercises its discretion to reconsider in other situations where it considers there to be just cause. The Commission's discretion to reconsider and vary a decision or order is applied with a view to ensuring there is consistency and predictability in the Commission's decision-making.

BC Hydro acknowledged that the incremental delay in the filing of the RRA from the end of April to the now expected filing date by May 29, 2006 could represent a change in circumstance, a new principle or a change in fact (T1:27-29). The Commission finds that in these circumstances it should exercise its discretion to reconsider Order No. G-32-06. The delay in the filing of the RRA from the end of April to the end of May may be a change in circumstance that is sufficient for the Commission to vary or rescind Order No. G-32-06. Therefore, the Commission Panel finds that the JIESC and BCOAPO have met the threshold for reconsideration, and concludes that the request for reconsideration should advance to the second phase. The issues for the second phase will include issues arising from the Interim Application, the timing of the Interim Application, and the delayed filing of the balance of the RRA.

The Commission Panel finds that new evidence is not required and the record of the second phase of the reconsideration will be the record of the F07/08 RRA proceeding, including the letters filed previously by the Intervenor and BC Hydro related to the March 15, 2006 interim rate application and the transcript of the May 19, 2006 Procedural Conference. Intervenor, all participants other than BC Hydro, and BC Hydro may file argument in respect of the second phase of the reconsideration according to the following schedule:

Intervenor Argument	May 31, 2006
BC Hydro Argument	June 5, 2006
Intervenor Reply	June 7, 2006

Yours truly,

Original signed by:

Robert J. Pellatt

PWN/cms