



**LETTER NO. L-5-08**

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**VIA E-MAIL**

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February 22, 2008

Ms. Joanna Sofield  
Chief Regulatory Officer  
British Columbia Hydro and Power Authority  
17<sup>th</sup> Floor, 333 Dunsmuir Street  
Vancouver, B.C. V6B 5R3

Dear Ms. Sofield:

Re: British Columbia Hydro and Power Authority ("BC Hydro")  
Application for Reconsideration with respect to the 2007 Rate Design Application Phase 1 Decision;  
F2009/F2010 Revenue Requirements Application; and Transmission Service Rates Application

This letter establishes the regulatory process and timetable for each of the above mentioned applications.

**1. Application for Reconsideration with respect to certain orders and directions related to the 2007 Rate Design Application Phase 1 Decision**

On March 15, 2007 BC Hydro filed its 2007 Rate Design Application ("2007 RDA"). In that application, BC Hydro sought a number of changes to its rates and non-rate terms and conditions. An oral hearing was held to review the 2007 RDA, following which the Commission issued Order No. G-111-07 dated September 19, 2007, Order No. G-130-07 which accompanied a Decision dated October 26, 2007 ("2007 RDA Phase I Decision"), and Order No. G-10-08 dated January 21, 2008 (collectively, the "Rate Rebalancing Orders"). The effect of these Orders was to direct BC Hydro as to the extent to which it should rebalance its rates, by increasing the rates of some customer classes and decreasing the rates of others to achieve revenue to cost ("R/C") ratios as prescribed by the Commission.

In a letter dated February 20, 2008, BC Hydro encloses a letter from the Minister of Energy, Mines and Petroleum Resources, the Honourable Richard Neufeld, to the Chair of BC Hydro's Board of Directors. By the same letter, BC Hydro seeks to temporarily suspend the Rate Rebalancing Orders ("Reconsideration Application"), pending the enactment of legislation referred to in the letter from Minister Neufeld.

In the Reconsideration Application, BC Hydro identifies each of the specific directions and orders that collectively require BC Hydro's rates to increase or decrease in order to achieve the R/C ratios prescribed by the Commission and notes that some of the orders apply more broadly to matters unrelated to rate-rebalancing and that BC Hydro is only requesting that the Rate Rebalancing Orders be varied with respect to the rate-rebalancing aspects.

BC Hydro notes that the relief it is requesting does not require a final and permanent reversal of the Rate Rebalancing Orders and that the requested relief, if granted, would result in the temporary suspension of the effect of those orders on BC Hydro's rates pending the anticipated legislation. If the legislation does not materialize, BC Hydro submits that the Rate Rebalancing Orders would apply to BC Hydro's rates so as to achieve the objective of those Orders.

BC Hydro further submits that changing its billing system to accommodate rate orders requires a minimum of two weeks before implementation. Therefore, in order to avoid a situation in which rates are revised to comply with the Rate Rebalancing Orders, effective April 1, 2008, and then revised again to reverse those changes due either to a favourable decision by the Commission with respect to the Reconsideration Application or legislation by the government, BC Hydro requires a Commission Order by March 14, 2008.

In the Reconsideration Application, BC Hydro further submits that it is appropriate to vary from the default process for a reconsideration application which typically requires an applicant to first establish a *prima facie* basis for the reconsideration (Phase 1) followed by submissions and a determination by the Commission on the merits of the reconsideration application (Phase 2). BC Hydro submits that it is abundantly clear that government's stated intention to reverse the Rate Rebalancing Orders is a fundamental change in circumstance such that there is little purpose to the Phase 1 stage of a reconsideration process. Consequently, BC Hydro seeks a procedural order establishing that the review process for the Reconsideration Application will forego a Phase I process and proceed directly to Phase 2 of the reconsideration process that would allow for the requested orders to be issued by March 14, 2008.

### **Commission Determination**

The Commission concludes that the Reconsideration Application should proceed directly to Phase 2, and establishes the following regulatory timetable:

Intervenor Submissions	Friday, February 29, 2008
BC Hydro Reply Submissions	Wednesday, March 5, 2008
Oral Phase of Argument (if required)	Friday, March 7, 2008

The Commission will confirm the Oral Phase of Argument prior to March 7, 2008. If the Oral Phase of Argument proceeds it will be held in the Commission Hearing Room on the 12<sup>th</sup> Floor, 1125 Howe Street, Vancouver, B.C. commencing at 1:30 p.m.

## **2. F2009/F2010 Revenue Requirements Application and Transmission Service Rate Application**

Also on February 20, 2008, BC Hydro filed its F2009/F2010 Revenue Requirements Application ("F09/F10 RRA"), in which it requests, inter alia, two interim (refundable) orders effective April 1, 2008 for a 6.56 percent across-the-board increase, and a reduction in the Deferral Account Rate Rider from 2.0 percent to 0.5 percent.

On February 22, 2008, BC Hydro filed its Transmission Service Rates Application ("TSR Application"), in which it seeks, inter alia, interim approval to adjust the pricing of its transmission service rates effective April 1, 2008.

In order to implement the interim rates effective April 1, 2008, BC Hydro requires approval by March 14, 2008. Therefore, BC Hydro suggests that parties be invited to make submissions on or before March 7, 2008 regarding the interim relief sought in the F09/F10 RRA and the TSR Application. BC Hydro submits that such timing would work well with the timing of the workshop it plans to hold on March 6, 2008.

### **Commission Determination**

The Commission establishes the following regulatory timetable for the above noted interim applications:

Intervenor Submissions	Friday, March 7, 2008
BC Hydro Reply Submissions	Tuesday, March 11, 2008

The Commission requests that Intervenor and BC Hydro file separate submissions regarding the interim relief sought in the two applications: the F09/F10 RRA and the TSR Application.

Yours truly,

*Original signed by:*

Erica M. Hamilton

JWF/cms

cc: BC Hydro 2007 Rate Design Intervenor  
BC Hydro F2007-08 Revenue Requirements Intervenor