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LETTER L-1-12

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VIA EMAIL

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January 5, 2012

Ms. Janet Fraser
Chief Regulatory Officer
British Columbia Hydro and Power Authority
17th Floor, 333 Dunsmuir Street
Vancouver, BC V6B 5R3

Dear Ms. Fraser:

Re: British Columbia Utilities Commission
British Columbia Hydro and Power Authority

Remote Community Electrification Program (RCE)
Review of the RCE Program 2010 Annual Report and
the RCE Certificate of Public Convenience and Necessity Application for
the Community of Hartley Bay, and the Final Project Report for Toad River

On June 25, 2007, the BC Government enacted the Remote Communities Regulation and issued Special Direction No. 10 that directs the British Columbia Utilities Commission (Commission) to ensure that British Columbia Hydro and Power Authority (BC Hydro) makes available to customers in remote communities the same rates and services it makes available in the Non-Integrated Areas (NIA).

On September 17, 2009, the Commission issued Order C-4-09A. In the Order for the Toad River Project, BC Hydro is granted a Certificate of Public Convenience and Necessity (CPCN) for a diesel generation plant to serve Toad River and to take over the distribution system in Toad River.

On June 11, 2010, BC Hydro filed the RCE Program Regulatory Review Proposal containing the streamlined regulatory process. The streamlined regulatory process can be found in Appendix A of this letter.

On December 16, 2011, BC Hydro filed the RCE Program 2011 Annual Report and the RCE CPCN application for the community of Hartley Bay, and the final project report for Toad River.

In accordance with the streamlined regulatory process, the Commission requests Participants to provide their comments as to whether a workshop is required for the review of the RCE Program 2011 Annual Report, the preferred regulatory process required to review the CPCN application for the community of Hartley Bay and the final project report for Toad River.

Participants, who wish to make comments on the review of the RCE Program 2011 Annual Report, the preferred regulatory process required to review the CPCN application for the community of Hartley Bay, and the final project report for Toad River, must file their comments in writing, or electronically via the Commission Secretary (email: Commission.Secretary@bcuc.com), with the Commission on or before 5:00 p.m., Thursday, February 2, 2012.

Participants who wish to reply to the submission of another participant will do so in writing, or electronically, on or before 5:00 p.m., Thursday, February 9, 2012.

Following receipt of the filed comments, the Commission will make a determination on the regulatory process to review the CPCN application for the community of Hartley Bay.

The RCE Program CPCN application may be dealt with by one of the following:

- i. The Commission, using its discretion and without further process, may make a determination on the CPCN application for the community of Hartley Bay; or
- ii. The Commission may establish a written hearing process which may include any of the following: workshops, written information requests and written submissions.

Yours truly,

Alanna Gillis

DJF/cms
Enclosures

cc: Mr. Ken Duke
Solicitor & Counsel
BC Hydro and Power Authority
Ken.Duke@bchydro.com

Registered Interveners
(BCH- F12 F14 RRA)

Gitga'at First Nation
Attention: Chief Arnold Clifton
wii_hai_waas@bell.blackberry.net

Gitxaala Nation
Attention: Chief Elmer Moody
elmoody@gitxaalanation.com

Gitga'at First Nation
Attention: David Benton
davidbenton@gitgaat.net

RCE Program Regulatory Review The Streamlined Regulatory Process

The following is the streamlined regulatory process to be followed for the regulatory review of RCE Program applications:

Applications for each community will be relatively succinct (10 to 20 pages per community with summary information on the following key areas:

- a) A brief description of the community and its characteristics (e.g., location, population, current source of electricity if any, identified energy generation and other supply resources that may be available near the community, estimated current load and estimated future load);
- b) A brief description of the existing and proposed electrical distribution and generation facilities along with a summary of alternatives for supplying the community that were considered;
- c) Details on the costs to serve the community, contributions from INAC (if any), a NPV calculation and the estimated rate impact of serving the community;
- d) A description of alternative energy opportunities;
- e) A description of DSM opportunities;
- f) A description of First Nations consultations, any concerns and how those concerns will be addressed;
- g) Information regarding permits and land tenures for the distribution line and generating station; and
- h) Form of order sought (CPCN and Electric Tariff Amendment, in most cases).

The review process for each application (or applications) would be as follows:

- At the time of filing, notice of the application would be provided to interveners who participated in the most recent Revenue Requirement Application proceeding (RRA) as well as any First Nations identified by BC Hydro in the application;
- Upon receipt of an application (or applications), the Commission would invite RRA interveners and First Nations to advise, within 20 days, whether or not they wish to have an opportunity to submit written information requests (IRs) and/or provide written submissions in respect of each RCE project in an application; and
- After the expiry of the comment period, the Commission would, for each RCE project:
 - (i) issue a CPCN and approve the Electric Tariff amendments without further process; or
 - (ii) before making a decision, proceed with a written hearing process which may include any of the following: IRs, workshops, and written submissions.