



LETTER NO. L-23-09

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. 24130

ERICA M. HAMILTON
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
web site: <http://www.bcuc.com>

VIA E-MAIL

bchydroregulatorygroup@bchydro.com

March 30, 2009

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

Dear Ms. Sofield:

Re: British Columbia Hydro and Power Authority ("BC Hydro")
F2009 and F2010 Revenue Requirements Application
March 27, 2009 Compliance Filing

On March 27, 2009 BC Hydro filed its recalculation of rates for April 1, 2008 and April 1, 2009 in accordance with Commission Order G-16-09 and the March 13, 2009 BC Hydro Revenue Requirements Decision ("the Compliance Filing"). BC Hydro calculated the interim across-the-board rate increases of 2.34 percent effective April 1, 2008 and 8.74 percent effective April 1, 2009. BC Hydro also calculated an increase to the Deferral Account Rate Rider ("DARR") to be 2.5 percent effective April 1, 2009 based on the December 31, 2008 Deferral Account balances including changes arising from the Decision.

The Commission has reviewed the Compliance Filing and finds that the F2009 and F2010 rate increases of 2.34 percent and 8.74 percent, respectively, are in accordance with the directives contained in the March 13, 2009 BC Hydro Revenue Requirements Decision. However, the Deferral Account Rate Rider at 2.5 percent effective April 1, 2009 pursuant to Item 5 of the cover letter to the Compliance Filing is not accepted as filed.

On page 146 of the BC Hydro Argument it states: "BC Hydro proposes that the level of the Deferral Account Rate Rider to be effective on April 1st of a given year be based on the net balance in the Deferral Accounts as of September 30th of the previous year, accordance with the following table..." The Argument in Section 3.3 Deferral Rate Rider on pages 146 to 149 does not provide an indication that BC Hydro would use December 31, 2009 as the basis for the Rate Rider effective April 1, 2009. The table referenced above was re-produced as Table 5.1 in the Decision on page 170. Table 5.1 shows the applicable % Rate Rider based on the "Net Balance as of September 30th." The DARR clearly states that the baseline for establishing the Rate Rider is the Deferral Account net balance as at September 30 of the prior fiscal year. The concept of establishing the Rate Rider on the basis of "the most recent and best available information" was not canvassed in the proceeding and is not approved.

BC Hydro is instructed to amend its Compliance Filing accordingly, to reflect the Rate Rider for F2010 effective April 1, 2009 that is to be based on the Deferral Account balances as at September 30, 2008 pursuant to the approved DARR mechanism. For greater clarity, BC Hydro is to use the September 30, 2008 balance as filed by in its F2009 Second Quarter Deferral Account Report dated December 3, 2008.

Yours truly,

Original signed by:

Erica M. Hamilton

DC/yl

cc: Registered Intervenors and Interested Parties
(Via E-mail: *BCH-F09-10RR*)