



LETTER No. L-53-09

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Log No. 29847

VIA E-MAIL

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July 23, 2009

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

Dear Ms. Sofield:

Re: British Columbia Hydro and Power Authority ("BC Hydro")
Remote Community Electrification Project
Toad River Application

On June 19, 2009 BC Hydro submitted its Toad River Electrification Project Application ("Application"), pursuant to sections 45, 46 and 61 of the *Utilities Commission Act*. At that time, the Commission was considering proceeding with this Application on its own motion without further public process. Prior to proceeding on its own motion, the Commission requested any comments from the BC Hydro F2009/F2010 Revenue Requirements Application Registered Intervenors to be filed by no later than July 10, 2009, and BC Hydro to file its response to these comments by no later than July 17, 2009.

Of the 38 Registered Intervenors listed in the BC Hydro F2009 – F2010 Revenue Requirements, only four filed comments. These were the Joint Industry Electricity Steering Committee (the "JIESC"), the Commercial Energy Consumers Association of British Columbia (the "CEC") and the British Columbia Public Interest Advocacy Centre representing BCOAPO *et al.* and the B.C. Sustainable Energy Association and Sierra Club British Columbia ("BCSEA-SCBC"). The Commission's view is that the remaining 34 Registered Intervenors are unopposed.

The Commission's view of the comments received is as follows:

1. The British Columbia Public Interest Advocacy Centre's interest is cost-effectiveness. The British Columbia Public Interest Advocacy Centre supports a summary written process with one round of information requests conducted at minimal regulatory cost.
2. BCSEA-SCBC's interests are costs, clean or renewable new generation, and the offset of GHG emissions for the diesel generation. BCSEA-SCBC supports a streamlined process, a workshop, and then a round of information requests.
3. The CEC's interest is cost-effectiveness. The CEC supports a streamlined proceeding of a workshop and then a round of information requests.

4. JIESC noted that BC Hydro has filed an Application that, with Appendices, is over 500 pages in length for a project that has a capital cost of \$2.3 million and will serve 27 customers. The JIESC stated that “it sees little value in getting Intervenor generally involved and is concerned that the costs of doing so would be disproportionate to the amount involved”. The JIESC concerns are the cost per capita of the service, the precedent that might be set by the Toad River Application. JIESC recommends that the Toad River Application should be reviewed as part of the overall Remote Community Electrification (“RCE”) Program, and monitoring of the capital and operating costs of RCE projects.

BC Hydro responded that workshop participants should submit information requests as soon as possible, proposed a workshop on August 12, 2009 and suggested that written submissions, if necessary, could be filed after the workshop. The workshop will discuss the RCE program, the streamlining of the regulatory process and the CPCN for the Toad River Electrification Project.

The Commission is of the view that the RCE Program requires a workshop to formulate an approach to minimize regulatory costs and burden of the RCE Program as well as providing workshop participants with an opportunity to obtain more information about specifics of the Toad River Project. As the Application notes, the options for clean and renewable generation as well as GHG reduction are part of the program’s overall objectives, but in this case diesel generation suits the urgency of supplying electricity to the Toad River community this winter.

The Commission’s view is that the remaining issue of the Toad River Project, other than First Nations issues, is the cost-effectiveness of the project. The Commission has considered the comments regarding the necessity for a workshop for the RCE Program. The Commission recognizes the cost-effectiveness issue, the urgency and need for the Toad River Project.

By way of this letter, the Commission supports the BC Hydro proposal of a workshop (the “Workshop”) on the RCE Program and the Toad River Electrification Project, and recommends that BC Hydro conduct a Workshop on Friday, August 14, 2009. The Commission recommends that BC Hydro post adequate notification of the Workshop in the provincial newspapers and on its website regarding the timing of the Workshop as well as provide notification and a copy of this letter to the Registered Intervenor listed in the BC Hydro F2009 – F2010 Revenue Requirements and those First Nations whose rights or interests may be affected.

The Workshop would focus on the RCE Program, the cost of the regulatory process and the need to streamline it, as well as the cost-effectiveness of the Toad River Project. The Commission requests that parties file information requests with regard to the Toad River Application and Project with the Commission by not later than Friday, July 31, 2009. BC Hydro will provide a response to the information requests by Tuesday, August 11, 2009 if possible.

As part of its RCE Program Workshop, BC Hydro should provide its response to all information requests on the Toad River Project prior to or during the Workshop. After the Workshop, the Commission requests that all Participants other than BC Hydro file any comments on the Toad River Project with the Commission, with a copy to BC Hydro, by not later than Friday, August 21, 2009. BC Hydro will file any reply to the comments of the Participants by Friday, August 28, 2009. The Commission will then consider this information when it makes its decision on the Toad River Project.

BC Hydro is also requested to file by August 21, 2009, a summary of comments at the Workshop on the RCE program and the streamlining of the regulatory process for the RCE program. The Commission expects that BC Hydro will provide a suggested regulatory process, based on comments received on the RCE Program during the Workshop, in its next RCE application.

The Commission views this Workshop process as suitable in these circumstances while at the same time attempting to balance the cost of the regulatory process against the magnitude of the capital cost of the Toad River Project.

Yours truly,

Original signed by:

Erica M. Hamilton

DJF/yl

cc: Registered Intervenors
(BCH-F09-10RR-RI)
Chief Liard McMillan, Liard First Nation
Deputy Chief Walter Carlick, Liard First Nation
Tribal Chief Hammond Dick, Kaska Tribal Council