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February 18, 2011

VIA ELECTRONIC MAIL

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, B.C.
V6Z 2N3

Attention: Erica M. Hamilton, Commission Secretary

Dear Sirs/Mesdames:

**Re: British Columbia Hydro and Power Authority (“BC Hydro”) Residential Inclining
Block Rate Re-pricing Application ~ Project No. 3698617**

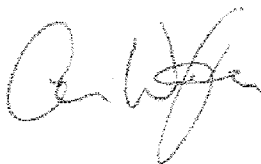
We are counsel for the Commercial Energy Consumers Association of British Columbia (“CEC”). Attached please find the Final Submission of the CEC pertaining to the above-noted matter.

A copy of this letter and attached Final Submission has also been forwarded to BC Hydro and the intervenors by e-mail.

Should you have any questions regarding the foregoing, please do not hesitate to contact the writer.

Yours truly,

OWEN BIRD LAW CORPORATION



Christopher P. Weafer
CPW/jlb/encl.
cc: BC Hydro
cc: CEC
cc: Registered Intervenors

**COMMERCIAL ENERGY CONSUMERS ASSOCIATION
OF BRITISH COLUMBIA ('CEC')**

FINAL SUBMISSION

**British Columbia Hydro and Power Authority ('BC Hydro')
Residential Inclining Block (RIB) Rate Repricing Application
Project No. 3698617**

This application is about the determination of a “pricing principle”¹ for the Residential Inclining Block ('RIB') rate. BC Hydro is proposing to apply future rate increases equally to the basic charge, the step 1 rate and the step 2 rate, for the RIB rate.²

BC Hydro's conservation rates use the Long Run Marginal Cost ('LRMC') as the appropriate price signal for conservation and as a proxy for the LRMC the weighted average plant gate price for energy from the most recent call for power.³

The weighted average plant gate price for energy from successive calls has been as follows:

- (1) 5.4 cents/Kwh (2002 Call);
- (2) 7.36 cents/Kwh (2006 Call); and
- (3) 11.1 cents/Kwh (2009 Call).

In setting the LRMC from this base BC Hydro has used the value grossed up for line losses, which in the current case could move the LRMC price signal to 13.2 cents/Kwh.⁴

The responsibility for setting these rates falls to the British Columbia Utilities Commission ('BCUC') under the *Utilities Commission Act* ('UCA') and the BCUC must take direction from the legislation under Sections 58, 59, 60, 61.

¹ Exhibit B-1, Page 1, Lines 1 to 6

² Exhibit B-1, Page 1, Lines 20 to 27

³ Exhibit B-1, Page 2, Lines 1 to 4

⁴ Exhibit B-1, Page 2, Lines 1 to 29

BC Hydro lays out the legal criteria for setting rates as to ensure that rates are fair, just and reasonable and not unduly discriminatory. BC Hydro references that it is normal to consider 'Bonbright's Principles' for rate setting. In this case BC Hydro is of the view that the issues are between providing an efficiency price signal versus sensitivity to customer bill impacts.⁵

Under Section 60(1)(b)(iii) of the UCA the Commission must have due regard to setting rates that encourages utilities to increase efficiency, reduce costs and enhance performance.

This is critical because BC Hydro is proposing to have RIB price increases based entirely on the historical embedded cost revenue requirements with no price signal to reflect the anticipated costs of new supply. The Commission must consider whether this is really appropriate in regard to its responsibilities under the UCA. The CEC is not at all sure that dropping all price signals in regard to the costs of new supply represents 'due regard'. The CEC submits the Commission may want to give serious consideration to a balance somewhere other than 0% reflection of the costs of new supply and therefore has proposed some options to assist in consideration of some potential alternative balances.

The CEC submits that the essence of reviewing BC Hydro's application is to find the: (1) right price signal for customers; (2) the right pricing principle for providing the price signal; and (3) the right timing for pricing to balance between price signal and customer bill impacts.

The Right Price Signal

The CEC submits that right price signal for customers to understand what is happening to the cost of energy they will buy in the future is the LRMC. Only by knowing this and through support of BC Hydro's Demand Side Management activities can customers participate effectively and efficiently in managing their requirements appropriately. This is how conservation rates generate efficiency, reduce cost and enhance performance.

BC Hydro is proposing that the appropriate test is the LRMC proxy plus annual inflation. BC Hydro uses this test to evaluate at what point its pricing principle delivers the appropriate price signal. This is referred to as 12.37 cents/Kwh inflation adjusted LRMC, which BC Hydro says is reasonable.⁶

⁵ Exhibit B-2, BCSEA 1.1.2

⁶ Exhibit B-2, Page7 Lines 5 to 6 and Page 8, Lines 1 and 2

This proposition is tested in two ways in the evidence. The evidence shows that the 2006 weighted average plant gate price went from \$.0736/Kwh to \$.111/Kwh from 2006 to 2009. This is approximately 14.6% per year.⁷ If the 2006 LRMC proxy of \$.054/Kwh was inflated at the same rates BC Hydro is currently using, the evidence shows the LRMC proxy number would be \$65.7/MWh versus \$123.7/MWh for 2012. BC Hydro says it does not have better information nor any other basis to choose some other number.⁸ The 4 year period in which the LRMC increased by over 50% is a shorter period than BC Hydro is proposing with its pricing principle in this application, which period is proposed to be 7 years hence.⁹

BC Hydro submits that its assumption of an LRMC inflating at 2% is the only single possible assumption and that any other choice would be arbitrary.¹⁰ The CEC submits that BC Hydro's selection of 2% is arbitrary in the face of the evidence on the record. The CEC submits that there is no basis in evidence to support an assumption of an inflation adjusted LRMC proxy price, which is completely static and stable for a long period of time into the future. Although Site C in the 2008 LTAP was expected to have a somewhat lower price than other sources of new supply, the CEC submits that Site C is a special one-off case and should not be used as a proxy for the LRMC. The CEC submits that the cost of new supply is in general increasing significantly above the rate of inflation and that these realities are the appropriate ones to be reflecting to customers.

The CEC submits that the evidence on the record for this application provides the facts that the LRMC proxy has doubled in less than 10 years. It has shown a steady ongoing rise. The CEC submits that this provides a strong basis for believing that the BC Hydro proposal of 2% inflation is not supported adequately and is not a supportable basis for a Commission decision.

The best evidence on the record supports at least 10% per year. An 8% per year example was tested and shows that BC Hydro's proposed pricing principle does not ever reach the projected values of the LRMC proxy.¹¹ The Commission is entitled to take into account whatever moderating information it deems reasonable.

⁷ Exhibit B-2, BCUC 1.3.4 and 1.3.5

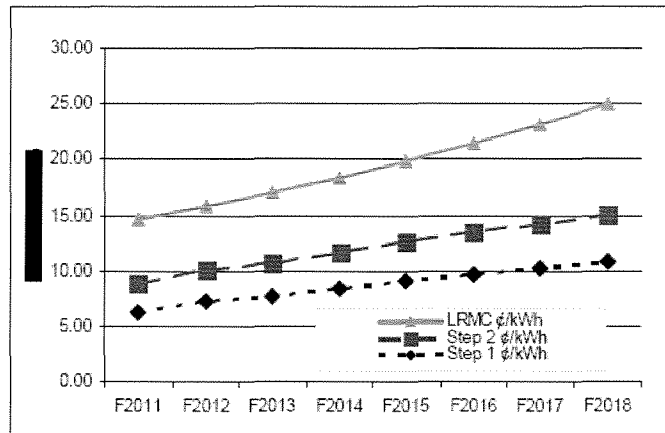
⁸ Exhibit B-2, BCSEA 1.2.1 and 1.2.2

⁹ Exhibit B-1, Page 2, Line 29 and Page 3, Lines 1 and 2

¹⁰ Exhibit B-2, BCUC 1.8.2

¹¹ Exhibit B-2, BCUC 1.3.4 and 1.3.5

BC Hydro Proposed pricing principle Except LRMC Ceiling Increases by 8 Per Cent/Year



In other words the BC Hydro proposed pricing principle likely never achieves an appropriate price signal.

Might better information be available in the near future? BC Hydro was tested on this question and referenced a number of power acquisitions processes currently underway. However, BC Hydro opined that none of these processes underway were a suitable basis for an LRMC proxy. Further BC Hydro offered that there is no suitable call process planned on which an LRMC proxy might be based.¹²

BC Hydro has proposed to wait until the current Integrated Resource Planning ('IRP') is considered by the government to know whether or not the government may want to schedule another call for power. BC Hydro has clarified that the BCUC has jurisdiction over the BC Hydro rates and that the IRP will not consider rates or propose new rate structures other than as part of the DSM options presented in the IRP.¹³ BC Hydro has also proposed waiting until its next proposed rate design application, its Time of Use ('TOU') rate decision. BC Hydro has invoked connection to future events in order to delay providing the price signal to customers. BC Hydro's proposition is to file for new re-pricing by June 2013 or 1st quarter 2014 and to provide a report to the Commission by 4th quarter 2013 or 3rd quarter 2014.¹⁴ The Commission must consider whether or not delaying provision of appropriate price signals for a number of years represents the 'due regard' it must apply.

¹² Exhibit B-2, BCUC 1.3.1, 1.3.2 and 1.3.3

¹³ Exhibit B-2, CEC 1.1.4

¹⁴ Exhibit B-2, BCUC 1.1.1

BC Hydro offers that its criteria for applying for a different pricing principle in the future would depend on whether or not there was: (1) an increasing load resource gap; (2) new information on LRMC; and (3) new information regarding BC Hydro's future rate increases.

BC Hydro offers that its criteria for applying for a change to its pricing principle would be based on:

- (1) Increasing load resource gap, increasing LRMC would lead to incremental RIB re-pricing;
- (2) Continuing projected rate increases would lead to no incremental RIB re-pricing.¹⁵

The CEC notes that the purpose of the price signal is to avoid the cost of new supply by allowing customers to make choices reflecting the coming prices. This is essentially a future rate impact and bill impact mitigation and reduction opportunity. This fact means that BC Hydro's model for decision making may not have the internal integrity and consistency, which would be required to represent 'due regard'.

The CEC is of the view that evidence from BC Hydro's resource options and 2008 Long Term Acquisition Plan ('LTAP') is that the cost curves for supply resources are for the most part all increasing over time into the future and that the call for power history supports a rising LRMC over the long term.

The CEC is of the view that the shock of the magnitude of future price increases will continue to put downward pressure on rates and the CEC notes that the BC Government has already implemented changes to begin mitigating rate increases and promises more. The consequence of these two directions and BC Hydro's principle is that customers do not get the price signal, which would help them avoid the costs of new supply.

The CEC submits that the Commission should continue to establish the importance of the LRMC price signal as the appropriate price signal. The CEC submits that the Commission should enable customers to understand this price by establishing it based on the 2009 call for power prices. The CEC submits that the Commission should establish that on the basis of the balance of evidence before it, the LRMC proxy price, of which BC Hydro's customers should be aware, should be the 2009 call for power price grossed up for line losses and carried forward by year at an appropriate inflation rate. The CEC submits that the Commission should reject the BC Hydro proposition of inflation at 2% per year. The CEC submits that the Commission could fairly assume some level of moderation of the inflation of the LRMC proxy and should instead select something in the middle between 2% and 8% as a more reasonable reflection of the reality which

¹⁵ Exhibit B-2, BCUC 1.1.2

customers may experience. The CEC submits that the Commission can then be open to submission of information from any party, in the future, about changes in the underlying facts which may lead to changing the LRMC proxy estimate. The CEC submits that this is a superior approach to BC Hydro's approach of selecting LRMC plus inflation at 2% and instead just using the projected rate increases which will not reflect the real LRMC price drivers and therefore put customers at a distinct disadvantage of remaining unaware of the price drivers until it is too late for them to respond because supply side commitments have locked in the costs of power for a very long term.

The Right Pricing Principle

The foundation pricing principle BC Hydro has employed, in the past, has been to apply the class average rate change ('CARC') plus 10% on the single most adversely affected customer to the step 2 rate and calculate the step 1 rate as a residual¹⁶ to achieve revenue neutrality.¹⁷ BC Hydro has made clear that the boundaries for consideration in its view are CARC plus 10% maximum to a minimum of CARC plus 0%.¹⁸

BC Hydro's proposed a pricing principle in this application of CARC plus 0%, effectively dropping rate design as a conservation and efficiency approach. Instead BC Hydro proposes to rely on the size and magnitude of its proposed rate increases to be sufficient shock to customers. BC Hydro claims that this would change the timing for reaching its projected LRMC with 2% inflation from about 3 years with CARC plus 10% to 7 years with CARC plus 0%.¹⁹ Further analysis of this scenario shows the details.²⁰

At an 8% assumed inflation in the LRMC the CARC plus 10% would take 7 years to catch up to a realistic price signal. At the same 8% inflation in the LRMC the CARC plus 5% would take likely up to 15 to 20 years to catch up to a realistic price signal.²¹

BC Hydro's primary position is that it cannot justify creating additional bill impacts without providing materially more conservation. In BC Hydro's analysis because of its choice of LRMC being inflated at 2% CARC plus 0% all scenarios come to an equal amount of on-going or run

¹⁶ Exhibit B-2, BCUC 1.4.4.1

¹⁷ Exhibit B-1, Page 3, Lines 9 to 19

¹⁸ Exhibit B-2, BCUC 1.2.1 and 1.2.2

¹⁹ Exhibit B-1, Page 4, Figures 1 and 2

²⁰ Exhibit B-2, BCUC 1.4.2 and 1.4.3

²¹ Exhibit B-2, BCUC 1.3.4 and 1.3.5

rate conservation and only the timing will vary. So the cumulative savings difference between CARC plus 10% and CARC plus 0% is 1470 GWh but the same end point is reached. However, at the end of the day this is really just an artifact of BC Hydro's truncated construction of the scenario. The Commission must consider whether this unsupportable scenario construction represents the 'due regard' it must have.

Unlike in previous efforts to develop conservation rates BC Hydro has an absence of discussion in this application about the potential DSM initiatives to accompany the price signal as a means to moderate bill impacts. Also BC Hydro is advising that it will not be increasing DSM spending to support the rate.²²

The CEC does not believe a CARC plus 0% pricing principle represents the 'due regard' for the LRMC proxy, because on the balance of probabilities it will turn out to be an inadequate price signal for the LRMC reality. The CEC does not support a CARC plus 10% pricing principle because it submits BC Hydro is rightly concerned with the customer bill impacts and the CEC is concerned with these too and supports a higher degree of moderation in phasing the LRMC price signal into the rate structures.

The question of what is a realistic set of future rate increase forecasts on which to base the CARCs has been raised. BC Hydro has used a response it provided to a JIESC question in the 2008 LTAP proceeding and has explicitly not used the recent rate design NSA decision data claiming that it is not relevant. Further BC Hydro advises that it will be making its RRA filing in March 2011 and that this will have lower rates than contained in the NSA decision.²³

The CEC supports this decision with respect to not using the NSA decision projected rate increases, in part because the CEC expects that final rate increase for BC Hydro's RRA will be lower than those applied for and lower than for those previously projected in the 2008 LTAP. The CEC submits that the rate increases in the longer term will be larger because the full cost of many items BC Hydro will be engaged in is generally not adequately represented in its long term modeling.

BC Hydro has identified the difference in conservation between CARC plus 10% (BC Hydro's normal pricing principle) and CARC plus 0% (BC Hydro's proposal) as 1470 GWh of energy.²⁴ This amount of energy has a direct value to BC Hydro customers as a reduction of acquisition requirements. The amounts become considerable more valuable as they may contribute to

²² Exhibit B-2, BCUC 1.7.1, 1.7.4, 1.7.5 and 1.7.6

²³ Exhibit B-2, BCUC 1.5.1 and 1.5.2

²⁴ Exhibit B-2, BCUC 1.7.5; Exhibit B-2, BCOAPO 1.2.1; Exhibit B-2, BCSEA 1.5.1

establishing a higher run rate conservation base. The amounts become even more significant as the LRMC level moves up beyond the 2% inflation BC Hydro estimate level.

The potential result of not achieving the additional conservation is that BC Hydro would be engaged in acquiring additional market purchases or selling less surplus power.²⁵ This of course only applies if the LRMC rate achieved at the end is the same between the options. Where the LRMC inflates at a higher rate than 2% the risk becomes that permanent run rate conservation is lost after 2016 at much more substantial costs. BC Hydro confirms that the difference between the proposals would result in lower rates to customers in years between now and 2018.²⁶ BC Hydro minimizes the potential benefit as being very small and less than the normal variability it may experience. However, this minimization is based on what the CEC submits is BC Hydro's flawed LRMC plus 2% inflation model and would be much more substantive with a more realistic LRMC.

BC Hydro has modeled an alternative concept to the ones it has proposed. This alternative concept joins the 'CARC and plus x% model' together into a 'higher of the CARC minimum and a bill impact maximum' model. The request was to model what it would take to reach LRMC by 2016 using BC Hydro's LRMC estimate of LRMC plus 2% inflation.²⁷

This pricing principle controls for both of the key variables of price signal and bill impact. It delivers more conservation up front and less later on, but only because of BC Hydro's truncated LRMC plus 2 % inflation estimate. So it actually enables a greater opportunity to position for higher LRMC results unfolding in the future as would be reasonable to expect based on the evidence presented. The results are shown below. This alternative is also more robust with respect to rate increase or CARC changes.

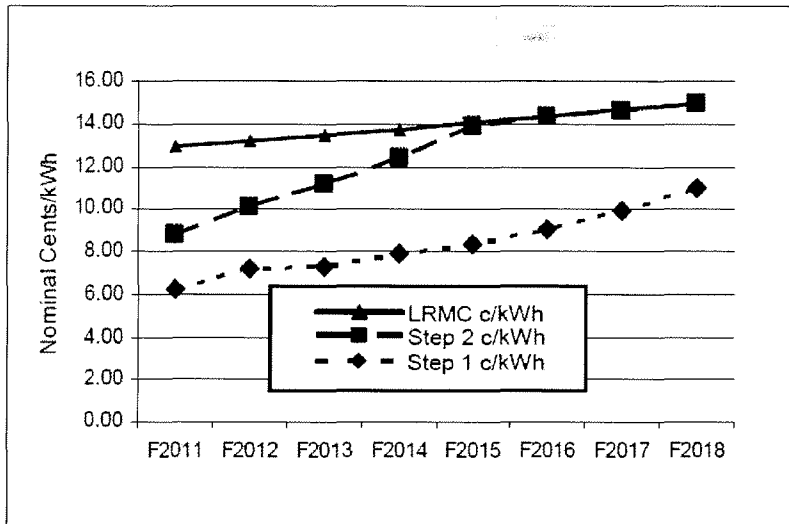
The Higher of CARC or 10 per cent

Fiscal Year	Step 1 (c/kWh)	Step 1 Y/Y increase (%)	Step 2 (c/kWh)	Step 2 Y/Y increase (%)	LRMC (c/kWh)	LRMC Y/Y increase (%)	Basic Charge (\$/day)	Basic Charge Y/Y Increase (%)	Total Conservation	Natural Conservation	Structural Conservation
F2011	6.27		8.78		12.95		0.1342		532	134	399
F2012	7.25	15.6	10.15	15.6	13.21	2.0	0.1551	15.6	844	283	561
F2013	7.29	0.5	11.18	10.2	13.47	2.0	0.1631	5.2	1,015	317	698
F2014	7.94	8.9	12.36	10.6	13.75	2.1	0.1790	9.7	1,193	393	800
F2015	8.31	4.8	13.88	12.3	14.04	2.1	0.1944	8.6	1,412	453	960
F2016	9.06	9.0	14.34	3.3	14.34	2.1	0.2060	6.0	1,479	509	970
F2017	9.97	10.1	14.64	2.1	14.64	2.1	0.2184	6.0	1,490	559	931
F2018	10.95	9.8	14.94	2.1	14.94	2.1	0.2315	6.0	1,485	604	882

²⁵ Exhibit B-2, BCOAPO 1.2.3

²⁶ Exhibit B-2, BCOAPO 1.3.1

²⁷ Exhibit B-2, CEC 1.5.2



Bill Impact Range > <=	F2012	F2013	F2014	F2015	F2016	F2017	F2018
> 25.0% <= 27.5%							
> 22.5% <= 25.0%							
> 20.0% <= 22.5%							
> 17.5% <= 20.0%							
> 15.61% <= 17.5%							
> 9.73% <= 15.61%	100.0%		27.3%	13.9%			
> 8.58% <= 9.73%		1.3%	72.7%	14.0%	7.5%	40.9%	37.6%
> 6.00% <= 8.58%		18.7%		34.0%	64.5%	31.0%	34.2%
> 5.17% <= 6.00%		7.9%		37.6%	13.4%	9.8%	10.1%
> 2.5% <= 5.17%		26.0%		0.5%	14.6%	18.3%	18.0%
> 0.0% <= 2.5%		46.1%				0.1%	
> -2.5% <= 0.0%							
> -5.0% <= -2.5%							
> -10.0% <= -5.0%							

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BC Hydro, when asked why it is not pursuing more conservation by 2016, observed that it is more concerned about customer bill impacts and because of BC Hydro’s assessment of the balance of the Bonbright principles it has not selected an earlier date for achieving conservation savings.²⁹

The CEC recommends that the Commission select from the alternative models of ‘CARC plus x%’ or the ‘higher of CARC or a maximum bill impact’. The CEC submits the Commission should choose the later because it is a more robust model for the key variables which can be expected to be important over the next five years.

²⁸ Exhibit B-2, CEC 1.5.2

²⁹ Exhibit B-2, CEC 1.3.2 and 1.3.5

The CEC recommends that the Commission select a point in the future where the LRMC based on the 2009 call for power is to be incorporated into the RIB rate Step 2. The CEC recommend that the Commission reject BC Hydro's principle of CARC plus 0% and recommends that the Commission have regard for the onerous requirements of the 2016 date, by which time BC Hydro will be legally required to achieve self sufficiency and ensure that the price signals to customers are appropriate to enable customers to participate appropriately in making conservation and efficiency decisions before that date so that the rate increase impacts associated with the power acquisitions at very high cost LRMC to achieve this target are minimized.

The CEC recommends that based on an LRMC of the 2009 call for power proxy plus an appropriate inflation for LRMC that the pricing principle be established as the higher of CARC or the a maximum bill impact to get to the LRMC by 2016. BC Hydro should be asked by the Commission to model this scenario as a compliance requirement for its decision, in order to finalize the appropriate parameters.

The CEC submits that this will be in the range of the higher of CARC or bill impacts of 9% to 12% and that the bill impacts across the customer group will be similarly distributed as is shown in the data above.

The CEC submits that such a decision would give the BC Hydro customers the greatest opportunity to influence rate reductions before the final costs of new supply acquisition are locked in to BC Hydro's cost structure. The CEC submits that this is a key test for determining the most appropriate pricing principle and the most appropriate for finding the balance between providing price signals with the rate setting and respecting customers desires to see bill impacts minimized.

The Right Timing For Balancing Price Signals And Bill Impacts

The base BC Hydro method of using CARC plus 10% results in some very significant bill impacts for some customers with larger usage. Bill impacts for customers using over 14500 KWh/year with CARC plus 10% go up to 17% to 22% increases.³⁰ The CEC does not believe that the base CARC plus 10% method is appropriate.

BC Hydro's proposal brings the price signal on Step 2 to a level of \$.1494/Kwh in 2018, if the rate increases projected are indeed proposed by BC Hydro in the future and put in place and approved by the Commission. There is no certainty in the evidence that this will happen. If it did happen, by 2016 the Step 2 price signal would be about \$.1348/Kwh.³¹

³⁰ Exhibit B-2, BCUC 1.6.1 and 1.6.2

³¹ Exhibit B-1, Figure 1, Page 4

Under the CEC proposed pricing principle using a Commission decision of a 10% bill impact limit the 2016 Step 2 price signal would be \$.1434/Kwh or only \$.0086/Kwh different from the BC Hydro proposal.³² The bill impacts would be adequately controlled by the bill impact limit. For this difference the LRMC price signal timing occurs earlier, 2016 versus 2018, and is substantially more robust given the considerable uncertainty with respect to the future projected BC Hydro rate increases. The CEC recommends that the Commission select a bill impact limit which suits its judgment as to the appropriate timing for balancing the bill impact and the delivery of the appropriate pricing signals.

The Step 2 re-pricing decisions may or may not be affected by the nature and timing of intervening events over the next number of years. BC Hydro is expecting to file its TOU application in 2011 anticipating a decision in 2012.³³ BC Hydro is expecting to file a significant revenue requirements application ('RRA') in 2011. BC Hydro will be forwarding its integrated resource planning ('IRP') documents to the BC Government in 2011.³⁴ There is no evidence on the record to support a view that these events will in some specific way reshape or negate the Step 2 re-pricing issues.

BC Hydro has proposed to report back to the Commission with respect to the RIB rate, including Step 2 rate re-pricing in 2013 or 2 to 3 years.³⁵ At that time the Step 2 rate under the BC Hydro proposal would be \$.1067/Kwh.³⁶ Under the CEC proposed pricing principle using a Commission decision of a 10% bill impact limit the 2013 Step 2 rate would be \$.1118/Kwh.³⁷ The difference would be only \$.0051/Kwh. The CEC does not see in the evidence a basis warranting a delay of a number of years before considering the appropriate LRMC price signal.

If the Commission submits that the differential between the BC Hydro proposal and the CEC proposal with a Commission decision using a 10% bill impact limit is too much or too little a relatively small shift of the % bill impact limit downward would produce even less bill impact difference and a relatively small shift upward would produce an earlier point in time for communicating the price signal for the cost of new supply.

³² Exhibit B-2, CEC 1.5.2

³³ Exhibit B-1, Page 9, Lines 19 to 22

³⁴ Exhibit B-1, Page 10, Lines 4 to 7

³⁵ Exhibit B-1, Page 10, Lines 22 to 26

³⁶ Exhibit B-1, Page 4, Figure 1

³⁷ Exhibit B-2, CEC 1.5.2

The CEC is sensitive to the fairness issues involved in the RIB rate design and expects that it would be valuable for BC Hydro and the Commission to revisit the RIB rate design and the other conservation rate designs sooner rather than later. For this reason the CEC submits it is appropriate for the Commission to select a bill impact limit, which would provide a significant phase in period and considerable moderation of any potential bill impacts.

BC Hydro is not expecting to re-price LRMC for other rate classes except the MGS and LGS by 2013.³⁸ It appears that BC Hydro is expecting to continue to have differential price signals for different rate classes. The CEC submits that all rate classes should be provided similar price signaling in the same timeframes to be reasonable and fair.

BC Hydro has provided a variable timeframe for reporting back to the Commission on the RIB rate and re-pricing for Step 2. BC Hydro's proposition is to file for new re-pricing by June 2013 or 1st quarter 2014 and to provide a report to the Commission by 4th quarter 2013 or 3rd quarter 2014.³⁹ The CEC submits that this leaves the issues in limbo for too long.

The CEC submits that the most appropriate time for BC Hydro to provide a report on Step 2 re-pricing would be toward the end of 2012. The CEC recommends that the Commission ask BC Hydro to provide the report by the end of 2012 and that the Commission should ask BC Hydro to report on the Step 2 re-pricing for all rate classes at the same time.

At that time BC Hydro and the Commission could revisit of concern to the Commission and redirect the course of RIB rate design and or the Step 2 re-pricing as well as address these issues for other classes of customer.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

David Craig

David Craig, Consultant for the Commercial Energy
Consumers Association of British Columbia



Christopher P. Weafer, Counsel for the Commercial
Energy Consumers Association of British Columbia

³⁸ Exhibit B-2, CEC 1.6.1

³⁹ Exhibit B-2, BCUC 1.1.1