



ROBERT J. PELLATT
COMMISSION SECRETARY

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February 3, 1995

Mr. Hal Wright
Wrightway Charter Co. Ltd.
Box 369
New Denver, B.C.
V0G 1S0

Dear Mr. Wright:

Re: Treminco Resources Ltd.
Power Plant at Sandon, B.C.
Terms and Conditions - Silversmith Power System

We refer to the above Terms and Conditions submitted to the Commission by hand on January 23, 1995, and wish to advise as follows:

The Commission is obligated to regulate public utilities based on the actual cost incurred in the operations and management of such utilities. Such costs must be valid and prudent to be approved by the Commission. Application of the normal regulatory principles based on the cost figures presented in your "Annual Operating Cost Calculation" would result in an approved electricity rate that would be significantly less than that proposed in your Application, perhaps even less than the \$50.00 per month currently charged. This is because "phantom" expenses such as the \$20,000 and \$11,000 expenses claimed by you as costs would not be allowed.

The Utilities Commission Act ("UCA") provides for the exemption of public utilities that need not be fully regulated. In cases where there are a limited number of users of a public utility system, the Commission has encouraged the users to develop mechanisms to resolve service disputes. Exemptions from regulation still provide the ability for customers to make complaints to the Commission.

To satisfy exemption requirements, and at the same time earn a reasonable income to defray the costs of operating and maintaining the power system, the Commission suggests that you consider the formation of an electricity cooperative including all users of the existing system. The Commission thinks that this may provide the best option available to you considering your current circumstances of being a small community and operating what is essentially a non-profit enterprise.

Should you opt for the above proposal, we require that you send a copy of this letter to all your customers, and provide the Commission with proof that such a proposal has the support and endorsement of all customers. Additionally, the Commission will require you to undertake the commitment to operate the system in a safe and reliable manner, consistent with the requirements of the provincial Electrical Safety Branch.

Please also note that if you wish to pursue exemption from certain sections of the UCA, this must be the subject of a separate application to the Commission under Section 103(3) of the UCA. A copy of the pertinent section of the UCA is included for your information.

We await your response to the above proposals.

Yours truly,

A handwritten signature in black ink, appearing to read 'R. Pellatt', with a small checkmark at the end.

Robert J. Pellatt

NCJS/mmc

Encl.

cc: Mr. Roland T. Trenaman
Tremenco Resources Ltd.
1110 - 625 Howe Street
Vancouver, B.C.
V6C 2T6

Action on complaints

98. Where a complaint is made to the commission, the commission has powers to determine whether a hearing or inquiry shall be had, and generally whether any action on its part shall, or shall not, be taken.

1980-60-98.

General powers not limited

99. The enumeration in this Act of a specific commission power or authority does not exclude or limit other powers or authorities given to the commission.

1980-60-99.

Hearings to be held in certain cases

100. (1) Except in case of urgency, of which the commission is sole judge, the commission shall not, without a hearing, make an order involving an outlay, loss or deprivation to a public utility.

(2) Where an order is made in case of urgency without a hearing the commission, on the application of a person interested, shall as soon as practicable hear and reconsider the matter and make any further order it considers advisable.

1980-60-100; 1982-54-24, proclaimed effective July 28, 1982.

Public hearing

101. Where this Act requires that a hearing be held, it shall be a public hearing whenever, in the opinion of the commission or the Lieutenant Governor in Council, a public hearing is in the public interest.

1980-60-101.

Recitals not required

102. The commission, in making an order, is not required to recite or show on the face of the order the taking of any proceeding, the giving of any notice or the existence of any circumstance necessary to give the commission jurisdiction.

1980-60-102.

Application of orders

103. (1) The commission, in making an order, rule or regulation may make it to apply to all cases, or to a particular case or class of cases, or to a particular person.

(2) The commission may exempt a person from the operation of an order, rule or regulation made under this Act other than under Part 2 for a time the commission considers advisable.

(3) The commission may, on conditions it considers advisable, with the prior approval of the Lieutenant Governor in Council, exempt a person, equipment or facilities from the application of all or any of the provisions of this Act, other than Part 2, or may limit or vary the application of this Act, other than Part 2.

(4) The commission has no power under this section to make an order respecting a matter that is subject to section 27.

1980-60-103; 1982-54-25, proclaimed effective July 28, 1982.