



ROBERT J. PELLATT  
COMMISSION SECRETARY

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**VIA FACSIMILE**

October 24, 1996

Mr. Hal Wright  
Silversmith Light & Power Corporation  
Box 369  
New Denver, B.C.  
V0G 1S0

Dear Mr. Wright:

Re: Silversmith Light & Power Corporation ("SLP")  
Status of the Sandon Power System

This is in response to your correspondence dated October 21, 1996 for approval to issue the enclosed letter to consumers. The Commission's July 7, 1995 Inquiry Report affirmed the status of Treminco Resources Limited as a public utility, and ordered Treminco to bring forward proposals for utility operation, rates and terms and conditions of service by September 1, 1995. Commission Order No. G-57-95 accepted the Inquiry Report and established a process leading to an orderly windup of utility operations should the customers not commit to supporting the utility's financial requirements.

On December 19, 1995 Treminco requested that its October 25, 1995 application for discontinuance as a public utility under Section 47 of the Act be set aside as it intended to pursue a transfer of ownership to Mr. Ken Witzke. The Commission received two comments on the Application and on January 18, 1996 informed Treminco that it will require certain information pertaining to the proposed operation of the power system for approval of the transfer.

The last correspondence received on this matter is an August 1, 1996 letter from Jonathan L. Oldroyd, Barrister and Solicitor, to Neptune Smith, stating that the purchase of the licences, generators, equipment, distribution systems, transformers and rights of way from Treminco was to conclude August 30, 1996. The letter also stated that an application would be forthcoming soon after and that projected financial statements and business plans were being prepared.

As noted in Commission Letter No. L-5-96, the Commission must approve the transfer of assets or ownership by a public utility and requires certain information pertaining to the proposed operation of the power system. The Commission is prepared to consider your letter as an Application under Section 51 of the Utilities Commission Act for a Certificate of Public Convenience and Necessity to operate a public utility system, and as an Application under Section 106 of the Act to approve an interim order for rates, terms and conditions of service. However, the Commission will first require an Application under Section 59 from Treminco Resources Ltd. for approval to dispose of its utility property by sale to SLP.

In order to process these Applications, the Commission will require the following information:

1. Legal documentation regarding Silversmith Light & Power Corporation, including the certificates of incorporation and lists of shareholders, directors and employees of the company.
2. A copy of the Purchase Agreement between SLP and Treminco, including a list of the licences, generators, equipment, distribution systems, transformers and rights of way as noted in Mr. Oldroyd's letter.
3. Copies of all licences and approvals received from the government to transfer the operations of the system to SLP.
4. Inspection certificates from the Electric Safety Branch to ensure the utility electrical system meets provincial codes.
5. Supporting projected financial statements and business plan as noted in Mr. Oldroyd's letter, sufficient to show that the operation is feasible and that there is a prima facie case for the proposed rates.

Once the Commission is satisfied that the operation of the Sandon system as a utility is in the public interest, it will consider issuing a letter to the consumers in the form suggested by the Company. However, it should be noted that normal utility practice is not to charge for service in advance nor to require that customers furnish proof of legal tenure. However, utilities may be allowed to require a security deposit, pursuant to approved Electrical Tariff Terms and Conditions, from customers until a satisfactory payment record is established.

Yours truly,



Robert J. Pellatt

BMK/cms

cc. Mr. Robert Trenaman  
Treminco Resources Ltd.