



ROBERT J. PELLATT
COMMISSION SECRETARY

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VIA FACSIMILE

November 15, 1996

Mr. D.A. Harrison
Senior Vice President and
Chief Financial Officer
British Columbia Hydro and Power Authority
18th Floor, 333 Dunsmuir Street
Vancouver, B.C.
V6B 5R3

Dear Mr. Harrison:

Re: British Columbia Hydro and Power Authority
Electricity Purchase Agreement with Central Coast Power Corporation ("EPA")

This is in response to your letter to the Commission dated September 30, 1996, wherein B.C. Hydro has requested the Commission to set the price or prices to be paid by B.C. Hydro for electricity delivered over the remaining period of the EPA.

In reaching a determination on this matter, the Commission has also considered Mr. Wallace's letter of October 10, 1996 on behalf of Central Coast Power Corporation and Mr. Sanderson's letter of November 13, 1996 on behalf of B.C. Hydro.

The Commission notes that the contract language of the EPA states that: "... If, 3 months prior to the 121st month of the term of this agreement a new price has not been agreed upon for the subsequent period the issue shall be referred to the British Columbia Utilities Commission (BCUC) for determination. To the extent that the BCUC does not have or declines such jurisdiction the issue shall be referred to arbitration in accordance with the Arbitration Act."

The Commission views this price redetermination as a contract matter beyond its jurisdiction and, therefore, recommends that the parties proceed to arbitration as set down in the EPA.

Yours truly,

A handwritten signature in dark ink, appearing to read "R. Pellatt", written over a horizontal line.

Robert J. Pellatt

RWR/yk
cc: Mr. R.B. Wallace,
Bull Housser & Tupper
Mr. C.W. Sanderson,
Lawson Lundell Lawson & McIntosh