



ROBERT J. PELLATT
COMMISSION SECRETARY

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VIA FACSIMILE
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July 3, 1997

Mr. J. Peter Campbell
Manager, Environmental Affairs
Huckleberry Mines Ltd.
Suite 2000 - 1055 West Hastings Street
Vancouver, B.C. V6E 3V3

Dear Mr. Campbell:

Re: Huckleberry Mines Ltd.
Application - Approval to Resell Power to Houston Forest Products

Further to your June 11, 1997 application for Commission authorization to permit Huckleberry Mines Ltd. ("HML") to resell electricity from its 122 km - 138kV transmission line to Houston Forest Products Ltd. ("HFP"), the Commission has approved the arrangements in accordance with the June 17, 1997 Letter of Understanding between HML and HFP, attached as Appendix A to this letter.

We note that the rate charged to HFP will be at British Columbia Hydro and Power Authority's ("B.C. Hydro") approved Rate Schedule 1821 - Transmission Service, and will also take into account prorated line losses and a share of maintenance costs from the B.C. Hydro Houston Substation to HML's substation.

Please note that HML is responsible for the proper operation and safety of the electrical plant and line supplying HFP, consistent with the requirements of the Electrical Safety Branch.

As well, provisions of Section 99 of the Utilities Commission Act applies to this approval a copy of which is enclosed for your reference.

Yours truly,

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

Robert J. Pellatt

RJP/dw

Enclosure(s)

cc: Ms. Darlene M. Barnett
Senior Vice-President
Marketing and Customer Services
British Columbia Hydro and Power Authority
Mr. Norm Anderson
General Manager, Houston Forest Products Ltd.

Letter of Understanding
June 20, 1997
Between Huckleberry Mines Ltd. and Houston Forest Products Ltd.

Huckleberry Mines Ltd. (HML) and Houston Forests Products Ltd. (HFP) have reached an agreement by which HML, in consideration of a grant of right of way access to HML for the purposes of constructing, operating and maintaining a powerline by HFP across land held in fee simple by HFP, will grant to HFP access to the powerline for the purposes of taking power for its operations at its Houston mill.

The basic understandings upon which this agreement is based are as follows:

- HFP will grant to HML right of way access to be registered against title across certain portions of District Lots 2121, 2103, 2101, 2100, 2099 and 344A for the purposes of constructing, operating and maintaining a powerline;
- HML will provide HFP access to the powerline for the purposes of taking power for its operations at its Houston mill;
- HML will provide a disconnect switch on its main line, tap point consisting of 2 tangent structures and a 2-3 pole dead end to HFP's mill, and construct approximately 0.3 km of transmission line;
- HFP will provide its own substation with necessary protection devices, disconnect switch and primary metering conforming to B.C. Hydro standards;
- B.C. Hydro will bill HML for total power consumption as determined by primary metering at the B.C. Hydro substation;
- HML will bill HFP for power consumption as determined by primary metering at the HFP substation at the same rate as HML is billed by B.C. Hydro. This rate is currently understood to be under B.C. Hydro's 1821 rate schedule;
- HML will bill HFP for its proportionate share of line losses for that portion of the line from the HML connection point to the HFP connection point, approximately 4.3 km.;
- HML will bill HFP for its proportionate share in the maintenance costs for that portion of the line from the HML connection point to the HFP connection point, approximately 4.3 km.;
- HML warrants that all costs passed on to HFP will be done so on a revenue neutral basis, calculated based on mutually agreed upon formulae.



Emile Brokx, General Manager
Huckleberry Mines Ltd.



Norm Anderson, General Manager
Houston Forest Products Ltd.

- (3) While the commission continues to manage or direct the management of the utility, the commission may exercise, for the business and property, the powers, duties, rights and functions of the directors, officers or managers of the utility in all respects, including the employment and dismissal of officers or employees and the employment of others.
- (4) On the commission taking possession of the business and property of the utility, each officer and employee of the utility must obey the lawful orders and instructions of the commission for that business and property, and of any person placed by the commission in authority in the management of the utility or a department of its undertaking or service.
- (5) On taking possession of the business and property of a public utility, the commission may determine, receive or pay out all money due to or owing by the utility, and give cheques and receipts for money to the same extent and to the same effect as the utility or its officers or employees could do.
- (6) The costs incurred by the commission under this section are in the discretion of the commission, and the commission may order by whom and in what amount or proportion costs are to be paid.

Defaulting utility may be dissolved

- 98** (1) If a public utility incorporated under an Act of the Legislature fails to comply with a commission order, and the commission believes that no effective means exist to compel the utility to comply, the commission, in its discretion, may transmit to the Attorney General a certificate, signed by its chair and secretary, setting out the nature of the order and the default of the public utility.
- (2) Ten days after publication in the Gazette of a notice of receipt of the certificate by the Attorney General, the Lieutenant Governor in Council may, by order, dissolve the public utility.

PART 7 – DECISIONS AND APPEALS**Reconsideration by commission**

- 99** The commission may reconsider, vary or rescind a decision, order, rule or regulation made by it, and may rehear an application before deciding it.

Requirement for hearing

- 100** If a hearing is held or required under this Act before a rule or regulation is made, the rule or regulation must not be altered, suspended or revoked without a hearing.

Appeal to Court of Appeal

- 101** (1) An appeal lies from a decision or order of the commission to the Court of Appeal with leave of a justice of that court.