



LETTER NO. L-3-00

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VIA FACSIMILE

January 18, 2000

Mr. Robert H. Hobbs
Director, Regulatory and Government Affairs
West Kootenay Power Ltd.
P.O. Box 130
Trail, B.C. V1R 4L4

Dear Mr. Hobbs:

Re: West Kootenay Power Ltd. ("WKP")
Transmission System Extension Policy –
Transmission Access Application Decision and Commission Order No. G-28-99

The Commission is in receipt of WKP's Transmission System Extension Policy (the "Policy"), dated December 22, 1999. The Policy was filed in response to a direction contained in the Transmission Access Application ("TAA") Decision and its accompanying Order.

The Commission does not believe that the Policy, as filed, satisfies the direction to WKP. By the terms of its Policy, WKP proposes to evaluate system reinforcements "in accordance with the procedures set out [in] Section 32 of the Company's Transmission Access Terms and Conditions, Tariff Supplement No. 7."

However, the Commission noted in its Decision that the system extension and reinforcement provisions contained in Tariff Supplement No. 7 were too vague. More specifically, sections 5.2 and 5.3 of the TAA Decision describe the problems that both intervenors and the Commission saw arising from this lack of clarity.

WKP is directed, therefore, to re-file, by February 29, 2000, its Transmission System Extension Policy. The re-filed Policy should take a form that addresses the issues detailed in sections 5.2 and 5.3 of the TAA Decision.

In particular, the Commission seeks additional detail on how WKP proposes to undertake a "good faith estimate" of the transmission customer's cost responsibility with respect to transmission system upgrades, as is called for in section 32 of Tariff Supplement No. 7. For example, if WKP intends to derive its estimate of a transmission customer's cost responsibility using the present value of deferred system improvements relative to a long-term system development forecast, then it should specify that – or any other method that the Utility intends to use – in its tariff.

Yours truly,

Original signed by:

Robert J. Pellatt

CBL/cms
cc: Registered Intervenors in WKP's TAA