



LETTER NO. L-37-01

ROBERT J. PELLATT
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October 25, 2001

Mr. Ray Aldeguer
Senior Vice President
Legal and Regulatory Affairs and General Counsel
British Columbia Hydro and Power Authority
333 Dunsmuir Street
Vancouver, B.C. V6B 5R3

Dear Mr. Aldeguer:

Re: British Columbia Hydro and Power Authority ("B.C. Hydro")
Complaint Regarding UtiliCorp Networks Canada (British Columbia) Ltd. ("UNC")
(formerly known as West Kootenay Power Ltd.)
Regarding Rate Schedule 3808 and the UNC/B.C. Hydro Power Purchase Agreement

This is in response to B.C. Hydro's complaint of July 12, 2001 wherein B.C. Hydro requested the Commission to direct WKP not to exceed the 200 MW customer demand limit of Rate Schedule 3808 and to direct WKP to enter into negotiations for supply on market based prices if it foresaw a need for supply from B.C. Hydro in excess of the 200 MW limit.

The Commission notes that UNC has completed arrangements for market based purchases, which negate the need to rely on the excess provisions of the B.C. Hydro/UNC Power Purchase Agreement. The Commission therefore does not believe B.C. Hydro's concerns are warranted at this time and the Commission declines B.C. Hydro's request.

Nevertheless, the Commission notes that the Power Purchase Agreement contains mechanisms for dispute settlement and failing that, representation to the courts is available to settle contractual disputes. The Commission also notes that it was the intention of the Commission that the excess power provisions of the Power Purchase Agreement and the penalty provisions of Rate Schedule 3808 were designed to limit excess demand to emergency or unforeseen situations. If UNC's take under these provisions becomes excessive, the Commission would consider an application to adjust Rate Schedule 3808 to discourage this type of use on a prospective basis.

Yours truly,

Original signed by:

Robert J. Pellatt

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cc: Mr. Robert H. Hobbs
Director, Regulatory and Government Affairs
UtiliCorp Networks Canada (British Columbia) Ltd.