



**LETTER No. L-8-00**

ROBERT J. PELLATT  
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**VIA FACSIMILE**

January 26, 2000

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

Dear Mr. Aldeguer:

Re: Centra Gas British Columbia Inc. ("Centra Gas")  
Gas Transportation Service to the Island Cogeneration Project

In its letter dated January 7, 2000 (attached), British Columbia Hydro and Power Authority ("B.C. Hydro") reports that it has had negotiations with Centra Gas with respect to the rates, quality and terms and conditions of gas transportation service (the "Issues") required by B.C. Hydro to service the Island Cogeneration Project ("ICP") on Vancouver Island (the "Interim Service") during the period September 2000 to October 2003 (the "Interim Period").

B.C. Hydro has requested confirmation that if B.C. Hydro and Centra Gas are unable to reach an agreement on the Issues concerning Interim Service during the Interim Period, that B.C. Hydro will continue to have the right to apply to the Commission, pursuant to the Utilities Commission Act, for an order directing Centra Gas to provide service to the ICP and a determination of the Issues.

The Commission has commenced a cost allocation and rate design review of Centra Gas with a hearing to be held in November 2000. If an agreement were reached between B.C. Hydro and Centra Gas on the Issues for Interim Service to the ICP for the Interim Period, Commission approval, if granted, would be on an interim basis, subject to review during the Commission's review of a Centra Gas rate design application.

In the event that B.C. Hydro and Centra Gas are unable to reach an interim agreement by May 31, 2000 on the Issues for Interim Service to the ICP for the Interim Period, B.C. Hydro may apply to the Commission for an order that directs Centra Gas to provide gas transportation service to the ICP on an interim basis, subject to review during the Commission's review of a Centra Gas rate design application.

Yours truly,

*Original signed by:*

Robert J. Pellatt

PWN/mmc  
Attachment

cc: Mr. Geoffrey Higgins (w/attachment)  
Manager, Regulatory Affairs  
Centra Gas British Columbia Inc.  
Participants and Registered Intervenor  
(w/attachment)-CG2000RR