



LETTER NO. L-47-05

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Via E-Mail

johnh@plpower.com

June 22, 2005

Mr. John Hall
President & CEO
Princeton Light & Power Company, Limited
P.O. Box 908, Stn Main
Penticton, B.C. V2A 6J9

Dear Mr. Hall:

Re: Princeton Light & Power Company, Limited
Court of Appeal Decision and
Contracting Deferral Account

On May 30, 2005 the BC Court of Appeal rejected an appeal filed by Princeton Light & Power Company, Limited ("PLP", "the Utility") to the judgment of Justice Bryan F. Ralph. The earlier judgment had rejected PLP's claim against a customer (Mr. Randy MacDonald) and awarded \$19,672.61 as compensatory damages and \$62,000 as punitive damages.

On June 5, 2005, PLP emailed the Commission and asked for direction from the Commission.

The Commission requires that by June 30, 2005 PLP is to address the points made in the Court of Appeal's May 30, 2005 judgment in regards to why PLP believes that the costs incurred by the Utility should be recoverable from customers.

By Order No. G-35-02, the Commission approved a PLP application to create a contract division holding (deferral) account to normalize extraordinary income and expenses incurred by PLP doing contract work outside of its normal utility activities. The Order required an annual reconciliation of the deferral account as part of its Annual Report and a detailed report by June 30, 2005.

The Commission requires that the reconciliation of the contract division holding deferral account is to identify the treatment of costs incurred for the court cases and their impact on the contracting deferral account.

Yours truly,

Original signed by:

Robert J. Pellatt

RJP/yl