



VIA EMAIL

alove@nelson.ca

September 16, 2016

Mr. Alex Love
Nelson Hydro General Manager
Suite 101, 310 Ward Street
Nelson, British Columbia, V1L 5S4

Dear Mr. Love:

Re: Nelson Hydro
Service Extension Complaint by the Kootenay Lake Estates Development Corporation

The British Columbia Utilities Commission (Commission) is in receipt of Nelson Hydro's requests from May 6, 2016 and August 11, 2016 regarding cost recovery for monies unpaid by the developer of Kootenay Lake Estates Development for line upgrade and lot servicing costs. These requests are the continuation of a complaint which started in 2012 and was addressed by the Commission in Orders G-76-13 and G-106-13.

In your August 11, 2016 letter you propose that Nelson Hydro is prepared to make an application to the Commission for allocation of the developer's unpaid costs in your fall 2016 rate application. Given that the eventual cost allocation of the developer's unpaid monies has the potential to affect lot owners and/or ratepayers, the Commission considers it procedurally fair to give notice to potentially affected parties and allow an opportunity for their participation in a hearing on the matter. Accordingly, the Commission requests Nelson Hydro to make an application for cost recovery of the developer's unpaid monies in its upcoming rate application.

In your May 6, 2016 letter to the Commission Nelson Hydro requests "comfort from the Commission that it is appropriate for Nelson Hydro to deal with lot owners directly where lot owners are prepared to pay for the upgrades to ensure their lot is serviced." This request was made because in the reasons attached to Commission Order G-76-13, the Commission expected that "[Nelson Hydro] will consider recourse directly with the developer...rather than involving individual [lot] owners."

This above expectation was given to Nelson Hydro because under the Nelson Hydro By-laws the developer is obligated to pay. The Commission recognizes that circumstances have changed and Nelson Hydro appears to be of the view that the developer may not be able to pay these monies. In the reasons attached to G-76-13 the Commission stated "[t]he Commission sees no grounds for [Nelson Hydro] to refuse service to individual lot owners." This direction remains valid and the issue of cost recovery will be decided upon application in Nelson Hydro's upcoming rate filing.

Yours truly,

*Original signed by
Patrick Wruck for*

Laurel Ross

AT/cms

cc: Mr. Christopher Weafer
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