



LETTER NO. L-87-07

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. CANADA V6Z 2N3
TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

ERICA M. HAMILTON
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
web site: <http://www.bcuc.com>

Log No. 21842

VIA FACSIMILE
(250) 427-8451

October 29, 2007

Mr. B.B. Dawson, P.Eng.
Manager, Services & Environment
Teck Cominco Metals Ltd.
Bag 2000
Kimberley, B.C. V1A 3E1

Dear Mr. Dawson:

Re: Teck Cominco Metals Ltd.
Request for Exemption from Stepped Rate Schedule 1823

In its letter dated August 10, 2007, Teck Cominco Metals Ltd. ("TCML") requested that the Commission review the requirement for TCML to purchase electrical power under Rate Schedule ("RS") 1823 and allow TCML to purchase electrical power under the former RS 1821. The Commission, by letter dated September 20, 2007, requested comments from British Columbia Hydro and Power Authority ("BC Hydro") on the exemption request and if there are any alternative arrangements that could be considered to resolve the issues raised by TCML.

BC Hydro responded to the Commission by letter dated September 28, 2007, with a copy to TCML. In its letter, BC Hydro notes that the only rate schedules currently available to transmission voltage customers are Schedules 1823 (Stepped Rate), 1825 (Transmission Time-of-Use Rate), and 1827 (Transmission Rate for Exempt Customers).

TCML, in a letter dated October 10, 2007, responds to the BC Hydro letter and asks to know the mechanism for the discontinuance and reinstatement of RS 1821.

RS 1821 was terminated upon introduction of the Stepped Rate following the Heritage Contract Inquiry, which the Commission undertook in 2003 in response to a direction from the Provincial Government. The Inquiry terms of reference from Government directed the Commission to make specific recommendations with respect to the rates of transmission voltage customers to accomplish the goals of the 2002 Energy Plan, including detailed provisions of new stepped rate schedules. Following the Heritage Inquiry and the Commission's Report and Recommendations to the Lieutenant Governor in Council, the Government issued its responses, which included Heritage Special Direction No. HC2 to the British Columbia Utilities Commission.

HC2 requires, by reference to recommendations #8 to #15 of the Commission's Heritage Inquiry Report and Recommendations, that the stepped rate be mandatory. Specifically, recommendation #14 recommended that 1821 customers be required to take service under the stepped or time-of-use rate and that RS 1821 would be terminated. Recommendation #15 specifically exempted Aquila (now FortisBC), New Westminster, and UBC on the grounds that they distributed all or a significant portion of their load to others. An exempt rate (RS 1827) was created for those customers. Subsequently, Simon Fraser University and the Vancouver Airport Authority were exempted on the basis that they also distributed a significant portion of their load to others.

BC Hydro notes in its letter that it has applied to the Commission to increase the CBL for the TCML Sullivan mine in BC Hydro's Transmission Service Rates Customer Baseline Load F2008 Application ("CBL F2008 Application), and that if TCML consumes less energy at the Sullivan mine than the adjusted CBL it will achieve tier 2 savings. A Commission order and letter will be issued soon with respect to the process for reviewing the CBL adjustments in BC Hydro's CBL F2008 Application.

Having reviewed TCML's request and the BC Hydro submissions, the Commission concludes that it would not be appropriate to place TCML on RS 1827 or otherwise exempt it from the Stepped Rate. The Commission considers the CBL adjustment mechanism to be the best available mechanism for dealing with TCML's request.

Yours truly,

Original signed by

Erica M. Hamilton

JWF/dg

cc: Ms. Joanna Sofield
Chief Regulatory Officer
British Columbia Hydro and Power Authority