



July 18, 2006

File: 0321207

Sunshine Valley Developments Ltd.
PO Box 88626 Newton Town Centre
Surrey BC V3W 0X1

Dear Mr. Rawlick:

Re: Application for Rate Increase and Certificate of Public Convenience and Necessity (CPCN)

Thank you for your letter of July 6, 2006.

Before proceeding with a review of both the application for a CPCN for the service area known as Huckleberry Village and the Utility's rate application additional information and clarification still needs to be provided.

As it is not yet determined if the Huckleberry Village water system is to be included as part of the existing Parkhill water utility service area or be a completely separate water utility with separate rates, a breakdown of projected Operating and Maintenance expenses between the two areas is required for 2006 and 2007.

In reviewing the estimates provided for capital improvements it shows that \$62,800 is required for the Parkhill system and \$83,700 is required for the Huckleberry system plus an additional \$104,005 of other improvements and equipment for a total of \$250,505. As above, please provide a breakdown of the proposed capital improvements for each area. In other words, of the remaining \$104,005 what is the allocation between the Parkhill and Huckleberry water systems.

Also, as stated in previous correspondence, before consideration of approving rates to finance the proposed major capital projects, an engineering assessment of both water systems will need to be done by a qualified waterworks engineer.

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Ministry of
Environment

Water Stewardship Division
Management & Standards Branch
Water Utility Regulation

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PO Box 9240 Stn Prov Govt
Victoria BC V8W 9M1
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Location:
3rd Floor
1175 Douglas Street
Victoria BC V8W 2E1



The above information is required to be received by me by August 4, 2006. If you have any questions please contact Rick Couroux at (250) 387-6355.

Yours truly,

A handwritten signature in black ink, appearing to read 'P. Bekker', written in a cursive style.

Pieter J. Bekker
Deputy Comptroller of Water Rights