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March 15, 2007

File: 0321207

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

Via Fax: 604-599-3861

Attention: Kerry Rawlick, President

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

I refer to your letters dated March 12 and March 15, 2007. These letters were in response to my letter dated March 2, 2007, which required you to provide written confirmation that you have contacted three engineering firms regarding an engineering study of your water systems and to provide us with details on how you will finance this study.

Firstly, your March 12, 2007 letter lists three engineering firms to which you sent packages. Please fax to our office a copy of the package that was sent to these firms by end of day March 16, 2007. Our fax number is (250) 953-5124.

Secondly, in response to the query in your March 15, 2007 letter, there is no Provincial Government funding available for studies of privately owned water utilities. One option that could be considered is to use the money from this Utility's Maintenance Reserve Trust Fund and then pay it back through future rates. However, in order for this to be considered, you are required to submit annual reports for 2005 and 2006 by March 31, 2007, forms for which are attached for your convenience. Further, it is required that the Utility's Replacement Reserve Trust Fund be in good standing. As part of the annual reporting requirements please provide our office with bank confirmations for all of the Utility's trust funds as at December 31, 2006.

To date we have not received details of how you plan to finance the engineering study. If you wish to use the above financing option or have an alternate plan, we still require these details by end of day March 16, 2007, to maintain the current interim rates.

Yours truly,

Pieter J. Bekker
Deputy Comptroller of Water Rights

pc: ✓ Don Bender, Chairman, SVRA Water Committee
Kate Zabell

Ministry of
Environment

Water Stewardship Division
Water Management Branch
Utility Regulation Section

www.env.gov.bc.ca/wsd/

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