



BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-40-86

PROVINCE OF BRITISH COLUMBIA

BRITISH COLUMBIA UTILITIES COMMISSION

IN THE MATTER OF the Utilities Commission
Act, S.B.C. 1980, c. 60, as amended

and

IN THE MATTER OF an Exemption Application
pursuant to Subsection 103(3) of the Act
by Central Coast Power Corporation

BEFORE: M. Taylor,)
Chairman;)
J.D.V. Newlands,)
Deputy Chairman;)
D.B. Kilpatrick,) July 4, 1986
Commissioner; and)
N. Martin,)
Commissioner)

O R D E R

WHEREAS on February 19, 1986 a 20-year Agreement was executed between Central Coast Power Corporation ("CCPC") and British Columbia Hydro and Power Authority ("B.C. Hydro") covering the sale and supply to B.C. Hydro of electric power generated at the hydroelectric generating facilities of CCPC to be transmitted over transmission facilities to be constructed and owned by CCPC connecting Ocean Falls to a delivery point at B.C. Hydro's substation in Bella Bella, B.C.; and

WHEREAS the electric power involved in the sale by CCPC to B.C. Hydro is for the purpose of enabling such electric service to meet the requirements of the community of Bella Bella, B.C. thereby allowing B.C. Hydro to substitute such purchased electricity as a replacement for electricity derived from diesel generators owned and operated by B.C. Hydro; and

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WHEREAS in addition to the foregoing CCPC indicated its intention to attempt to attract industrial enterprises to the Ocean Falls by means of making electric power available to such industrial enterprises at an attractive price; and

WHEREAS on March 27, 1986 an Agreement was executed between Central Coast Power Corporation ("CCPC") as the Purchaser and Ocean Falls Corporation ("OFC") as the Vendor; and

WHEREAS in accordance with the aforesaid Agreement, CCPC stated its intention to purchase from OFC certain lands and chattels (as specified in Schedule G of the Agreement between OFC and CCPC) for the purpose of generating electric power to serve the needs of the community known as The Ocean Falls Improvement District and of B.C. Hydro at Bella Bella, B.C.; and

WHEREAS the aforementioned chattels embody the storage, generating, distribution and transmission facilities in the Ocean Falls Improvement District, and they, together with the proposed transmission facilities between Ocean Falls and Bella Bella will constitute the System of Central Coast Power Corporation; and

WHEREAS CCPC has agreed to provide hydro electric power from the System to the Ocean Falls Improvement District at rates as specified in Schedule F to the March 27, 1986 Agreement with the Ocean Falls Corporation, and to B.C. Hydro at rates as specified in the February 19, 1986 Agreement with B.C. Hydro; and

WHEREAS on June 4, 1986 CCPC applied to the Commission for exemption from the Utilities Commission Act ("the Act") pertaining to the sale of electric power to Residential, Commercial and Industrial consumers located in the Ocean Falls Improvement District; and to B.C. Hydro at Bella Bella, B.C.; and

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WHEREAS the Commission held a hearing at the Martin Inn, Ocean Falls, on Wednesday, July 2, 1986 for the purpose of reviewing all factors related to the Application and to enable all Interested Parties to participate by providing comment pertaining to the Application by CCPC; and

WHEREAS the Commission has considered the matter and is satisfied that an Exemption Order properly conserves public convenience and interest.

NOW THEREFORE the Commission, pursuant to its powers under Section 103 (3) of the Utilities Commission Act ("the Act") orders as follows:

1. The transfer of the land and chattels listed in Schedule G of the March 27, 1986 Agreement between CCPC and the Ocean Falls Corporation (attached) be approved.
2. The CCPC System be exempt from the application of all of the provisions of the Act save and except Part 2 and Sections 30, 44, 47 and 133. This exemption will be in effect until total demand on the System exceeds 6,000 kW, at which time continuation of this exemption will be subject to review by the Commission. The exemption is subject to the following conditions:
 - (a) CCPC shall fully comply with the terms of its agreements with B.C. Hydro and Ocean Falls Corporation attached as Appendices I and II respectively;
 - (b) CCPC shall maintain the System in a safe condition at all times and provide appropriate maintenance as required;
 - (c) CCPC shall provide on demand hydro electric services to all applicants requesting service within the Ocean Falls Improvement District at rates not to exceed those specified in Schedule F (attached) and at no time to exceed those charged by B.C. Hydro from time to time for similar categories of service.
 - (d) If CCPC and a new applicant for electric service are unable to agree as to the appropriate rates and terms and conditions applicable to such service, then within 60 days of a request by the new applicant for service the Commission will determine the rates and terms and conditions pursuant to the Utilities Commission Act.

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- (e) Except for the disposition of its property in the normal course of business CCPC shall not, without first obtaining the Commission's approval, dispose of the whole or part of its property.

DATED at the City of Vancouver, in the Province of
British Columbia, this 25th day of July, 1986.

BY ORDER



Chairman

Attachments

THIS AGREEMENT, made as of the 19th day of February 1986.

BETWEEN:

CENTRAL COAST POWER CORPORATION, a company
incorporated in the Province of British
Columbia with its registered office as
4594 Montford Crescent, Victoria, British
Columbia V8N 3W5

(hereinafter called "CCPC")

OF THE FIRST PART

AND:

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY, a
body corporate having an office at 970 Burrard
Street, in the City of Vancouver, Province of
British Columbia

(hereinafter called "B.C. Hydro")

OF THE SECOND PART

WITNESS THAT the parties hereto have mutually agreed as follows:

DEFINITIONS

1. In this agreement,
 - (a) "electricity" means electric power and also means and includes electric energy;
 - (b) "point of delivery" means the point where CCPC's transmission connection meets B.C. Hydro's substation in Bella Bella;
 - (c) "kilowatt consumption" or "kW consumption" means the amount of electrical energy measured in kilowatt-hours and determined by a CCPC meter or meters to pass from CCPC's electrical system to B.C. Hydro's electrical system;
 - (d) "transmission connection" means all facilities required to supply electricity from CCPC's Ocean Falls generating station to the point of delivery including any right-of-way, lines or equipment; and
 - (e) "Bella Bella distribution load" means all electricity supplied to B.C. Hydro's customers presently or in the future in the general geographic area referred to as Shearwater and/or Bella Bella.

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AGREEMENT TO SUPPLY AND PAY FOR

2. CCPC will supply electricity to B.C. Hydro at the point of delivery and B.C. Hydro will pay CCPC for such electricity supplied to it by CCPC upon the terms and conditions set forth in this agreement.

ELECTRICITY SUPPLIED AND TAKEN

3. The electricity supplied hereunder shall be alternating current, three-phase, having a normal frequency of 60 cycles per second. Variations from the said frequency shall not normally exceed plus or minus 1 1/2 percent of such frequency and will be adjusted to provide a zero time error every 24 hours. The voltage of the electricity supplied and metered hereunder shall be regulated to normally maintain voltage between the limits of 12,000 V \pm 2.5 percent. Variations from the normal voltage and frequency shall not exceed these limits except with respect to both frequency and voltage at times of sudden load changes or in cases of emergency or accident.

COMMENCEMENT DATE

4. The date of the commencement of the supply and taking of the electricity under this agreement shall be the date specified by CCPC in a notice in writing delivered to B.C. Hydro not later than 1 month prior to the supply of electricity, provided such date shall not extend beyond 1 September 1987. If CCPC is unable to supply the electricity upon the date of commencement because circumstances beyond its control (including therein strikes and lockouts) have delayed the construction of the necessary plant, shall be entitled to postpone the date of commencement for the period of time that it has been so delayed.

TERM OF AGREEMENT

5. This agreement, unless terminated as herein provided, shall continue and remain in force for a period of 240 months from the date of commencement.

RATES, TERMS AND CONDITIONS

6. B.C. Hydro shall take and pay electricity supplied hereunder in accordance with the rate, terms and conditions which are set out as follows:

- (a) B.C. Hydro will at all times use the power supplied by CCPC to supply the Bella Bella distribution load when that power is available in the quality stated in Section 3 except:

- (i) the intent of the parties is to perform those minimum operational checks which are required to ensure the reliability of the standby units at the B.C. Hydro Shearwater Diesel Plant. To accomplish this, B.C Hydro will endeavour to operate the units at the Shearwater plant on line no more frequently than 1 hour per unit every bi-weekly period.
 - (ii) if the growth of the Bella Bella distribution load exceeds 7% per year projected from the 31 March 1986 annual load, B.C. Hydro may purchase or supply from other sources the incremental load over the 7% normal growth.
- (b) the cost of electricity to B.C. Hydro shall be the following rate structure:

	<u>Rate</u>
(i) from that time power is first delivered to B.C. Hydro by CCPC to 31 December 1987	12.5¢/kW·hr
(ii) from 1 January 1988 to 31 December 1988	12.6¢/kW·hr
(iii) from 1 January 1989 to 31 December 1989	12.7¢/kW·hr
(iv) from 1 January 1990 to 31 December 1990	12.9¢/kW·hr
(v) from 1 January 1991 to 31 December 1996	13.0¢/kW·hr

The cost of electricity to B.C. Hydro during the period between the 121st and the 240th month of this agreement shall be determined by negotiation between the parties. If, 3 months prior to the 121st month of the term of this agreement a new price has not been agreed upon for the subsequent period the issue shall be referred to the British Columbia Utilities Commission (BCUC) for determination. To the extent that the BCUC does not have or declines such jurisdiction the issue shall be referred to arbitration in accordance with the Arbitration Act.

BILLING AND PAYMENT OF ACCOUNTS

7. CCPC will for each month render its accounts to B.C. Hydro for electricity supplied under this agreement. Upon receipt thereof B.C. Hydro shall pay such accounts to CCPC in lawful money of Canada at Victoria, British Columbia. Any account remaining unpaid 21 days from the date of receipt thereof by B.C. Hydro shall be in arrears and CCPC

will, in addition to all other remedies charge interest on the monies owed in an amount of 1.75 percent per month or part thereof until the said account is paid.

METERING

8. (a) The point of metering the electricity supplied under this agreement shall be at a safe and suitable location in CCPC's substation as near as practical to the point of delivery;
- (b) Measurement, directly or indirectly, of kilowatt-hours or other factors or quantities shall be determined at the voltage at the point of delivery by CCPC by means of suitable metering equipment provided, installed and maintained by CCPC;
- (c) The Electricity Inspection Act of Canada and the regulations made thereunder shall govern the metering used under this agreement;
- (d) CCPC may test, calibrate, remove or change its metering equipment at any reasonable time and shall, whenever practical, advise B.C. Hydro in advance of its intention to do so. B.C. Hydro may have a representative present at any test or calibration;
- (e) Should CCPC's metering equipment fail to register correctly or for any reason meter readings be unobtainable, the amount of electricity supplied will be estimated by CCPC from the best information available based on B.C. Hydro's operations during the month in question and such estimate, except in the case of manifest error shall for billing purposes have the same force and effect as a true meter reading; and
- (f) CCPC will advise B.C. Hydro by letter before the beginning of each year of the time and dates which CCPC will read its meter. B.C. Hydro may have a representative present at any reading of the meter.

CCPC'S EQUIPMENT

9. CCPC will supply electricity to the point of delivery through suitable plant and equipment in accordance with good electric utility standards.

INTERRUPTING CAPACITY AND RELAY SETTINGS

10. (a) B.C. Hydro shall at all times be responsible for maintaining, testing and setting all protective devices for B.C. Hydro's electrical system;
- (b) CCPC shall provide to B.C. Hydro connections to CCPC's potential transformers, current transformers and neutral current transformers to enable B.C. Hydro to provide protection to its electrical plant and equipment at a level used by B.C. Hydro in its present operation;
- (c) CCPC further agrees to provide information on CCPC's generation and electrical plant to enable B.C. Hydro to apply appropriate settings to its protective relays;
- (d) CCPC agrees to provide a reclosure or circuit breaker having an interrupting capacity not less than the fault duty imposed on it by B.C. Hydro's system; and
- (e) CCPC further agrees to provide remote closing and tripping facilities to this circuit breaker or reclosure to B.C. Hydro.

CONSTRUCTION COSTS

11. It is the intent of the parties that CCPC will bear all costs of construction of the transmission line and the connecting infrastructure needed by CCPC to supply electrical energy to B.C. Hydro:

- (a) CCPC will make available all materials, equipment, skilled workmen and engineering personnel necessary to accomplish this intent; and
- (b) CCPC will pay those labour costs B.C. Hydro incurs under the following conditions:
 - (i) the work is directly related and necessary to the construction or wiring of electrical equipment in Bella Bella used to intertie CCPC electrical system to B.C. Hydro's electrical system;
 - (ii) CCPC has approved in advance the terms, conditions and amount of work; and
 - (iii) B.C. Hydro has adequately demonstrated that this work can only be performed by B.C. Hydro permanent employees for reasons of prior contractual arrangements.

OPERATIONAL COSTS

12. After inception of delivery of energy by CCPC to B.C. Hydro, each party shall be responsible for operating and maintaining their respective equipment except as outlined in (a) below:

- (a) B.C. Hydro employees shall be allowed to operate CCPC's intertie reclosure or circuit breaker to separate or energize the B.C. Hydro distribution system as operational conditions dictate.

LAND LEASE

13. B.C. Hydro agrees to negotiate a lease to CCPC for the nominal sum of ONE (\$1.00) DOLLAR lands owned by B.C. Hydro for the purpose of constructing a substation and transmission line to the point of delivery. Such lease shall be granted over any property needed therefor, and shall be of adequate size and shall be located in such area as is mutually agreed. The said lease shall be granted for the term of this agreement. CCPC shall bear the cost of any Property Taxes assessed with respect to the property leased to CCPC.

REMOVAL OF EQUIPMENT

14. Upon termination of this agreement, each party may remove at its own discretion and shall remove within 90 days of receipt of a written request by the other party all its plant and equipment from the other's lands and premises and for such purposes each party may at all reasonable times enter upon the lands and premises of the other party.

DAMAGE TO PROPERTY OR APPARATUS

15. CCPC and B.C. Hydro are each responsible for plant or equipment installed on its land or premises by the other in accordance with agreement but shall not be liable for damage thereto from a cause beyond its control.

TERMINATION OF AGREEMENT

16. If, for a period of 30 consecutive days after it has commenced delivery of electricity to B.C. Hydro, CCPC is unable to continue delivery of electricity, and it can be demonstrated that CCPC will be unable to resume delivery of electricity to B.C. Hydro in the future for reasons relating to its financial condition, this agreement may be terminated by B.C. Hydro on 7 days' notice.

EQUIPMENT FAILURE

17. CCPC will maintain its equipment in accordance with good utility standards. If equipment fails CCPC will proceed expeditiously to repair or replace that piece of equipment.

DISCONTINUANCE OF SUPPLY

18. (a) CCPC may without notice discontinue or curtail the supply to B.C. Hydro of electricity under this agreement for the purpose of safeguarding life or property. CCPC shall whenever practical give to B.C. Hydro reasonable notice of such discontinuation;
- (b) CCPC shall have the right to discontinue the supply of electricity for the purpose of performing maintenance, making repairs, renewals or replacements to the plant or equipment of CCPC and such discontinuation shall be arranged whenever possible to occur at a time least objectionable to B.C. Hydro and shall be of the shortest practical duration. CCPC shall, where practical, give B.C. Hydro reasonable notice of such discontinuation. Such notice shall not be subject to Clause 23 and may be given to B.C. Hydro in any way which in the circumstances is practical; and
- (c) CCPC shall not be liable for any loss, injury or damage caused by or arising out of the discontinuance by it of the supply of electricity to B.C. Hydro for any of the purposes aforesaid in this Clause 18 or for the failure to give any notice in accordance with this Clause.

INTERFERENCE

19. B.C. Hydro will operate the Bella Bella distribution system and accept new loads in the same manner as B.C. Hydro would if it operated the system using the B.C. Hydro diesel plant.

POWER FACTOR

20. (a) B.C. Hydro shall maintain the average power factor at the point of delivery at not less than 85 percent lagging or 95 percent leading; and
- (b) B.C. Hydro shall without undue delay adjust its system or its manner of operating the said system so as to achieve the power factor required under this agreement and if CCPC deems that there is undue delay in achieving the said power factor it may so notify B.C. Hydro and thereupon without restricting any

other rights of CCPC under this agreement will charge a penalty of 10 percent of each monthly bill in which the power factor falls below that limit imposed.

LIABILITY

21. CCPC will endeavour to provide a regular and uninterrupted supply of electricity but shall not be liable for any loss, injury, damage or expense caused by or resulting from any interruption, termination, failure or defect in the supply of electricity which CCPC can demonstrate was a result of force majeure as defined herein.

"Force majeure" is defined as: fire, explosion, flood, tempest, or act of God, sabotage or acts of the Queen's enemies of such nature as to force CCPC to terminate, suspend or curtail the supply of electricity to B.C. Hydro.

Without limiting any other rights or remedies B.C. Hydro may have, in the event that an interruption, termination, failure or defect in the supply of electricity cannot be demonstrated by CCPC to be a result of force majeure then CCPC shall bear the differential costs as defined herein reasonably incurred by B.C. Hydro to supplement and/or substitute for the loss in supply of electricity by CCPC.

The differential costs are defined as those additional costs attributable to operating and manning the B.C. Hydro Shearwater Diesel Plant during times of power interruptions which would be over and above the costs of operating the B.C. Hydro Shearwater Diesel Plant in standby mode.

RIGHTS AND REMEDIES

22. No failure by CCPC or B.C. Hydro at any time or from time to time to enforce or require a strict observance and performance of any of the terms or conditions of this agreement shall constitute a waiver of such terms and conditions or affect or impair such terms or conditions or the right of CCPC or B.C. Hydro at any time to enforce such terms or conditions or to avail itself of any remedy it may have for any breach or breaches thereof. The exercise by B.C. Hydro or CCPC of any remedy provided in this agreement shall not prevent or stop B.C. Hydro or CCPC respectively from pursuing any other remedy it may have and all the respective rights and remedies of B.C. Hydro and CCPC may be exercised and continued concurrently or separately.

NOTICES

23. Any notice required to be given to CCPC under this agreement shall be written and shall be well and sufficiently given if mailed by registered mail or hand delivered to an officer of CCPC addressed as follows:

Central Coast Power Corporation
4594 Montford Crescent
Victoria, B.C.
V8N 3W5

and any notice required to be given to B.C. Hydro shall be written and shall be well and sufficiently given if mailed by registered mail as follows:

British Columbia Hydro and Power Authority
970 Burrard Street
P.O. Box 8910
Vancouver, B.C.
V6B 4X3

and any notice shall be deemed to have been given when delivered or, if mailed, on the third business day following the date of mailing.

ASSIGNMENT

24. Neither this agreement nor any rights hereunder shall be assigned by B.C. Hydro without the consent in writing of CCPC nor by CCPC without the consent in writing of B.C. Hydro.

25. Wherever the singular is used in this agreement the same shall be deemed to include the plural.

MARGINAL REFERENCES

26. The headings and marginal references in this agreement are inserted for convenience of reference only and not as an aid to construction.

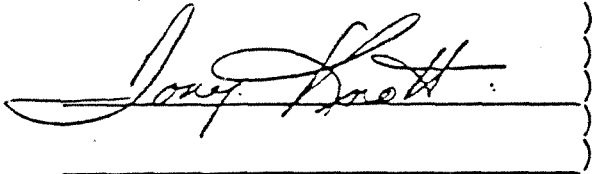
27. In this agreement any reference to revenue, rate, minimum guarantee or payment for electricity shall be considered as exclusive of sales tax. CCPC shall bear the cost for all taxes associated with the generating and/or delivery of power to B.C. Hydro. B.C. Hydro shall bear the costs of any taxes associated with the purchase of power by B.C. Hydro.

SUCCESSORS AND ASSIGNS

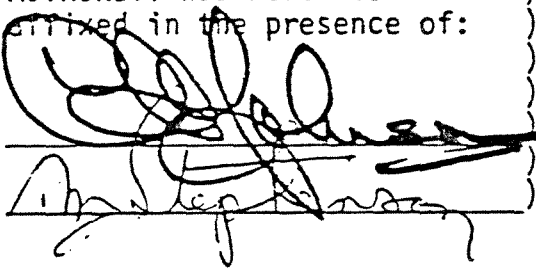
28. This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF the parties have caused this agreement to be executed as of the day and year first above written.

The Common Seal of CENTRAL
COAST POWER CORPORATION
was hereunto affixed in
the presence of:

A handwritten signature in dark ink, appearing to read "Long Knott", is written over a horizontal line. The signature is enclosed within a bracketed area on the right side.

The Common Seal of BRITISH
COLUMBIA HYDRO AND POWER
AUTHORITY was hereunto
affixed in the presence of:

A handwritten signature in dark ink, appearing to read "M. J. [unclear]", is written over a horizontal line. The signature is enclosed within a bracketed area on the right side.

APPENDIX II

THIS AGREEMENT dated for reference the 27th day of March, 1986.

BETWEEN:

OCEAN FALLS CORPORATION, a body corporate incorporated under the laws of the Province of British Columbia and having a place of business at 2659 Douglas Street, Victoria, British Columbia

(hereinafter called the "Vendor") ..

OF THE FIRST PART

AND:

CENTRAL COAST POWER CORPORATION (Inc. No.288016) a body corporate duly organized pursuant to the laws of the Province of British Columbia, having its registered office at 1800 Four Hundred Burrard, Vancouver, British Columbia, V6C 3A6

(hereinafter called the "Purchaser")

OF THE SECOND PART

WHEREAS The Vendor has agreed to sell and the Purchaser has agreed to purchase certain lands and chattels owned by the Vendor in Ocean Falls B.C. in accordance with the terms and conditions herein contained.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and other good and valuable consideration, the parties agree as follows:

ARTICLE I

DEFINITIONS

1.01 In this agreement:

"Chattels" means the goods, equipment and other chattels described in Schedule "G";

"Closing Documents" means the documents referred to in Article VII;

"Completion Date" means the 30th day following satisfaction or waiver of the Conditions Precedent set out in section 5.01;

"Conditions Precedent" means the conditions precedent set out in sections 5.01;

"Land" means the parcel of land shown outlined by a bold line on the proposed plan attached as Schedule "A";

"Option" means an option to purchase the lands in the form set out in Schedule "B";

"Purchase Price" means the sum of \$1.00;

"Statutory Right of Way" means a Statutory Right-of-Way pursuant to section 214 of the Land Title Act in favour of the Vendor and in accordance with the specifics set out in Schedule "C";

"215 Covenant" means the covenant respecting the use of the Land pursuant to section 215 of the Land Title Act whereby the Purchaser is obligated to maintain and repair the facility in accordance with the specifics set out in Schedule "D";

"Transfer" means a transfer of an estate in fee simple executed by the Vendor;

"Water Licence" means the water licence held by the Vendor under number 43165.

ARTICLE II

REPRESENTATIONS OF THE PURCHASER

2.01 The Purchaser warrants and represents to the Vendor that:

- (a) it is not in breach of any statute, regulation, or by-law applicable to the Purchaser or its operations;
- (b) the making of this agreement and the completion of the transactions contemplated hereby and the performance of and compliance with the terms of this agreement do not conflict with or result in a breach of, or the acceleration of any indebtedness under, any terms, provisions, or conditions of, or constitute a default under, the constituting documents of the Purchaser or any indenture, mortgage, deed of trust, agreement, lease, franchise, certificate, consent, permit, license, authority or other instrument to which the Purchaser is a party or is bound or any judgment, decree, order, rule or regulation of any court or administrative body by which the Purchaser is bound or, to the knowledge of the Purchaser any statute or regulation applicable to the Purchaser;
- (c) it now holds or will take all necessary steps to obtain when legally required to do so, all permits, licenses, consents and authorities issued by any federal, provincial, regional or municipal government or agency or any of them that are necessary in connection with its business operations;
- (d) it is not a party to or threatened with any litigation and has no knowledge of any claims against it that would materially affect its undertaking;
- (e) it is fully qualified to develop and operate a hydro electric power generating facility on the Land;
- (f) it has fully informed itself of all applicable laws and regulations concerning the development and use of the Land for a hydro electric power generating facility and agrees to comply therewith; and

- (g) the Purchaser, its officers and directors, have no knowledge of any untrue or inaccurate representation or assurance, whether verbal or written, given by the Purchaser, its directors or officers to the Vendor, its servants or agents in connection with the Purchaser's proposals to develop the Land.

2.02 The Purchaser acknowledges and agrees that:

- (a) it has inspected the Land and Chattels;
- (b) it is satisfied that the Land and Chattels are suitable for its business purposes;
- (c) it has made its own investigation of the economic feasibility of the development of the Land as aforesaid;
- (d) there are no representations, warranties, collateral agreements or conditions affecting this agreement or relating directly or indirectly to the Land or Chattels or the use of the Land or of other lands adjacent to the Land except as expressed herein and that this agreement constitutes the entire agreement between the parties; and
- (e) without restricting the generality of the section 2.02(d), the Vendor has not warranted and does not warrant that the Land or Chattels are suitable for the purpose or purposes for which the Purchaser may intend to use them.

2.03 The Purchaser hereby covenants and agrees with the Vendor that it shall not mortgage, charge, encumber, assign or otherwise dispose of all or substantially all of the Land or Chattels unless:

- (a) the mortgagee, assignee or transferee first agrees with the Vendor to assume all of the Purchaser's obligations under this agreement and, without limiting the generality of the foregoing, agrees to construct, operate and maintain the hydro-electric generating facility in accordance with this agreement and all schedules hereto; AND
- (b) the Purchaser has first submitted the mortgage, assignment or transfer documents to the Vendor for the Vendor's written approval as to the assumption by the mortgagee, assignee or transferee.

ARTICLE III

SALE OF THE LAND AND CHATTELS

- 3.01 The Vendor hereby agrees to sell and the Purchaser hereby agrees to purchase all of the Vendor's right, title and interest:
- (a) in fee simple in and to the Land; and
 - (b) in the Chattels,
- for the Purchase Price on the terms and conditions herein set forth.
- 3.02 The Land shall be conveyed and the Chattels transferred by the Vendor to the Purchaser free and clear of all liens, charges and encumbrances save and except the Statutory Right-of-Way, the 215 Covenant and the Option.
- 3.03 The purchase and sale of the Land and Chattels shall be completed and possession yielded to the Purchaser on the Completion Date provided however, that if the Victoria Land Title Office is closed on such date then completion and possession shall be extended to the next date such office is open.
- 3.04 The parties agree that no adjustments will be made to the Purchase Price for the Land or Chattels on account of taxes or any other matter.

ARTICLE IV

PURCHASE PRICE

4.01 The Purchase Price for the Land and Chattels shall be paid by the Purchaser to the Vendor on the Completion Date.

ARTICLE V

CONDITIONS PRECEDENT

5.01 The obligation of the parties to complete the purchase and sale of the Land and Chattels is subject to the following Conditions Precedent, namely that on or before May 1, 1986:

- (a) A certificate of indefeasible title will have been issued by the Victoria Land Title Office showing the Vendor as registered owner in fee-simple of the Land, free and clear of all liens, charges and encumbrances;
- (b) The Purchaser will have received from Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister of Lands, Parks and Housing a licence of occupation authorizing the construction of a Hydro Transmission Line from the Land to Bella Bella;
- (c) The Water Licence held by the Purchaser will be amended by the Comptroller of Water Rights in accordance with the specifics set out in Schedule "E"; and
- (d) The British Columbia Utilities Commission will have:
 - (i) approved of the transfer of the Land and Chattels proposed by this agreement; AND
 - (ii) issued an order, with the approval of the Lieutenant Governor in Council, exempting the Purchaser from provisions of the Utilities Commission Act on the terms set out in schedule "F" and other terms satisfactory to the Vendor in its sole discretion.

5.02 If any of the Conditions Precedent described in section 5.01 are agreed in writing by the parties hereto to be unnecessary for the completion of the transactions hereby contemplated and the lawful carrying on, by the Purchaser, of the business of a hydro electric generating facility on the Land, the parties hereto shall waive, or be deemed to have waived, the fulfillment of that Condition Precedent agreed to be unnecessary.

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- 5.03 The Purchaser and the Vendor shall use all reasonable efforts to ensure that the Conditions Precedent set out in section 5.01 are satisfied.
- 5.04 In the event that the Conditions Precedent set out in section 5.01 are neither satisfied nor waived on or before the date specified in that section this agreement shall terminate and thereafter neither party shall be under any further obligation under this agreement.

ARTICLE VI

SURVEY :

6.01 The Vendor shall bear all costs to prepare and deposit at the Victoria Land Title Office the requisite plan to establish the boundaries of the Land.

ARTICLE VII

CLOSING DOCUMENTS

- 7.01 Not later than 15 days prior to the Completion Date the Vendor, at its expense will cause the 215 Covenant, the Option and such other agreements and documents as its solicitors may recommend to conclude the transactions contemplated by this agreement to be prepared and delivered to the Purchaser for execution.
- 7.02 Not later than 10 days prior to the Completion Date the Purchaser at its expense will execute and deliver the 215 Covenant and the Option to the Vendor's solicitor in trust and the other agreements and documents referred to in section 7.01.
- 7.03 Not later than 5 days prior to the Completion Date, the Vendor at its expense will execute and deliver the Transfer and a bill of sale absolute in respect of the Chattels to the Purchaser's solicitor in trust.

ARTICLE VIII

COMPLETION

- 8.01 On the Completion Date, the parties or their agents shall meet at the Victoria Land Title Office and conduct a pre-registration index search of the Land, and, upon determining that title to the Land is registered in the name of the Vendor free and clear of all liens, charges and encumbrances save and except the Statutory Right-of-Way, the Purchaser or its agent shall forthwith make application to register the Transfer concurrently with an application by the Vendor or its agent to register the Option and the 215 Covenant.,
- 8.02 The Purchaser will cause a post-registration search to be conducted of the Land on the Completion Date and upon confirming that it will be registered as the owner in fee-simple of the Land, free and clear of all liens, charges and encumbrances, except the Option, the 215 Covenant and the Statutory Right-of-Way, it will cause its solicitors to deliver to the Vendor forthwith, at its expense a cheque payable to the Minister of Finance for the Purchase Price.

ARTICLE IX

MISCELLANEOUS

- 9.01 No term, condition, covenant or other provision herein shall be considered to have been waived by the Vendor unless such waiver is expressed in writing by the Vendor. The waiver by the Vendor of any breach by the Purchaser of any term, condition, covenant or other provision herein shall not be construed as or constitute a waiver of any further or other breach of the same or any other term, condition, covenant, or other provision and the consent or approval of the Vendor to any act by the Purchaser requiring the consent or approval of the Vendor shall not be considered to waive or render unnecessary such consents or approvals to any subsequent same or similar act by the Purchaser.
- 9.02 No remedy conferred upon or reserved to the Vendor is exclusive of any other remedy herein or provided by law, but such remedy shall be cumulative and shall be in addition to any other remedy herein or hereafter existing at law, in equity, or by statute.
- 9.03 The Purchaser shall not directly or indirectly assign, transfer or dispose of its rights under this agreement in whole or in part without the prior written consent of the Vendor, such consent not to be unreasonably withheld.
- 9.04 The terms and provisions of this agreement shall extend to, be binding upon and enure to the benefit of the parties hereto and their successors and permitted assigns.
- 9.05 This agreement creates contractual rights only between the parties, does not create any equitable or legal interest in the Land and shall not be registered by the Purchaser at the Victoria Land Title Office at any time.
- 9.06 The Vendor and the Purchaser shall perform such further acts and execute such further documents as may reasonably be required to give effect to the content of this agreement.
- 9.07 Time shall be of the essence of this agreement.
- 9.08 The Option shall be released and discharged from the Land by the Vendor upon the commencement by the Purchaser of the delivery of electrical power from the Land to Bella Bella, and written confirmation to the Vendor from British Columbia Hydro and Power Authority to that effect shall be conclusive evidence of that fact.

ARTICLE X

INTERPRETATION

- 10.01 In this agreement, unless the context otherwise requires, the singular includes the plural and the masculine includes the feminine gender and a corporation.
- 10.02 The captions and headings contained in this agreement are for convenience only and are not to be construed as defining or in any way limiting the scope or intent of the provisions hereof.
- 10.03 This agreement shall be interpreted according to the laws of the Province of British Columbia.
- 10.04 If any section of this agreement or any part of a section is found to be illegal or unenforceable, that part or section, as the case may be, shall be considered separate and severable and the remaining parts or sections, as the case may be, shall not be affected thereby and shall be enforceable to the fullest extent permitted by law.
- 10.05 This agreement constitutes the entire agreement between the parties and may not be modified except as herein explicitly provided, or except by subsequent agreement in writing.

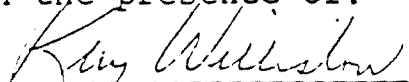
ARTICLE XI

NOTICE

- 11.01 Subject to section 11.03, any written notice to be served upon or given to either the Vendor or the Purchaser pursuant to this agreement shall be sufficiently served and given if delivered or mailed, prepaid and registered, in the case of the Vendor, addressed to it at 2659 Douglas Street, Victoria, B.C. and in the case of the Purchaser, addressed to it at 4594 Montford Crescent, Victoria, B.C., V8N 3W5 and if the notice is mailed the date of receipt shall be deemed to be the 4th day after the date of mailing. In the event of interruption of postal services, notices shall only be effective if delivered.
- 11.02 Either party may, by notice in writing to the other, specify another address for service of notices under this agreement, and where another address is specified under this section, notices shall be mailed to that address in accordance with this Article.
- 11.03 Notwithstanding section 11.01, delivery of the Closing Documents and delivery of all installments of the Purchase Price shall be effected only by hand or prepaid courier.

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the dates indicated below.

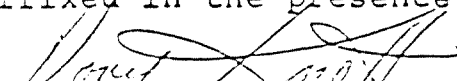
The Common Seal of OCEAN FALLS
CORPORATION was hereunto affixed)
in the presence of:)


Authorized Signatory)

Authorized Signatory)

c/s

The Common Seal of CENTRAL COAST
POWER CORPORATION was hereunto
affixed in the presence of:)


Authorized Signatory)


Authorized Signatory)

c/s

LIST OF SCHEDULES

- "A".....Parcel of Land on Proposed
Plan
- "B".....Option to Purchase
- "C".....Statutory Right-of-Way
- "D".....215 Covenant
- "E".....Water Licence
- "F".....Order
- "G".....Chattels

SCHEDULE "B"
Form 17
(Sections 151, 152 (1), 215)
APPLICATION

Charge: Option to Purchase True Value: Nil

Herewith Fees of \$ _____

Address of person entitled to be registered as owner, if
different than shown in instrument _____

Full name, address, telephone number of person presenting
application: _____

(Signature of applicant, or
solicitor or authorized agent)

THIS AGREEMENT dated the _____ day of _____, 19__.

B E T W E E N:

CENTRAL COAST POWER CORPORATION (Inc.
No. 288016) a body corporate duly organized
pursuant to the laws of the Province of
British Columbia, having its registered
office at 1800 - 400 Burrard Street,
Vancouver, British Columbia, V6C 3A6

(hereinafter called the "Vendor")

OF THE FIRST PART

A N D:

OCEAN FALLS CORPORATION, a body corporate
incorporated under the laws of the Province
of British Columbia and having a place of
business at 2659 Douglas Street,
Victoria, British Columbia

(hereinafter called the "Purchaser")

OF THE SECOND PART

WHEREAS the Vendor is the registered owner of those lands
situated in the Town of Ocean Falls and in the Province of
British Columbia and more particularly known and described as:

(hereinafter called the "Lands").

NOW THEREFORE THIS INDENTURE WITNESSETH that in consideration of the sum of ONE (\$1.00) DOLLAR paid by the Purchaser to the Vendor (the receipt and sufficiency of which is by the Vendor hereby acknowledged) the parties hereto covenant and agree as follows:

1. The Vendor hereby grants to the Purchaser the full and exclusive first right and option, irrevocable within the term limited hereby, to purchase the Lands, free and clear of all encumbrances, claims, liens, charges, save and except reservations in the original grant from the Crown, a Statutory Right-of-Way and a Restrictive Covenant both of even date and in favour of the Purchaser, for the sum of ONE (\$1.00) DOLLAR (hereinafter called the "Purchase Price").
2. The option hereby granted may be exercised at any time on or after September 1, 1987, provided that the Completion Date shall not, unless otherwise agreed by the parties, occur prior to September 1, 1988 and provided further that, notwithstanding that the Purchaser may have exercised the option hereby granted in accordance with section 3 hereof, if electrical power is delivered from the Lands to Bella Bella prior to September 1, 1988 the option hereby granted and any agreement for the purchase and sale of the Lands arising out of the exercise thereof, shall be void and of no effect; and the option hereby granted may not be exercised after the earlier of:
 - (a) the commencement by the Vendor of the delivery of electrical power from the Lands to Bella Bella, and written confirmation to the Purchaser from B.C. Hydro and Power Authority to that effect shall be conclusive evidence of that fact; or
 - (b) 12:00 o'clock noon on April 1, 1991.
3. This option may be exercised by notice in writing delivered or mailed by prepaid double registered mail to the Vendor at the address shown on the certificate of title for the Lands.

4. In the event this option is exercised, the date for completion of the purchase (herein called the "Completion Date") shall be, subject to section 2, thirty (30) days following the receipt by the Vendor of the notice referred to in paragraph 3 hereof and the Purchaser shall be entitled to possession of the Lands on the Completion Date.
5. In the event this option is exercised, a binding agreement for the purchase and sale of the Lands shall be constituted on the terms herein contained.
6. In the event this option is exercised, the Purchase Price shall be adjusted so that the Vendor shall pay all taxes, water rates and assessments levied against the Lands up to 12:00 o'clock noon on the Completion Date, and the Purchaser shall pay all taxes, water rates and assessments levied against the Lands, after 12:00 o'clock noon on the Completion Date.
7. The Purchase Price shall be paid in full on the Completion Date.
8. The Vendor covenants and agrees that on the Completion Date the Vendor shall:
 - (a) convey the Lands to the Purchaser free and clear of all liens, charges and encumbrances save and except the reservation in the original grant from the Crown, a Statutory Right-of-Way and a Restrictive Covenant both of even date and in favour of the Purchaser;
 - (b) execute and deliver to the Purchaser in registrable form all documents necessary and incidental to transfer the title of the Lands to the Purchaser.
9. The Vendor covenants and agrees that during and throughout the term of this option, the Vendor shall:
 - (a) pay all taxes, rates, and assessments, general property, school, special, ordinary, extraordinary of every nature and kind that may be charged or assessed against the Lands;
 - (b) not grant to any person or persons, company or companies an option to purchase the Lands.
10. The Vendor covenants and agrees to do such things and execute and deliver such further documents and assurances that may be necessary to effect registration of this option in the Victoria Land Title Office and to carry out the transactions contemplated hereby.

11. If this option is exercised, the necessary documents to transfer the title of the Lands to the Purchaser shall be prepared by the solicitor for and at the cost of the Purchaser.
12. Any notice, or written confirmation given by mail shall be by prepaid double registered mail, and pursuant to the terms of this Agreement shall be deemed to have been received by the intended recipient on the third business day following the mailing thereof.
13. Notwithstanding paragraphs 3 or 12 hereof; it is understood and agreed that in the event postal services are disrupted by labour dispute, all notices and written confirmations, provided for herein, shall be deemed to have been given when personally delivered to the intended recipient.
14. It is understood and agreed that the Lands shall remain at the risk of the Vendor until 12:00 o'clock noon on the Completion Date and that after 12:00 o'clock noon on the Completion Date, the Lands shall be at the risk of the Purchaser.
15. It is understood and agreed that time shall be of the essence of this Agreement.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals on the date and year first above written.

The common seal of CENTRAL)
COAST POWER CORPORATION)
was hereunto affixed in the)
presence of:)

Authorized Signatory)

c/s

Authorized Signatory)

The common seal of OCEAN)
FALLS CORPORATION was)
hereunto affixed in the)
presence of:)

Authorized Signatory)

c/s

Authorized Signatory)

LAND TITLE ACT

FORM 6

Section 46

PROOF OF EXECUTION BY CORPORATION

I CERTIFY that on the _____ day of _____, 1986,
at _____, in the Province of British Columbia,
_____ personally known to me,
appeared before me and acknowledged to me that he/she is the
authorized signatory of CENTRAL COAST POWER CORPORATION and
that he/she is the person who subscribed his/her name and
affixed the seal of the corporation to the instrument, and
that he/she was authorized to subscribe his/her name and
affix the seal to it.

IN TESTIMONY of which I set my hand and seal of office
at _____, in the Province of British
Columbia this _____ day of _____, 1986.

A Commissioner for taking
Affidavits in and for the
Province of British Columbia

LAND TITLE ACT

FORM 6

Section 46

PROOF OF EXECUTION BY CORPORATION

I CERTIFY that on the _____ day of _____, 1986,
at _____, in the Province of British Columbia,
_____ personally known to me,
appeared before me and acknowledged to me that he/she is the
authorized signatory of OCEAN FALLS CORPORATION and that
he/she is the person who subscribed his/her name and affixed
the seal of the corporation to the instrument, and that
he/she was authorized to subscribe his/her name and affix
the seal to it.

IN TESTIMONY of which I set my hand and seal of office
at _____, in the Province of British
Columbia this _____ day of _____, 1986.

A Commissioner for taking
Affidavits in and for the
Province of British Columbia

SCHEDULE "C"
LAND TITLE ACT
Form 17
(Sections 151, 152 (1), 220)
APPLICATION

NATURE OF INTEREST	True Value:
Charge	
Statutory Right-of-Way	
(Nature of Charge)	
Herewith Fees of \$	
Address of person entitled to be registered as owner, if different than shown in instrument	
Full Name, address, telephone number of persons presenting application	

THE GRANT OF THE ATTACHED STATUTORY RIGHT-OF-WAY IS NECESSARY
FOR THE OPERATION AND MAINTENANCE OF THE GRANTEE'S
UNDERTAKING.

Signature of applicant,
solicitor or authorized agent)

THIS INDENTURE made and entered into this day of ,
198_.

B E T W E E N:

OCEAN FALLS CORPORATION, a body corporate
incorporated under the laws of the Province
of British Columbia and having a place of
business at 2659 Douglas Street
Victoria, British Columbia

(hereinafter called the "Grantor")

OF THE FIRST PART

A N D:

OCEAN FALLS CORPORATION, a body corporate
incorporated under the laws of the Province
of British Columbia and having a place of
business at 2659 Douglas Street
Victoria, British Columbia

(hereinafter called the "Grantee")

OF THE SECOND PART

WHEREAS:

A. The Grantor is the registered owner in fee simple of all and singular that certain parcel or tract of land and premises situate in the _____, in the Province of British Columbia, and more particularly known and described as _____ (hereinafter called the "Lands");

B. It is necessary for the operation and maintenance of the Grantee's undertaking that the Grantor grants to the Grantee this easement for a right-of-way over a portion of the Lands.

NOW THEREFORE THIS INDENTURE WITNESSETH AS FOLLOWS:

1. The Grantor, as owner of the Lands, in consideration of the sum of one dollar (\$1.00) and other good and valuable consideration, now paid by the Grantee to the Grantor, the receipt and sufficiency of which is hereby acknowledged, hereby grants to the Grantee the exclusive right at all times to:
 - (a) enter over, on, under and through, that portion of the Lands shown outlined in red on Plan Number _____ registered in the Victoria Land Title Office under number _____, a copy of which is attached to this agreement as Attachment I (hereinafter called the "Statutory Right-of-Way") and to use the Statutory Right-of-Way for the purposes of utilizing and operating all existing penstocks and pipelines and related equipment thereon for the transmission of water and constructing such further improvements as the Grantee may require to facilitate the transmission of water;
 - (b) do all acts which in the opinion of the Grantee are necessary and incidental to the use of the Statutory Right-of-Way for the purposes aforesaid,

PROVIDED always that the Grantee, its successors, assigns and licensees, shall not and shall not permit any use of the Statutory Right-of-Way nor any improvements, repairs or maintenance of the Statutory Right-of-Way or any fixtures or chattels deposited or used thereon by the Grantee, its successors, assigns or licensees, to materially interfere with or obstruct:

- (a) the ordinary operation of the hydro electric dam, transmission facility and related equipment located on the Lands, or

(b) the use of the grinder room,

without the prior consent of the registered owner of the Lands from time to time.

2. The Grantor covenants and agrees with the Grantee:

- (a) not to do or permit to be done any act or thing which in the opinion of the Grantee might interfere with the use of the Statutory Right-of-Way as aforesaid or obstruct access to the Statutory Right-of-Way in any way;
- (b) to do and execute or cause to be made, done or executed, all such further and other lawful acts, deeds, things, devices, conveyances and assurances in law whatsoever for the better assuring unto the Grantee of the rights hereby granted; and
- (c) to permit the Grantee to peaceably hold and enjoy the rights hereby granted; and
- (d) to at all times maintain and repair, at the sole expense of the Grantee, any and all improvements now existing within the Statutory Right-of-Way, and to repair and maintain the same according to notice from the Grantee.

3. It is mutually understood, and agreed and declared by and between the parties hereto:

- (a) this agreement shall be interpreted according to the laws of the Province of British Columbia;
- (b) the rights hereby granted are and shall be of the same force and effect to all intents and purposes as a covenant running with the lands and this instrument including all the covenants and conditions herein contained shall extend to and be binding upon and enure to the benefit of the successors and assigns of the parties hereto respectively;
- (c) wherever the singular or masculine is used in this agreement, the same shall be deemed to include the plural or the feminine or body politic or corporate as the context so requires or the parties so require;
- (d) that a reference to each party hereto shall be deemed to include the heirs, executors, administrators, successors, assigns, employees, servants, agents and officers of such parties wherever the context so requires or the parties so require.

File No. 0265001

Date 24 February, 1986

WATER ACT

(Section 15)

Application for Change of Works

I/We, Ocean Falls Corporation, of P.O. Box 730, Ocean Falls,
British Columbia, V0T 1P0

hereby apply to the Comptroller of Water Rights for authority to alter or add to the works authorized under
Conditional/Final Licence No. 43165, Link River, as follows:—
(Stream.)

(a) The works (pipe-lines, ditches, etc.) to be abandoned are:—

no works to be abandoned

(b) The new works to be constructed are:—

no works to be constructed but ammend licence to change the maximum
quantity of water which may be diverted from 2,120 cubic feet per second
to 168 cubic feet per second.

(c) The proposed new works will cross or otherwise affect the following lands:—

Legal Description	Length	Breadth	Kind of Works	Owner's Name
a powerhouse site on Lot 31, Range 3, Coast District.			diversion structure, penstocks, pipe, and powerhouse.	Ocean Falls Corporation

(d) A copy of this application has been served on each of the following owners of land touched or
crossed by the proposed works:—

Province of British Columbia,
Ministry of Lands, Parks and Housing.

Ocean Falls Corporation

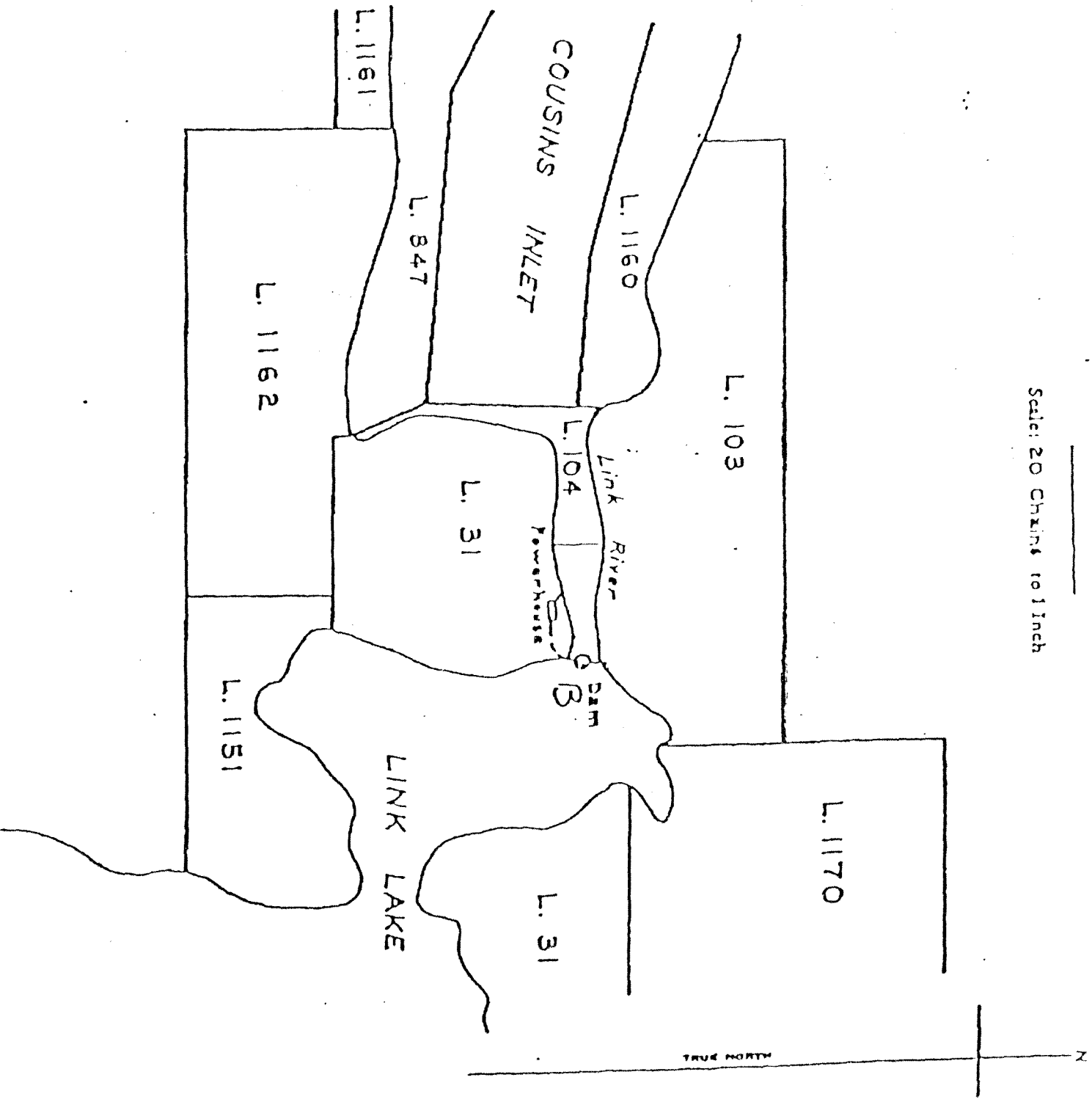
Licensee.

NOTE.—A sketch must accompany the application showing the course of the stream, the works to be abandoned, the
proposed new works, and the lands affected by the proposed change.

The fee for amendment of a licence is \$10.

COAST GUARD WATER DISTRICT RANGE 3, COAST DISTRICT

Scale: 20 Chains to 1 inch



LEGEND
at of Division
Map 93 D/SW (42) 93 D.032
a Penstocks

Signature 

Date 16th Sept 87
for F.L. 9537 in pt.
File 0265001

GELLA COOLA Coast Precinct
For Storage see F.L. 4312

LAND TITLE ACT

FORM 6

Section 46

PROOF OF EXECUTION BY CORPORATION

I CERTIFY that on the _____ day of _____, 1986,
at _____, in the Province of British Columbia,
_____ personally known to me,
appeared before me and acknowledged to me that he/she is the
authorized signatory of OCEAN FALLS CORPORATION and that
he/she is the person who subscribed his/her name and affixed
the seal of the corporation to the instrument, and that
he/she was authorized to subscribe his/her name and affix
the seal to it.

IN TESTIMONY of which I set my hand and seal of office
at _____, in the Province of British
Columbia this _____ day of _____, 1986.

A Commissioner for taking
Affidavits in and for the
Province of British Columbia

SCHEDULE "D"
Form 17
(Sections 151, 152 (1), 215)
APPLICATION

Charge: Section 215 Covenant True Value: Nil

Herewith Fees of \$ _____

Address of person entitled to be registered as owner, if
different than shown in instrument _____

Full name, address, telephone number of person presenting
application: _____

(Signature of applicant, or
solicitor or authorized agent)

Section 215 Covenant

THIS AGREEMENT made this _____ day of _____, 19__.

B E T W E E N:

CENTRAL COAST POWER CORPORATION (Inc.
No. 288016) a body corporate duly organized
pursuant to the laws of the province of
British Columbia, having its registered
office at 1800 - 400 Burrard Street,
Vancouver, British Columbia, V6C 3A6

(hereinafter called the "Grantor")

OF THE FIRST PART

A N D:

OCEAN FALLS CORPORATION, a body corporate
incorporated under the laws of the Province
of British Columbia and having a place of
business at 2659 Douglas Street,
Victoria, British Columbia

(hereinafter called the "Grantee")

OF THE SECOND PART

WITNESSES THAT WHEREAS:

A. The Grantor is the registered owner of the Land, as
hereinafter defined;

3.03 This agreement shall be interpreted according to the laws of the Province of British Columbia.

3.04 Where there is a reference to an enactment of the Province of British Columbia in this agreement, that reference shall include a reference to any subsequent enactment of the Province of British Columbia of like effect, and unless the context otherwise requires, all statutes referred to herein are enactments of the Province of British Columbia.

3.05 If any section of this agreement or any part of a section is found to be illegal or unenforceable, that part or section, as the case may be, shall be considered separate and severable and the remaining parts or sections, as the case may be, shall not be affected thereby and shall be enforceable to the fullest extent permitted by law.

3.06 This agreement and all the covenants and agreements herein shall be registered as a charge against the Land pursuant to section 215 of the Land Title Act.

IN WITNESS WHEREOF the parties have executed this agreement as of the day and year first above written.

The Corporate Seal of the
CENTRAL COAST POWER CORPORATION)
was affixed in the presence of:)

Authorized Signatory)

c/s

Authorized Signatory)

The Corporate Seal of the
OCEAN FALLS CORPORATION was
hereunto affixed in the
presence of:)

Authorized Signatory)

c/s

Authorized Signatory)

- B. The Grantor has agreed to enter into a covenant with the Grantee concerning the use of the Land pursuant to section 215 of the Land Title Act.
- C. The Grantee, as a condition of transferring the Land to the Grantor for nominal consideration, requested the Grantor to enter into the covenants and agreements hereinafter contained.

NOW THEREFORE in consideration of the sum of ONE DOLLAR (\$1.00) now paid by the Grantee to the Grantor, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Grantor, the parties agree as follows:

ARTICLE I

DEFINITIONS

- 1.01 In this agreement "Land" means the lands described in Schedule "A" of this agreement.

ARTICLE II

GRANTOR'S COVENANTS

- 2.01 The Grantor hereby covenants and agrees with the Grantee to use the Land solely for the purposes of operating a hydro electric dam and facility, water transmission facility and related equipment and that it shall at all times and at the Grantor's sole expense maintain and repair the improvements existing on the Land as at the date of this agreement, and other improvements constructed or installed by the Grantor in a good workmanlike manner.
- 2.02 The Grantor further covenants and agrees with the Grantee to indemnify and save harmless the Grantee from all losses, damages, costs and liabilities, including fees of solicitors and other professional advisors, arising out of any breach, violation or non-performance of any term or covenant of this agreement.

ARTICLE III

MISCELLANEOUS

- 3.01 The terms and provisions of this agreement shall extend to, be binding upon and enure to the benefit of the parties hereto and their respective successors, transferees and assigns.
- 3.02 In this agreement, unless the context otherwise requires, the singular includes the plural and the masculine includes the feminine gender and a corporation.

SCHEDULE "F"

Terms to be incorporated into
prepared exemption order for
Central Coast Power Corporation (the "Company")

1. The Company shall fully abide by and comply with the terms of the agreement entered into between it and British Columbia Hydro and Power Authority ("B.C. Hydro") dated February 19th, 1986.

2. The Company shall supply hydro-electric power to all customers wishing service in Ocean Falls and Martin Valley as follows:

- (a) Residential Services

Residential hydro-electric power will be supplied at the B.C. Hydro rate for Rate Zone 11, schedules 1107, 1117, 1127, 1132 and 1134, as amended from time to time.

- (b) Street Lighting

Hydro-electric service for streetlighting shall be provided to the local improvement district at rates not to exceed B.C. Hydro rate schedule 1701, as amended from time to time.

- (c) Industrial

Industrial customers are to be charged rates not to exceed 20 mils per kilowatt hour for the first five years of the customer operation. In the succeeding years, the price increase for hydro-electric power shall be no more than the percentage increases authorized by the B.C. Hydro Industrial User's Rate, schedules 1821, 1200, 1201, 1210 and 1211 during the same period.

- (d) Hotel

The applicable rate to be charged the operation of the Martin Valley Inn will not exceed 30 mils per kilowatt hour.

3. The Company shall, at its expense, repair and maintain all existing streetlighting equipment in Ocean Falls.

SCHEDULE "G"

Chattels

The Chattels shall consist of:

- (a) the dam,
- (b) the #2 powerhouse, including all the power-generating equipment and material contained therein,
- (c) penstocks No. 1 and No. 2,
- (d) the grinder and groundwood screen room, excluding equipment installed or stored therein,
- (e) transmission and distribution systems in the Ocean Falls townsite and mill site and Martin Valley,
- (f) at the Hydro Substation North Bus:
 - 350 MVA, 2,000 amp, 6 cells
 - 2 only 2,000 amp circuit breakers
 - 3 only 1,200 amp circuit breakers
 - 1 only auxiliary cell
- (g) at the Hydro Substation South Bus:
 - 350 MVA, 2,000 amp, 6 cells
 - 2 only 2,000 amp circuit breakers
 - 3 only 1,200 amp circuit breakers
 - 1 only auxiliary cell
- (h) Accessories:
 - 12 CT's 1200-5
 - 18 surge arrestors - 3 kv
 - 6 surge capacitors - 7.2 KV 3 dia
 - 12 lightning arrestor 3 KV
 - 5 CT's 100-5

(i) Other:

- Spare 1,200 amp circuit breaker - 350 MVA
- Spare 2,000 amp circuit breaker - 350 MVA
- 1 roll 300 metres single conductor 500 MCM tech cable
- 300 feet 24" cable tray
- 43" x 26" high forge

SCHEDULE "F"

Terms to be incorporated into
prepared exemption order for
Central Coast Power Corporation (the "Company")

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(b) Street Lighting

Hydro-electric service for streetlighting shall be provided to the local improvement district at rates not to exceed B.C. Hydro rate schedule 1701, as amended from time to time.

(c) Industrial

Industrial customers are to be charged rates not to exceed 20 mills per kilowatt hour for the first five years of the customer operation. In the succeeding years, the price increase for hydro-electric power shall be no more than the percentage increases authorized by the B.C. Hydro Industrial User's Rate, schedules 1821, 1200, 1201, 1210 and 1211 during the same period.

(d) Hotel

The applicable rate to be charged the operation of the Martin Valley Inn will not exceed 30 mills per kilowatt hour.

3. The Company shall, at its expense, repair and maintain all existing streetlighting equipment in Ocean Falls.

SCHEDULE "G"

Chattels

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- (a) the dam,
- (b) the #2 powerhouse, including all the power-generating equipment and material contained therein,
- (c) penstocks No. 1 and No. 2,
- (d) the grinder and groundwood screen room, excluding equipment installed or stored therein,
- (e) transmission and distribution systems in the Ocean Falls townsite and mill site and Martin Valley,
- (f) at the Hydro Substation North Bus:
 - 350 MVA, 2,000 amp, 6 cells
 - 2 only 2,000 amp circuit breakers
 - 3 only 1,200 amp circuit breakers
 - 1 only auxiliary cell
- (g) at the Hydro Substation South Bus:
 - 350 MVA, 2,000 amp, 6 cells
 - 2 only 2,000 amp circuit breakers
 - 3 only 1,200 amp circuit breakers
 - 1 only auxiliary cell
- (h) Accessories:
 - 12 CT's 1200-5
 - 18 surge arrestors - 3 kv
 - 6 surge capacitors - 7.2 KV 3 dia
 - 12 lightning arrestor 3 KV
 - 5 CT's 100-5

(i) Other:

- Spare 1,200 amp circuit breaker - 350 MVA
- Spare 2,000 amp circuit breaker - 350 MVA
- 1 roll 300 metres single conductor 500 MCM tech cable
- 300 feet 24" cable tray
- 43" x 26" high forge