



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 Application by  
Canadian Forest Products Ltd.

BEFORE: M. Taylor, )  
Chairman; )  
J.D.V. Newlands, )  
Deputy Chairman; and ) May 20, 1987  
N. Martin, )  
Commissioner )

ORDER

WHEREAS Canadian Forest Products Ltd. ("Canfor") applied November 19, 1986 pursuant to Sections 34, 35 and 69 of the Utilities Commission Act ("the Act") for an Order of the Commission directing B.C. Hydro to extend electric service to the community of Woss and to Nimpkish on Vancouver Island; and

WHEREAS the Application was supported by the residents of Woss, the Regional District of Mount Waddington, and the British Columbia Buildings Corporation; and

WHEREAS a public hearing of the Canfor Application, held on April 7 and 8, 1987 in the community hall at Woss, B.C. was well attended, with representatives of all affected parties present; and

WHEREAS B.C. Hydro's 138 kV transmission line to the northern tip of Vancouver Island, which was constructed in 1969 and passes approximately 500 metres from the community of Woss, operates at a voltage level that is economic to transform to distribution voltage level; and

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ORDER

NUMBER G-26-87

WHEREAS the community of Woss has a population of approximately 600 with several retail operations and a school as well as Canfor's industrial facilities; and

WHEREAS Canfor plans to continue to utilize its local Tree Farm Licence; and

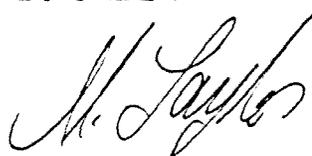
WHEREAS reasons for this decision are set forth in Appendix A attached hereto.

NOW THEREFORE the Commission hereby orders British Columbia Hydro and Power Authority as follows:

1. The Application for provision of electric service to the community of Woss is approved at no cost other than the standard connection charges as set forth in B.C. Hydro's Electric Tariff.
2. The Application for provision of electric service by B.C. Hydro to Nimpkish is to be treated as an extension from Woss in accordance with the existing Terms and Conditions of B.C. Hydro's Electric Tariff. If service on this extension is acceptable on this basis then any savings on actual costs over estimated costs will be to reduce the required customer contribution.
3. B.C. Hydro is required to file monthly progress reports until the commencement of service to the community of Woss and any extensions therefrom. These reports will include an update of the construction schedule, expenditures to date and amended project budget, customers committed to serve and any changes to line locations or design specifications.
4. A final report is to be submitted to the Commission by B.C. Hydro not later than November 1, 1987 showing the facilities which have been installed, the costs thereof and the customers being served.

DATED at the City of Vancouver, in the Province of British Columbia, this 20<sup>th</sup> day of May, 1987.

BY ORDER



Chairman

## APPENDIX A

### REASONS FOR DECISION

The communities of Woss and Nimpkish, approximately 30 kilometres apart, are located on the North Island Highway between Port McNeill and Campbell River. Woss, a community with a population of approximately 600, and Nimpkish are two of the three main camps of the Englewood Logging Division of Canadian Forest Products Ltd. ("Canfor") operating in the area. Logging activities began in the Nimpkish Valley around 1908 with the present Canfor group acquiring logging and timber interests in 1944. The Company now operates 1,220 kilometres of roads and 95 kilometres ("km") of industrial railway with Woss being the large residential camp and Nimpkish a railway maintenance facility for its 500 pieces of rolling stock and 3 diesel locomotives. In 1981 the Canfor Tree Farm Licence was extended for 25 years (until 2006) with a further extension possible in 1996. The Company has a significant investment in the area and gave assurances during the public hearing that it intends to continue logging in the Valley as long as possible.

In its November 19, 1986 Application, Canadian Forest Products Ltd. applied for an Order of the Commission requiring British Columbia Hydro and Power Authority ("B.C. Hydro") to extend electric service to the community of Woss and to Nimpkish on Vancouver Island. Canfor, in its evidence, stated that principally it wanted to see Woss connected to the integrated system to reduce its operating costs without placing an undue burden on the residents and as well they believed that the connection to the B.C. Hydro system would assist in creating a public community at Woss. In addition to the above and from a conservation perspective, a saving of approximately 1,700,000 litres of diesel fuel per year would be achieved.

B.C. Hydro's construction cost estimates have changed dramatically over the years, from an initial high of \$7.0 million to \$1.4 million today. The capacity of the substation to serve the area has been reduced proportionately.

The present proposal which has the substation located at Woss, will utilize mainly surplus transformation equipment. This cost estimate included a surplus transformer at original cost, \$51,000, whereas the unit was nearly fully

depreciated after 31 years of service and has a net book value of only \$3,570 (B.C. Hydro's response of May 1, 1987). It would be appropriate to include costs of surplus equipment at net book value or market value, whichever is the lesser.

During the public hearing, it became apparent that it was not a question of whether or not to serve, but rather how contributions were to be made and by whom. If only Woss is considered, the per customer cost is economic in the circumstances.

B.C. Buildings Corporation indicated that it is prepared to negotiate a contribution based on provisions contained in the filed tariff for service for the Department of Highways maintenance depot 3.5 km from Woss. B.C. Hydro should apply contributions based on four times Estimated Annual Revenue ("EAR") for this commercial customer, plus \$1,000 per permanent principal resident located adjacent to the depot. REA funding should apply to this extension as indicated by B.C. Hydro.

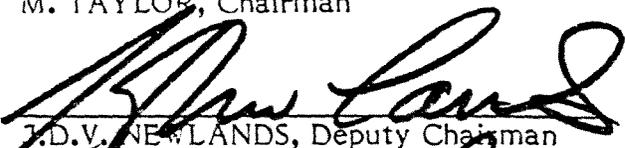
Nimkish does not have the load now and it is obvious that it would not in the near future have enough demand to warrant construction at B.C. Hydro's cost, of the approximately 25.7 kilometres distribution line from the Department of Highways location. If, in the alternative, Canfor is prepared to make a contribution to the cost of construction for the line to Nimkish which will eliminate the otherwise financial burden on other customers, B.C. Hydro should proceed expeditiously to construct the facilities. Needless to say, the size of the Canfor contribution should be reduced by any cost savings to be achieved through less costly facilities, any facilities sharing contributions by the telephone company, additional connections to the line, and contributions in kind.

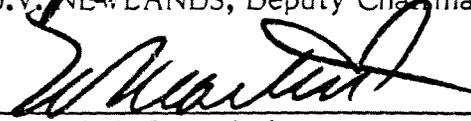
In conclusion it is the Commission's view that Woss should be served by B.C. Hydro without reference to its Rural Electrical Assistance Program. Accordingly, pursuant to Section 35 of the Utilities Commission Act, B.C.

Hydro is directed to provide to Woss service without charge other than those set forth in its Electric Tariff (eg. residential \$10.00, etc.). Nimpkish, if served, should be served in accordance with the terms of B.C. Hydro's extension policy.

DATED at the City of Vancouver, in the Province of British Columbia, this *20<sup>th</sup>* day of May, 1987.

  
M. TAYLOR, Chairman

  
J.D.V. NEWLANDS, Deputy Chairman

  
N. MARTIN, Commissioner