



IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by MB Paper Limited
for an Exemption from the Utilities Commission Act Regulation under Section 88(3)

BEFORE: P. Ostergaard, Chair)
L.R. Barr, Deputy Chair) August 13, 1998
K.L. Hall, Commissioner)

O R D E R

WHEREAS:

- A. On May 27, 1998, MB Paper Limited ("MB Paper") applied to the British Columbia Utilities Commission (the "Commission"), pursuant to Section 88(3) of the Utilities Commission Act (the "Act"), for an exemption to sell steam and to re-sell electricity to MacMillan Bloedel Limited ("MB"); and
- B. MB Paper is currently a wholly-owned subsidiary of MB and owns a paper mill (the "Paper Mill") at Port Alberni, British Columbia; and
- C. On April 22, 1998, MB entered into a purchase agreement with Paper Acquisition Company Ltd. whereby Paper Acquisition Company Ltd. will acquire from MB all of the issued and outstanding shares of MB Paper; and
- D. MB will continue to own a sawmill (the "Somass Mill") adjacent to the Paper Mill and another sawmill (the "APD Mill") near the Paper Mill (the Somass Mill and the APD Mill are collectively referred to herein as [the "Mills"]); and
- E. The Paper Mill and the Mills have shared, and will continue to share, a number of utilities and services including, inter alia, steam and electricity; and
- F. On May 27, 1998, British Columbia Hydro and Power Authority ("B.C. Hydro") advised MB and MB Paper that it would not object to the re-sale of electricity by MB Paper to MB at rates equivalent to those charged by B.C. Hydro; and
- G. MB Paper and MB propose to enter into a Port Alberni utility services agreement which will set out the terms upon which steam and electricity will be supplied to MB for use by the Mills through equipment and facilities owned by MB Paper; and
- H. The Commission has considered MB Paper's application pursuant to Section 88(3) of the Act and is satisfied that an Order exempting MB Paper from certain sections of the Act properly conserves the public convenience and interest; and
- I. On July 30, 1998, the approval of the Lieutenant Governor in Council was given to the said exemption by Order in Council No. 1062, 1998 attached as Appendix A.

NOW THEREFORE the Commission, pursuant to Section 88(3) of the Act, approves the application by MB Paper for an exemption from the provisions of the Act, other than Part 2 and Section 99, in respect of the supply of steam and electricity to MB for sole use by the Mills, subject to the following terms and conditions, namely:

1. This Order shall be effective upon the execution and delivery of a utility services agreement acceptable to the Commission (the "Utility Services Agreement") or the date of this Order, whichever is later.
2. This Order shall terminate on the date on which MB Paper ceases to be obliged by the Utility Services Agreement to supply steam and electricity to MB for use by the Mills.
3. This Order shall terminate in the event MB Paper and MB materially alter the terms of the Utility Services Agreement by which MB Paper is obligated to supply steam or electricity to MB for use by the Mills, and the Commission will decide what constitutes a material alteration.
4. This Order encompasses the supply of steam and electricity to MB from MB Paper using the existing facilities at the time of this Order, and may be modified or rescinded at the discretion of the Commission if material alterations to the facilities used to produce and deliver steam or to deliver electricity are made, and the Commission will decide what constitutes a material alteration.
5. This Order is transferable to any future owner of the Paper Mill and will continue to be effective in respect of the supply of steam or electricity to any future owner of one or both of the Mills.
6. The Commission may, pursuant to Section 99 of the Act, reconsider, vary or rescind an Order made by it.

DATED at the City of Vancouver, in the Province of British Columbia, this 18th day of August, 1998.

BY ORDER

Original signed by:

Lorna R. Barr
Deputy Chair

Attachment

PROVINCE OF BRITISH COLUMBIA

ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No. **1062**, Approved and Ordered **JUL 30 1998**


Administrator
Administrator

Executive Council Chambers, Victoria

On the recommendation of the undersigned, the ~~Lieutenant Governor~~ ^{Administrator}, by and with the advice and consent of the Executive Council, orders that

approval is given for the British Columbia Utilities Commission to exempt MB Paper Limited from the Utilities Commission Act, except Part 2 and Section 99.


Minister of Employment and Investment
and Minister Responsible for Housing


Presiding Member of the Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made: