



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

and

An Application by West Kootenay Power Ltd.
for a Certificate of Public Convenience and Necessity
for an Upgrade and Life Extension to Unit No. 2 of its South Slocan Generating Plant

BEFORE: P. Ostergaard, Chair)
L.R. Barr, Deputy Chair) June 8, 2000
B.L. Clemenhagen, Commissioner)
N.F. Nicholls, Commissioner)

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

WHEREAS:

- A. On December 23, 1999, West Kootenay Power Ltd. ("WKP") applied, pursuant to Section 45 of the Utilities Commission Act ("the Act"), for a Certificate of Public Convenience and Necessity ("CPCN") for an Upgrade and Life Extension to Unit No. 1 of its South Slocan Generating Plant located on the Kootenay River between Castlegar and Nelson, B.C. The Commission, by Order No. C-2-00, approved the project and issued a CPCN; and
- B. On April 28, 2000, WKP advised the Commission that the condition of South Slocan Unit No. 2 had deteriorated significantly relative to Unit No. 1. Therefore, WKP requested cancellation of CPCN Order No. C-2-00 and submitted an application for a CPCN for the South Slocan Unit No. 2 Upgrade and Life Extension; and
- C. The Upgrade and Life Extension of Unit No. 2 is estimated to cost \$9,990,000 and will replace equipment that has exceeded its useful life; and
- D. WKP proposed a cost collar incentive mechanism that would limit project costs, excluding the entitlement replacement cost, that would enter rate base to between 90 and 110 percent of the \$8,687,000 estimate of such costs; and
- E. The Commission has reviewed the costs, timing, and justification for the Upgrade and Life Extension to South Slocan Unit No. 2 and finds that it should be approved.

NOW THEREFORE the Commission orders as follows:

1. Pursuant to Section 45 of the Act, a CPCN is issued to WKP for the South Slokan Unit No. 2 Upgrade and Life Extension.
2. The Commission declines to approve the cost collar incentive mechanism as proposed by WKP.
3. Order No. C-2-00, which approved the Upgrade and Life Extension to South Slokan Unit No. 1, is cancelled.
3. WKP is to file with the Commission a project report and cost summary upon completion of the project.

DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of June 2000.

BY ORDER

Original signed by:

Peter Ostergaard
Chair