



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

and

An Application by West Kootenay Power Ltd.  
[now UtiliCorp Networks Canada (British Columbia) Ltd.]  
to Sell its Hydroelectric Generation Assets

**BEFORE:** P. Ostergaard, Chair )  
P.G. Bradley, Commissioner ) October 26, 2001  
B.L. Clemenhagen, Commissioner )

**O R D E R**

**WHEREAS:**

- A. On March 22, 2001, West Kootenay Power Ltd. ("WKP") filed an Application for the sale of its generation assets ("the Application"), pursuant to Sections 50, 52, 54, 60, and 71 of the Utilities Commission Act ("the Act"). In the Application WKP proposes to sell its four hydroelectric plants and related facilities ("the Plants") situated on the Kootenay River to a joint venture subsidiary of the Columbia Basin Trust and the Columbia Power Corporation ("Columbia Joint Venture") for a purchase price of \$120 million; and
- B. In order to accomplish the sale, WKP first proposes to transfer the Plants to a newly incorporated subsidiary of WKP, Kootenay River Power Corporation ("KRP"), and then sell the shares in KRP to the Columbia Joint Venture; and
- C. On completion of the sale, KRP and WKP would enter into a Power Purchase Agreement ("PPA") to sell the output of the plants to WKP at prices specified in the PPA; and
- D. The Commission convened an oral public hearing in Rossland, B.C. on May 29, 2001, to hear WKP's Application; and
- E. At the request of WKP, with the support of the Columbia Joint Venture, the hearing was adjourned, and later reconvened in Rossland on July 16, 2001 after a Technical Information Session in Kelowna; and
- F. On June 8, 2001, WKP filed updates to its Application, being an Amended and Restated Brilliant Power Purchase Agreement, an Operations Agreement, a Transitional Services Agreement, and a Transmission Maintenance Agreement, with the Commission and intervenors; and
- G. By separate letter, WKP requested Commission approval of a letter agreement dated June 1, 2001 regarding the Brilliant tailrace issue; and
- H. The hearing was completed on July 25, 2001 and the filing of written argument was completed on September 7, 2001; and
- I. The Commission has considered the Application and the evidence adduced thereon, all as set forth in the Reasons for Decision issued concurrently with this Order.

**NOW THEREFORE** the Commission orders as follows:

1. The Commission denies the WKP Application.
2. The Commission will not approve the transfer of assets to Kootenay River Power Corporation unless the terms of the sale are restructured to provide for sharing of the proceeds on sale as determined in Chapter 2 of the Reasons for Decision.
3. The Commission directs West Kootenay Power Ltd. to advise it of the Utility's intentions within one month of the date of this Order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 26<sup>th</sup> day of October 2001.

BY ORDER

*Original signed by:*

Peter Ostergaard  
Chair