



**LETTER NO. L-5-02**

ROBERT J. PELLATT  
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January 31, 2002

Mr. Scott Shettell  
General Manager  
Apollo Forest Products Ltd.  
P.O. Box 129  
Fort St. James, B.C. V0J 1P0

Dear Mr. Shettell:

Re: British Columbia Hydro and Power Authority ("B.C. Hydro")  
Apollo Forest Products Ltd. ("Apollo") Bypass Application  
and Transmission Service to Fort St. James

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Thank you for your letter dated January 17, 2002.

Commission Order No. G-60-01 required B.C. Hydro to construct the transmission line between Vanderhoof and Fort St. James at its own cost once new confirmed load exceeds existing capacity. Commission Letter No. L-42-01 set the revenue guarantee required from Apollo at \$2,728,055 and indicated that the guarantee would be reduced each year by the incremental revenue from Apollo. The Commission's determinations on the customer contribution and revenue guarantee related to the transmission line between Vanderhoof and Fort St. James were based on a specific set of circumstances, which included an anticipated load increase of 5 MVA from Apollo and another 5 MVA from other customers in the Fort St. James area.

Your letters to the Commission dated December 21, 2001 and January 17, 2002 indicate that Apollo now anticipates lower initial load growth and does not intend to build its substation until the phase 2 expansion is confirmed, which will be no earlier than 2004. Based on this information, it appears that construction of the new transmission line is not immediately required. While the Commission believes the principles underlying its determinations in Order No. G-60-01 and Letter No. L-42-01 continue to be appropriate, it will re-evaluate the required customer contributions and revenue guarantees if circumstances change.

Yours truly,

*Original signed by:*

Robert Pellatt

MAG/cms

cc: Mr. Ray Aldeguer, Senior Vice President  
Legal and Regulatory Affairs and General Counsel  
British Columbia Hydro and Power Authority  
Mr. Jim Togyi  
Mayor, District of Fort St. James