



ROBERT J. PELLATT
COMMISSION SECRETARY

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VIA FACSIMILE
(623-4323)

July 25, 1997

Ms. Darlene M. Barnett
Senior Vice President
Marketing and Customer Services
British Columbia Hydro and
Power Authority
17th Floor, 333 Dunsmuir Street
Vancouver, B.C.
V6B 5R3

Dear Ms. Barnett:

Re: British Columbia Hydro and Power Authority
Fibreco Pulp Joint Venture, Quesnel River Pulp and Louisiana Pacific Canada Ltd.
Revision to Real Time Pricing ("RTP") Agreements

The Commission has reviewed B.C. Hydro's application of July 17, 1997 for approval of new RTP agreements with the above noted companies, to be effective July 18, 1997, and which include a 50 percent Customer Baseline Load (CBL) Reduction.

By Order No. G-86-97, attached, the Commission approves the agreements for Fibreco, Quesnel River Pulp, and Louisiana Pacific on the basis that their business case has not changed since the previous RTP agreements and that the new CBL levels essentially stabilize their electricity price to that of their previous position. However, in approving these agreements the Commission is concerned that because the RTP rate does not consider the contribution to the fixed and variable costs of transmission service, and all transmission cost recovery is accomplished by way of rate schedule 1821-Transmission Service, CBL reductions appear to be creating a transmission subsidy which is not being identified. The Commission, therefore, expects the new RTP application, that is to be filed on August 1, 1997, to illustrate an RTP rate structure which identifies and recovers a fair portion of the transmission components of B.C. Hydro's cost of service.

Yours truly,

A handwritten signature in black ink, appearing to read "Robert J. Pellatt", is written over a horizontal line.

Robert J. Pellatt

RWR/dlf
Attachment

cc: Mr. Dennis Black, Mill Manager
Fibreco Pulp, P.O. Box 330, Taylor, B.C. V0C 2K0
Mr. Les White, President
Quesnel River Pulp, Box 9500, Quesnel, B.C. V2J 5C3
Louisiana Pacific Canada Ltd., PO Box 900, Chetwynd, B.C. V0C 1J0

SIXTH FLOOR, 900 HOWE STREET, BOX 250
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CANADA



BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-86-97

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

and

An Application by British Columbia Hydro and Power Authority
for Approval of Reduced Customer Baseline Loads for Rate Schedule 1848
with Louisiana-Pacific Canada Ltd., Quesnel River Pulp and Fibreco Pulp Joint Venture

BEFORE: L.R. Barr, Deputy Chair)
and Acting Chair) July 23, 1997
K.L. Hall, Commissioner)

O R D E R

WHEREAS:

- A. On July 17, 1996 the Commission issued Order No. G-76-96 and its Decision on the British Columbia Hydro and Power Authority ("B.C. Hydro") Industrial Service Options Application which approved Real Time Pricing ("RTP") Rate Schedule 1848 for a one-year trial period ending July 17, 1997; and
- B. The Commission, by Order No. G-22-97 for Fibreco Pulp Joint Venture ("Fibreco"), by Order No. G-25-97 for Quesnel River Pulp Company ("QRP"), and by Orders No. G-28-97 and G-55-97 for Louisiana-Pacific Canada Ltd. ("LPG") approved Customer Baseline Loads ("CBL") for the companies under RTP Rate Schedule 1848 that would terminate July 17, 1997; and
- C. The Commission, by Order No. G-66-97, approved for B.C. Hydro an extension of time, for RTP Rate Schedules and Supplementary Agreements, to the date of the Commission's Decision on the B.C. Hydro August 1, 1997 RTP application; and
- D. On July 17, 1997 B.C. Hydro applied to the Commission for approval of three Supplementary Agreements dated July 14, 1997 containing reduced CBLs for Fibreco, QRP and LPC. The request reduced the CBLs from 65 percent to 50 percent and are intended as a load retention rate in order for the companies to remain competitive; and
- E. The Agreements are to remain in place from July 18, 1997 until January 17, 1998 or the date of the Commission's Decision into B.C. Hydro's August 1, 1997 RTP Application, whichever is sooner; and

BRITISH COLUMBIA
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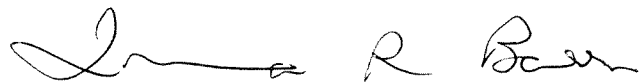
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F. The Commission has reviewed the B.C. Hydro application and is satisfied that it should be approved.

NOW THEREFORE the Commission approves three July 14, 1997 Supplementary Agreements between B.C. Hydro and Fibreco, QRP and LPC, respectively, that provide for a reduced CBL to 50 percent effective July 18, 1997. The Supplementary Agreements will continue until January 17, 1998 or the date of the Commission's Decision into B.C. Hydro's August 1, 1997 RTP Rate Schedule 1848 Application, whichever is sooner.

DATED at the City of Vancouver, in the Province of British Columbia, this 25th day of July, 1997.

BY ORDER



Lorna R. Barr
Deputy Chair and
Acting Chair