



LETTER NO. L-38-00

ROBERT J. PELLATT
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July 27, 2000

Mr. Rob Fraser
Vice President & General Manager
Lignum Ltd.
180 Hodgson Road
Williams Lake, B.C. V2G 3P6

Dear Mr. Fraser:

Re: British Columbia Hydro and Power Authority ("B.C. Hydro")
Lignum Ltd. ("Lignum") Bypass Application ("Application")

The Commission has reviewed Lignum's February 15, 2000 Application, the incremental cost calculations in B.C. Hydro's letter dated March 17, 2000, and B.C. Hydro's July 12, 2000 letter including revised incremental cost calculations, revised construction cost estimates for Lignum's bypass facility and a statement of B.C. Hydro's support for Lignum's Application. The Commission has also reviewed B.C. Hydro's July 26, 2000 response to Commission staff's information request dated July 18, 2000.

Based on the information provided by Lignum and B.C. Hydro, the Commission has determined that it is in agreement with both Lignum and B.C. Hydro, that Lignum should be permitted to receive service under Rate Schedule 1821, if it constructs its proposed substation.

In order to assist the Commission in its ongoing review of the Bypass Rate Guidelines, Lignum is requested to provide the Commission with a report on the substation's costs following its construction. The Commission is asking for the report for information only and not for any reassessment of the bypass project.

The Commission is informing B.C. Hydro of the Commission's determination in this matter by way of a copy of this letter.

Yours truly,

Original signed by:

Robert J. Pellatt

MAG/cms

cc: Mr. Ray Aldeguer, Senior Vice President
Legal and Regulatory Affairs & General Counsel
British Columbia Hydro and Power Authority
Mr. Spence Brigden, Regional Manager
Manufacturing, Cariboo District
Riverside Forest Products Limited