



Kyuquot Power Ltd.

101-1444 Alberni Street
Vancouver, B.C. Canada V6G 2Z4
Tel (604) 688-8271 Fax (604) 688-1286

September 25, 2020

VIA EMAIL

CONTAINS REQUESTS FOR CONFIDENTIALITY

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC V6Z 2N3

Attention: Ms. Marija Tresoglavic, Acting Commission Secretary and Manager Regulatory Support

Dear Ms. Tresoglavic:

Re: Kyuquot Power Ltd. (“KPL”) – Investigation into the Safety and Reliability of the KPL System – Project No. 1599094 – Compliance with Order No. G-221-20 (“Order”)

KPL writes to advise the British Columbia Utilities Commission (“BCUC”) of its compliance with the Order G-221-20 by providing its responses to the BCUC Information Request No 2. (“IRs”).

KPL is filing the Appendices to the IRs listed in the below table confidentially with the BCUC pursuant to section 42 of the Administrative Tribunals Act and Part 4 of the Commission’s Rules of Practice and Procedure. The specific reasons for requesting confidentiality are indicated in the table.

Most of the requests for confidentiality relate to maintaining confidentiality over third party information the release of which would cause commercial harm or prejudice to those parties. There are also requests where the release of information could prejudice KPL’s position in future negotiations to the detriment of its customers.

KPL has identified an instance where confidential information can be made available to the Ka:’Yu:’k’t’h’ /Che: k’tles7et’h’ First Nations (“KCFN”) on execution of the BCUC’s form of declaration and undertaking.



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IR Number	Appendix	Reason for Request for Appendix Confidentiality
IR 11.8	Appendix 2A, and this entire Appendix is subject to the request.	Private and confidential correspondence between TSBC and KPL. Commercial harm or prejudice to KPL.
IR 12.3.1	Appendix 2B, and this entire Appendix is subject to the request.	Third party commercial harm or prejudice to KCFN. KPL has no objection to the information being made available to KCFN on a declaration and undertaking basis.
IR 12.4.1	Appendix 2C, and this entire Appendix is subject to the request.	Prejudice to future and past negotiations with the B.C. Government.

In addition to the above, attached to this letter is correspondence between KPL and Technical Safety B.C. that KPL believes should be brought to the attention of the BCUC but is outside the parameters of the IRs. KPL requests that this information be kept private and confidential on the basis that its disclosure could result in commercial harm or prejudice to KPL.

KPL suggests that the BCUC consider facilitating a process e.g. negotiated settlement process that might help to resolve some of the differences in the technical and other opinions between KPL and KCFN that have arisen from the investigation into the safety and reliability of the KPL System. In this instance, the written information request process does not necessarily result in a full understanding of the concerns that each of these parties have of the other's position.

If you have any comments or questions, please do not hesitate to contact the writer, Tanya L. DeAngelis.

Yours truly,

Roshni Reddy for
Tanya L. DeAngelis
Kyuquot Power Ltd.

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STIRLING

BUSINESS LAW

David A. Austin
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daustin@stirlingllp.com

August 27, 2020

VIA EMAIL

Technical Safety BC
Suite 600 - 2889 East 12th Avenue
Vancouver, B.C. V5M 4T5

Attention: Mr. Derek Patterson, Vice President Regulatory Leadership and Corporate Secretary

Re: Kyuquot Power Ltd. ("KPL")

Dear Mr. Patterson:

We are legal counsel for KPL in relation of the "Investigation into the Safety and Reliability of the KPL System" ("Review") that the BCUC is currently conducting.

With reference to the letter Technical Safety BC ("TSBC") wrote to Mr. Greg Sunell on August 6, 2020, as attached, it appears the TSBC is willing to work towards transitioning the safety regulation of KPL electrical distribution system to the British Columbia Utilities Commission ("BCUC").

In this respect, it would be very helpful if TSBC wrote directly to the BCUC in broadly the same manner as it did by letter dated February 14, 2019, attached, to the BCUC for the purposes of expressing its views about safety regulation of electrical equipment used for the purposes of charging electrical vehicles ("EV"). This letter became a letter of comment in the BCUC EV review.

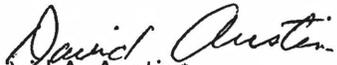
A letter to the BCUC that contained an assessment of the TSBC's jurisdiction over the KPL electrical distribution system and a few basic details about how TSBC has previously exercised this jurisdiction e.g. site inspections, reporting requirements etc. would be of assistance to the BCUC. More particularly it would lead to a direct line of communication between TSBC and the BCUC for the purposes of the development of a transition strategy for KPL.

KPL wishes to note that Mr. Sunell was not requesting a formal opinion about TSBC's jurisdiction over the safety of the KPL electrical distribution system. The intent was to gain an informal understanding of this role and its continuation so that KPL could confirm an answer to a question

in the Review. Since KPL was formed, TSBC and its predecessor, have been KPL's independent safety regulator.

Yours truly,

STIRLING LLP


David A. Austin*
*a Law Corporation



August 6, 2020

DELIVERED BY EMAIL

Mr. Greg Sunell
Consultant
Kyuquot Power Limited
1444 Alberni Street
Vancouver, BC V6G 2Z4

Dear Mr. Sunell:

I understand that you, acting as a consultant for Kyuquot Power Limited, have asked for Technical Safety BC's opinion as to whether or not Kyuquot Power is a public utility under the *Utilities Commission Act* and, following that, if the exemption in s.3 of the Electrical Safety Regulation applies. I also understand that you have met with representatives of our electrical safety program and our regulatory leadership department to discuss this matter in some detail.

Based on the information provided to Technical Safety BC at this time, including regulatory filings made to the BC Utilities Commission, and information you shared with Technical Safety BC representatives, it is our view that Kyuquot Power Limited is a public utility and is therefore exempt from the *Safety Standards Act*. If any of the information that we reviewed to arrive at this conclusion is incorrect or changes, we would be open to revisiting this discussion.

As you are aware, Technical Safety BC has previously issued an operating permit to Kyuquot Power Limited, as we were not previously advised that they were subject to the *Utilities Commission Act*. As we now have information before us that indicates that Kyuquot Power is exempt from our oversight, we will no longer be requiring or issuing an operating permit.

As the oversight of the electrical system is of primary impact and concern to Ka:'yu:'k't'h'/Che:k'tles7et'h' First Nations, I am copying Chief Administrative Officer, Cynthia Blackstone on this letter, to support openness and transparency. In the past, Ka:'yu:'k't'h'/Che:k'tles7et'h' First Nations have raised legitimate concerns with the safety of the electrical transmission system, and it is important that Kyuquot Power is committed to resolve these concerns going forward.

In the interest of safety, Technical Safety BC would be willing to support Kyuquot Power and Ka:'yu:'k't'h'/Che:k'tles7et'h' First Nations with making the transition to having the electrical transmission system regulated by the BC Utilities Commission, if that would be welcome and helpful.

Sincerely,

A handwritten signature in black ink, appearing to read "Derek Patterson".

Derek Patterson
Vice President, Regulatory Leadership & Corporate Secretary

cc. Cynthia Blackstone, Chief Administrative Officer
Ka:'yu:'k't'h'/Che:k'tles7et'h' First Nations

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February 14, 2019

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC V6Z 2N3

Attention: Patrick Wruck, Commission Secretary and Manager, Regulatory Services

Dear Sirs and Mesdames,

Re: Inquiry into the Regulation of Electric Vehicle Charging Service – Project No. 1598941

This Letter of Comment is being provided on behalf of Technical Safety BC for the purpose of Phase Two of your Inquiry into the Regulation of Electric Vehicle Charging Service (the “Inquiry”).

Phase Two of the Inquiry focuses on eight questions that were originally raised by the Commission in the Phase One Report of the Inquiry dated November 26, 2018. Technical Safety BC’s comments relate only to the following question:

- Is EV charging infrastructure considered “distribution of electrical energy” for the purpose of section 3 (1) of the Electrical Safety Regulation?

Technical Safety BC does not consider the foregoing question, as worded, to be within the jurisdiction of the Commission as it does not relate to the interpretation or administration of the *Utilities Commission Act*, but seeks only to interpret the Electrical Safety Regulation under the *Safety Standards Act*. Technical Safety BC has therefore declined to participate as an Intervenor during Phase Two of the Inquiry.

The following information is presented for your information and consideration during Phase Two of the Inquiry.

Electric vehicle charging equipment, also known as Electric Vehicle Supply Equipment (EVSE), is the subject matter of section 86 of the Canadian Electrical Code, Part I, Safety Standard for Electrical Installations, Canadian Standards Association Standard C22.1 (CEC). The CEC is adopted in BC under the Electrical Safety Regulation as the BC Electrical Code (BCEC). Technical Safety BC has determined that EVSE is regulated under the Electrical Safety Regulation because EVSE is not “utility distribution equipment” and, therefore, is not exempt from the regulation. EVSE is also not considered utility equipment under the BCEC.

Administration of the Electrical Safety Regulation has been delegated to Technical Safety BC and eight local governments¹. Applying the Electrical Safety Regulation to EVSE, Technical Safety BC has recently engaged with delegated local governments and developed a uniform variance process that will provide an avenue for the application of the Electrical Safety Regulation to EVSE and the safe installation of Electric

¹ See Administration Delegation Regulation: http://www.bclaws.ca/Recon/document/ID/freeside/10_136_2004. Local governments are Burnaby, Maple Ridge, North Vancouver (City and District), Surrey, Vancouver, Victoria and the District of West Vancouver.





Vehicle Energy Management Systems (EVEMS): <https://www.technicalafetybc.ca/alerts/information-bulletin-electric-vehicle-energy-management-systems> ².

Through the application of the Electrical Safety Regulation:

- all EVSE in BC must be certified by a certification agency (e.g., Canadian Standards Association) or otherwise approved by a provincial safety manager under the *Safety Standards Act*.
- EVSE must only be installed by qualified individuals who work for licensed electrical contractors (or persons who are otherwise authorized).
- All installations of EVSE must be performed under a permit.
- Some EVSE equipment may be installed within the scope of operating permits (e.g., if located in malls or other large complexes where operating permits are required for the electrical system at the site).
- All electrical equipment that is subject to the BCEC is required to be maintained in a safe condition by qualified individuals.

Technical Safety BC administers a risk-based safety oversight system that allocates safety officer resources primarily to areas of higher risk. This means that not all EVSE installations within Technical Safety BC's delegated jurisdiction are physically inspected by Technical Safety BC safety officers. However, all electrical installations performed in BC must be overseen by a Technical Safety BC-certified Field Safety Representative (FSR) who must, on behalf of their employer/contractor, physically inspect each installation and provide a declaration of compliance to Technical Safety BC upon completion of the work. Delegated local government authorities administer physical inspections by their safety officers somewhat differently than Technical Safety BC, but all delegated authorities require physical inspections and declarations by FSRs.

To summarize, through the application of the Electrical Safety Regulation, EVSE is subject to a host of safety requirements under the *Safety Standards Act* ranging from product safety certification and permitting to having the work only being performed and inspected by qualified and authorized persons.

Should you have any questions, Technical Safety BC will be glad to provide you with additional information.

Regards,

Derek Patterson,
Vice President, Regulatory Leadership & Corporate Secretary

cc. **Greg Steves**, Assistant Deputy Minister, Office of Housing and Construction Standards, Ministry of Municipal Affairs and Housing
Les MacLaren, Assistant Deputy Minister, Electricity and Alternative Energy Division, Ministry of Energy, Mines and Petroleum Resources



September 2, 2020

David A. Austin
Stirling LP
1460-701 West Georgia Street
PO Box 10156 LCD Pacific Centre
Vancouver BC V7Y 1E4

Re: Your letter of August 27, 2020

Dear Mr. Austin,

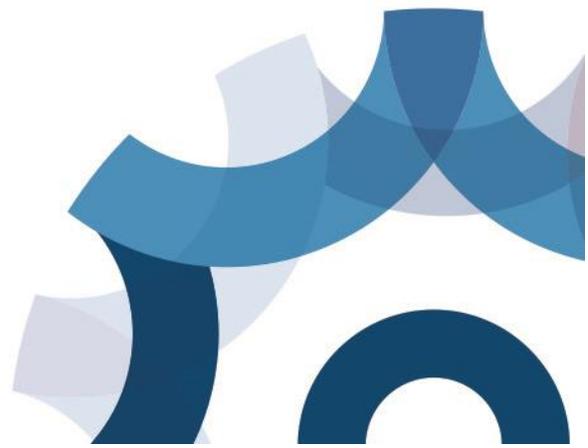
Thank you for your letter of August 27, 2020, regarding Kyuquot Power Limited and the ongoing BC Utilities Commission inquiry into its power system. Mr. Patterson has asked me to respond on his behalf.

At this time, Technical Safety BC will not be providing a letter of comment to the BC Utilities Commission for its inquiry. You are welcome to provide the Commission with our August 6 letter Mr. Greg Sunnell if you feel that would be beneficial.

Yours truly,

A handwritten signature in blue ink, appearing to read "D. Clancy".

David Clancy
Director, Legal Services
Technical Safety BC



KYUQUOT POWER LTD.

RESPONSES TO BRITISH COLUMBIA UTILITIES COMMISSION
INFORMATION REQUEST NO. 2 TO KYUQUOT POWER LTD. DATED AUGUST 28, 2020 (“BCUC IR2”)

KYUQUOT POWER LTD. INVESTIGATION INTO THE SAFETY AND RELIABILITY OF THE KPL SYSTEM

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A. BCUC ORDER G-50-20

- 11.0 Reference: BCUC ORDER G-50-20**
BCUC Order G-50-20; Exhibit A2-6, pp. 8-9, Exhibit D-3, IR 1.2.1, 1.3, 1.4, 1.4.1, 1.6, 1.7
BCUC Order G-50-20 Directives

In response to British Columbia Utilities Commission (BCUC) Information Request (IR) 1.2.1 regarding an estimate as to when Kyuquot Power Ltd. (KPL) expects British Columbia Hydro and Power Authority’s (BC Hydro) review of its primary service alternation application to be complete, KPL stated that “BC Hydro has not provided an estimate of time.”

- 11.1 Please discuss the risks to the KPL power distribution system (KPL System) should BC Hydro’s review of KPL’s primary service alteration application and any resulting work not be completed prior to Winter 2020/2021. Please include in the discussion KPL’s forecast peak load for Winter 2020/2021 relative to the fuse capacity at the BC Hydro Point of Interconnection (POI).

RESPONSE

The electrical capacity of the KPL System well exceeds the capacity of the current fuse located at the POI (the “Fuse”). The Fuse was installed in accordance with discussions between BC Hydro and Kyuquot Power Ltd.’s (“KPL”) Field Service Representatives (“FSR”). Subsequently KPL has been in contact with BC Hydro which has lead to KPL applying to BC Hydro to amend the Electrical Service Agreement between BC Hydro and KPL (the “Application”). Subsequent to receiving the Application, BC Hydro has indicated that their review is ongoing and will “take some time”.

The Fuse currently installed has a capacity well exceeding the maximum demand of the KPL System measured in December 2019 / January 2020 (489kW). The maximum demand of 489kW exceeded all prior years of operation. During the peak demand period in December 2019 / January 2020, both the KPL System and the BC Hydro System operated continuously without incident. Accordingly, BC Hydro is not expected, as a result of the review, to insist that new work on the BC Hydro System needs to be completed (for demand capacity lower than 490kW).

The forecast by KPL of the 2020/2021 peak demand is uncertain, although KPL believes the maximum demand will be below the Fuse capacity. The increase in peak demand in 2020/2021 would have to exceed a 14% growth from 2019/2020 peak demand.

The maximum historical demand increase was from 2018/2019 to 2019/2020 which amounted to a 9.4% increase. The maximum increase appears to be related to an increase in electrical consumption at Houpsitas ("Houpsitas") by the largest customer of KPL, the KCFN. This increase commenced about September 2019 and has been maintained to August 2020. The KCFN have been unable to confirm any reason for the increase in customer load commencing about September 2019 and further, do not have an expectation of an increase in the fall of 2020.

The significant increase in electricity consumption in September 2019 in Houpsitas is assumed to not be repeated in September 2020. Further the winter of 2019/2020 appears to have had temperatures below normal. Accordingly, KPL expects that the maximum electrical demand on the KPL System in the winter of 2020/2021 will be below the Fuse capacity which is rated for higher electrical demand than occurred in the winter of 2019/2020.

11.1.1 Please discuss how KPL will mitigate these risks, if any.

RESPONSE

KPL would mitigate these risks by addressing the situation at the time of occurrence as follows;

- a) In the event BC Hydro requests a decrease in the current fuse size, KPL would appeal to BC Hydro customer service and the BCUC on the basis that the current fuse size had already been operating for a considerable time and that the risk of BC Hydro customer inconvenience (from induced outages on the BC Hydro System due to the higher KPL fuse installation) was not significant as compared to the inconvenience to the customers of KPL.
- b) In the event that there is significant load increase and it causes the fuse to fail, KPL would request the KCFN to request its facility operators and residents in Houpsitas to voluntarily reduce any discretionary electrical loads (such as electric heating and Christmas lights) during periods of high electricity demand. Should KCFN not be able to reduce its high electricity demand, KPL would request KCFN to disconnect from the KPL System and provide electricity to Houpsitas via the KCFN full backup diesel generators system.

In response to BCUC IR 1.3, KPL stated:

With regard to the recommended vegetation management, the KCFN have requested that non-residents not travel to Kyuquot due to COVID-19 concerns and KPL contractors and personnel have complied with this request. Therefore, KPL has not completed any vegetation management to date in calendar 2020. In addition, due to summer weather conditions, KPL will review and enact vegetation management activities in the fall of 2020. Vegetation management activities have been customarily completed by KCFN members during the fall season for technical and weather reasons.

KPL's response to Directive 5 of BCUC Order G-50-20 is included as Exhibit A2-6. Exhibit A2-6 includes a report titled "Kyuquot Power Ltd. System Stabilization Plan," which is authored by TE Burns Engineering and dated March 30, 2020 (TE Burns Engineering Stabilization Plan).

- 11.2 Please discuss whether the requested travel limitation for Kyuquot due to COVID-19 will have any impact on completion of any vegetation management activities given these activities have been customarily completed by Ka:'yu:'k't'h'/Che:k'tles7et'h' First Nations (KCFN) members, as

noted in the preamble.

RESPONSE

KPL expects to proceed with vegetation management work during the fall of 2020. The travel limitation depends on the infection risk regarding COVID-19 and, to date, there has not been an identified outbreak in the Kyuquot area. In the event of a local COVID-19 outbreak, the vegetation management work would not proceed. The vegetation management work to be completed in the fall of 2020 will reduce but not eliminate the risk of a future outage but is not essential to the operation of the KPL System.

- 11.2.1 Please discuss whether, in KPL's view, KPL contractors could complete the identified vegetation management activities in a manner that would mitigate the risk of COVID-19 transmission to the KCFN community.

RESPONSE

In KPL's view, the vegetation management activities can be carried out in an appropriate manner that would lessen the risk of COVID-19 transmission to the KCFN community. The activities require nominal attendance by non-Kyuquot residents. The clearing work would be completed by a local contractor using a 2-3 man crew working in socially distant conditions.

- 11.3 Please discuss whether KPL considers the vegetation management identified by the TE Burns Engineering Stabilization plan "to ensure stability for the 3-month period stipulated in BCUC Order G-50-20" as a critical maintenance activity.

RESPONSE

The vegetation management activities planned for the fall of 2020 include for powerline clearing on Walter's Island. Walter's Island was specifically identified in the TE Burns Engineering Stabilization plan (the "TE Burns Report"). The vegetation management work is considered important but not critical as noted in Response to BCUC IR 11.2.

- 11.4 Please discuss what reviews were undertaken by KPL to determine that it was safe and prudent to defer the vegetation management activities identified in the TE Burns Engineering Stabilization Plan. Please identify the qualifications of the individuals completing the review.

RESPONSE

The areas for vegetation management identified in the TE Burns Report are being addressed through the vegetation management planning of KPL to be carried out in the fall of 2020. The work plan is developed through KPL management in consultation with others, typically including the vegetation management contractors (the "Contractor").

- 11.5 Please discuss what oversight KPL provides to KCFN vegetation management contractors to ensure that vegetation management is completed in accordance with any applicable standards or work instructions and in a manner consistent with WorkSafeBC Regulations.

RESPONSE

The Contractor reviews the extent of the proposed work. An agreement is developed in consultation with KPL and the Contractor which covers scope, cost and schedule. The Agreement includes the provision for the Contractor to be fully independent and confirms the Contractor's enrollment with WorkSafeBC.

Further in response to BCUC IR 1.3, KPL stated:

After initial vegetation assessment, if appropriate, KPL will consider utilizing an arborist to help in critical areas. The vegetation management plans of KPL has been successful and appropriate over the past 14 years as evidenced by the limited number and consistency of outages. Vegetation management activities include annually reviewing, identifying and clearing of approximately 10km portions of the powerline.

- 11.6 Please explain under what conditions KPL elects to use Certified Utility Arborists for vegetation management activities.

RESPONSE

To date, KPL has elected not to use Certified Utility Arborists for vegetation management. The only circumstances that it would consider this use would be with respect to the removal of danger trees in close proximity to an energized powerline. In the past, KPL has de-energized the powerline for a short period, if required, to remove the trees and this approach has been successful.

Page 5 of the TE Burns Engineering Stabilization Plan states:

There are several locations where there is damaged line hardware such as insulators, insulator brackets, neutral spools and some places where the neutral conductor has been dislodged from its spool. The line requires a detailed pole by pole inspection by qualified personnel to report all the locations where damage has occurred. This should be followed by a full maintenance cycle to repair deficiencies. (See Attachment #2: Examples of Clearance & Vegetation Issues and Damage on KPL System).

Pages 8 to 9 of the TE Burns Engineering Stabilization Plan states:

To ensure stability for the 3-month period stipulated in BCUC Order G-50-20 any previously identified locations where there is hardware or structure damage should be repaired as soon as crews and parts are available on a priority basis.

In addition, qualified utility powerline technician should be engaged to patrol of the entire KPL system to identify any other high-risk damage.

In response to BCUC IR 1.4, which asked whether the recommended repair work has been completed on the KPL System, KPL stated:

The repair work included in the submissions of KCFN and the TE Burns Report that were agreed by Technical Services BC ("TSBC") has been completed.

In response to IR 1.5, KPL stated:

The TSBC has customarily provided annual inspections, often with KPL contractors in attendance. A TSBC inspection has not yet been scheduled for 2020. KPL has not yet completed a patrol of the entire KPL System in 2020 to identify, if any, high-risk damage. KPL needs to address the unauthorized control by the KCFN of the GOLB.

At this time, KPL is adhering to a request from KCFN for non-residents to avoid travel to Kyuquot due to COVID 19 as well as an additional KCFN request for KPL contractors to remain outside KCFN boundaries.

- 11.7 Please confirm, or otherwise explain, whether the reference above to "Technical Services BC" is intended to refer to Technical Safety BC (TSBC).

RESPONSE

Confirmed

- 11.8 Please confirm whether all of the previously identified locations where hardware or structure damage has been identified have been repaired, included those identified in the TE Burns Engineering Stabilization Plan in Attachment #2: Examples of Clearance & Vegetation Issues and Damage on KPL System.

RESPONSE

KPL has corrected all of the deficiencies identified in the Technical Safety BC (“TSBC”) Certificate of Inspection dated February 14, 2020. KPL understands that TSBC Certificate of Inspection was compiled from a third party complaint provided to the TSBC which was composed of the deficiencies identified in the TE Burns Report.

KPL has received a further deficiency identified in TSBC Certificate of Inspection dated August 21, 2020 which is included in Confidential Appendix 2A. This deficiency has been rectified.

- 11.8.1 If not confirmed, please explain why not and when KPL expects to complete this work.

RESPONSE

Please refer to BCUC IR 11.8

- 11.9 Please discuss what reviews were undertaken by KPL to determine that it was safe and prudent to defer the patrol of the entire KPL System and any other deferred maintenance activities identified in the TE Burns Engineering Stabilization Plan. Please identify the qualifications of the individuals completing the review.

RESPONSE

Generally, representatives of TSBC and the FSR patrol the bulk of the KPL System at the time of the scheduled annual inspection. Due to COVID-19 restrictions, this inspection has not been jointly carried out to date in 2020. However, the KPL System is patrolled on a regular basis by the local representative of KPL and, in particular, prior to re-energization after an outage on the KPL System. In addition, patrols by the FSR are conducted at opportune times such as when they are reviewing the annual planned vegetation management activities.

- 11.10 Please explain when KPL intends to complete a patrol of the entire KPL System if the request to avoid travel to Kyuquot is not lifted before Winter 2020/2021.

RESPONSE

The patrolling of the KPL System has occurred or is expected to occur when cost effective opportunities arise. The high cost to conduct a single patrol of the entire KPL System, particularly when much of the KPL System has been patrolled at various times over the past year, would have to be justified to and borne by the customers of KPL. KPL has engaged an engineering consultant to assess the study costs of a number of additional status/maintenance/design recommendations in the TE Burns Report for consideration of cost effectiveness in the Revenue Requirements Application of KPL to be filed prior to December 1, 2020.

In response to BCUC IR 1.6, KPL stated:

In the past, there was a working group including KPL which met annually by conference call regarding funding and maintenance of the road between Houpsitas and Chamiss Bay.

- 11.11 Please confirm who was part of this working group and when its last annual meeting took place.

RESPONSE

The last meeting attended by KPL was on November 19, 2010. The members of the working group and their annual contributions were as follows:

- a) KCFN - \$1,000
- b) School District 84 - \$2,000
- c) International Forest Products - \$2,000
- d) KPL - \$2,000
- e) Ministry of Forests - \$0 Cash but performed co-ordination of consultants/contractors

In response to BCUC IR 1.7, KPL stated:

With regard to some of the recommended actions in the TE Burns Report, the KCFN, within Exhibit 2-11, has indicated that such actions would be part of the due diligence KCFN would need to undertake in order to purchase the KPL System. They fall outside the parameters of a full condition assessment report.

11.12 Please provide the page number for the reference noted as "exhibit 2-11."

RESPONSE

The reference to Exhibit 2-11 is not correct. The correct reference is to Exhibit A2-10 titled: "Ka:'yu:'k't'h'/Che:k'tles7et'h' First Nations (KCFN) - Summary of Kyuquot Power Outage Timeline & Decision Making - January 2020 through March 2020 - Dated April 23, 2020"

A list of Attachments is shown on page 9 in Exhibit A2-10. The relevant Attachments are #5 and #6, for which page numbers are not provided.

11.13 Please identify which recommended actions from the TE Burns Engineering Stabilization Plan KPL considers will fall outside the parameters of a full condition assessment report, and for each item please explain why KPL believes it is prudent not to complete the work at this time.

RESPONSE

KPL was not prepared to conduct a full condition assessment report as set out in the TE Burns Report because of the cost of doing so. Irrespective, KPL is preparing a cost summary of conducting a full condition assessment including the parameters listed in the TE Burns Report. The prudence of incurring the cost of assessment for each parameter considered, to be recovered from KPL customers, will be subject to BCUC consideration and approval at a Revenue Requirement Application to be filed by KPL prior to December 1, 2020.

11.14 Please provide a summary of any and all discussions regarding the potential sale of KPL.

RESPONSE

As indicated in Exhibit A-2-11, number 21, an informal offer was made. There have not been formal discussions regarding the potential sale of KPL to KCFN.

B. KPL SYSTEM CONFIGURATION

12 Reference: KYUQUOT POWER LTD. SYSTEM STABILIZATION PLAN
Exhibit D-3, IR 2.3

Customer Configuration

In response to BCUC IR 2.3, KPL stated:

The power poles of KPL and KCFN that have joint use are the subject of an agreement between KPL and KCFN under which each party is responsible for its portion of maintenance, replacement and other activities. The portions of each structure that provides either KPL service or KCFN service is under sole control and cost of KPL or KCFN, respectively. As noted in KPL's response to BCUC IR 1.3, it is likely that unauthorized control of the GOLB by the KCFN continues but KPL is not able to conduct a physical inspection because of KCFN's request to avoid travel to Kyouquot due to COVID 19 as well as a KCFN request to remain outside KCFN boundaries.

12.1 On the KPL record drawings provided in Exhibit A2-3, please indicate:

- i. Where the KCFN Point of Interconnection is located;
- ii. Which structures are KCFN and KPL shared structures;
- iii. The location of the GOLB switch referred to in the above preamble;
- iv. The location of KCFN boundaries; and
- v. Which KPL structures are located within KCFN Boundaries.

RESPONSE

12.1 i. - KCFN Point of Interconnection is shown on Dwg No 132/202 at Pole P004.

12.1 ii. - KCFN/KPL shared poles are shown on Dwg No 202 being P004, P003, P002, P001, R01, R02, R03, R04, R05 and on Dwg No 131 being poles P09 to P30.

12.1 iii. - The status of GOLB is unknown.

12.1 iv. - The Houpsitas Boundary is shown on Dwg No 201 and 202.

12.1 v. - A KPL pole within Houpsitas is shown on Dwg No 202 being KPL800.

12.2 For any shared structure marked in response to BCUC IR 12.1 (ii) above, please confirm:

- i. who built these jointly used power structures;
- ii. who owns, or what the ownership structure is, for the jointly used power structures; and
- iii. who is responsible for maintenance of the structures and equipment.

RESPONSE

12.2 i. - Other than the poles, the conductors/hardware used by KCFN/KPL were supply and installed by KCFN/KPL respectively.

12.2 ii. - Please see KPL's response to BCUC IR 12.3.1 and the attached right of way agreement.

12.2 iii. - KPL or KCFN are responsible for operation and maintenance of their systems independently of the other party.

12.3 For any structures identified above in IR 12.1 (v), please identify if there are any right of way or land use agreements in place, which would allow KPL to access and work on these structures.

RESPONSE

There is a Right of Way for Private Utility Distribution Line between KCFN and KPL.

12.3.1 Please provide a copy of these agreements.

RESPONSE

A copy of the Right of Way for Private Utility Distribution Line is provided in Confidential Appendix 2B.

12.4 Please describe any and all right of way (ROW) or land use agreements that are in place for all aspects of the KPL System.

RESPONSE

Please refer to KPL's response to BCUC IR 12.3.1. In addition, there is a copy of the Modification Agreement and Licence of Occupation – File No: 1409683 covering Provincial lands for the powerline.

12.4.1 Please provide a copy these agreements.

RESPONSE

Please refer to KPL's response to BCUC IR 12.3.1 and in particular Appendix 2B. A copy of the Modification Agreement and Licence of Occupation – File No: 1409683 covering Provincial lands are provided in Confidential Appendix 2C.

12.5 Please provide a copy of the agreement between KPL and KCFN for the jointly used power poles.

RESPONSE

Please refer to KPL's response to BCUC IR 12.3.1

12.6 Please discuss whether, in KPL's view, KCFN has the right to restrict KPL's access to the KPL System for any reason, including but not limited to, safety concerns or critical maintenance activities.

RESPONSE

KPL has access to the KPL System providing that such access shall be done in a manner which does not unduly risk the life or property of third parties including the KCFN.

C. LOAD MANAGEMENT AND POWER SYSTEM STUDIES

**13.0 Reference: KYUQUOT POWER LTD. SYSTEM STABILIZATION PLAN
Exhibit D-3, IR 3.6, 3.10; Exhibit D-4, IR1
Load Management and Power System Studies**

In response to BCUC IR 3.6, KPL stated:

Energy sales (kWh) to KPL customers have averaged an annual growth rate of about 2% over the past 5 years.

13.1 Please provide the underlying calculations used to determine the above statement.

RESPONSE

The total energy sales in kWh for KPL for the fiscal year ended 2020, 2019, 2018, 2017, 2016 and 2015 are 1652.2; 1658.6 GWH; 1644.3 GWH; 1582.6 GWH; 1435.5 GWH and 1498.7 GWH respectively. The increase in energy sales over the period is 153.5 GWH divided by 1498.7 GWH equals a 10.2% increase over the 5 year period or about a 2% increase in GWH per year.

In response to KCFN IR 1, KPL stated:

The KPL Field Service Representatives ("FSR's) communicate with BC Hydro technical staff regarding fusing, particularly during times of outage, and accordingly, the size of a

fuse selected by the FSR is dependent on past and present understandings and communications with BC Hydro personnel.

In response to BCUC IR 3.10, KPL stated:

A fusing co-ordination study was completed in 2006. The study was completed by Elite Engineering Ltd. and related to a maximum fuse size of 40T at the point of interconnection with BC Hydro.

- 13.2 Please explain, in KPL's view, how often or in what conditions an engineering review of the protection and coordination of the KPL System should be completed.

RESPONSE

The fusing co-ordination study completed in 2006 assumed higher demand electricity consumption than was occurring in 2006 but with the same general layout of the customer loads (being Fair Harbour, Chamiss Bay, School area, Houpsitas and Walters Islands). There has not been a substantial enough change in conditions to warrant a new fusing co-ordination study.

- 13.3 Please explain, in KPL's view, how often or in what conditions a short circuit study of the KPL System should be completed.

RESPONSE

Please refer to KPL's response to BCUC IR 13.2

- 13.4 The above preamble refers to KPL's Field Service Representatives (FSR's). Please confirm whether this is internal KPL terminology or whether this refers to a Field Safety Representative as certified by TSBC.

RESPONSE

Confirmed as referring to a Field Safety Representative as certified by TSBC.

D. POWER LINE SAFETY & MAINTENANCE

- 14.0 Reference: POWER LINE SAFETY & MAINTENANCE
Exhibit D-3, IR 5.1, 5.1.1
Maintenance Programs**

In response to BCUC IR 5.1 (b), KPL stated:

Maintenance inspections are presented to KPL managing personnel, often verbally, and remedial action plan is co-ordinated with other activities, if appropriate.

In response to BCUC IR 5.1.1, when asked to provide all maintenance inspection reports for KPL's System from 2018-2020, KPL stated that "The maintenance inspection reports for KPL's System from 2018-2020 are included in Confidential Appendix I."

- 14.1 Please confirm, or explain otherwise, that KPL does not have any records of maintenance inspection reports aside from those provided in Confidential Appendix I.

RESPONSE

Confirmed that no other records of written reports.

- 14.2 Please provide details and documentation of any line inspections performed by KPL or KPL Contractors from 2018-2020.

RESPONSE

The line inspections carried out jointly by KPL and TSBC are recorded as a Certificate of Inspection from TSBC to address specific deficiencies. If there are no identified deficiencies, KPL is not provided with a Certificate of Inspection.

- 14.3 Please confirm, or explain otherwise, whether KPL keeps a central written record of planned or completed maintenance activities on its distribution System.

RESPONSE

Maintenance and repair activities are not kept on a central written record. The incurred cost of the activity including the materials supplied are available via invoice records (which may in instances be submitted to a central written record).

- 14.3.1 If confirmed, please provide copies of all relevant documentation.

Not confirmed

- 14.3.2 If not, please explain why not.

RESPONSE

Invoices are submitted to BCUC at times of Revenue Rate Applications.

- 14.4 Please discuss whether KPL has any programs in place for regular periodic testing or regular preventative maintenance on its poles, transformers, or other assets.

RESPONSE

The poles, transformers and other long-life assets have generally not approached the age of service where a program for testing or preventative maintenance would commence. For vegetation management and short life assets, KPL does have regular maintenance programs.

- 14.4.1 If yes, please provide copies of the maintenance plans and copies of the maintenance reports.

RESPONSE

See KPL's response to BCUC IR 14.4

- 14.4.2 If no, please explain why not. In your response, please explain the risks to the KPL System of not having a formal maintenance program for poles, transformers, or other assets.

RESPONSE

The long-life assets are at about 1/2 of their expected service life and there has not been an instance of failure. As a result, at this time, there is no need for formal maintenance programs for these assets. In the potential instance where a transformer change-out occurs due to increased electrical loading on the transformer, that change is not related to transformer fatigue (wear and tear). KPL does maintain a limited inventory of transformers and has short term access to replacement poles, if required.

- 14.5 Please discuss whether KPL has an "Owners Engineer" who is responsible for reviewing recommendations of KPL's line contractors and/or TSBC and overseeing any changes made to the KPL System.

RESPONSE

KPL management is responsible for reviewing the recommendations of its FSR's and TSBC. For technical electrical advice, on a case by case basis, KPL management may seek advice and assistance from a qualified electrical engineer.

14.5.1 If not, please explain why not and whether KPL has considered procuring engineering resources.

RESPONSE

KPL procures engineering resources, as appropriate.

14.6 Please discuss under what circumstances KPL or a third-party contractor complete field inspections of line contractors' work on the KPL System to ensure that work has been completed to applicable standards or codes.

RESPONSE

Generally, KPL relies on the certifications of the FSR. To date, KPL has not encountered circumstances requiring a third party inspection of the work by the FSR.

E. LETTER OF COMMENT

15.0 Reference: Exhibit E-5

In the letter of comment provided by School District 84 in Exhibit E-5, Deane Johnson writes:

Our school and teacherages were without power for all of or part of 26 days between November and April. ... During this time, we were billed fully for power on those days. The meters were removed by HB Energy in august and are still not replaced. We were billed at 10,000 KWh/month (Based on Winter usage from previous years).

15.1 Please provide a current copy of KPL's Electric Tariff.

RESPONSE

A copy of the current Electric Tariff of KPL is included in Appendix 2D

15.2 Please confirm, or otherwise explain, that all KPL customers are metered and served according to KPL's Electric Tariff.

RESPONSE

Confirmed

15.3 Please confirm, or explain otherwise, that School District 84 is a customer of KPL.

RESPONSE

Confirmed

15.4 Please explain what circumstances led to the School District 84 meter being removed.

RESPONSE

School District 84 engaged an electrical contractor for work on its electrical system. The electrical contractor advised KPL that meter removal was required and removed the meter.

15.5 Please explain whether or not the meter is still removed and when it will be re-installed.

RESPONSE

The work schedule of the School District 84 was extended beyond original expectations and later the work program of the original electrical contractor was terminated. KPL subsequently arranged for a meter to be installed. The installation of the meter has been delayed by COVID-19 transmission concerns. However, the installation of a new meter is imminent.

15.6 Please explain whether any other customer meters have been removed and not replaced.

RESPONSE

All customer meters are in-place. There have been previous instances of meter change-outs.

15.7 Please explain how the School District would be charged for power on days when it consumed no power due to a power outage.

The School District is billed monthly for electrical usage. The estimate of power consumption is based on historical electrical usage. The analysis of historical electrical usage does not adjust for “outage days”, “Easter Break” or other variable time periods in any particular month although this particular estimate was adjusted for the reduced school activity due to COVID-19.

15.8 Please explain how billing errors, if any, will be corrected.

RESPONSE

At the time of billing, the electricity consumption is provided by KPL (the “Estimate”). Should the Customer wish clarification of the Estimate or to dispute the Estimate, the Customer would contact KPL to seek resolution. To date, KPL has not been contacted by the School District.

15.9 Please explain whether KPL has ever received any complaints from School District 84. If yes, please provide details of the complaints.

RESPONSE

KPL has not received any recent complaints from School District 84. More than 10 years ago, the School District 84 did make a complaint to the BCUC that the cost of electricity was too high and had not decreased over time as forecasted in the support documentation for the KPL Application for a Certificate of Public Convenience and Necessity submitted in about 2004.

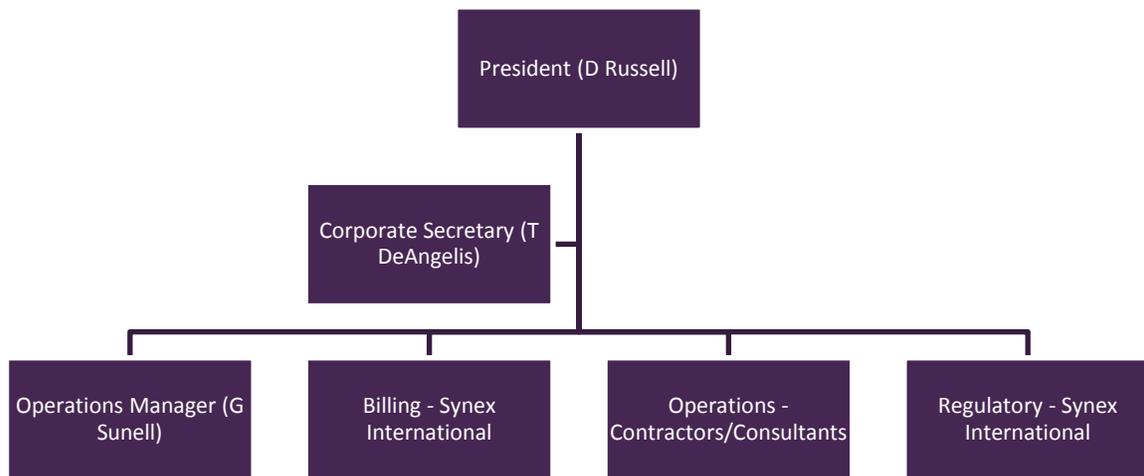
F. KPL CORPORATE STRUCTURE

**16.0 Reference: KYUQUOT POWER LTD. CORPORATE STRUCTURE
Exhibit D-3, BCUC IR 1.7.1.1
Company Organization Chart**

In response to BCUC IR 1.7.1.1, KPL stated:

The party responsible for the full condition assessment for the RRA would be Greg Sunell, who currently provides operation and management services to KPL.

16.1 Please provide a current corporate organization chart for KPL, showing positions and descriptions of all employees, management, and directors.



16.1.1 Please indicate Greg Sunell on the corporate organization chart, including his position title.

RESPONSE

Please refer to response at BCUC IR 16.1

**KYUQUOT POWER LTD.
Investigation into Safety and Reliability of the KPL System**

CONFIDENTIAL APPENDICES

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APPENDIX 2A (KPL RESPONSE TO BCUC IR#2 – 11.8)

Technical Safety BC – Certificate of Inspection dated August 21, 2020

Maritza Ona

From: Dan Kelly <Dan.Kelly@technicalsaftybc.ca>
Sent: August 21, 2020 1:03 PM
To: Maritza Ona
Subject: Certificate of Inspection: ELOP-1945322-2020
Attachments: Certificate_of_Inspection_Permit_3338337_Insp_ELOP-1945322-2020.pdf; ATT00001.htm

Hi Kyuquot Power Ltd,

An inspection has been performed at your site. The following non-compliances have been identified. Please be advised that all non-compliances must be resolved by the date indicated on the attached Certificate of Inspection.

In accordance with s. 20(3) of the Safety Standards General Regulation, you are required to correct any non-compliances with respect to regulated work or regulated product identified on a Certificate of Inspection and notify the safety officer that the corrections have been completed.

Please confirm that the non-compliances identified on the Certificate of Inspection have been resolved, then submit your declaration, indicating which non-compliances have been resolved, by the date indicated on the Certificate of Inspection. You can submit the declaration via your online account.

If you have any questions regarding the certificate of inspection, please contact me at your convenience.

Best regards,

ELECTRICAL CERTIFICATE OF INSPECTION

EL - Operating

ASSESS: EL OP: Regular Scheduled

Contact Information

Kyuquot Power Ltd
 101 1444 Alberni Street
 Vancouver BC V6G 2Z4

Contractor / FSR Information

Costello, Gerald C

Activity Date: 21 August, 2020

Site Address

KYUQUOT POWER LTD
 OCLUCJE JUNCTION - BCM POLE - #153 - KYUQUOT - WALTER'S Cove
 KYUQUOT British Columbia V0P 1J0

Inspection Result: Failed

Applicable when checked with [X]

Do Not Energize	<input type="checkbox"/>
Do Not Cover	<input type="checkbox"/>
Authorized for Connection	<input type="checkbox"/>
Authorized for Cover	<input type="checkbox"/>
Existing Service Connection	<input type="checkbox"/>

Checklist

Item	Comments	Result
Other	FSR undeclared	Non-compliant
Pole Line	Secondary supply conductors height over pedestrian trail	Non-compliant

Non-Compliances

All Non-Compliances must be resolved by the due date unless specified otherwise in Safety Officer Notes.



All Non-Compliances must be resolved by the due date unless specified otherwise in Safety Officer Notes.
 (cont'd)

Line	Code Violation and Comments	Followup Date
1	Code: C22.1-18 6-112 Support for the attachment of overhead supply or consumer's service conductors or cables Safety Officer Note: The clearance of supply conductors across the pedestrian trail to lot 18,19 on Walters Island is lower than the allowed 3.5M	Sep 20, 2020
2	Code: SSA 63 General prohibitions Safety Officer Note: The FSR is Undeclared	Sep 20, 2020

Safety Officer Notes

Operating Permit Assessment:

Hello Maritza,

As we discussed on the phone today it appears your FSR hasn't been declared on the operating permit. The low overhead lines need to be addressed as soon as possible and certainly within the 30 day due date. The lines cross a trail leading to lot 18,19 on Walters Island to the property of Steve Tyerman.

Regards,
 Dan Kelly

General Requirements and Information

1. All non-compliances must be resolved by the date indicated on this Certificate Of Inspection.
2. Technical Safety BC is to be notified of any incident that results in an injury to any person or damage to the regulated equipment. To report an incident, go to www.technicalsaftybc.ca (search: "report an incident")
3. When an Operating Permit is required, the installation owner has 60 days to obtain a valid Operating Permit following a Passed Final Assessment

Safety Officer Name: Dan Kelly
 Safety Officer Phone: 250-897-8510
 Safety Officer Email: Dan.Kelly@technicalsaftybc.ca



If you disagree with a safety officer decision noted on this Certificate of Inspection, you may request, in writing, a Safety Manager review within 30 days from the date of issue. A Review Request Form can be obtained from any Technical Safety BC office or online at: www.technicalsaftybc.ca (search: "manager review")

For information on the Safety Standards Act, Regulations, and the Review/Appeal process, please visit www.technicalsaftybc.ca



Maritza Ona

From: Dan Kelly <Dan.Kelly@technicalafetybc.ca>
Sent: August 24, 2020 11:29 AM
To: Maritza Ona; Lori Vanderbeck
Subject: FW: Certificate of Inspection: ELOP-1945322-2020
Attachments: Certificate_of_Inspection_Permit_3338337_Insp_ELOP-1945322-2020.pdf; KPL - Operating Permit.pdf

Hi Maritza,

Thank-you for addressing the undeclared FSR. I have also sent this to our specialist on operating permits Lori Vanderbeck to update the permit.

Regards,

Dan Kelly | Safety Officer, Electrical

TECHNICAL SAFETY BC | Safe technical systems. Everywhere.
Direct: 250 897 8510 | Mobile: 250 897 8510 | Toll-free: 1 866 566 7233
#130-1829 Beaufort Avenue, Comox, BC V9M 1R9
technicalafetybc.ca

Our latest [State of Safety](#) is now live. Find out how we're improving safety across the province.

This email and any files transmitted with it is intended for the individual to whom it is addressed. Unauthorized use, reproduction or dissemination of this email is strictly prohibited. If you have received this email in error, please contact me immediately.

From: Maritza Ona [mailto:mona@synex.com]
Sent: Monday, August 24, 2020 10:26 AM
To: Dan Kelly <Dan.Kelly@technicalafetybc.ca>; HB Energy <hbenergy@cablerocket.com>
Subject: #EXTERNAL# FW: Certificate of Inspection: ELOP-1945322-2020

Hi Mr. Kelly,

1. Please see attached document, KPL - Operating Permit.
2 Code: SSA 63
General prohibitions
Safety Officer Note:
The FSR is Undeclared

Please let me know if this satisfies you.

2. Results of this will be emailed to you o a later date.
Code: C22.1-18 6-112
Support for the attachment of overhead supply or consumer's service conductors or cables

Maritza Ona
Assistant Accountant
Synex International Inc.
101 - 1444 Alberni Street
Vancouver, BC V6G 2Z4
Direct Line: (778) 654-6051
Tel: (604) 688-8271 ext. 387
Fax: (604) 688-1286
Email: mona@synex.com

From: Dan Kelly <Dan.Kelly@technicalafetybc.ca>
Sent: August 21, 2020 1:03 PM
To: Maritza Ona <mona@synex.com>
Subject: Certificate of Inspection: ELOP-1945322-2020

Hi Kyuquot Power Ltd,

An inspection has been performed at your site. The following non-compliances have been identified. Please be advised that all non-compliances must be resolved by the date indicated on the attached Certificate of Inspection.

In accordance with s. 20(3) of the Safety Standards General Regulation, you are required to correct any non-compliances with respect to regulated work or regulated product identified on a Certificate of Inspection and notify the safety officer that the corrections have been completed.

Please confirm that the non-compliances identified on the Certificate of Inspection have been resolved, then submit your declaration, indicating which non-compliances have been resolved, by the date indicated on the Certificate of Inspection. You can submit the declaration via your online account.

If you have any questions regarding the certificate of inspection, please contact me at your convenience.

Best regards,



Invoice Number: 01396998
 Permit Number: See below
 (When inquiring, always refer to these numbers)

OPERATING PERMIT - FSR VERIFICATION

CHANGE ALERT: Permit holder now verifies field safety representative (FSR) and declares compliance. Verify your FSR quickly and easily through our online services. To receive a registration invite for online services, contact us at clientportal@technicalsaftybc.ca

August 8, 2020

Kyuquot Power Ltd
 101-1444 ALBERNI STREET
 VANCOUVER BC V6G 2Z4

Permit holder please verify that the FSRs are current by signing this form and returning it to Technical Safety BC to avoid delays in the renewal of your Operating Permit(s). Your FSR represents the Operating Permit holder in all code, technical and worker qualification matters related to this (these) permit(s).

If the FSR ceases to be contracted or employed by the permit holder, it is the responsibility of the permit holder to immediately notify Technical Safety BC. If your FSR, representing any of your sites, listed below, has changed, please indicate the FSR name in the column provided. If the FSR is newly contracted or employed, please provide the FSR details in Section C.

A) Permits Details

EL Operating Permit			Location of Operation
Permit Number	FSR Name	FSR Name, If changed	
3338337	Gerald Costello		OCLUCJE JUNCTION - BCM POLE - #153 - KYUQUOT - WALTER'S, KYUQUOT, BC V0P 1J0

B) FSR Details:

Field Safety Representative (FSR) Name:	Gerald Costello
FSR Number	CEL010033160
FSR Class	FSR Class A
FSR Email:	
Contractor Name (if applicable):	
Contractor Number (if applicable):	

BC Safety Authority is now **Technical Safety BC**. While we have changed our name, we remain committed to our vision of *Safe Technical Systems. Everywhere.* Learn more about our evolving services and how we share safety knowledge at www.technicalsaftybc.ca.

C) Please provide details if any new FSR has been contracted or employed.

FSR Name:	
FSR Number:	
FSR Class:	
FSR Email:	
Contractor Name (if applicable):	
Contractor Number (if applicable):	

By signing this form, I (We) hereby declare that:

- the FSRs named on the permits, listed in the above Section A, are currently contracted or employed by the permit holder (myself/ourselves) to perform or supervise regulated work under each of the permits listed above; and
- the FSRs named on the permits, listed in the above Section A, have confirmed to me/us that the operation and maintenance of electrical equipment at the location(s) listed in the above Section A, complies with the Safety Standards Act and Regulations of British Columbia.

Permit Holder Name:	
Permit Holder Signature:	
Name and title of authorized signatory: (if corporate owner)	<i>Winston Wong, Engineer</i>
Date (dd/mm/yyyy)	<i>20/08/2020</i>

The information on this form is collected to administer the provisions of the BC Safety Standards Act and section 26 of the Freedom of Information and Protection of Privacy Act. If you have any questions about the collection, use, or disclosure of this information, contact the Records, Information and Privacy Analyst for Technical Safety BC at 1-866-566-7233.

For information on the Safety Standards Act, Regulations, and our Review/Appeal process, please visit www.technicalsaftybc.ca. For other inquiries, contact our call centre at 1-866-566-7233.

BC Safety Authority is now **Technical Safety BC**. While we have changed our name, we remain committed to our vision of *Safe Technical Systems. Everywhere.* Learn more about our evolving services and how we share safety knowledge at www.technicalsaftybc.ca.

KYUQUOT POWER LTD.
Investigation into Safety and Reliability of the KPL System

CONFIDENTIAL APPENDICES

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APPENDIX 2B (KPL RESPONSE TO BCUC IR#2 – 12.3.1)

Right of Way for Private Utility Distribution Line between KCFN and KPL

RIGHT OF WAY FOR PRIVATE UTILITY DISTRIBUTION LINE

This Agreement is made as of April 1, 2011.

Between:

Ka:'yu:'k't'h'/Che:k'tles7et'h' First Nations of
918 Island Hwy
Campbell River, British Columbia
V9W 2C3

(the "Grantor")

And:

KYUQUOT POWER LTD. (Inc. No. BC0638180), of
c/o Marc Brunelle, EIT
Sigma Engineering Ltd.
Fourth floor, 1444 Alberni Street
Vancouver, British Columbia
V6G 2Z4

(the "Grantee")

WHEREAS:

- A. The Grantor, Canada and British Columbia have entered into a Final Agreement as hereinafter defined.
- B. In accordance with the Final Agreement, the Grantor wishes to provide the grants, as herein provided, to the Grantee with respect to the Grantor's Lands as hereinafter defined.
- C. The interest granted is necessary for the operation and maintenance of the Grantee's undertaking.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the premises and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties, the parties hereto covenant and agree as follows:

1.0 DEFINITIONS

1.1 In this Agreement:

- (a) **"Agreement"** means this Right of Way Agreement and all schedules attached to it;
- (b) **"Fee"** means, on the Effective Date, the sum of \$1.00 for the full term of the Agreement;

- (c) **"Final Agreement"** means the Maa-nulth First Nations Final Agreement ratified by each Maa-nulth First Nation, Canada and British Columbia, as amended from time to time;
- (d) **"Lands"** means that part or those parts of the following described land shown outlined by bold line on the schedule attached hereto as "Schedule "A";
- (e) **"Right of Way Area"** means the area in heavy outline on the survey plan, hereto attached as Schedule "B";
- (f) **"Works"** means all things and components, using any type of technology from time to time, necessary or convenient for the purposes of transmitting and distributing electricity, including: poles, towers, guy wires, brackets, crossarms, insulators, transformers, anchors, attachments, lines, and access nodes, together with all ancillary appliances, fittings and equipment.

2.0 GRANT OF RIGHT OF WAY

2.1 The Grantor grants to the Grantee, and its employees, representatives, contractors, agents, licensees, successors and permitted assigns for so long as required, the uninterrupted right, liberty and right of way to enter in, upon, under, over and through:

- (a) the Right of Way Area, with or without equipment, machinery and materials as reasonably required by the Grantee, for the purposes of constructing, operating, removing, replacing, reconstructing, repairing, and safeguarding thereon the Works; and
- (b) the Lands, with or without equipment, machinery and materials as reasonably required by the Grantee for the purposes of:
 - (i) gaining reasonable access across the Lands to access the Right of Way Area;
 - (ii) cutting trees or growth adjacent to the Right of Way Area, if in the opinion of the Grantee, such trees or growth might interfere with or endanger the Works or pose a hazard to persons or property in relation to the Works; or
 - (iii) grounding any structures, installation or things by whomsoever owned from time to time located on the Lands adjacent to the Right of Way Area where, in the reasonable opinion of the Grantee, such grounding will eliminate or reduce hazards to persons or property in relation to the Works.

The Grantee will, except in an emergency, give the Grantor written notice prior to exercising its rights under Subsection (b)(ii) and (b)(iii).

3.0 NON-EXCLUSIVE USE

3.1 Notwithstanding anything else in this Agreement, the Grantee and the Grantor acknowledge and agree that:

- (a) this Agreement does not grant a fee in the Lands, but rather grants a non-exclusive use over the Right of Way Area; and
- (b) subject to the rights granted to the Grantee in this Agreement, the Grantor may grant other interests in the Right of Way Area.

4.0 COVENANTS OF THE GRANTEE

4.1 The Grantee covenants with the Grantor to:

- (a) pay and discharge when due all applicable taxes, levies, charges and assessments now or hereafter assessed, levied or charged to the account of the Grantee, which relate to the Right of Way Area and which the Grantee is liable to pay;
- (b) keep the portions of the Lands, including the Right of Way Area, used by the Grantee under this Agreement in a safe, clean and sanitary condition to the extent the condition relates to the use or occupation of such Lands by the Grantee, provided that the Grantee has no obligation to keep any trails, roads, lanes or bridges within the Right of Way Area suitable for use by anyone except the Grantee;
- (c) not commit or suffer any willful or voluntary waste, spoil or destruction on the Right of Way Area, or do anything on the Right of Way Area that may be or become a nuisance or annoyance to the Grantor or to an owner or occupier of land in the vicinity of the Right of Way Area, except to the extent required by the Grantee, acting reasonably, to exercise the rights granted under this Agreement; and
- (d) take all reasonable steps and precautions to minimize disturbance of any archaeological material discovered by the Grantee on the Right of Way Area, and to immediately notify the Grantor.

5.0 RELOCATION OF WORKS DUE TO CHANGE

5.1 If a material change occurs to the Lands, such as erosion, which for any reason makes the continued use of any portion of the Right of Way Area unsuitable for any of the Works, then the Grantor will consent to the relocation and replacement of such Works to a new location on the Lands, provided:

- (a) the Grantee will, before undertaking any work, deliver a sketch plan to the Grantor indicating the contemplated relocation of the Works for approval by the Grantor, which approval will not be unreasonably withheld, delayed or made subject to any unreasonable conditions;

- (b) the Grantee will take into account any likely material effect of the relocated Works on adjacent lands, and the Grantor will take into account the cost efficiencies of the location selected by the Grantee for the relocated Works in relation to alternative locations;
- (c) that if such new location is more valuable than the area no longer required, the Grantee will pay to the Grantor any difference between the then current fair market value of the area required for the relocated Works and the then current fair market value of the area no longer required for the Works; and
- (d) the terms and conditions of this Agreement will cover the relocated Works and at the request of either party, the parties will either enter into a modification of this Agreement or enter into a new agreement to reflect the new relocated Right of Way Area.

6.0 RELOCATION OF WORKS AT THE REQUEST OF THE GRANTOR

6.1 If the Grantor requires a portion of the Right of Way Area for other purposes, then upon written request by the Grantor, the Grantee will relocate any Works in the Right of Way Area to a new location on the Lands, provided that:

- (a) in the reasonable opinion of the Grantee, the new location is suitable for use for the relocated Works considering construction, maintenance and operation, and cost factors;
- (b) the Grantor gives the Grantee reasonable notice to permit proper design, planning and construction of the Works to be relocated;
- (c) before any relocation, the Grantor has paid all of the reasonable costs and expenses of the relocation, including costs of design, supervision and construction as estimated by the Grantee, with appropriate adjustments based on actual costs after the relocation is complete; and
- (d) the terms and conditions of this Agreement will cover the relocated Works and at the request of either party, the parties will either enter into a modification of this Agreement or enter into a new agreement to reflect the new relocated Right of Way Area.

7.0 INSPECTIONS

7.1 The Grantor may at all reasonable times enter upon the Right of Way Area for the purposes of inspecting the Right of Way Area and the Works.

8.0 RESTORATION

8.1 When all or a portion of the Right of Way Area is no longer required for the Works, the Grantee will abandon its interest in the Right of Way Area and at the written request of the Grantor, either

- (a) fully decommission, by removing the Works and restoring the ground surface to allow for the regeneration of the natural vegetation, the Right of Way Area so as to be comparable to the surrounding ecosystem; or
- (b) abandon its interest in the Works and transfer to the Grantor all ownership, rights and interest in the whole or part of the Works.

8.2 This Section will survive the expiration of the Agreement.

9.0 COVENANTS OF THE GRANTOR

9.1 The Grantor covenants with the Grantee that:

- (a) the Grantee shall and may peaceably enjoy and hold the rights granted in this Agreement without interruption, disturbance, molestation or hindrance whatsoever from the Grantor or any other person lawfully claiming from or under the Grantor, provided however that nothing in this Section 9 shall limit the Grantor's right of inspection pursuant to Section 7.1;
- (b) The Grantor will not permit or make, place, erect, operate, use or maintain any building, structure, foundation, pavement, excavation, well, pile of material, obstruction, equipment, thing or inflammable substance, or plant any growth upon the Right of Way Area, if any such action or thing, in the reasonable opinion of the Grantee:
 - (i) may interfere with or endanger the Works or any part thereof or the installation, operation, maintenance, removal or replacement of the Works or any part thereof;
 - (ii) may obstruct access to the Works or any part thereof by those authorized by the Grantee; or
 - (iii) may by its operation, use, maintenance or existence on the Right of Way Area create or increase any hazard to persons or property in relation to the Works; or
 - (iv) may interfere with any rights granted under this Agreement.

10.0 INDEMNITY

10.1 The Grantee will save harmless and indemnify the Grantor and the Grantor's servants, employees and agents from and against all claims, demands, actions, suits or other legal proceedings by whomsoever made or brought against the Grantor by reason of or arising out of:

- (a) any breach, violation or non-performance by the Grantee of any of the Grantee's covenants, conditions or obligations under this Agreement;

- (b) any act or omission on the part of the Grantee in respect or in relation to its Works including the construction, maintenance, operation or decommissioning of its Works, but only to the extent any such matter is found to be the responsibility of the Grantee and was not contributed to by the negligence, breach, violation or non-performance of the Grantor, and not for any matters based on nuisance or the rule in *Rylands v. Fletcher* unless the Grantee was negligent; and
- (c) any personal injury, death or property damage arising out of the Grantee's use of the Right of Way Area pursuant to this Agreement.

11.0 DISPUTE RESOLUTION

11.1 Any dispute arising out of or in connection with this Agreement will be resolved as follows:

- (a) the parties will attempt to resolve disputes by negotiations, including timely disclosure of all relevant facts, information and documents;
- (b) either party may, at any time, by written notice request that the dispute be referred to mediation, conducted by a mediator, knowledgeable about the matters in dispute; and
- (c) if the dispute is not resolved within 30 days of the notice to mediate under subsection (b) then, on the agreement of the parties, the dispute may be referred to a single arbitrator for final resolution. If the parties do not agree to arbitration, then any party may refer the matter to a court of competent jurisdiction; except that it is not incompatible with this Section for a party to apply to a court of competent jurisdiction at any time for interim or conservatory relief and for the court to grant that relief.

12.0 RUNS WITH THE LAND

12.1 This Agreement runs with and binds the Lands to the extent necessary to give full force and effect to this Agreement. The Grantor will not dispose of or agree to dispose of the Lands without first notifying any intended purchaser of the existence of this Agreement, and of the priority this Agreement has over any interests granted or created in the Lands after the date hereof.

13.0 ASSIGNMENT

13.1 This Agreement may not be assigned, mortgaged or transferred in part or in whole without the prior written consent of the Grantor, which consent will not be unreasonably withheld, conditioned or delayed.

13.2 For the purpose of Section 13.1, if the Grantee is a corporation, a change in control (as that term is defined in subsection 2(3) of the *Business Corporations Act*) will be deemed to be a transfer of this Agreement.

13.3 Section 13.2 does not apply to a corporation if the shares of the corporation which carry votes for the election of the directors of the corporation trade on a stock exchange located in Canada.

13.4 The assignment or transfer of this Agreement does not release the Grantee from its obligation to observe and perform all the provisions of this Agreement on its part to be observed and performed unless the Grantor specifically releases the Grantee from such obligation in the Grantor's consent to the assignment or transfer of this Agreement.

14.0 NOTICE

14.1 If notice is required or permitted under this Agreement, the notice:

- (a) must be in writing;
- (b) must be delivered to the address set out above, or other address as specified in writing by a party; and
- (c) may be given in one or more of the following ways:
 - (i) delivered personally or by courier, and it will be deemed received on the next business day;
 - (ii) mailed by pre-paid post in Canada, and it will be deemed received on the eighth business day following, except in the case of mail interruption in which case actual receipt is required.

14.2 In order to expedite the delivery of any notice required to be given by either party to the other, a concurrent facsimile copy of any notice will, where possible, be provided to the other party but nothing in this section, and specifically the lack of delivery of a facsimile copy of any notice, will affect the deemed delivery provided in Section 14.1.

14.3 The delivery of all money payable to the Grantor under this Agreement will be effected by hand, courier or prepaid regular mail to the address specified above, or by any other payment procedure agreed to by the parties, such deliveries to be effective on actual receipt.

15.0 GENERAL

15.1 A breach of any term, condition, covenant or other provision of this Agreement may only be waived in writing, and any waiver will not be construed as a waiver of any subsequent breach. Consent to or approval of any act, where consent or approval is required under this Agreement, will not be construed as consent to or approval of any subsequent act.

15.2 No remedy set out in this Agreement is exclusive of any other remedy provided by law, but will be in addition to any other remedy existing at law, in equity, or by statute.

15.3 The terms and provisions of this Agreement will extend to, be binding upon and enure to the benefit of the parties and their respective successors and assigns.

- 15.4 The Grantee may grant contracts respecting its rights under this Agreement to anyone, in whole or in part, without the prior written consent of the Grantor provided that no contract will act as a release of any of the Grantee's obligations set out in this Agreement.
- 15.5 This Agreement constitutes the entire agreement between the parties and no understanding or agreement, oral or otherwise, exists between the parties with respect to the subject matter of this Agreement except as expressly set out in this Agreement and this Agreement may not be modified except by subsequent written agreement in writing between the parties.
- 15.6 Each party will, upon the request of the other, do or cause to be done all lawful acts necessary for the performance of the provisions of this Agreement.
- 15.7 Wherever this Agreement provides that an action may be taken, a consent or approval must be obtained or a determination must be made, then the Grantor or the Grantee, as the case may be, will act reasonably in taking such action, deciding whether to provide such consent or approval or making such determination; but where this Agreement states that the Grantor or the Grantee has sole discretion to take an action, provide a consent or approval or make a determination, there will be no requirement to show reasonableness or to act reasonably in taking that action, providing that consent or approval or making that determination.

16.0 INTERPRETATION

16.1 In this Agreement:

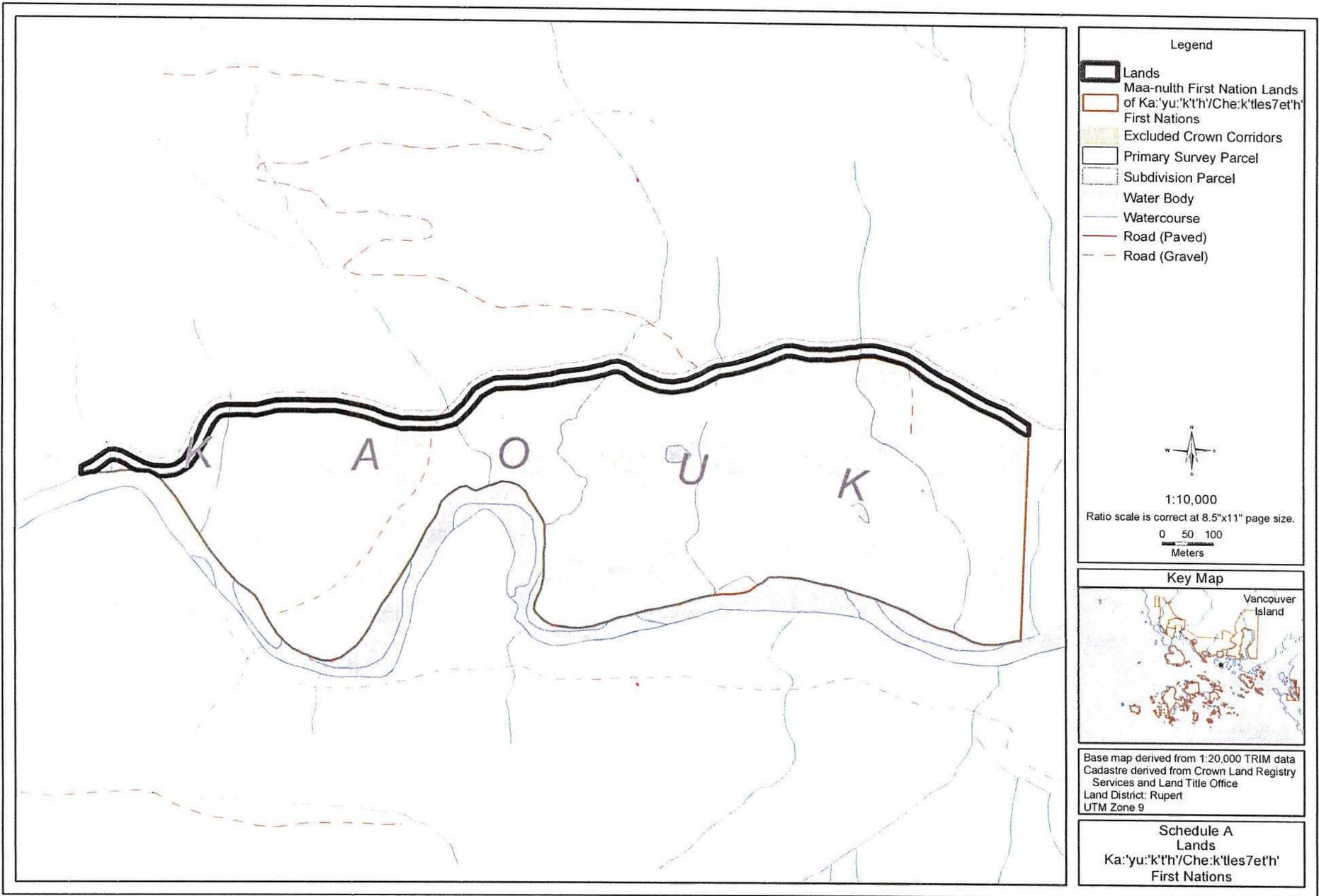
- (a) all attached schedules form an integral part of this Agreement;
- (b) the headings are for convenience only and are not to be construed as defining or in any way limiting the scope or intent of this Agreement; and
- (c) if any provision is determined by a court of competent jurisdiction to be illegal or unenforceable, that provision will be considered separate and severable, and the legality or enforceability of the remaining provisions will not be affected by that determination.

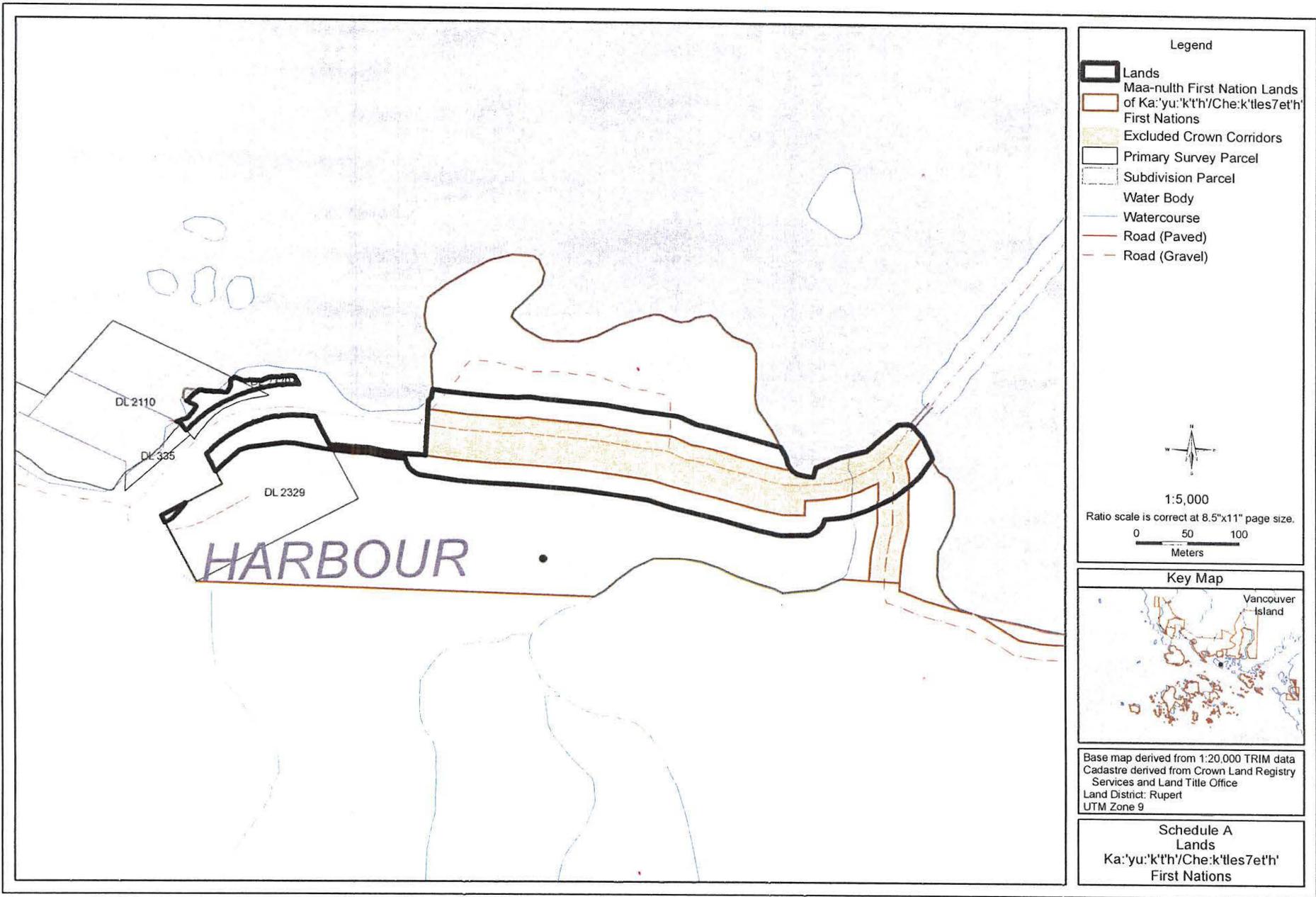
17.0 LAND REGISTRY SYSTEMS

- (a) If the Grantor applies to register indefeasible title to the Lands pursuant to Chapter 3 of the Final Agreement, the Grantor agrees to give the Grantee notice of its application to raise title to any portion of the Lands in the Provincial Land Title Office so that appropriate and timely arrangements can be made between them for the re-execution of this Agreement, with such modifications to form as may be necessary to make this Agreement registrable in the Land Title Office, and for registration in the Land Title Office concurrently with the raising of such title.

- (b) The Grantor acknowledges and agrees that this Agreement shall be registered in the Grantor's land registry system or in the Provincial Land Title Office pursuant to subparagraph (a) above as a first charge ranking ahead of all other charges.

17.1 AS EVIDENCE of their agreement to be bound by the terms of this Agreement, the parties have executed the Ka:'yu:'k't'h'/Che:k'tles7et'h' First Nations Lands Registry Forms LR-3 and LR-4A which are attached hereto and form part of this Agreement.





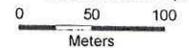
Legend

- Lands
- Maa-nulth First Nation Lands of Ka:'yu:'k't'h'/Che:k'tles7et'h' First Nations
- Excluded Crown Corridors
- Primary Survey Parcel
- Subdivision Parcel
- Water Body
- Watercourse
- Road (Paved)
- Road (Gravel)

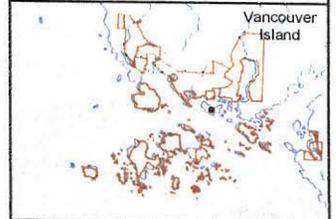


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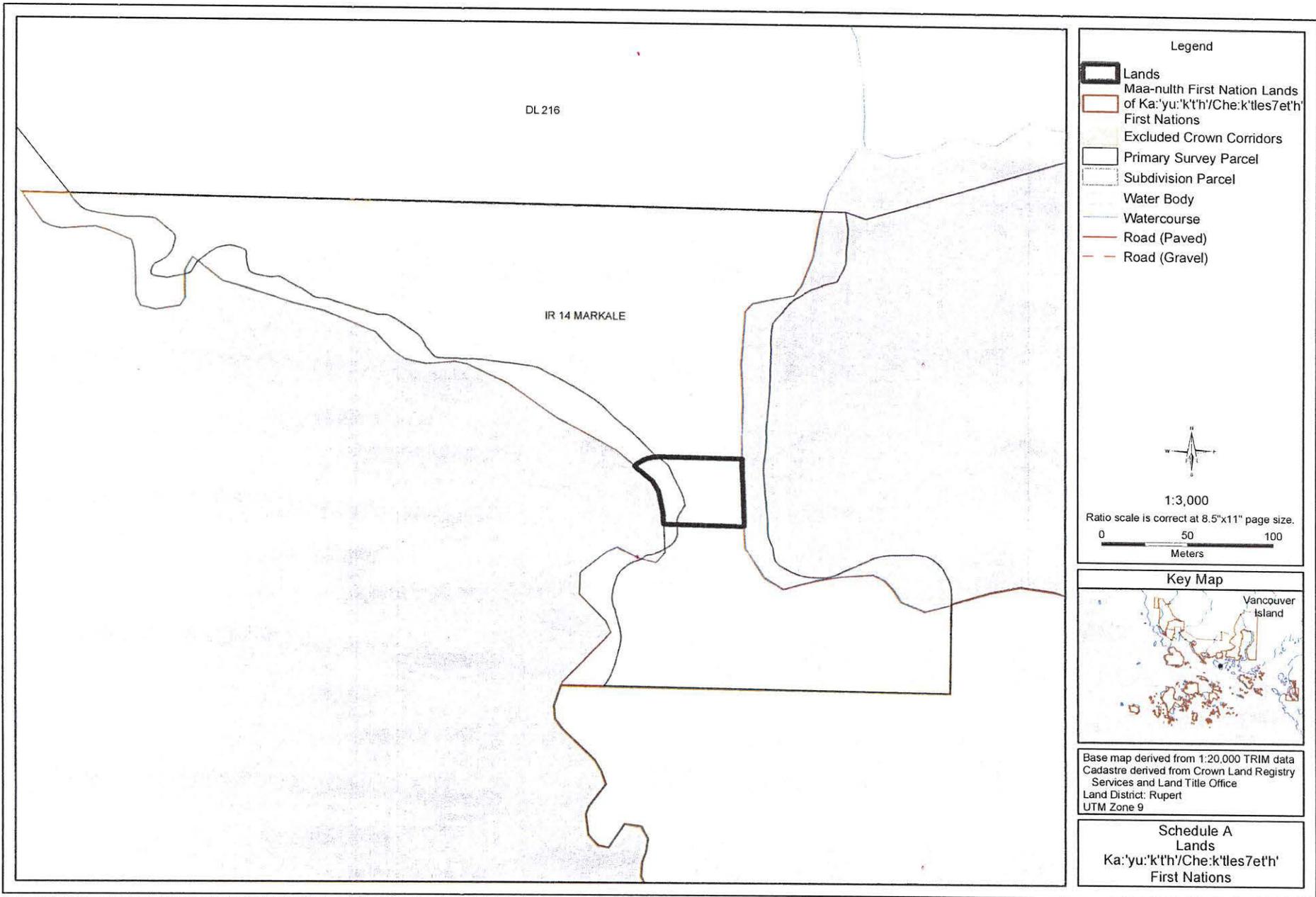


Key Map



Base map derived from 1:20,000 TRIM data
 Cadastré derived from Crown Land Registry
 Services and Land Title Office
 Land District: Rupert
 UTM Zone 9

Schedule A
 Lands
 Ka:'yu:'k't'h'/Che:k'tles7et'h'
 First Nations

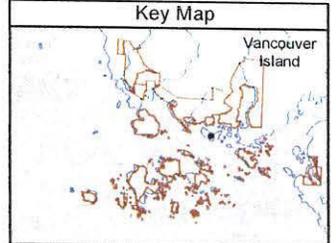


Legend

- Lands
- Maa-nulth First Nation Lands of Ka:'yu:'k't'h'/Che:k'tles7et'h' First Nations
- Excluded Crown Corridors
- Primary Survey Parcel
- Subdivision Parcel
- Water Body
- Watercourse
- Road (Paved)
- Road (Gravel)

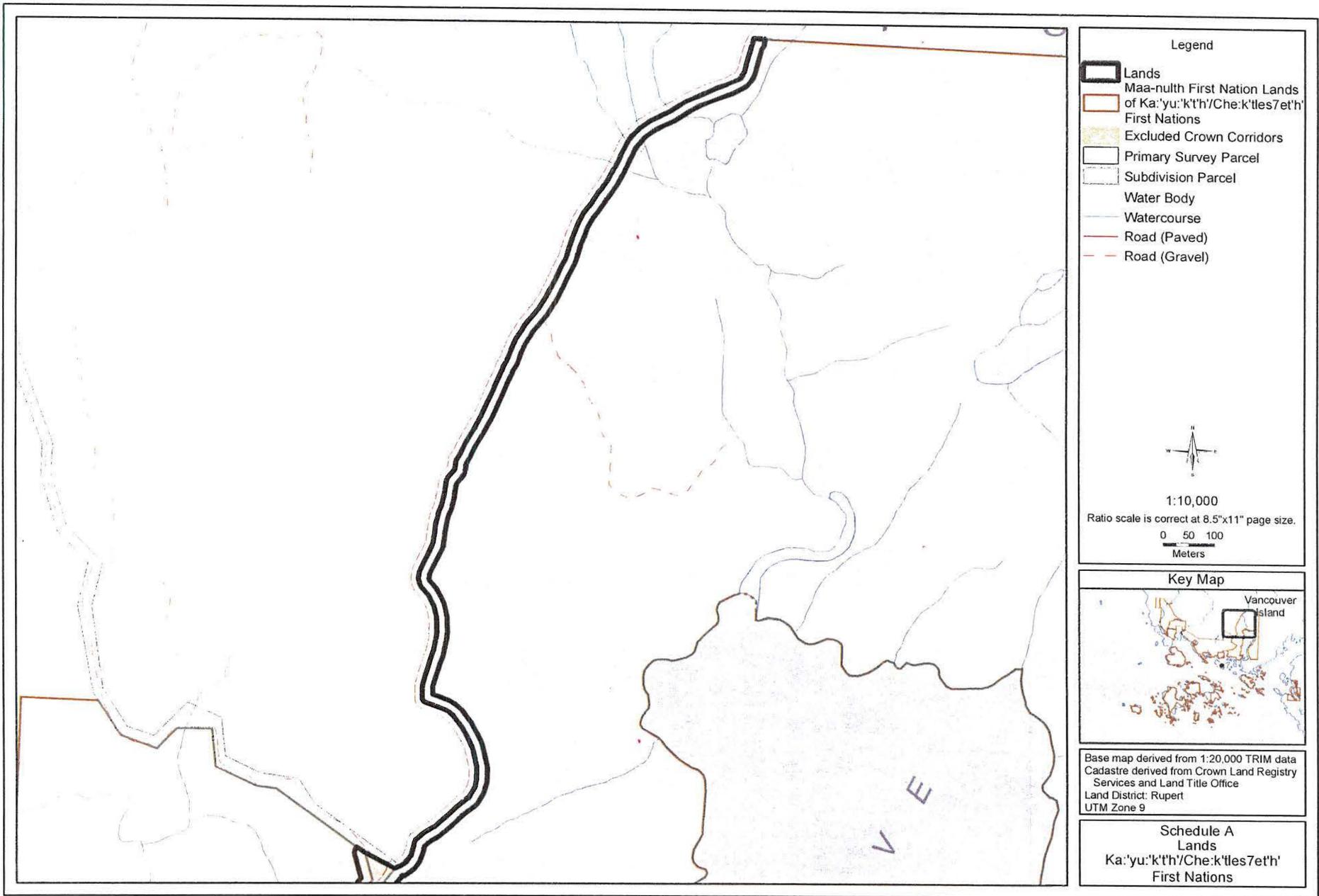
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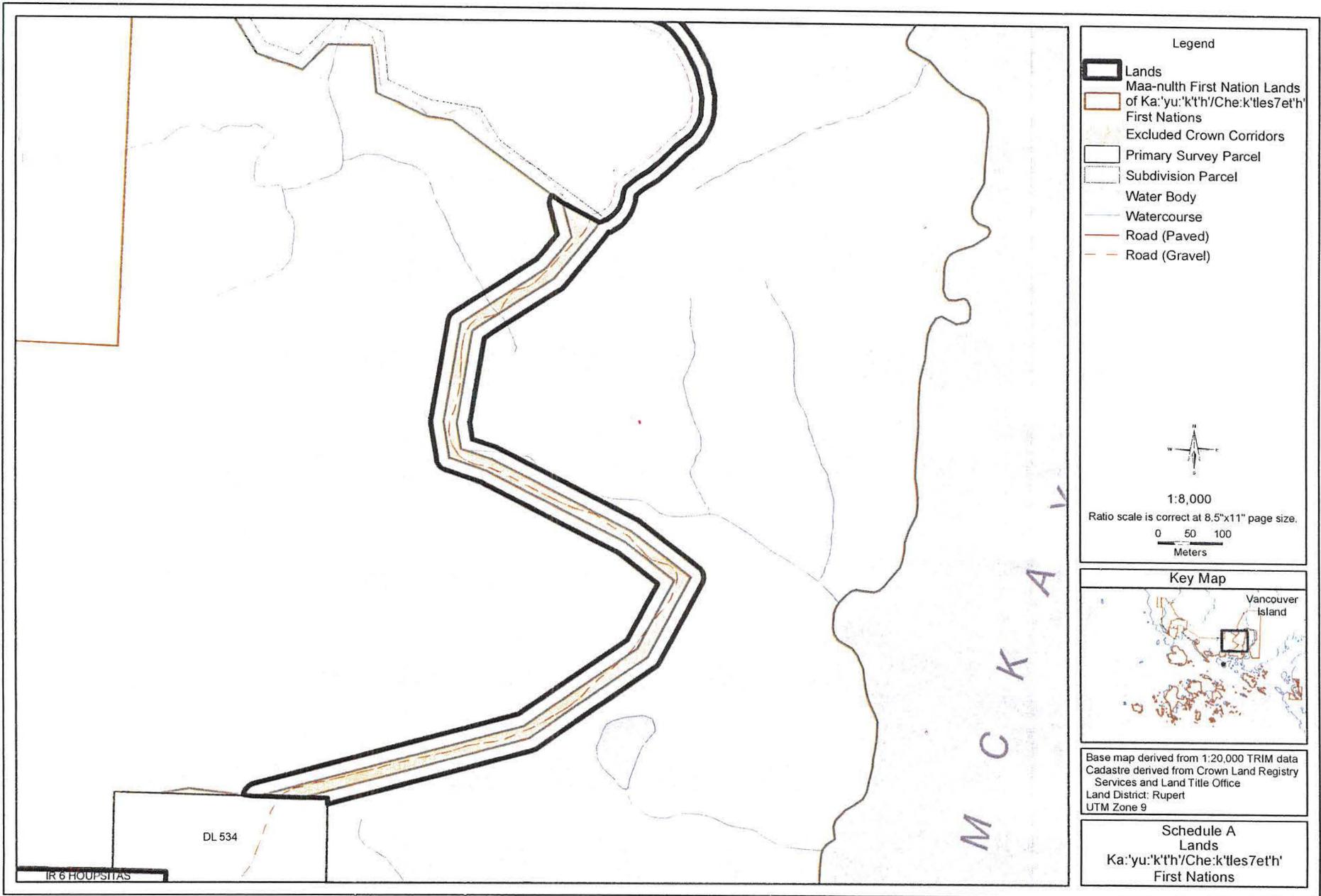
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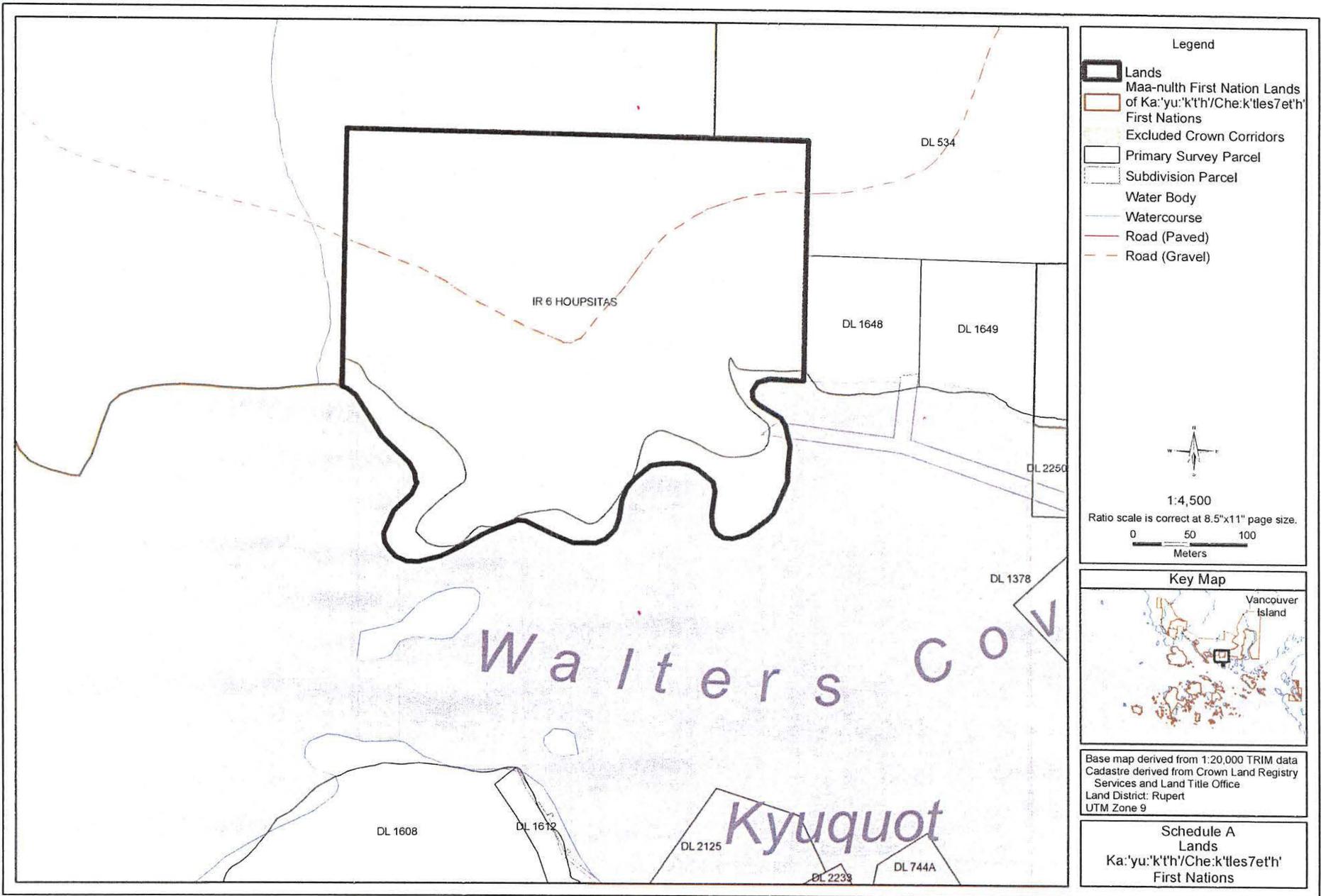


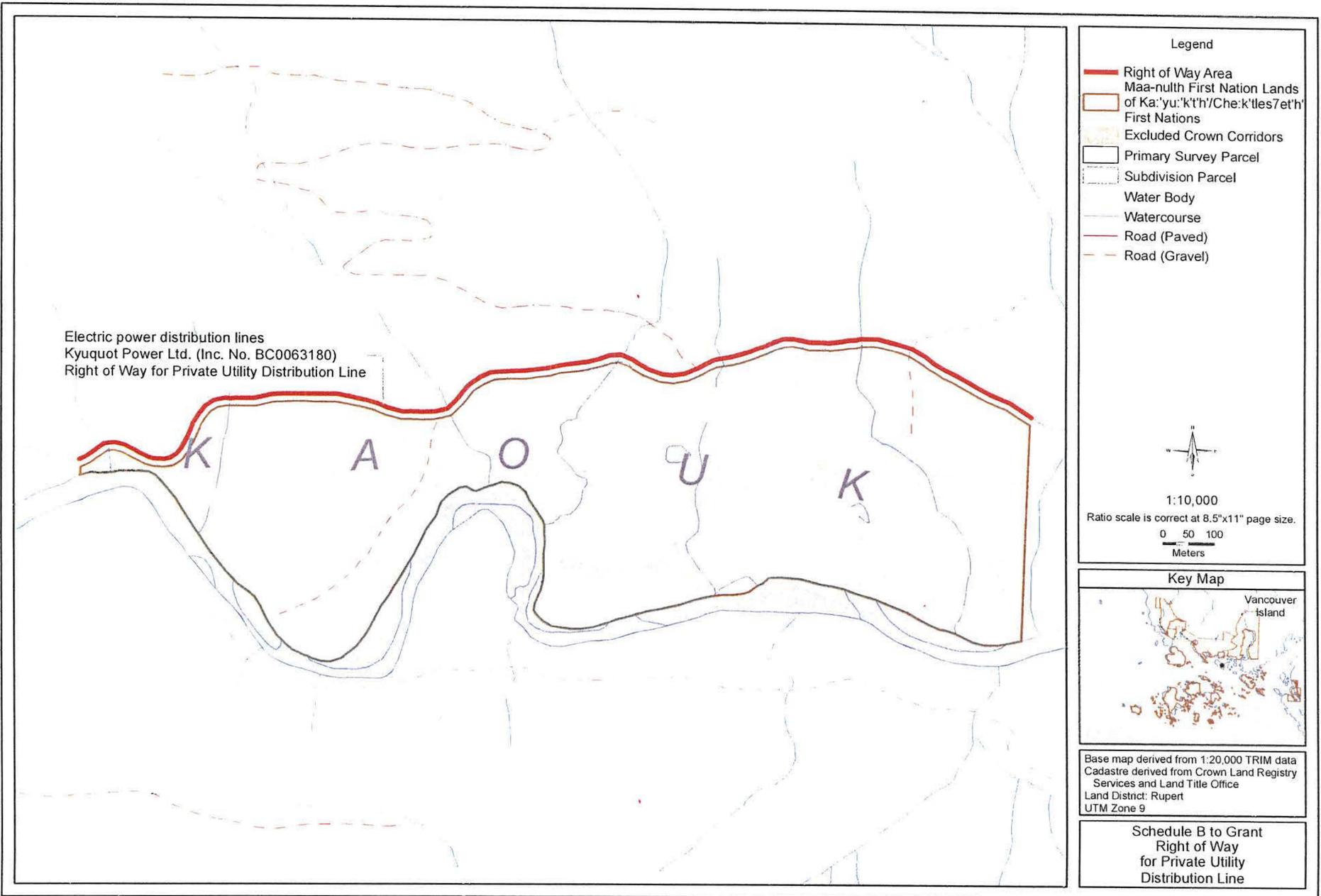
Base map derived from 1:20,000 TRIM data
 Cadastre derived from Crown Land Registry
 Services and Land Title Office
 Land District: Rupert
 UTM Zone 9

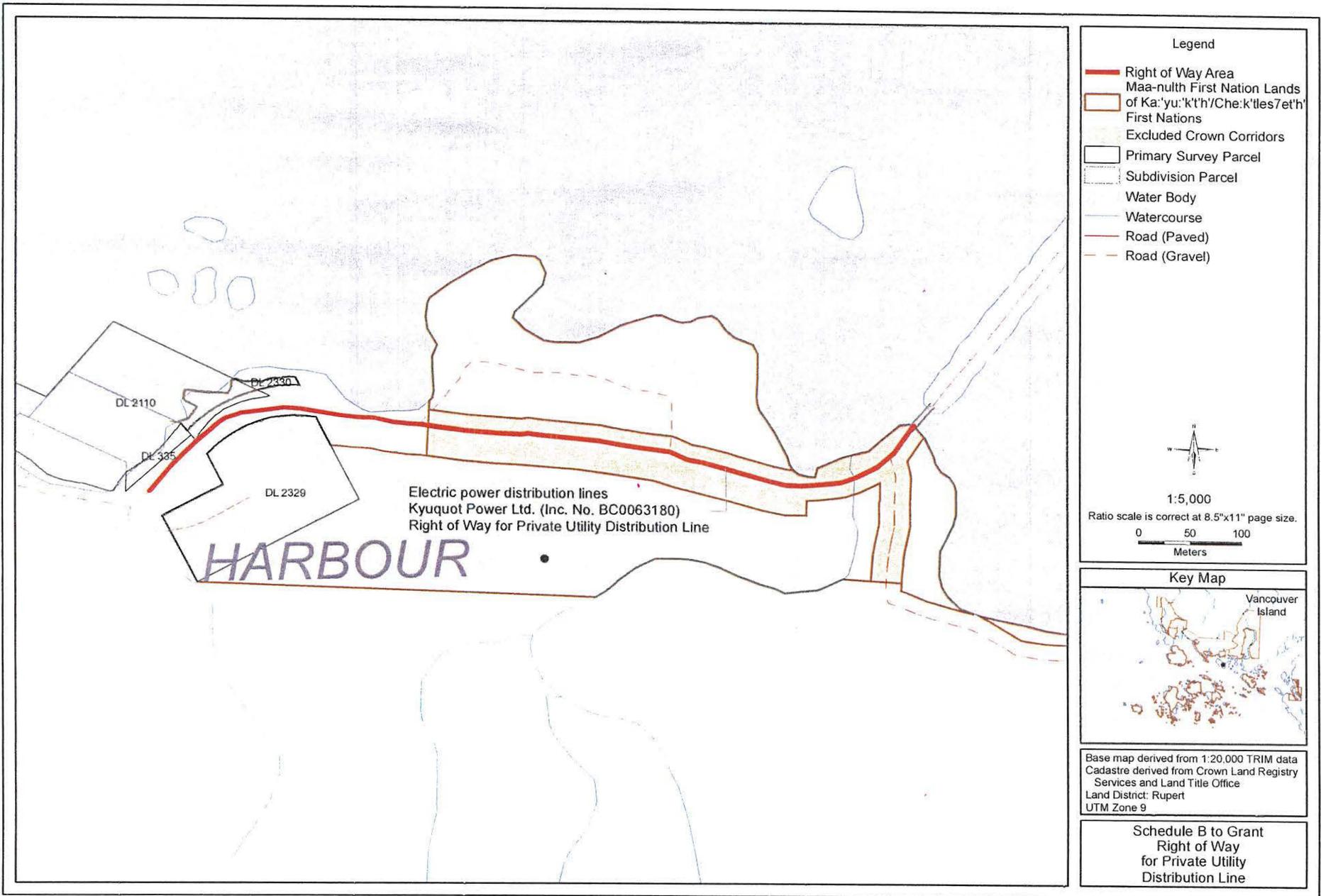
**Schedule A
 Lands
 Ka:'yu:'k't'h'/Che:k'tles7et'h'
 First Nations**

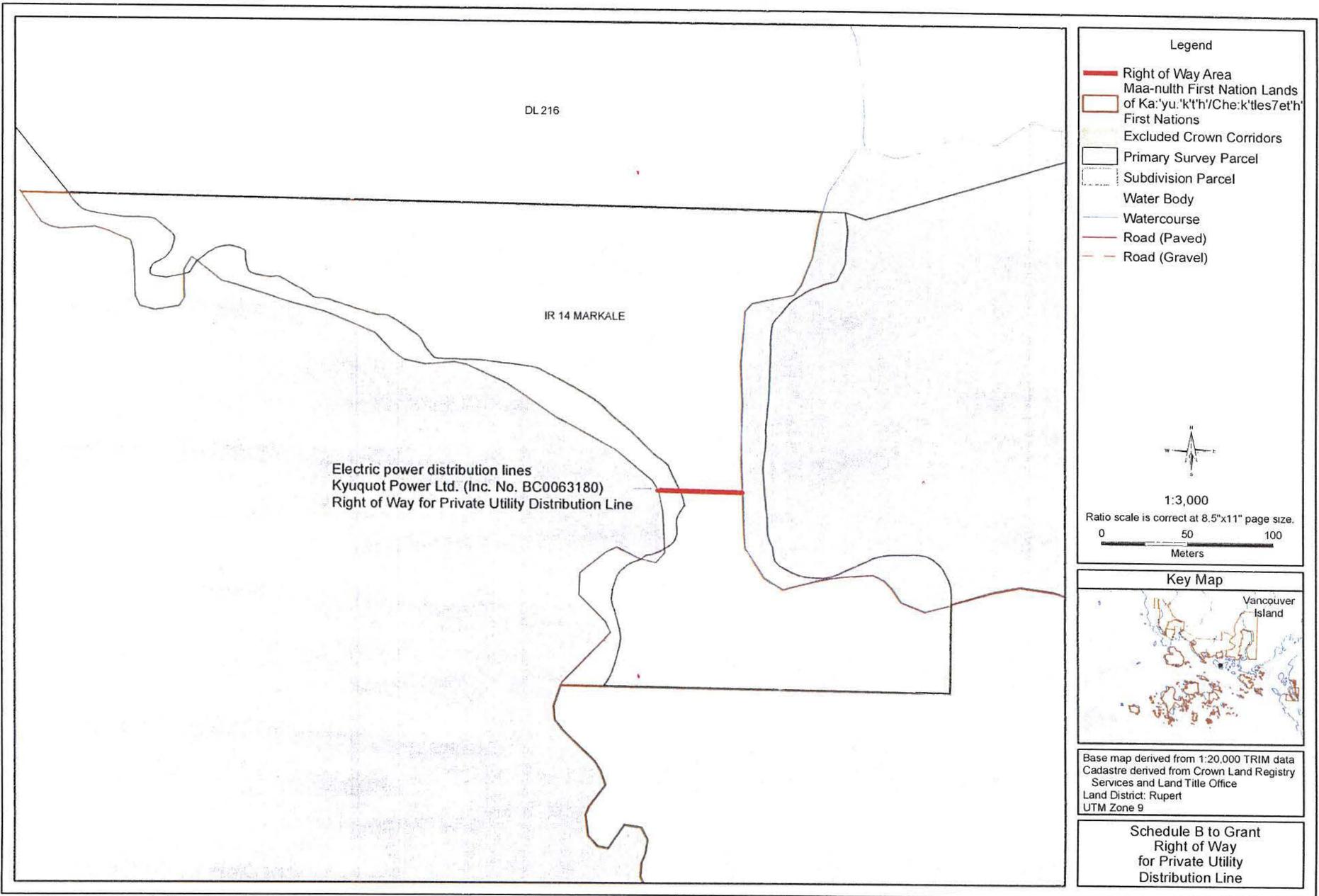


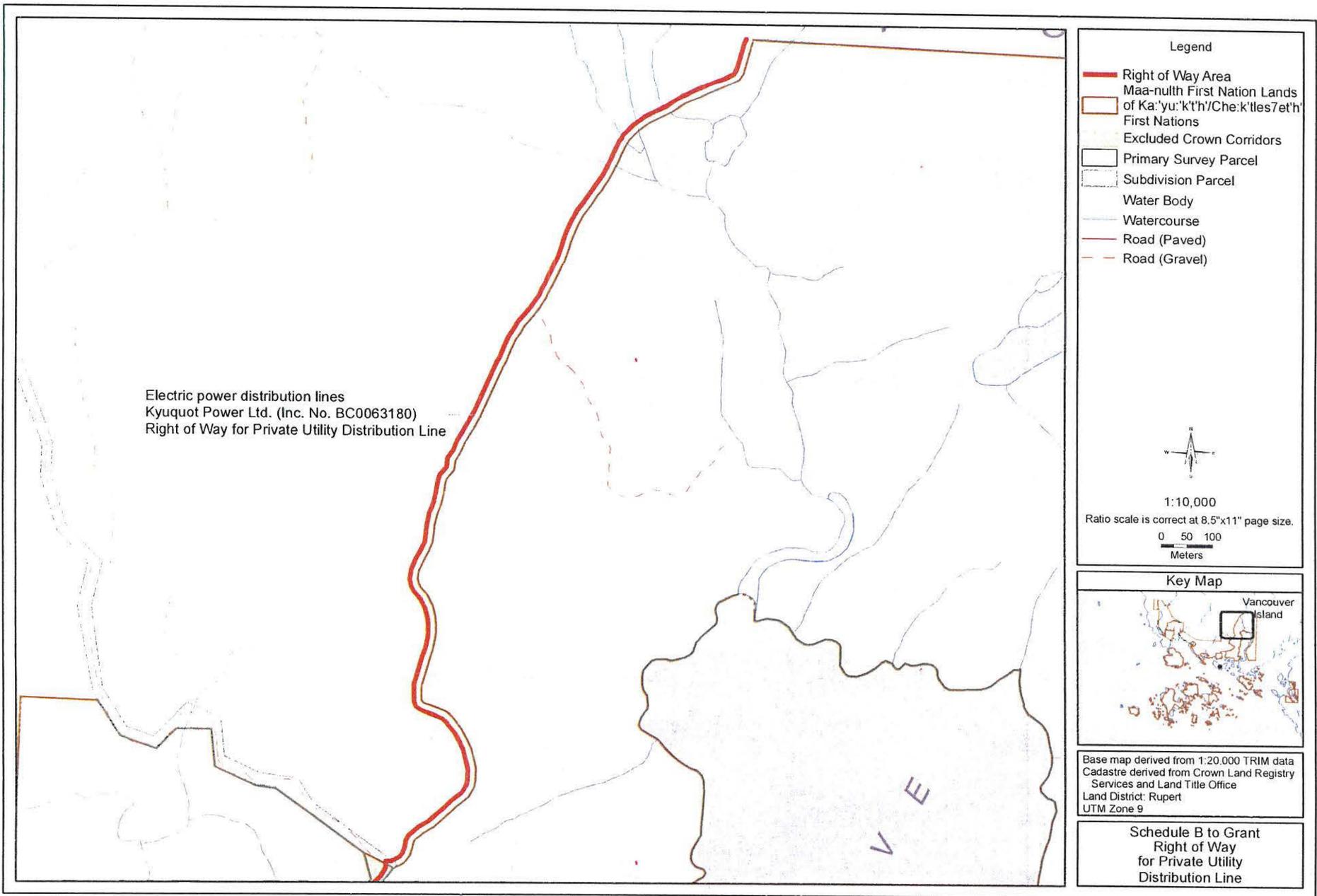


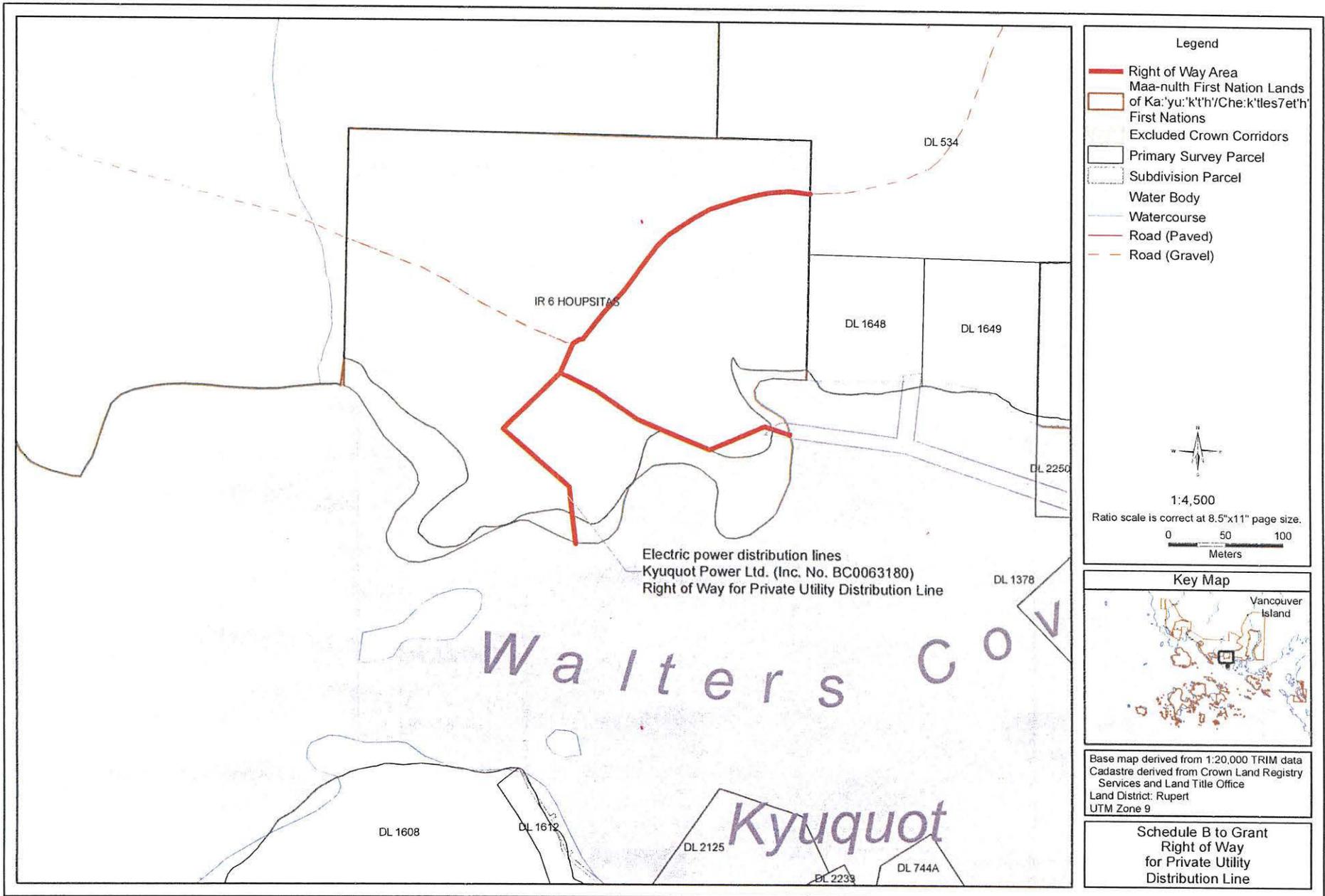












RATCLIFF & COMPANY LLP

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AARON S. BRUCE
DAVID VON DER PORTEN

CERTAIN MEMBERS OF THE FIRM ARE ALSO CALLED TO THE BARS OF
ALTA., SASK., MAN., ONT., N.W.T., NUNAVUT AND TEXAS

July 18, 2011

File No. 11-0713-304

VIA REGISTERED MAIL

Kyuquot Power Ltd.
c/o Sigma Engineering Ltd.
4th Floor, 1444 Alberni Street
Vancouver, BC V6G 2Z4

Dear Sirs/Mesdames:

Re: Registration of Interest in Ka:'yu:'k't'h'/Che:k'tles7et'h Lands

We are solicitors for the Ka:'yu:'k't'h'/Che:k'tles7et'h First Nations. As you are aware, the Maa-nulth First Nations Final Agreement (the "Treaty") came into effect on April 1, 2011. The Treaty recognizes the Ka:'yu:'k't'h'/Che:k'tles7et'h First Nations' title to its treaty settlement lands ("Ka:'yu:'k't'h'/Che:k'tles7et'h lands"). The Treaty also recognizes an interest that Kyuquot Power Ltd. has in certain Ka:'yu:'k't'h'/Che:k'tles7et'h lands. In accordance with the Treaty and Ka:'yu:'k't'h'/Che:k'tles7et'h law, that interest has now been recorded in the Ka:'yu:'k't'h'/Che:k'tles7et'h lands registry.

Please find enclosed the above interest endorsed with registration particulars as recorded in the Ka:'yu:'k't'h'/Che:k'tles7et'h lands registry. Please contact the Ka:'yu:'k't'h'/Che:k'tles7et'h First Nations directly if you have any questions or concerns regarding the above.

Regards,

RATCLIFF & COMPANY LLP



R. Brent Lehmann

blehmann@ratcliff.com

RBL:alr
Encl.

*Reoriginal
to KPL 1000-3
copy to EJS*

RECEIVED JUL 20 2011

www.ratcliff.com

Suite 500, East Tower, 221 West Esplanade, North Vancouver, BC V7M 3J3 Ph: 604-988-5201 • Fax: 604-988-1452

00347652



(This area required by the Land Act s. 3.7 for office use)
SW0000002
June 21st, 2011 11:13 A.M.

GENERAL INSTRUMENT - PART 1

1. APPLICATION: (Name, address, phone number and signature of applicant, applicant's solicitor or agent)

Ratcliff & Company LLP
Suite 500 – 221 West Esplanade
North Vancouver BC V7M 3J3
Phone: 604-988-5201


Signature of Applicant, Applicant's Solicitor or Agent

2. PARCEL IDENTIFIER(S) AND LEGAL DESCRIPTION(S) OF AFFECTED LAND: *

PID No. LEGAL DESCRIPTION:
SEE SCHEDULE

3. NATURE OF INTEREST (select one only): *

Registration No.: N/A

Description	Document Reference (page/paragraph)	Person Entitled to Interest
Statutory Right of Way	Entire document	Transferee

4. TERMS Part 2 of this instrument consists of (select one only):

- | | | |
|------------------------------|--|------------------------|
| (a) Express Terms | <input checked="" type="checkbox"/> Attached as Part 2 | Attach with Form LR-4B |
| (b) Executive/Director Order | <input type="checkbox"/> Order No.: | Attach with Form LR-4B |
| (c) Release | <input type="checkbox"/> There is no Part 2 of this Instrument | |

Part 2 includes the instrument referred to in Item 4 and any additional or modified terms referred to in Item 7 or in a schedule attached to this instrument. If (c) is selected, the charge described in Item 3 is released or discharged as a charge on the land described in Item 2.

5. TRANSFEROR(S): *

Ka:'yu:'k't'h'/Che:'k'tles7et'h First Nations, General Delivery, Kyuquot, British Columbia V0P 1J0

6. TRANSFEREE(S): (including postal address(es) and postal code(s)) *

Kyuquot Power Ltd., c/o Sigma Engineering Ltd., 4th Floor, 1444 Alberni Street, Vancouver, British Columbia V6G 2Z4

7. ADDITIONAL OR MODIFIED TERMS: *

Despite the date of execution of this Form LR-3, the attached statutory right of way is made as of and with effect on and from the Maa-nulth Treaty effective date.

8. EXECUTION(S): ** This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interests(s) described in Item 3 and the Transferor(s) and every signatory agree to be bound by this instrument and acknowledge(s) receipt of a true copy of the Terms, if any.

Prescribed Individual Signature(s)

EXECUTION DATE

Party(ies) Signature(s)


[Print name, address and occupation.]

Y	M	D
2011	03	23


Print Name: Therese Smith

R. BRENT LEHMANN
Barrister & Solicitor
RATCLIFF & COMPANY LLP
#500 - 221 West Esplanade
North Vancouver, B.C. V7M 3J3
604-988-5201

Print Name:

PRESCRIBED INDIVIDUAL CERTIFICATION:

Your signature constitutes a representation that you are a prescribed individual authorized to witness the execution of this instrument and certifies the matters set out in Part 3 of the Land Act as they pertain to the execution of this instrument.

* If space is insufficient, enter "SEE SCHEDULE" and attach schedule in Form LR-4B.
** If space is insufficient, continue executions on additional page(s) in Form LR-4A.

KA:'YU:'K'T'H'/
CHE:'K'TLES7ET'H'
FIRST NATIONS

Land Act
Lands Register
Form LR-4A



EXECUTIONS CONTINUED

Page ___ of ___ Pages

Prescribed Individual Signature(s)

EXECUTION DATE

Party(ies) Signature(s)

David Austin

[Print name, address and occupation below]

DAVID AUSTIN
Barrister & Solicitor
1710-1177 W. HASTINGS ST.
VANCOUVER, B.C.
V6E 2L3 TEL: 683-9262

Y	M	D
11	03	16

KYUQUOT POWER LTD., by its
authorized signatories:

G. Sunell

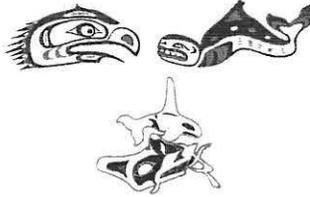
Print Name:

G. Sunell

Print Name:

PRESCRIBED INDIVIDUAL CERTIFICATION:

Your signature constitutes a representation that you are a prescribed individual authorized to witness the execution of this instrument and certifies the matters set out in Part 3 of the Land Act as they pertain to the execution of this instrument.



SCHEDULE

Page ___ of ___ Pages

[ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON FORMS LR-1, LR-2 or LR-3]

2. PARCEL IDENTIFIER(S) AND LEGAL DESCRIPTION(S) OF AFFECTED LAND: *

PID No.

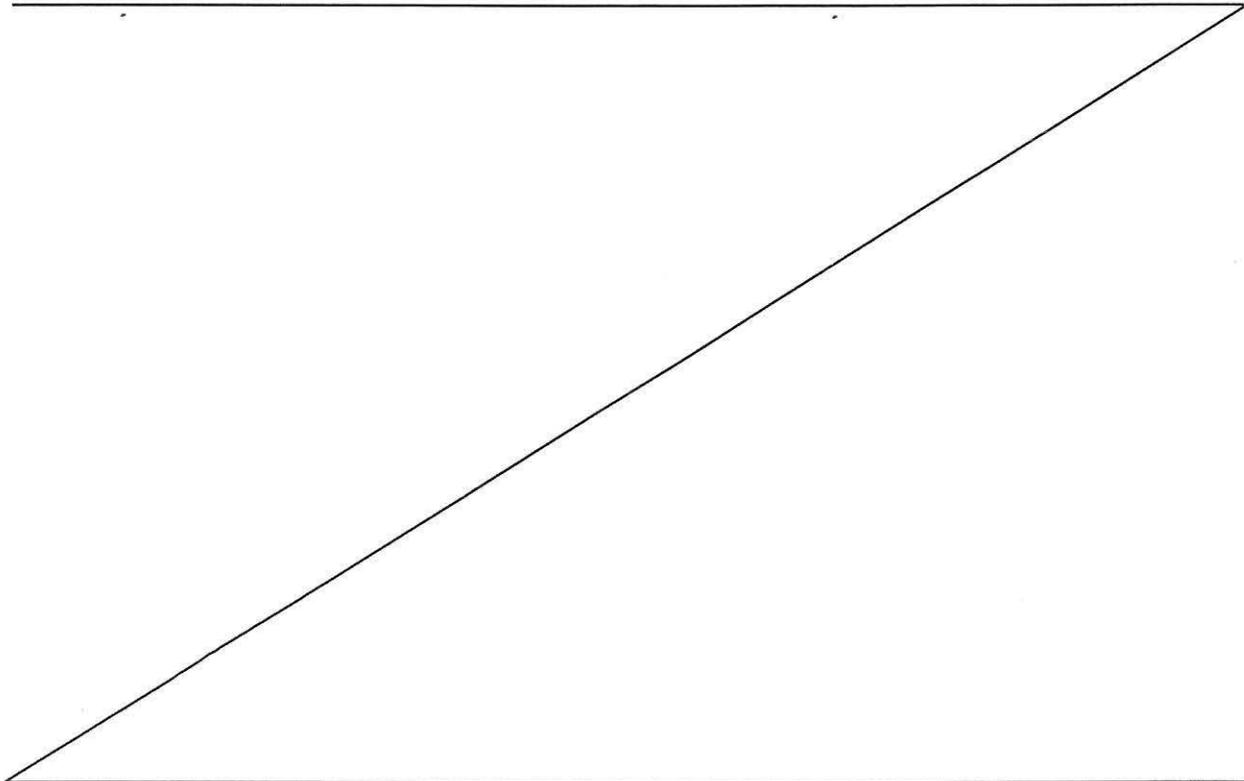
LEGAL DESCRIPTION:

300-000-001
300-000-908
500-000-003
500-000-906
500-000-908

That part of the Maa-nulth First Nation Lands of
Ka:'yu:'k't'h'/Che:k'tles7et'h' First Nations shown outlined by bold line
on the plan attached as Schedule "A" to Part 2 of this instrument (the
"Lands")

4. EXPRESS TERMS

SEE ATTACHED



KYUQUOT POWER LTD.
Investigation into Safety and Reliability of the KPL System

CONFIDENTIAL APPENDICES

CONFIDENTIAL

APPENDIX 2C (KPL RESPONSE TO BCUC IR#2 – 12.4.1)

Modification Agreement – File No 1409683 between the Province of British Columbia and KPL
Licence of Occupation – File No 1409683 between the Province of British Columbia and KPL

Licence No.: 114116

File No.: 1409683

Disposition No.: 881138

THIS AGREEMENT is dated for reference July 24, 2013.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA,
represented by the minister responsible for the *Land Act*, Parliament Buildings, Victoria, British
Columbia

(the "Province")

AND:

KYUQUOT POWER LTD.
400-1444 Alberni Street
Vancouver, BC V6G 2Z4

(the "Client")

WITNESS THAT WHEREAS:

The Province and the Client entered into a Licence No.: 114116 dated March 31, 2011 (herein called
the "Tenure") over those lands more particularly known and described as:

see attachment for legal description

The parties desire to increase the term of the Tenure from 10 years to 20 years.

The parties desire to include an additional area in the Tenure.

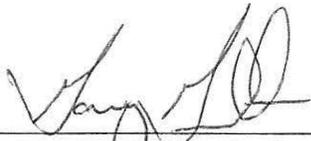
The parties have agreed to amend the Tenure.

NOW THEREFORE in consideration of the premises, and of the covenants and agreements herein contained, the parties hereto mutually covenant and agree as follows:

- 1 In all other respects the Tenure shall remain in full force and effect and is hereby ratified and confirmed.
- 2 Time shall continue to be of the essence in this agreement and the Tenure.
- 3 This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

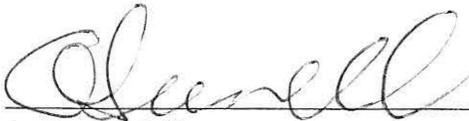
IN WITNESS WHEREOF the parties hereto have executed and delivered this agreement as of the day and year first above written.

SIGNED on behalf of **HER MAJESTY
THE QUEEN IN RIGHT OF THE
PROVINCE OF BRITISH COLUMBIA**
by the minister responsible for the *Land Act*
or the minister's authorized representative

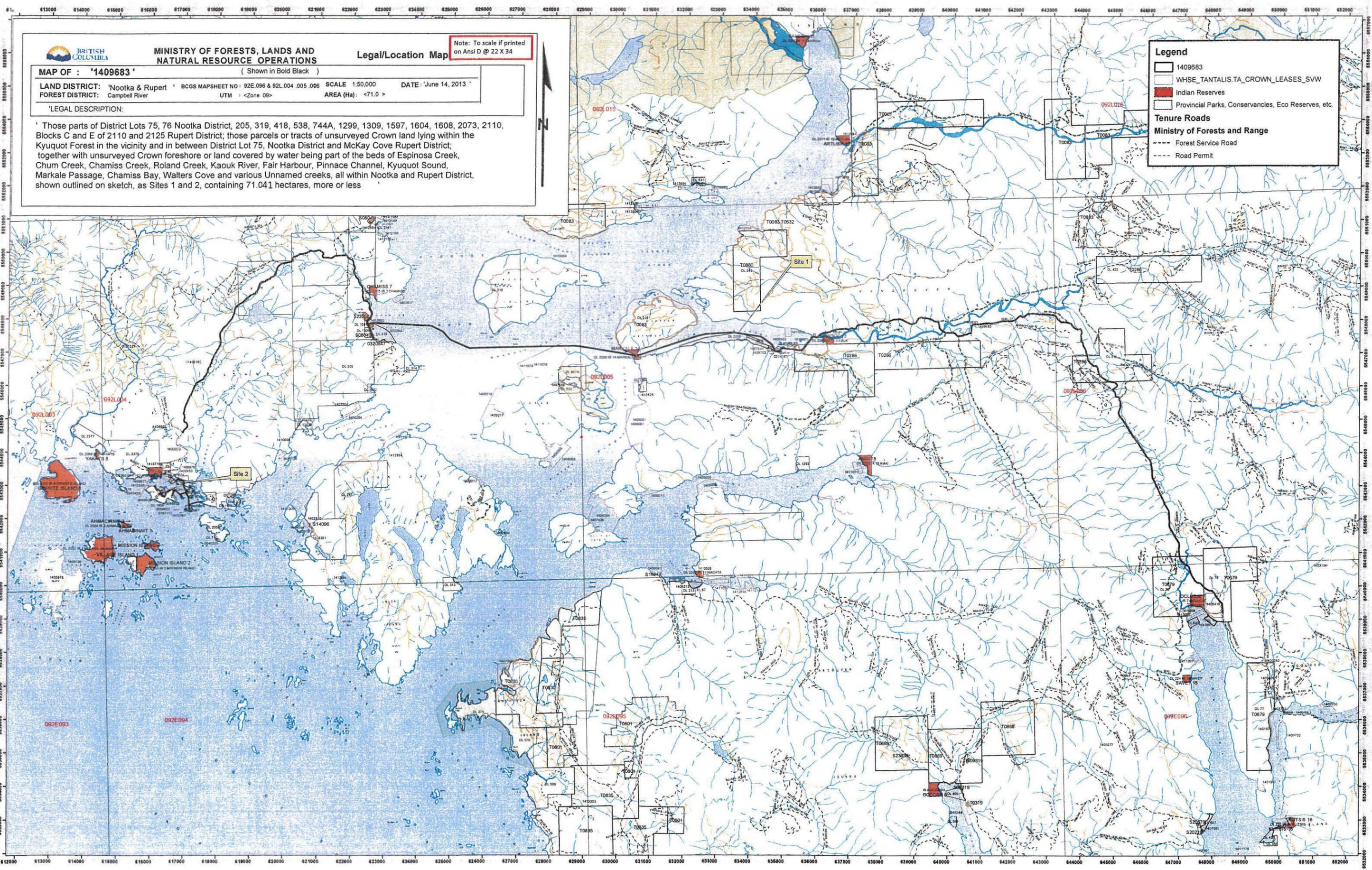


Minister responsible for the *Land Act*
or the minister's authorized representative

SIGNED on behalf of **KYUQUOT POWER LTD.**
by a duly authorized signatory



Authorized Signatory



MINISTRY OF FORESTS, LANDS AND NATURAL RESOURCE OPERATIONS

Legal/Location Map

Note: To scale if printed on Ansi D @ 22 X 34

MAP OF : '1409683'

(Shown in Bold Black)

LAND DISTRICT: 'Nootka & Rupert' BCGS MAPSHEET NO: 92E.096 & 92L.004 .005 .006 SCALE 1:50,000 DATE: 'June 14, 2013'
FOREST DISTRICT: Campbell River UTM : <Zone 09> AREA (Ha) : <71.0 >

'LEGAL DESCRIPTION:

' Those parts of District Lots 75, 76 Nootka District, 205, 319, 418, 538, 744A, 1299, 1309, 1597, 1604, 1608, 2073, 2110, Blocks C and E of 2110 and 2125 Rupert District; those parcels or tracts of unsurveyed Crown land lying within the Kyuquot Forest in the vicinity and in between District Lot 75, Nootka District and McKay Cove Rupert District; together with unsurveyed Crown foreshore or land covered by water being part of the beds of Espinosa Creek, Chum Creek, Chamiss Creek, Roland Creek, Kaouk River, Fair Harbour, Pinnacle Channel, Kyuquot Sound, Markale Passage, Chamiss Bay, Walters Cove and various Unnamed creeks, all within Nootka and Rupert District, shown outlined on sketch, as Sites 1 and 2, containing 71.041 hectares, more or less

Legend

- 1409683
- WHSE_TANTALIS.TA_CROWN_LEASES_SWW
- Indian Reserves
- Provincial Parks, Conservancies, Eco Reserves, etc.
- Tenure Roads**
- Forest Service Road
- Road Permit

Ministry of Forests and Range



Ministry of Forests, Lands
and Natural Resource
Operations

ENDORSEMENTS

Licence No: 114116
Endorsement No.: 1

File No.: 1409683
Date: September 16, 2013

Licence modified by agreement dated July 24, 2013 to increase the term of the Tenure from 10 years to 20 years.



Authorized Representative

Licence No.:

114116

File No.: 1409683

Disposition No.: 881138

THIS AGREEMENT is dated for reference March 31, 2011 and is made under the *Land Act*.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, represented by the minister responsible for the *Land Act*, Parliament Buildings, Victoria, British Columbia

(the "Province")

AND:

KYUQUOT POWER LTD.
400-1444 Alberni Street
Vancouver, BC V6G 2Z4

(the "Licensee")

The parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 In this Agreement,

"Agreement" means this licence of occupation;

"Commencement Date" means March 31, 2011;

"disposition" has the meaning given to it in the *Land Act* and includes a licence of occupation;

"Fees" means the fees set out in Article 3;

"Improvements" includes anything made, constructed, erected, built, altered, repaired or added to, in, on or under the Land, and attached to it or intended to become a part of it, and also includes any clearing, excavating, digging, drilling, tunnelling, filling, grading or ditching of, in, on or under the Land;

“Land” means that part or those parts of the following described land shown outlined by bold line on the schedule attached to this Agreement entitled “Legal Description Schedule”:

Those parts of District Lots 75, 76 Nootka District, 205, 319, 418, 538, 744A, 1299, 1309, 1597, 1604, 1608, 2073, 2110, Blocks C and E of 2110 and 2125 Rupert District; those parcels or tracts of unsurveyed Crown land lying within the Kyuquot Forest in the vicinity and in between District Lot 75, Nootka District and McKay Cove Rupert District; together with unsurveyed Crown foreshore or land covered by water being part of the beds of Espinosa Creek, Chum Creek, Chamiss Creek, Roland Creek, Kaouk River, Fair Harbour, Pinnacle Channel, Kyuquot Sound, Markale Passage, Chamiss Bay, Walters Cove and various Unnamed creeks, all within Nootka and Rupert District, containing 70.961 hectares, more or less,

except for those parts of the land that, on the Commencement Date, consist of highways (as defined in the *Transportation Act*);

“Realty Taxes” means all taxes, rates, levies, duties, charges and assessments levied or charged, at any time, by any government authority having jurisdiction which relate to the Land, the Improvements or both of them and which you are liable to pay under applicable laws;

“Security” means the security referred to in section 6.1 or 6.2, as replaced or supplemented in accordance with section 6.5;

“Term” means the period of time set out in section 2.2;

“we”, “us” or “our” refers to the Province alone and never refers to the combination of the Province and the Licensee: that combination is referred to as **“the parties”**; and

“you” or “your” refers to the Licensee.

- 1.2 In this Agreement, “person” includes a corporation, firm or association and wherever the singular or masculine form is used in this Agreement it will be construed as the plural or feminine or neuter form, as the case may be, and vice versa where the context or parties require.
- 1.3 The captions and headings contained in this Agreement are for convenience only and do not define or in any way limit the scope or intent of this Agreement.
- 1.4 This Agreement will be interpreted according to the laws of the Province of British Columbia.
- 1.5 Where there is a reference to an enactment of the Province of British Columbia or of Canada in this Agreement, that reference will include a reference to every amendment to it, every

regulation made under it and any subsequent enactment of like effect and, unless otherwise indicated, all enactments referred to in this Agreement are enactments of the Province of British Columbia.

- 1.6 If any section of this Agreement, or any part of a section, is found to be illegal or unenforceable, that section or part of a section, as the case may be, will be considered separate and severable and the remainder of this Agreement will not be affected and this Agreement will be enforceable to the fullest extent permitted by law.
- 1.7 Each schedule to this Agreement is an integral part of this Agreement as if set out at length in the body of this Agreement.
- 1.8 This Agreement constitutes the entire agreement between the parties and no understanding or agreement, oral or otherwise, exists between the parties with respect to the subject matter of this Agreement except as expressly set out in this Agreement and this Agreement may not be modified except by subsequent agreement in writing between the parties.
- 1.9 Each party will, upon the request of the other, do or cause to be done all lawful acts necessary for the performance of the provisions of this Agreement.
- 1.10 All provisions of this Agreement in our favour and all of our rights and remedies, either at law or in equity, will survive the termination of this Agreement.
- 1.11 Time is of the essence of this Agreement.
- 1.12 Wherever this Agreement provides that an action may be taken, a consent or approval must be obtained or a determination must be made, then you or we, as the case may be, will act reasonably in taking such action, deciding whether to provide such consent or approval or making such determination; but where this Agreement states that you or we have sole discretion to take an action, provide a consent or approval or make a determination, there will be no requirement to show reasonableness or to act reasonably in taking that action, providing that consent or approval or making that determination.

ARTICLE 2 - GRANT AND TERM

- 2.1 On the terms and conditions of this Agreement, we grant you, your employees, agents and contractors a licence to occupy the Land only for the purposes of constructing, erecting, stringing or otherwise installing, operating, maintaining, removing and replacing the Improvements necessary for the transmission and distribution of electric energy and for telecommunications equipment necessary for your transmission and distribution of electric energy; and you acknowledge this licence of occupation does not grant you exclusive use and occupancy of the Land.

- 2.2 The term of this Agreement commences on the Commencement Date and terminates on the 10th anniversary of that date, or such earlier date provided for in this Agreement.

ARTICLE 3 - FEES

- 3.1 The Fee for the Term is \$45,635.38, the receipt of which we acknowledge.

ARTICLE 4 - COVENANTS

- 4.1 You must
- (a) pay, when due,
 - (i) the Fees to us at the address set out in Article 10,
 - (ii) the Realty Taxes, and
 - (iii) all charges for electricity, gas, water and other utilities supplied to the Land for use by you or on your behalf or with your permission;
 - (b) deliver to us, immediately upon demand, receipts or other evidence of the payment of Realty Taxes and all other money required to be paid by you under this Agreement;
 - (c) observe, abide by and comply with
 - (i) all applicable laws, bylaws, orders, directions, ordinances and regulations of any government authority having jurisdiction in any way affecting your use or occupation of the Land or the Improvements, and
 - (ii) the provisions of this Agreement;
 - (d) in respect of the use of the Land by you or by anyone you permit to use the Land, keep the Land and the Improvements in a safe, clean and sanitary condition satisfactory to us, and at our written request, rectify any failure to comply with such a covenant by making the Land and the Improvements safe, clean and sanitary;
 - (e) not commit any wilful or voluntary waste, spoil or destruction on the Land or do anything on the Land that may be or become a nuisance or annoyance to an owner or occupier of land in the vicinity of the Land;
 - (f) use and occupy the Land only in accordance with and for the purposes set out in section
-

2.1;

- (g) not construct, place or affix any Improvement on or to the Land except as necessary for the purposes set out in section 2.1;
- (h) pay all accounts and expenses as they become due for work performed on or materials supplied to the Land at your request, on your behalf or with your permission, except for money that you are required to hold back under the *Builders Lien Act*;
- (i) if any claim of lien over the Land is made under the *Builders Lien Act* for work performed on or materials supplied to the Land at your request, on your behalf or with your permission, immediately take all steps necessary to have the lien discharged, unless the claim of lien is being contested in good faith by you and you have taken the steps necessary to ensure that the claim of lien will not subject the Land or any interest of yours under this Agreement to sale or forfeiture;
- (j) not cut or remove timber on or from the Land without
 - (i) our prior written consent, and
 - (ii) being granted the right under the *Forest Act* to harvest Crown timber on the Land;
- (k) obtain our prior written consent, which consent may be unreasonably withheld, before permitting any other person to use the Land or the Improvements (including without limitation, any copper, coaxial, fibre optic or similar material or device) for any telecommunications purpose;
- (l) obtain our prior written consent, which consent may be unreasonably withheld, before using the Land or the Improvements for any telecommunications purpose other than a telecommunications purpose which is necessary for your operation of the Improvements;
- (m) if any soil is disturbed by you as a result of your construction or maintenance of the Improvements, at your expense, restore the surface of the Land to a condition satisfactory to us;
- (n) take all reasonable precautions to avoid disturbing or damaging any archaeological material found on or under the Land and, upon discovering any archaeological material on or under the Land, you must immediately notify the ministry responsible for administering the *Heritage Conservation Act*;
- (o) not alter, repair or add to any Improvement without our prior written consent;

-
- (p) at our request and at your expense, have a British Columbia Land Surveyor conduct a survey of the Land within 3 months;
- (q) agree to develop the Land, in a diligent and workmanlike manner, in accordance with the Management Plan held on file at our office;
- (r) be in agreement with us to take measures to protect migratory birds;
- (s) permit us, or our authorized representatives, to enter on the Land at any time to inspect the Land and the Improvements, provided that in regard to our inspection of the Improvements we take reasonable steps to minimize any disruption of your operations;
- (t) indemnify and save us and our servants, employees and agents harmless against all claims, actions, causes of action, losses, damages, costs and liabilities, including fees of solicitors and other professional advisors, arising out of
- (i) your breach, violation or nonperformance of a provision of this Agreement, and
 - (ii) any personal injury, bodily injury (including death) or property damage occurring or happening on or off the Land by virtue of your entry upon, use or occupation of the Land,
- and the amount of all such losses, damages, costs and liabilities will be payable to us immediately upon demand; and
- (u) on the termination of this Agreement,
- (i) peaceably quit and deliver to us possession of the Land and, subject to paragraphs (ii), (iii) and (iv), the Improvements in a safe, clean and sanitary condition,
 - (ii) within 90 days, remove from the Land any Improvement you want to remove, if the Improvement was placed on or made to the Land by you and you are not in default of this Agreement,
 - (iii) not remove any Improvement from the Land if you are in default of this Agreement, unless we direct or permit you to do so under paragraph (iv),
 - (iv) remove from the Land any Improvement that we, in writing, direct or permit you to remove, other than any Improvement permitted to be placed on or made to the Land under another disposition, and
 - (v) restore the surface of the Land as nearly as may reasonably be possible to the same condition as it was on the Commencement Date, to our satisfaction, but if
-

you are not directed or permitted to remove an Improvement under paragraph (iv), this paragraph will not apply to that part of the surface of the Land on which that Improvement is located,

and all of your right, interest and estate in the Land will be absolutely forfeited to us, and to the extent necessary, this covenant will survive the termination of this Agreement.

- 4.2 You will not permit any person to do anything you are restricted from doing under this Article.
- 4.3 We will not do anything on the Land that will interfere materially with the Improvements or your use of the Improvements, or that creates a public hazard.

ARTICLE 5 - LIMITATIONS

- 5.1 You agree with us that
- (a) we are under no obligation to provide access or services to the Land or to maintain or improve existing access roads;
 - (b) this Agreement is subject to
 - (i) all subsisting dispositions and subsisting grants to or rights of any person made or acquired under the *Coal Act, Forest Act, Mineral Tenure Act, Petroleum and Natural Gas Act, Range Act, Wildlife Act or Water Act*, or any extension or renewal of the same, whether or not you have actual notice of them, and
 - (ii) the exceptions and reservations of interests, rights, privileges and titles referred to in section 50 of the *Land Act*;
 - (c) without limiting subsection 4.1(t), you must indemnify and save us and our servants, employees and agents harmless from and against all claims, actions, causes of action, losses, damages, costs and liabilities, including fees of solicitors and other professional advisors, arising out of any conflict between your rights under this Agreement and the rights of any person under a disposition or under a subsisting grant to or right of any person made or acquired under the *Coal Act, Forest Act, Mineral Tenure Act, Petroleum and Natural Gas Act, Range Act, Wildlife Act or Water Act* (or any prior or subsequent enactment of the Province of British Columbia of like effect), or any extension or renewal of the same, whether or not you have actual notice of them, and the amount of all such losses, damages, costs and liabilities will be payable to us immediately upon demand;
 - (d) you release us from all claims, actions, causes of action, suits, debts and demands that

you now have or may at any time in the future have against us arising out of any conflict between your rights under this Agreement and the rights of any person under a disposition or under a subsisting grant to or right made or acquired under the enactments referred to in subsection (c), and you acknowledge that this Agreement and your rights under this Agreement are subject to those grants and rights referred to in subsection (c) whether or not you have actual notice of them.

- (e) we may make other dispositions of or over the Land;
- (f) you will make no claim for compensation, in damages or otherwise, in respect of a disposition made under subsection (e), where such disposition does not materially affect the exercise of your rights under this Agreement;
- (g) subject to subsection (f), all of your costs and expenses, direct or indirect, that arise out of any lawful interference with your rights under this Agreement as a result of the exercise or operation of the interests, rights, privileges and titles reserved to us in subsections (b) and (e) will be borne solely by you;
- (h) you will not commence or maintain proceedings under section 65 of the *Land Act* in respect of any lawful interference with your rights under this Agreement that arises as a result of the exercise or operation of the interests, rights, privileges and titles described in subsections (b) and (e);
- (i) you will not without our prior written consent, which consent may be unreasonably withheld, permit any other person to use the Land or the Improvements (including, without limitation, any copper, coaxial, fibre optic or similar material or device) for any telecommunications purpose;
- (j) you will not without our prior written consent, which consent may be unreasonably withheld, use the Land or the Improvements for any telecommunications purpose other than a telecommunications purpose which is necessary for your operation of the Improvements;
- (k) this Agreement is subject to the prior rights of the holder of the any third party charges;
- (l) you will not remove or permit the removal of any Improvement from the Land except as expressly permitted or required under this Agreement;
- (m) any interest you may have in the Improvements ceases to exist and becomes our property upon the termination of this Agreement, except where an Improvement may be removed under paragraph 4.1(u)(ii), (iii) or (iv) in which case any interest you may have in that Improvement ceases to exist and becomes our property if the Improvement is not removed from the Land within the time period set out in paragraph 4.1(u)(ii) or the time period provided for in the direction or permission given under paragraph 4.1(u)(iii); and

- (n) if, after the termination of this Agreement, we permit you to remain in possession of the Land and we accept money from you in respect of such possession, a tenancy from year to year will not be created by implication of law and you will be deemed to be a monthly occupier only subject to all of the provisions of this Agreement, except as to duration, in the absence of a written agreement to the contrary.

ARTICLE 6 - SECURITY AND INSURANCE

- 6.1 On the Commencement Date, you will deliver to us security in the amount of \$20,000.00 which will
- (a) guarantee the performance of your obligations under this Agreement;
 - (b) be in the form required by us; and
 - (c) remain in effect until we certify, in writing, that you have fully performed your obligations under this Agreement.
- 6.2 Despite section 6.1, your obligations under that section are suspended for so long as you maintain in good standing other security acceptable to us to guarantee the performance of your obligations under this Agreement and all other dispositions held by you.
- 6.3 We may use the Security for the payment of any costs and expenses incurred by us to perform any of your obligations under this Agreement that are not performed by you or to pay any overdue Fees and, if such event occurs, you will, within 30 days of that event, deliver further Security to us in an amount equal to the amount drawn down by us.
- 6.4 After we certify, in writing, that you have fully performed your obligations under this Agreement, we will return to you the Security maintained under section 6.1, less all amounts drawn down by us under section 6.3.
- 6.5 You acknowledge that we may, from time to time, notify you to
- (a) change the form or amount of the Security; and
 - (b) provide and maintain another form of Security in replacement of or in addition to the Security posted by you under this Agreement;

and you will, within 60 days of receiving such notice, deliver to us written confirmation that the change has been made or the replacement or additional form of Security has been provided by you.

6.6 You must

- (a) without limiting your obligations or liabilities under this Agreement, at your expense, effect and keep in force during the Term the following insurance with insurers licensed to do business in Canada:
 - (i) Commercial General Liability insurance in an amount of not less than \$2,000,000.00 inclusive per occurrence insuring against liability for personal injury, bodily injury (including death) and property damage, including coverage for all accidents or occurrences on the Land or the Improvements. Such policy will include cross liability, liability assumed under contract, provision to provide 30 days advance notice to us of material change or cancellation, and include us as additional insured;
- (b) ensure that all insurance required to be maintained by you under this Agreement is primary and does not require the sharing of any loss by any of our insurers;
- (c) within 10 working days of Commencement Date of this Agreement, provide to us evidence of all required insurance in the form of a completed "Province of British Columbia Certificate of Insurance";
- (d) if the required insurance policy or policies expire or are cancelled before the end of the Term of this Agreement, provide within 10 working days of the cancellation or expiration, evidence of new or renewal policy or policies of all required insurance in the form of a completed "Province of British Columbia Certificate of Insurance";
- (e) notwithstanding subsection (c) or (d) above, if requested by us, provide to us certified copies of the required insurance policies.

6.7 We may, acting reasonably, from time to time, require you to

- (a) change the amount of insurance set out in subsection 6.6(a); and
- (b) provide and maintain another type or types of insurance in replacement of or in addition to the insurance previously required to be maintained by you under this Agreement;

and you will, within 60 days of receiving such notice, cause the amounts and types to be changed and deliver to us a completed "Province of British Columbia Certificate of Insurance" for all insurance then required to be maintained by you under this Agreement.

6.8 You shall provide, maintain, and pay for any additional insurance which you are required by law to carry, or which you consider necessary to insure risks not otherwise covered by the insurance specified in this Agreement in your sole discretion.

6.9 You waive all rights of recourse against us with regard to damage to your own property.

ARTICLE 7 - ASSIGNMENT

- 7.1 You must not sublicense, assign, mortgage or transfer this Agreement, or permit any person to use or occupy the Land, without our prior written consent, which consent we may withhold.
- 7.2 For the purpose of section 7.1, if you are a corporation, a change in control (as that term is defined in subsection 2(3) of the *Business Corporations Act*) will be deemed to be a transfer of this Agreement.
- 7.3 Section 7.2 does not apply to a corporation if the shares of the corporation which carry votes for the election of the directors of the corporation trade on a stock exchange located in Canada.
- 7.4 Prior to considering a request for our consent under section 7.1, we may require you to meet certain conditions, including without limitation, that you submit to us a “site profile”, “preliminary site investigation” or “detailed site investigation” (as those terms are defined in the *Environmental Management Act*) for the Land or other similar type of investigation of the Land.

ARTICLE 8 - TERMINATION

- 8.1 You agree with us that
- (a) if you
 - (i) default in the payment of any money payable by you under this Agreement, or
 - (ii) fail to observe, abide by and comply with the provisions of this Agreement (other than the payment of any money payable by you under this Agreement),and your default or failure continues for 60 days after we give written notice of the default or failure to you,
 - (b) if, in our opinion, you fail to make diligent use of the Land for the purposes set out in this Agreement, and your failure continues for 60 days after we give written notice of the failure to you;
 - (c) if you
 - (i) become insolvent or make an assignment for the general benefit of your creditors,

- (ii) commit an act which entitles a person to take action under the *Bankruptcy and Insolvency Act* (Canada) or a bankruptcy petition is filed or presented against you or you consent to the filing of the petition or a decree is entered by a court of competent jurisdiction adjudging you bankrupt under any law relating to bankruptcy or insolvency, or
- (iii) voluntarily enter into an arrangement with your creditors;
- (d) if you are a corporation,
 - (i) a receiver or receiver-manager is appointed to administer or carry on your business, or
 - (ii) an order is made, a resolution passed or a petition filed for your liquidation or winding up;
- (e) if you are a society, you convert into a company in accordance with the *Society Act* without our prior written consent;
- (f) if this Agreement is taken in execution or attachment by any person; or
- (g) if we require the Land for our own use or, in our opinion, it is in the public interest to cancel this Agreement and we have given you 90 days' written notice of such requirement or opinion;

this Agreement will, at our option and with or without entry, terminate and your right to use and occupy the Land will cease.

8.2 If the condition complained of (other than the payment of any money payable by you under this Agreement) reasonably requires more time to cure than 60 days, you will be deemed to have complied with the remedying of it if you commence remedying or curing the condition within 60 days and diligently complete the same.

8.3 You agree with us that

- (a) you will make no claim for compensation, in damages or otherwise, upon the lawful termination of this Agreement under section 8.1; and
- (b) our remedies under this Article are in addition to those available to us under the *Land Act*.

ARTICLE 9 - DISPUTE RESOLUTION

- 9.1 If any dispute arises under this Agreement, the parties will make all reasonable efforts to resolve the dispute within 60 days of the dispute arising (or within such other time period agreed to by the parties) and, subject to applicable laws, provide candid and timely disclosure to each other of all relevant facts, information and documents to facilitate those efforts.
- 9.2 Subject to section 9.5, if a dispute under this Agreement cannot be resolved under section 9.1, we or you may refer the dispute to arbitration conducted by a sole arbitrator appointed pursuant to the *Commercial Arbitration Act*.
- 9.3 The cost of the arbitration referred to in section 9.2 will be shared equally by the parties and the arbitration will be governed by the laws of the Province of British Columbia.
- 9.4 The arbitration will be conducted at our offices (or the offices of our authorized representative) in Nanaimo, British Columbia, and if we or our authorized representative have no office in Nanaimo, British Columbia, then our offices (or the offices of our authorized representative) that are closest to Nanaimo, British Columbia.
- 9.5 A dispute under this Agreement in respect of a matter within our sole discretion cannot, unless we agree, be referred to arbitration as set out in section 9.2.

ARTICLE 10 - NOTICE

- 10.1 Any notice required to be given by either party to the other will be deemed to be given if mailed by prepaid registered mail in Canada or delivered to the address of the other as follows:

to us

MINISTRY OF NATURAL RESOURCE OPERATIONS
Suite 142 - 2080 Labieux Road
Nanaimo, BC V9T 6J9;

to you

KYUQUOT POWER LTD.
400-1444 Alberni Street
Vancouver, BC V6G 2Z4;

or at such other address as a party may, from time to time, direct in writing, and any such notice will be deemed to have been received if delivered, on the day of delivery, and if mailed, 7 days after the time of mailing, except in the case of mail interruption in which case actual receipt is

required.

- 10.2 In order to expedite the delivery of any notice required to be given by either party to the other, a concurrent facsimile copy of any notice will, where possible, be provided to the other party but nothing in this section, and specifically the lack of delivery of a facsimile copy of any notice, will affect the deemed delivery provided in section 10.1.
- 10.3 The delivery of all money payable to us under this Agreement will be effected by hand, courier or prepaid regular mail to the address specified above, or by any other payment procedure agreed to by the parties, such deliveries to be effective on actual receipt.

ARTICLE 11 - MISCELLANEOUS

- 11.1 No provision of this Agreement will be considered to have been waived unless the waiver is in writing, and a waiver of a breach of a provision of this Agreement will not be construed as or constitute a waiver of any further or other breach of the same or any other provision of this Agreement, and a consent or approval to any act requiring consent or approval will not waive or render unnecessary the requirement to obtain consent or approval to any subsequent same or similar act.
- 11.2 No remedy conferred upon or reserved to us under this Agreement is exclusive of any other remedy in this Agreement or provided by law, but that remedy will be in addition to all other remedies in this Agreement or then existing at law, in equity or by statute.
- 11.3 The grant of a sublicence, assignment or transfer of this Agreement does not release you from your obligation to observe and perform all the provisions of this Agreement on your part to be observed and performed unless we specifically release you from such obligation in our consent to the sublicence, assignment or transfer of this Agreement.
- 11.4 This Agreement extends to, is binding upon and enures to the benefit of the parties, their heirs, executors, administrators, successors and permitted assigns.
- 11.5 If, due to a strike, lockout, labour dispute, act of God, inability to obtain labour or materials, law, ordinance, rule, regulation or order of a competent governmental authority, enemy or hostile action, civil commotion, fire or other casualty or any condition or cause beyond your reasonable control, other than normal weather conditions, you are delayed in performing any of your obligations under this Agreement, the time for the performance of that obligation will be extended by a period of time equal to the period of time of the delay so long as
- (a) you give notice to us within 30 days of the commencement of the delay setting forth the nature of the delay and an estimated time frame for the performance of your obligation;
and

(b) you diligently attempt to remove the delay.

11.6 You agree with us that

(a) we are under no obligation, express or implied, to provide financial assistance or to contribute toward the cost of servicing, creating or developing the Land or the Improvements and you are solely responsible for all costs and expenses associated with your use of the Land and the Improvements for the purposes set out in this Agreement; and

(b) nothing in this Agreement constitutes you as our agent, joint venturer or partner or gives you any authority or power to bind us in any way.

11.7 This Agreement does not override or affect any powers, privileges or immunities to which you are entitled under any enactment of the Province of British Columbia.

The parties have executed this Agreement as of the date of reference of this Agreement.

SIGNED on behalf of **HER MAJESTY
THE QUEEN IN RIGHT OF THE
PROVINCE OF BRITISH COLUMBIA**
by the minister responsible for the *Land Act*
or the minister's authorized representative



Minister responsible for the *Land Act*
or the minister's authorized representative

SIGNED on behalf of
KYUQUOT POWER LTD.
by a duly authorized signatory

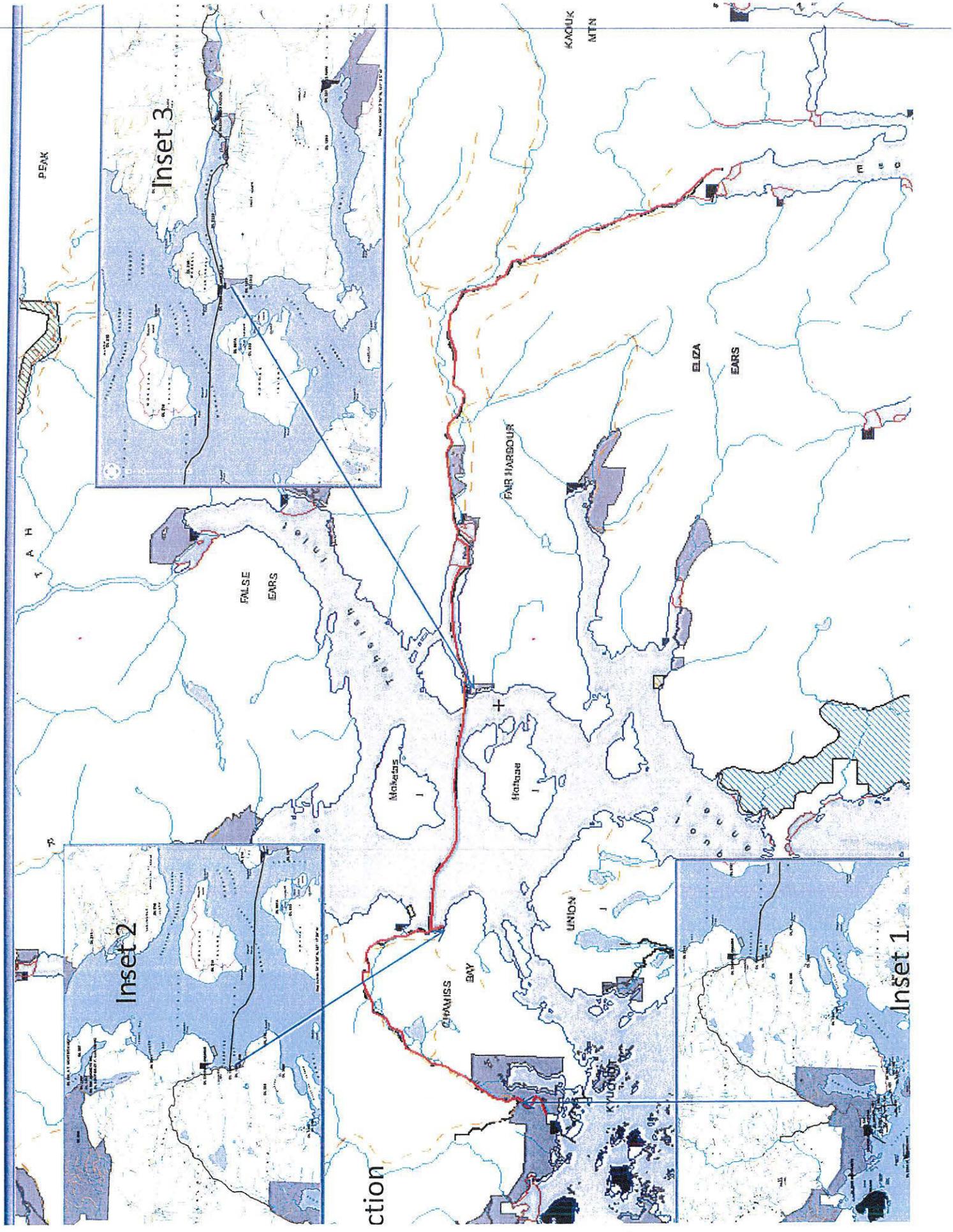


Authorized Signatory

LEGAL DESCRIPTION SCHEDULE

Those parts of District Lots 75, 76 Nootka District, 205, 319, 418, 538, 744A, 1299, 1309, 1597, 1604, 1608, 2073, 2110, Blocks C and E of 2110 and 2125 Rupert District; those parcels or tracts of unsurveyed Crown land lying within the Kyuquot Forest in the vicinity and in between District Lot 75, Nootka District and McKay Cove Rupert District; together with unsurveyed Crown foreshore or land covered by water being part of the beds of Espinosa Creek, Chum Creek, Chamiss Creek, Roland Creek, Kaouk River, Fair Harbour, Pinnacle Channel, Kyuquot Sound, Markale Passage, Chamiss Bay, Walters Cove and various Unnamed creeks, all within Nootka and Rupert District, shown outlined on sketch, containing 70.961 hectares, more or less.

(SEE ATTACHED PLANS)



PEAK

Inset 3

KAOUK
MTN

ELZA
EARS

FAIR HARBOUR

FALSE
EARS

ction

Inset 2

Inset 1

UNION

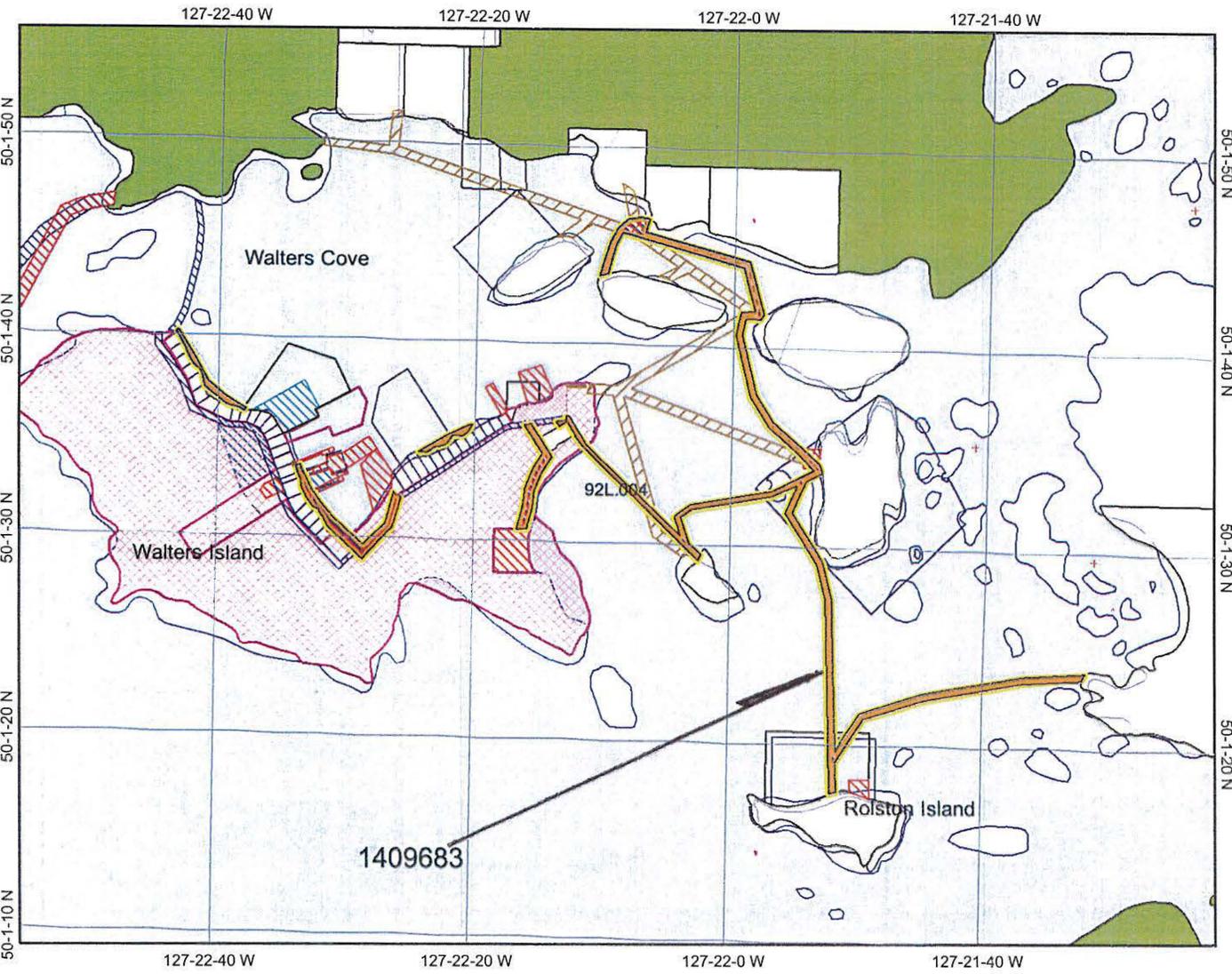
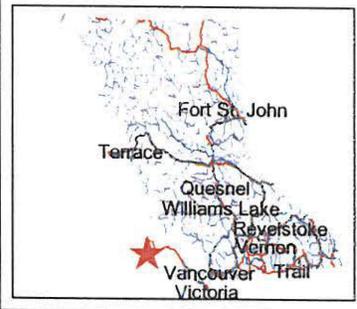
CHAMISS
BAY

Mokapas

Hotkape

T A H

1409683 - Kyuquot Power Ltd.



Legend

Cadastral Annotation

- Provincial Park
- Crown Grant
- Application
- Lease
- Development Agreement
- Licence
- Permit
- Reserve
- Right of Way
- Transfer of Admin / Control
- Inactive Disposition Transaction
- OIC Ecological Reserve
- Dominion Patent
- Inventory Site
- Uncoded / Unknown
- IP_SID=898516

Interest Parcels

- CBM - Integrated Cadastral Fabric

Transportation - Points (TRIM)

- Helipad

Transportation - Lines (TRIM)

- Airfield
- Airport
- Airstrip
- Airport.Abandoned
- Ferry Route
- Road (Gravel Undivided) - 1 Lane
- Road (Gravel Undivided) - 2 Lanes
- Road (Gravel Undivided) - U/C - 1 Lane
- Road (Gravel Undivided) - U/C - 2 Lanes
- Road (Paved Divided) - Not Elevated - 1 Lane Each Way
- Road (Paved Divided) - Not Elevated - 2 Lanes Each Way
- Road (Paved Divided) - U/C - Not

Scale: 1:10,000

This map is a user generated static output from an Internet mapping site and is for general reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable. THIS MAP IS NOT TO BE USED FOR NAVIGATION.

Map center: 50° 1' 33" N, 127° 22' 9" W

KYUQUOT POWER LTD.
Investigation into Safety and Reliability of the KPL System

APPENDICES

APPENDIX 2D (KPL RESPONSE TO BCUC IR#2 – 15.1)

Kyuquot Power Ltd
Electric Tariff

KYUQUOT POWER LTD.

KYUQUOT POWER LTD
Electric Tariff

Accepted for filing: MAY 11 2006

Effective: NOV 15 2005

11 2006



SECRETARY
B.C. UTILITIES COMMISSION

KYUQUOT POWER LTD.

KYUQUOT POWER LTD
ELECTRIC TARIFF B.C.U.C. NO. 1
TERMS AND CONDITIONS
AND
RATE SCHEDULES

FOR ELECTRICAL SERVICE IN KYUQUOT

EXPLANATION OF SYMBOLS
APPEARING ON TARIFF PAGES

- A- signifies Increase
- C - signifies Changes
- D - signifies Decrease
- N - signifies New
- O - signifies Omission
- R - signifies Reduction

This Electric Tariff is available for public inspection at the Company's offices in Vancouver (1444 Alberni Street, B.C, V6G 2Z4) and at the offices of the British Columbia Utilities Commission, 4th Floor, 800 Smithe Street, Vancouver, British Columbia, V6Z 2E1.

Order No. G. 11 2006

Issued MAY 10 2006

By *C. Suenell*

Director
Kyuquot Power Ltd.
400-1444 Alberni Street
Vancouver, B.C.
V6G 2Z4

Accepted for Filing MAY 11 2006

By *[Signature]*

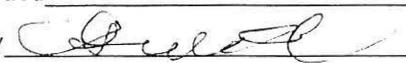
Secretary
British Columbia Utilities Commission

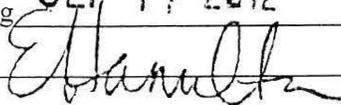
Effective (applicable to
consumption on and after) NOV 15 2005

KYUQUOT POWER LTD.

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By  _____
Director
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Accepted for Filing **SEP 17 2012**
By  _____
Secretary
British Columbia Utilities Commission
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KYUQUOT POWER LTD.

**SECTION A
TERMS AND CONDITIONS**

Order No. 6 11 2006

Issued MAY 10 2006

By *Q. Sunell*

Director
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Secretary
British Columbia Utilities Commission

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KYUQUOT POWER LTD.

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Issued MAY 10 2006

By *Aswell*

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KYUQUOT POWER LTD.

1. DEFINITIONS

In this Tariff and the Schedules attached hereto unless the context otherwise requires:

- a) **Company:** Kyuquot Power Ltd.
- b) **Customer:** any person, partnership, corporation, organization, company or governmental agency served with electricity by the Company at any one premise. If any such customer receives service from the Company at more than one premises, or for more than one separately operated business, such customer shall be considered as a separate customer at each of the premises and for each such business.

The Company reserves the right to determine whether any building contains one or more premises or whether or not any business is separately operated for the purpose of this definition.

- c) **Electricity:** is the term used to mean inclusively electric demand and electric energy unless the context requires otherwise.
- d) **Service:** Services, electricity or electrical distribution facilities to provide electricity, as the context may require.
- e) **Billing Demand:** is the demand used to determine the charges in accordance with the demand portion of billing for service during a specific billing period.
- f) **Maximum Demand:** the greatest amount of kilowatts or kilovolt amperes-averaged over a time interval of not more than 32 consecutive minutes-registered during a specified period by a demand meter.

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- g) **Assessed Demand:** the demand in kilowatts or kilovolt amperes used for billing purposes when the maximum demand is not measured by a demand meter.
- h) **Power Factor:** the average lagging power factor; the ratio determined by the following formula and based on monthly measurements of kWh and lagging kVarh or at the Company's discretion by spot checks from time to time.
- Average Lagging) = kWh divided by the square root of the sum of the square
Power Factor) of kWh and square of KVarh
- i) **Permanent Service:** a service where electricity will be taken for an unlimited period of time.
- j) **Temporary Service:** a service where electricity will be or in the opinion of the Company likely to be taken for a limited period of time.
- k) **Drop Service:** that portion of an overhead service connection extending not more than 30 meters onto the Customer's property and not beyond any intermediate support on the customer's property.
- l) **Point of Delivery:** the point where the company's wires or cables connect to the meter, the customer's wiring, or the customer's switch, whichever comes first.
- m) **Service Connection:** Extension of the Company's distribution facilities from the first attachment point on the Company's distribution system to the Point of Delivery.

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By *Colwell*

Director

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- n) **Extension:** an addition to, or extension of, the Company's electrical distribution system including its transformers on private property, but does not include generation plant.
- o) **EGI Act:** the Electricity and Gas Inspection Act (Canada).
- p) **Back-billing:** the rebilling by the Company for services rendered to a customer because the original billings are discovered to be either too high (over-billed) or too low (under-billed). The discovery may be made by either the customer or the Company, and may result from the conduct of an inspection under provisions of the EGI Act.
- q) **Premises:** a dwelling, building or machinery located on land.
- r) **Single-Family Dwelling:** consists of single family living quarters with one self-contained unit with at least sleeping quarters, a kitchen and bathroom or alternative living quarters acceptable to Kyuquot Power Ltd.

2. APPLICATION FOR SERVICE

Applicants for residential and for nonresidential service may be required to sign a service agreement under which electricity is delivered or made available and paid for. Applications for service shall be made in writing to the Company at 1444 Alberni Street, Vancouver, B.C., V6G 2Z4. Applicants for service shall pay the connection or other charges required pursuant to these Terms and Conditions and Rate Schedules, and shall supply all information relating to load, supply requirements, credit references and such other matters relating to the service as the Company may require.

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By *Shumell*

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The Company retains the right to reject applications for service if, in the opinion of the Company, conditions other than standard conditions are required by the applicant, if facilities are not available to provide adequate service, if the Customer's facilities are not satisfactory to the Company, if the applicant cannot provide satisfactory security for payment as required by the Company, or if an occupant of the applicant's premises has an unpaid account for service incurred while the occupant previously occupied any premises at the same time as the applicant.

An Applicant for service shall become a Customer of the Company upon provision of electric service by the Company whether he has signed a service agreement or not.

The Customer shall not use electricity for any other purpose than that for which application is made. A customer is not allowed to increase the electrical load installed in the customer's premises otherwise specified in the agreement without advising the Company in advance and receiving the Company's approval.

The Company shall determine the rate schedule applicable to the Customer's requirements.

A service agreement may not be assigned, a customer has no right to assign any service agreement to another individual or person.

3. RESALE OF ELECTRICITY

No customer shall sell to any other person metered quantities of any electricity supplied by the Company without the written consent of the Company.

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This clause does not apply to prevent a customer from supplying electricity to tenants of the customers on his premises if the cost of such electricity is not separately billed or paid.

4. **TERM OF SERVICE**

Unless otherwise provided in these Terms and Conditions, the Rate Schedules, or in any contract between the Customer and the Company, the term of service shall commence on the day when the Company's service is connected to the Customer's installation for the purpose of supplying electricity; and:

- (a) The first time customer should pay a service connection charge for each account under his/her name in the amount of \$200 prior to connection.
- (b) shall be for one year where the connection does not require more than a drop service, unless a shorter period is agreed to by the Company; or
- (c) shall be for four years where additional facilities other than those for a drop service are required; unless a shorter period is agreed to by the Company, and
- (d) shall continue thereafter from month to month until cancelled by written notice of termination by either party.

5. **SECURITY DEPOSIT**

The Company may require a security deposit as a condition of connecting or continuing service, when:

- (a) service is temporary (for less than one year); or

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- (b) the Customer's service has been disconnected for inadequate payment of billings for electric service; or
- (c) the applicant or the Customer is bankrupt or a receiver or receiver-manager has been appointed; or
- (d) the applicant has not established or maintained credit satisfactory to the Company; or
- (e) the Customer's account is in arrears for more than two consecutive billing periods.

Security deposits shall be cash and shall be an amount equal to \$100.00 or if the account is a reconnection, an amount equal to the Customer's bill for two months as estimated by the Company. The Company shall have the right to realize upon the security deposit at any time the Customer fails to pay any amounts owed by the Customer.

Security deposits may be refunded where the Customer has established a payment record satisfactory to the Company. Security deposits shall be refunded when the Customer is disconnected from service other than for default in payment of account or after the Customer has paid his monthly accounts regularly for a continuous period of one year.

Simple interest will be credited to the account of the Customer annually on all security deposits from the date of receipt, if held for more than one month, at an annual rate equal to the Royal Bank Regular Savings Account on July 1 of each year.

6. CONNECTION AND TERMINATION

Prior to service connection by the Company, the Customer shall obtain the approval of the Provincial Electrical Inspection Branch and all other permits as may be required by others or by the Company.

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Issued MAY 10 2006

By *T. Samuel*

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When a Customer wishes to terminate service from the Company, it shall give the Company timely notice so that arrangements can be made for final meter reading and billing. Disconnections should be made only by authorized individuals. Until notice of termination is given, the Customer shall continue to be responsible for all electric service supplied unless the Company receives an application for service from a new Customer for the premises concerned.

7. **POINT OF DELIVERY**

Unless otherwise agreed to, the point of delivery shall be at a location approved by the Company and shall be:

- (a) **for overhead service**, the point where the Company's facilities joins the Customer's conductors, but not more than 30 meters onto the Customer's property, and
- (b) **for underground service**, the point where the underground circuit enters the land owned or occupied by the Customer.

The Company, at its option, may supply general service through one point of delivery to two or more adjacent buildings owned and used as a single function. Where separate points of delivery exist for supply of electricity to a single Customer or where more than one meter is required to measure the supply to the Customer, the readings shall not be combined in the determination of the Customer's billings unless specifically authorized by the Company.

8. **VOLTAGES SUPPLIED**

The Company will supply nominal 60 cycle alternating electric current to the point of delivery

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By *Shenell*

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at the available phase and voltage in the following manner:

- (a) For lighting, heating and for small motors - single phase, 120 volts 2-wire or 120/240 volts 3-wire.
- (b) Where a Customer's demand for electric energy warrants a special transformer and/or service installation for such Customer's exclusive use, the Customer may at the Company's discretion be supplied at such other voltage as may be required, providing
- (c) that such Customer shall pay the Company the additional cost as determined by the Company for providing the special installations.

9. CUSTOMER'S EQUIPMENT

All Customer owned main supply transformers and equipment used to connect them to the Company's electrical system shall be approved by and installed in a manner satisfactory to the Company and the Electrical Inspection Branch.

The Customer shall, at his own expense, provide and maintain suitable accommodation for the equipment required by the Company. All Customer owned equipment beyond the Point of

Connection shall be provided and maintained in accordance with the applicable Electrical Code, and any requirements of the Company. The Customer shall be responsible for supplying and maintaining any suitable devices to protect the equipment of the Company and beyond the Point of Connection from overload, single phasing and abnormal voltage or supply conditions.

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By *C. Smith*

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10. RESIDENTIAL SERVICE

Residential service is normally single phase 120/240 volt, maximum 200 amperes. Single phase service in excess of 200 amperes may be provided under special contract terms.

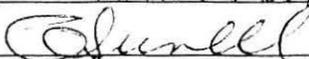
Residential rates are available for service to Customers by the Company and generally as follows:

- (a) individually metered single family residences, used exclusively for normal residential and housekeeping requirements;
- (b) farms, provided the farm is agricultural land and the principal farm residence and other incidental farm use can be served through one meter;
- (c) unusual circumstances where at the Company's option, more than one family living quarters may be served through one meter. For billing purposes the kilowatt-hour blocks, basic charge and minimum charge will be increased in proportion to the number of single family living quarters served.
- (d) common use areas in multiple residential dwellings where each single family residence is separately metered.

If occupancy of rented premises is of a transient nature, the Company may require the service to be in the name of the owner on a continuous basis.

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11. COMMERCIAL SERVICE

Commercial Service is all electrical service, including where residential and business premises are contained in the same building on property, assessed as residential and the wiring does not provide for the use of two meters, except where the Company has determined the service to be Residential Service.

12. TEMPORARY SERVICE

When the Company has capacity available, temporary service may be supplied under any Rate Schedule applicable to the class of service required. The basic charge or minimum set forth in that Rate Schedule shall be applicable to the temporary service, but in no case shall it be less than one full month. The Customer shall also pay in advance of construction for the cost of the installation and removal of the equipment used to supply the temporary service

13. LIGHTING SERVICE

Lighting Service is all electric service for municipal lighting as set forth in the Rate Schedule.

14. UNDERGROUND FACILITIES

The Company's tariff is designed to recover the cost of providing electrical service from overhead poles and conductors. The Customer applying for underground service shall be responsible for any added cost and agrees as follows:

- (a) The Company shall own, install and maintain the underground service line to the point of delivery. The Customer shall own, install and maintain the underground service line beyond the point of delivery.

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- (b) The underground installation must comply with the Company's underground distribution standards.
- (c) The Company shall not be responsible for any loss or damage beyond the reasonable control of the Company due to the installation, operation or maintenance of the underground circuit.

15. METERING AND BACKBILLING

The Company shall provide all first meters necessary for measuring the Customer's use of the electric service provided by the Company. The supply of electricity will be metered at Secondary Voltage except when the Company determines otherwise. Additional meters as required are installed for a charge determined by the Company. The Company may permit un-metered service if an estimate to the satisfaction of the Company of the connected load and energy used can be used.

The meters shall remain the property of the Company and are subject to testing at regular intervals by the Electricity Meters Inspection Branch of the Department of Consumer and Corporate Affairs of Canada. That Department is responsible for the affixing of the seal on the meter and the seal shall not be broken without the specific assent of the Department. If a Customer doubts the accuracy of the meter serving his premises, he may request in writing that it be tested. Such request must be accompanied by a payment of the following charges:

- (a) Meter removal charge \$75.00
- (b) Meter inspection and testing fee
by independent testing laboratory,
at cost plus shipping cost.

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If the meter fails to comply with the test requirements, the Company will refund all charges.

Backbilling may result from a billing error caused by any of the following non-exhaustive reasons or combination thereof:

- (a) Stopped meter.
- (b) Metering equipment failure.
- (c) Missing meter now found.
- (d) Switched meters.
- (e) Double metering.
- (f) Incorrect meter connections.
- (g) Incorrect use of any prescribed apparatus respecting the registration of a meter.
- (h) Incorrect meter multiplier.
- (i) The application of an incorrect rate.
- (j) Incorrect reading of meters or data processing.
- (k) Tampering, fraud, theft or any other criminal act.

The extent an amount of Backbilling shall be determined as follows:

- (a) Whenever the dispute procedure of the EGI Act is invoked, the provisions of that Act apply, except those which purpose to determine the nature and extent of legal liability flowing from metering or billing errors.
- (b) Where metering or billing errors occur and the dispute procedure under the EGI Act is not invoked, the consumption and demand will be based upon the records of the Company for the Customer, or the Customer's own records to the extent they are available and accurate, or if not available, reasonable and fair estimates may be made by the Company. Such estimates will be on a consistent basis within each Customer

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class or according to a contract with the Customer, if applicable.

- (c) If there are reasonable grounds to believe that the Customer has tampered with or otherwise used the utility's service in an unauthorized way, or evidence of fraud, theft or other criminal act exists, then the extent of Back-billing will be for the duration of the unauthorized use, subject to the applicable limitation period provided by law, and the provisions of items (f), (g), (h), (i) below do not apply.

In addition, the Customer is liable for the direct (unburdened) administrative costs incurred by the Company in the investigation of any incident of tampering, including the direct costs of repair, or replacement of equipment.

Under-billing resulting from circumstances described above will bear interest at the rate normally charged by the Company on unpaid accounts from the date of the original under-billed invoice until the amount under-billed is paid in full.

- (d) In every case of under-billing or over-billing, the cause of the error will be remedied without delay, and the Customer will be promptly notified of the error and of the effect upon the Customer's ongoing bill.
- (e) In every case of over-billing, the Company will refund to the customer all money incorrectly collected for the duration of the error, subject to a maximum period of six months. Simple interest, computed at the short-term bank loan rate applicable to the Company on a monthly basis, will be paid to the customer.

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- (f) Subject to item (c) above, in every case of under-billing, the Company will back-bill the customer for the shorter of:
- (a) the duration of the error; or
 - (b) six months for residential, small general service (commercial) or irrigation; and
 - (c) six months year for all other customers or as set out in a special or individually negotiated contract with the Company.
- (g) Subject to item (c) above, in all cases of under-billing, the Company will offer the customer reasonable terms of repayment. If requested by the Customer, the repayment term will be equivalent in length to the Back-billing period. The repayment will be interest free and in equal installments corresponding to the normal billing cycle. However, delinquency in payment of such installments will be subject to the usual late payment charges.
- (h) Subject to item (c) above, if a customer disputes a portion of a Back-billing due to under-billing based upon either consumption, demand or duration of the error, the Company will not threaten or cause the discontinuance of service for the Customer's failure to pay that portion of the Back-billing, unless there are no reasonable grounds for the Customer to dispute that portion of the Back-billing. The undisputed portion of the bill shall be paid by the Customer and the Company may threaten or cause the discontinuance of service if such undisputed portion of the bill is not paid.

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By *Quenell*

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KYUQUOT POWER LTD.

- (i) Subject to item (c) above, Back-billing in all instances where changes of occupancy have occurred, the Company will make a reasonable attempt to locate the former Customer. If, after a period of one year, such Customer cannot be located, the over or under billing applicable to them will be cancelled.

16. SALES TAX AND ASSESSMENTS

In addition to any rates and charges as set out in this tariff, the Customer shall pay to the Company the amount of sales tax, consumption tax, or any other tax or assessment levied by any competent taxing authority on any electricity delivered to the Customer.

17. PAYMENT OF ACCOUNTS

Bills for electric service are issued monthly and are due and payable seven days after mailing or immediately when delivered by hand to the Customer. Bills may be estimated and adjusted on future billings when a meter reading is not obtained for any billing period.

Customers' accounts not paid within twenty-one days after the amount is payable shall be in arrears. Late payment charges may be applied to accounts in arrears at the rate of 1.5% per month, and the Company may give forty-eight hours notice of disconnection from service to the Customer. When accounts remain in arrears after expiration of the notice of disconnection, the Company may disconnect the Customer from service and may refuse to reconnect the Customer for service until the amounts in arrears are fully paid.

In the event of a payment which cannot be honored, an additional charge of twenty dollars may be assessed.

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18. CONNECTION AND RECONNECTION CHARGES

A charge shall be paid by a Customer to obtain service and for a connection or reconnection of his premises or property to the lines of the Company, when:

- (a) A service connection is energized for the first time.
- (b) A new Customer applies for service.
- (c) Service is restored to premises which were disconnected:
 - (i) because the Customer had failed to pay his account, or
 - (ii) because the Company was ordered to do so by an electrical inspector or other duly authorized official, or
 - (iii) to permit the Customer to make alterations upon or to the premises
- (d) For breach of the Electrical Tariff.

The following connection charges for new and existing services shall apply:

- a) New service requiring a service connection \$200.00
- b) Change of consumer where the meter has not been removed \$15.00
- c) Reconnection after disconnection due to delinquency of an account. The Company reserves the right to evaluate the time of reconnection based on the availability including cost to provide, of competent personnel to reconnect Customer's electrical service. \$50.00

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- d) Reconnection of seasonal accounts \$50.00

The Company will arrange for accounts reconnection as soon as reasonably possible.

The minimum reconnection charge is not required when the service disconnection was made because of public safety reasons or when the service disconnection was made by the Company for service requirements of the Company.

The Company may add to the minimum reconnection charges to cover for the incurred costs when unusual or excessive cost circumstances arise

19. BILLING DEMAND

Billing Demand is not applicable.

20. CUSTOMER LOAD CHANGES.

The Customer shall not substantially increase his connected load above that originally applied for, without first notifying the Company and obtaining its consent. In the event of damage to the Company's property as a result of a substantial increase in the Customer's connected load without the consent of the Company, the Customer will be held responsible for all such damages.

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The Customer may be required to pay for the cost of any alterations to the Company's facilities necessary to provide the Customer's increased load.

21. POWER FACTOR

Customers shall design and install electrical loads to maintain a power factor of not less than 90 percent lagging. The Company may refuse service to any Customer if the power factor of the Customer's load is less than 90 percent lagging.

The Company may refuse service for neon, mercury vapour, fluorescent or other types of outdoor lighting or display device which has a power factor of less than 90 percent or other detrimental characteristics.

22. LIABILITY OF THE COMPANY

The Company will endeavour to provide a regular and uninterrupted supply of electricity but it does not guarantee a constant supply of electricity or the maintenance of unvaried frequency or voltage and shall not be liable for any loss, injury, damage or expense caused by or resulting from any interruption, termination, failure or defect in the supply of electricity, whether caused by negligence of the Company, its servants or agents, or otherwise.

All responsibility of the Company for electricity delivered to the Customer shall cease at the point of delivery, and the Customer shall indemnify the Company and save it harmless from the liability, loss and expense caused by or arising out of the taking of electricity by the Customer.

Order No. **6 11 2006**

Issued MAY 10 2006

By *Osmond*

Director
Kyuquot Power Ltd.
400-1444 Alberni Street
Vancouver, B.C.
V6G 2Z4

Accepted for Filing MAY 11 2006

By *[Signature]*

Secretary
British Columbia Utilities Commission

Effective (applicable to consumption on and after) **NOV 15 2005**

KYUQUOT POWER LTD.

23. INDEMNITY

The Customer will be responsible for and indemnify the Company and save it harmless from all injury, damage and loss, and from all actions, suits, claims, costs, charges, expenses and proceedings by whomsoever made, brought or prosecuted in any manner based upon, arising out of, related, occasioned by or attributable to the activities of the Customer, save to the extent that such injury, damage, or loss shall have been due to the negligence of the Company, its agents or servants.

For the purposes of Clause 23, "activities" includes an act improperly carried out, an omission to carry out an act and a delay in carrying out an act.

24. SUSPENSION OF SUPPLY

Electric service may be temporarily suspended to make repairs or improvements to the Company's system or in the event of fire, flood, cable failure, or other emergency. The Company will, whenever practicable, give notice of such suspension to the Customer and will restore service as soon as reasonably possible. The Company shall not be liable for any loss, injury or damage caused by or arising out of any such suspension of service.

The Company shall have the right to suspend service at any time without notice whenever the Customer has breached any agreement with the Company, or failed to pay arrears within specified time, fraudulently used the service, tampered with the Company's equipment or committed similar actions. The cause of any suspension must be corrected, and a reconnection and any other applicable charges paid before reconnection of service will be made.

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Issued MAY 10 2006

By *Q. Senell*

Director

Kyuquot Power Ltd.
400-1444 Alberni Street
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British Columbia Utilities Commission

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Suspension of service by the Company shall not operate as a cancellation of any contract with the Company, and shall not relieve any Customer of its obligations under these Terms and Conditions or the applicable Rate Schedule.

25. RIGHTS-OF-WAY

By applying for electric service, the Customer grants to the Company such rights- of-way and easements on, over and under the property of the Customer as may be necessary for the construction, installation, maintenance or removal of facilities for the supply of service to the Customer.

Notwithstanding payment by the Customer towards the cost of electrical facilities installed by the Company or that electrical facilities may be affixed to the Customer's property, all electrical facilities installed by the Company up to the point of delivery shall remain the property of the Company, and the Company shall have the right to remove any facilities on the Customer's property at any time.

26. ACCESS

The Company, through its authorized employees and agents, shall have ready access to its electrical facilities at all reasonable times for the purpose of reading meters and testing, installing, removing, repairing or replacing any equipment which is the property of the Company.

27. CUSTOMER CONTRIBUTIONS

Service will normally be provided by a drop service and the Customer may be required to make a contribution towards the cost of facilities when:

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By *Osennell*

Director
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400-1444 Alberni Street
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- (a) an Extension to the distribution lines would be required;
- (b) service is underground;
- (c) the cost of the service exceeds that required by a drop service;
- (d) a Customer applies to the Company for a relocation of the Company-owned equipment.

28. EXTENSION OF DISTRIBUTION LINES

Extensions will normally be constructed overhead but may be constructed underground where approved by the Company at its sole discretion.

A Customer requiring the extension of the main distribution lines, shall pay the cost of the extension less the Company contribution as described herein, either in cash before the commencement of construction or if the Company so agrees in writing, may be paid wholly or partially in kind.

The Company contribution shall be to a maximum of \$5,000 in estimated construction costs for each potential permanent residential customer in a single family dwelling. In the case of a multiple family dwelling, the Company contribution shall be up to a maximum of \$1500 per family unit. The Company of its sole discretion may determine that The Company contribution can be increased to up to 2.5 years of estimated billings of the Customers.

The estimated construction cost for service extensions will include distribution materials, metering equipment, labour, trucking and standard overhead charges normally applicable to construction work and shall include the cost of transformers. The company may require a revenue guarantee in a form suitable to the Company prior to commencement of construction.

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By *Osmanell*

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Additional customers applying for service within five years of energizing the extension shall pay to the Company the amount of the original Customer's contribution less 1/60 for each elapsed month since the date which the extension was first energized and such amount shall be paid by the Company pro rated to all of the parties contributing to the cost of the line, including additional Customers.

29. TEMPORARY SERVICE

A Customer who is taking a temporary service shall pay to the Company in advance of construction, the cost which the Company estimates it will incur in the installing and removing the facilities necessary to supply electricity. Such facilities shall include the extension, and service hookup. Such cost shall include charges for labour, administration and depreciation on materials as determined by the Company from time to time. The temporary service will be charged at the applicable rate schedule unless otherwise determined.

30. OWNERSHIP OF FACILITIES

Subject to any contractual arrangement and, notwithstanding the payment of any Customer contribution toward the cost of facilities, the Company shall retain full title to all equipment and facilities installed and maintained by the Company.

31. CONFLICTS

In case of conflict between these Terms and Conditions and the Rate Schedules, the provisions of the Rate Schedules shall prevail. Where there is a conflict between a contract and these Terms and Conditions, the provisions of the contract shall apply.

Order No. 6 1 1 2006

Issued MAY 10 2006
By *Skene*

Director
Kyuquot Power Ltd.
400-1444 Alberni Street
Vancouver, B.C.
V6G 2Z4

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British Columbia Utilities Commission

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SECTION B
RATES

Order No. 6.11.2006

Issued MAY 10 2006

By *Osmond*

Director
Kyuquot Power Ltd.
400-1444 Alberni Street
Vancouver, B.C.
V6G 2Z4

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By *[Signature]*

Secretary
British Columbia Utilities Commission

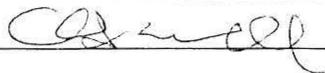
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KYUQUOT POWER LTD.

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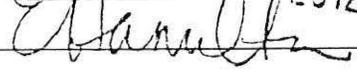
SECTION B	RATE SCHEDULES
1101	RESIDENTIAL AND COMMERCIAL SERVICE
1701	MUNICIPAL STREET LIGHTING SERVICE
1102	KA:'YU:'K'T'H'/CHE:K:TLES7ET'H' FIRST NATION SERVICE

Issued _____

By 

Director
Kyuquot Power Ltd.
400-1444 Alberni Street
Vancouver, B.C.
V6G 2Z4

Accepted for Filing SEP 17 2012

By 

Secretary
British Columbia Utilities Commission

Order: G-111-12
Effective (applicable to
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KYUQUOT POWER LTD.

**KYUQUOT POWER LTD
ELECTRIC TARIFF**

Rate Schedule 1101
Residential and Commercial Service

AVAILABILITY:

Available to any residential or commercial customer requiring single phase service where service is taken through one meter, except for the Ka:'yu:'k't'h'/Che:k'tles7et'h' First Nation, which is provided service under Rate Schedule 1102

Basic Charge: \$8.00 per month

Energy Charge: \$0.3970 per kWh

MINIMUM CHARGE:

The Basic Charge per period.

SPECIAL CONDITIONS:

Nil

Issued AUG 20 2012
By *Cancel*
Director
Kyuquot Power Ltd.
400-1444 Alberni Street
Vancouver, B.C.
V6G 2Z4

Accepted for Filing AUG 24 2012
By *E. Hanu*
Secretary
British Columbia Utilities Commission
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KYUQUOT POWER LTD.

**KYUQUOT POWER LTD
ELECTRIC TARIFF**

Rate Schedule 1102

Ka:'yu:'k't'h'/Che:k:tes7et'h' First Nation Service

AVAILABILITY:

Available to the Ka:'yu:'k't'h'/Che:k:tes7et'h' First Nation, which service is taken through one meter.

Basic Charge: \$8.00 per month

Energy Charge: \$0.1930 per kWh

MINIMUM CHARGE:

The Basic Charge per period.

SPECIAL CONDITIONS:

This schedule has been determined based on a contribution-in-aid of construction of \$850,000 being made on February 18, 2008, a second contribution-in-aid of construction of \$850,000 being made on November 10, 2008, a third contribution-in-aid of construction of \$224,128.85 being made on February 19, 2009, and a fourth and final contribution-in-aid of construction of \$625,871.15 being made on March 23, 2012.

Issued AUG 20 2012
By *C. Smith*
Director
Kyuquot Power Ltd.
400-1444 Alberni Street
Vancouver, B.C.
V6G 2Z4

Accepted for Filing AUG 24 2012
By *E. Hanley*
Secretary
British Columbia Utilities Commission
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consumption on and after)

KYUQUOT POWER LTD.

**KYUQUOT POWER LTD
ELECTRIC TARIFF**

Rate Schedule 1701
Municipal Street Lighting Service

AVAILABILITY:

Available within the Community of Kyuquot, B.C. for street lighting service, including the installation, operation and maintenance of standard mercury vapour or high pressure sodium luminaires on wood poles and serviced by overhead wiring. Not applicable to private lighting service.

RATE:

<u>Size of HPS Luminaire (Watts)</u>	<u>Cost per Luminaire Per Month (\$)</u>
100	\$21.20
150	\$28.51
200	\$35.71

Order No.**6**.....11.2000

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By *Osmond*

Director
Kyuquot Power Ltd.
400-1444 Alberni Street
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By *[Signature]*

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British Columbia Utilities Commission

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**REQUEST FOR
SERVICE:**

Municipal and/or Local Government Authorities requesting municipal street lighting service shall do so in writing to the Company office in Vancouver at 1444 Alberni Street B.C, V6G 2Z4. The request shall specify the number and size (Watts) of luminaires required and be accompanied by a suitable plan indicating the location where each luminaire is to be installed.

The Company shall review the Municipal and/or Local Authority's request and advise the Authority in writing of present monthly charges for the street lighting requested and if any additional charges shall be applied due to unusual installation circumstances (see Steel Standards and/or Underground Wiring).

Upon receiving written approval to proceed (in the form of a standard application for service) from the appropriate authority, the Company shall purchase, install and energize the street light luminaires. Monthly billing shall commence immediately after the installation is completed.

RESPONSIBILITY:

a. Maintenance

The Company shall be responsible for the provision of continuous energy to the street light luminaires. The Company

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By *Oswell*

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V6G 2Z4

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shall also be responsible for normal maintenance of the luminaires, photo electric cell replacement and lens cleaning and replacement. The Company shall not be responsible for excessive damage due to vandalism. (See (c) below).

Normal maintenance carried out at Company expense shall be performed expeditiously as soon as the requirement is known and/or as soon as suitable staff can be arranged to perform the necessary maintenance.

b. Undue Delay

Should the Company be unable to carry out normal maintenance to restore service in reasonable time, or be shown to have been negligent in performing such maintenance, credit for monthly rental shall be arranged, based upon the number of street light luminaires and period of time involved.

c. Vandalism

Maintenance costs associated with occasional breakage by vandalism (maximum of 1% of total luminaries installed per year) shall be absorbed by the Company.

Repetitive breakage or extreme breakage at one time shall not be absorbed by the Company. Vandalism of this type shall be reported to the Local Authority, outlining the extent of the damage and the estimated cost of repair. Providing the Local Authority agrees in writing to absorb these costs, the Company shall effect repairs and restore service. Otherwise, the street

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By *Chunell*

Director
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By *[Signature]*

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British Columbia Utilities Commission

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light luminaire(s) shall be removed and monthly billing shall be immediately discontinued.

d. Streetlight Poles

The Municipal street lighting rate structure is based upon the installation of luminaires on existing wood poles provided for distribution service in the community. Should additional wood poles be required, the cost of providing and installing the additional poles is the responsibility of the customer.

**e. Steel Standards
and/or Underground
Wiring**

The Municipal street lighting rate structure is based upon the installation of overhead wiring on existing wood poles provided for distribution service in the community. Should steel standards and/or underground wiring be required, the cost of providing and installing this special service is the responsibility of the customer.

Order No. G 11 2006

Issued MAY 10 2006

By *Shenell*

Director
Kyuquot Power Ltd.
400-1444 Alberni Street
Vancouver, B.C.
V6G 2Z4

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By *[Signature]*

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British Columbia Utilities Commission

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