Portland General Electric CEO Peggy Fowler tours a power plant near Clatskanie, Ore. The city of Portland is considering a bid for Enron's biggest utility company. **World Briefs, C6** / STEVEN NEHL, BLOOMBERG

THE VANCOUVER SUN

SECTION C

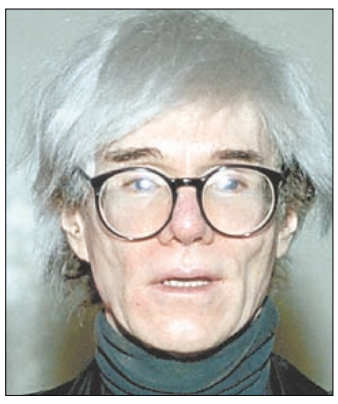
BUSINESS BC

CORPORATE PSYCHOPATHS **C3**

B.C. WAGES DON'T MEASURE UP **C4**

EDITOR STEWART MUIR 604-605-2520 • THURSDAY, AUGUST 29, 2002 • E-mail sunbusiness@pacpress.southam.ca

FAME NOT SO FLEETING



He told us that one day everybody would be famous for 15 minutes, but did he know his own fame would still be a big draw 15 years after his death? The Andy Warhol Retrospective, which ended a 12-week run at the Museum of Contemporary Art earlier this month, boosted Los Angeles' economy by $55.8 million US, city officials said. Warhol died in 1987.

CNE TOPS OPRAH

Canadian Internet surfers seemed to be fascinated by entertainers, fairs and diseases this week. Here's the Sympatico.ca Top 10 list for the week ending August 25:

1. Canadian National Exhibition
2. Oprah
3. Elton John
4. Hepatitis A
5. Futons
6. Victoria's Secret
7. Lisa Marie Presley
8. Michael Jackson
9. Toronto Film Festival
10. Water Parks

BATHROOM BREAKS

Employees at the Jim Beam bourbon distillery in Clermont, Ky., are getting sour over restrictions on bathroom breaks. Workers on the bottling line are limited to four breaks per 8½ hour shift, only one of which can be unscheduled. Extra trips to the bathroom can result in reprimands. Workers with six violations can be fired.

PETER LEGGE'S BUSINESS TIPS

 # 36 Maintain balance in your life.

You don't want to be so rich that nobody will live with you. Equally, it's hard to enjoy a great family life if you're always worrying about where the rent money will come from. Balance between family and work is the key.

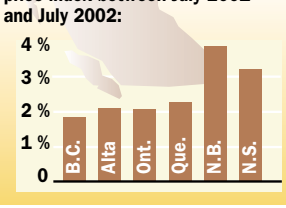
Peter Legge is the chairman of the Vancouver Board of Trade

B.C. SNAPSHOT

Reining inflation

B.C's economic growth might be lagging behind the mighty engines of industry in Alberta and Ontario, but British Columbians can take heart in one thing: their cost of living isn't climbing as quickly as it is in those provinces either.

Percentage growth in consumer price index between July 2001 and July 2002:



Source: Statistics Canada

Softwood: U.S. wants radical change

FORESTRY | America's lumber lobby wants more than 50 per cent of B.C. timber to be 'sold competitively,' **Gordon Hamilton** writes

British Columbia can't expect to make a softwood deal with the American government without undertaking radical changes in they way public-owned timber is sold, an American lumber industry lobbyist said Wednesday.

Log exports, an open market for domestic log sales and reform of the timber tenures held by major logging companies are all still on the table as far as the U.S. industry is concerned, said John Ragosta, legal counsel for the Coalition for Fair Lumber Imports.

Currently, B.C. restricts log exports and sells only six per cent of public timber competitively. Most timber is tied up in long-term tenures held by forest companies. They pay a stumpage rate determined by the government.

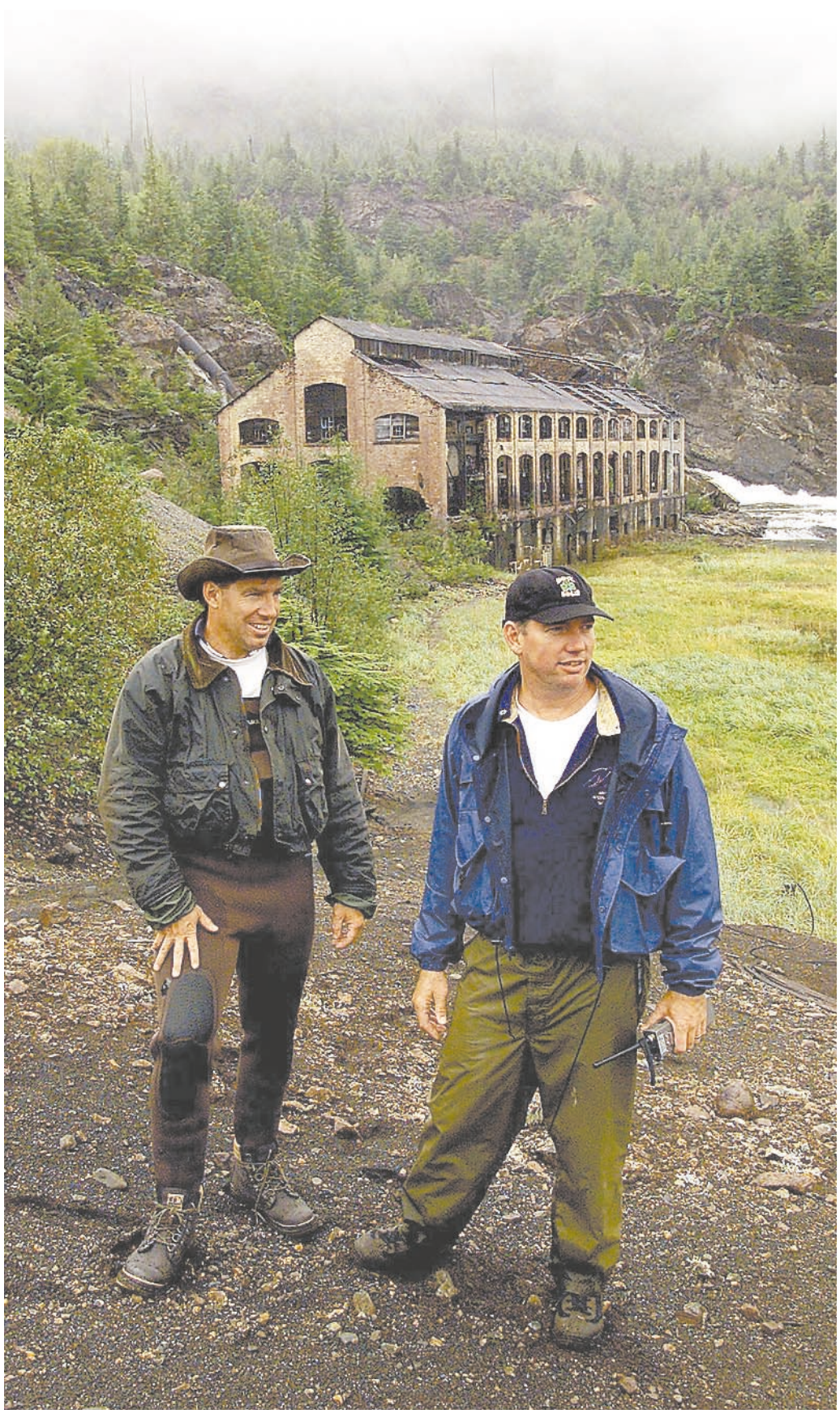
The U.S. proposal, floated tentatively at informal talks this week with B.C. officials, is being viewed here as a way to circumvent the U.S. lobby. The American industry sees it as a way to deal with Canada's provinces one-by-one.

It is not likely to depart too far from the American industry agenda, Ragosta said. "How do I know? I know what an open and competitive market looks like. I know what has been in previous U.S. government proposals.

"I think there is a great deal of flexibility on what the components of an open and competitive market can be. But I would be surprised if the U.S. government proposed anything that was not a robust and competitive market.

"You are going to have to have over 50 per cent of the timber sold competitively," Ragosta said.

See **U.S MUST** C4



STUART DAVIS/VANCOUVER SUN

Jeff Wolrige (left) and John Turpin are hoping to turn Anyox Creek into power source.

Pop singer Jewel gives star power to energy project

ENTERPRISE | Firm enlists singer to help bring a northern ghost town's dormant hydro dam back to life, **Derrick Penner** writes

First in a series

ANYOX

About 160 kilometres up Observatory Inlet from Prince Rupert, the emerald-thatched hillsides rise steeply into thick clouds and the rain is relentless, even in August.

"There's no shortage of water," proclaims Jeff Wolrige, a glint in his eye.

His company, Anyox Hydroelectric Ltd., recently signed folk-pop chanteuse Jewel on as a partner in its bid to wring a buzzing stream of electricity out of that rain and send it south, where there is an insatiable demand for it.

The company owns a dormant hydro dam at the townsite that is its namesake and plans to submit a bid to B.C. Hydro in October to sell electricity from the old facility to the utility under its green and alternative energy program. Hydro aims to meet 10 per cent of all new demand for electricity with environmentally sensitive power.

"We can't keep up with runaway consumption," Wolrige said, noting that outside of B.C. much of the electricity consumed is produced by burning non-renewable fossil fuels.

"We need sustainable alternatives and that's where there are a lot of opportunities in the Northwest."

Brenda Goehring, manager of green and renewable energy for B.C. Hydro, said the utility will accept proposals for new projects in October. It wants to purchase up to 800 gigawatt hours of power, enough to supply about 80,000 homes.

From behind the wheel of the company's crew boat, *My Lady*, John Turpin suggests to guests that it doesn't always rain here.

"It's too bad it's not a little bit clearer, guys," said the chief of operations for Anyox Hydroelectric. "This is one of the most beautiful stretches of water in the world, when you can see it."

See **PROPOSED POWER** C5

REUTERS FILES

Pop star Jewel has an interest in power project.

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Photos by STUART DAVIS/VANCOUVER SUN

John Turpin walks through abandoned Anyox power generating plant. Turpin and partner Jeff Wolrige are electricity entrepreneurs, whose interest was sparked by California energy crisis.

Proposed power projects include old Kitsault site

From C1

Wolrige expects it to cost $1.5 million to $2 million per-megawatt of generating capacity to build the development, roughly $39 million to something over $60 million to generate between 26 and 40 megawatts of electricity.

Anyox itself, the site of a copper mine smelter from 1900 until 1935, had a population of 2,500 at its height. A concrete dam holds back a reservoir that is slightly bigger than the Capilano reservoir but not quite as large as the Seymour.

Anyox Creek, which the company believes to be fish-barren, tumbles a couple hundred metres down steep slopes to a waterfall that spills into Granby Bay. Wolrige has an engineering estimate that says it could cost less than $2 million to repair the dam, which was breached in three spots to prevent it from over-spilling.

To generate power, the company would also have to build a 4.3-kilometre pipe down the mountain to pour water into a yet-to-be built powerhouse that must contain water-driven turbines and generators to produce between 16 megawatts and 25 megawatts of electricity. One megawatt is considered enough energy to power 1,000 homes.

From the powerhouse, Wolrige said they want to string a 30-kilometre underwater power line to tie into B.C. Hydro's grid at Kitsault, another mining town on Alice Arm that was abandoned in the early 1980s.

From Alice Arm, Wolrige and Turpin want to take Anyox Hydroelectric's interests up to the head of the Kitsault River, where another abandoned storage dam holds back a much smaller reservoir above another steep falls that they believe might generate as much as 15 megawatts of power.

Again, they think the Kitsault project will produce power cleanly without impacting fish below the dam or wildlife above it, which is what attracted the attention of Jewel, in the form of the management company headed by her mother, Lenedra Carroll.

The company has become a minority partner in the development of Anyox Hydroelectric and will help arrange capital financing if it goes ahead to construction. Wolrige said they were introduced to the company's vice-president, Sean Ebnet, earlier this year by the proponent of another power project.

Ebnet said the Anyox project addressed a lot of things they look for. It would be clean energy, using existing resources and support jobs and economic stimulus in an area that is in need of it.

"Green power, we feel, is vital to the planet," said Colleen Anderson, CEO of Carroll's company. She added that the company's involvement is a statement that people have to make deliberate, sustainable, choices for the way they operate in the world.

Carroll said if people don't do so, "we'll be up a creek without a creek. To participate in this project sets an example that we want to make a difference and we're putting our own resources behind it."

Jewel, who is busy touring, is aware of the project's concept, Carroll said. She added that while the company would have become involved no matter where the project was located, Anyox feels a bit homey for the Alaska-born Jewel.

"Jewel does like that it's in the north," Carroll said. "She has a kinship [with the region]."

She said her daughter's involvement doesn't really affect the business aspect of the project. When it comes to raising capital, a celebrity endorsement doesn't necessarily help. Carroll added that one of the singer's contributions would be the education of her audiences about environmentally sensitive energy.

Anderson said there is a lot of "green" capital available for such energy projects, and since Sept. 11, many of the people who hold it want to keep their funds in North America.

Wolrige liked the "environmental conscience and strong sense of business ethics," that Jewel's name brings to the venture. "You can't really ask for more."

The Jewel connection also helps keep it a private development. Wolrige said the company put some thought into going public on the TSX Venture Exchange. The principals, however, didn't want to risk being pushed aside and wind up with a badly diluted position as shareholders.

They are electricity entrepreneurs, after all, and watching the California energy crisis of 2000 and 2001 is what really drew them into the market.

"That's what really sort of started to pique my interest," Wolrige said. "I really got excited about it when they were paying $75 US a megawatt hour in California. I know we can bring this plant into production and operate quite nicely at the $50 Cdn [per mwh] range."

The base price offered by B.C. Hydro when it opened its green and alternative energy initiative in 2001 was $49.

"They've put in place what is a fair rate structure," Wolrige said. "All of a sudden, [Anyox] was in the bounds of being economical."

Wolrige and Turpin are in the process of completing the company's application to B.C. Land and Water for a preliminary water licence, the first step in entering the B.C. Hydro process.

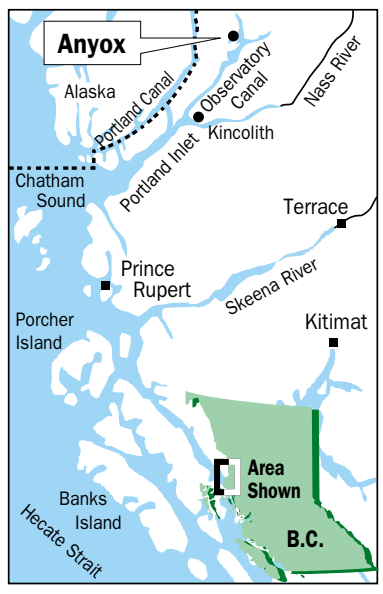
The application only costs $5,000, but to get it entails studies to analyse fisheries potential, wildlife impacts, extremely detailed hydrology tests to gauge stream flows at all times of the day throughout the entire year, archeological surveys and socio-economic impact.

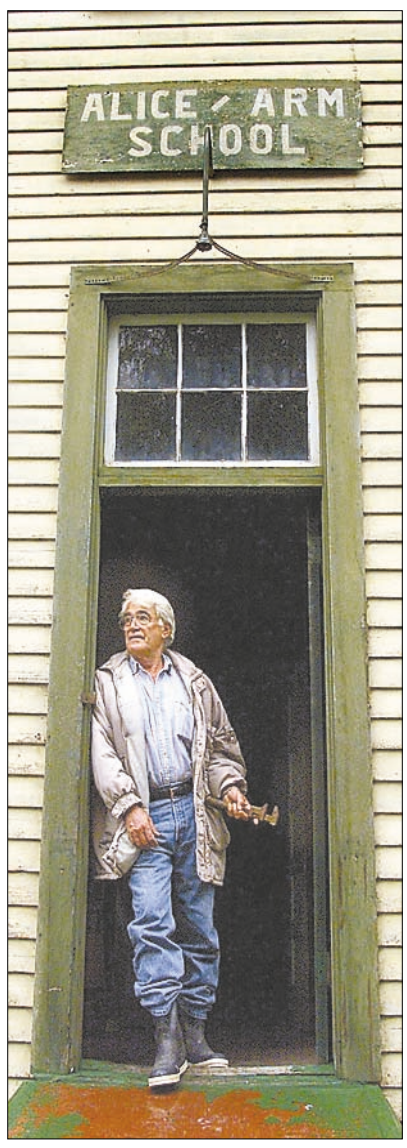
The company has pulled a barge into Granby Bay to serve as a base camp, which Wolrige said cost about $200,000 itself, and all the work done to date is approaching $1 million, much of it personal investment. And there is no room in the budget for salaries, Turpin noted.

"The money we're spending right now is risk money," Wolrige said.

Both he and Turpin have had successful careers before taking on electricity. Wolrige has done property development and management and owns Southview Property Management. Turpin, who now lives in Victoria, is an ICBC claim centre manager.

They have had contact with a half-dozen potential investors over the last couple of years and Wolrige said every one has helped them advance the project by pointing out missing bits of information or weak spots in their presentation.





Alice Arm resident Vince Brown is providing expertise about the area.

Curiously, the Anyox Cemetery is among the most intact parts of the community. As 'Anyox' means hidden, it certainly applies to the cemetery as it continues to be swallowed by the West Coast rainforest.

Friday: An examination of B.C. Hydro's green energy initiative

A scene from 'The Land That Time Forgot'

The only residents of Anyox today are bears and True Grit employees

Beyond the business prospects of the Anyox project, it tickles the sense of adventure of both Jeff Wolrige and John Turpin. They are friends dating back to their rugby-playing days at Point Grey high school in the 1970s.

"Sometimes I feel like we're in that movie, *The Land That Time Forgot*," Wolrige quipped.

The forests of Observatory Inlet appear un-logged, but have not escaped the scars of industry. Bony spikes of dead trees poke out of the green of new forest, evidence of Anyox's presence. Locals call them "smelter kill," victims of noxious smelter gases that spewed out of the copper furnaces and choked off all the vegetation on the hillsides close to town.

At Alice Arm, Wolrige and Turpin have become fast friends with Vince and Vicki Brown, owners of the Alice Arm Lodge, a rustic but cosy stopover for sport anglers and longtime residents of the area.

Anyox Hydroelectric now owns the property where the dam and its old powerhouse are and much of the old townsite once stood, following the ownership chain from Cominco which purchased the site from Grandby Consolidated Mining and Smelting.

Wolrige explained that his father, Alan Wolrige — a Vancouver accountant — and a business partner, lawyer Peter Richards, bought the title from Cominco in 1985 because they still believed it was a valuable mineral resource.

In the meantime, Wolrige and Turpin, both avid sport anglers, have trolled the coast in search of salmon for years and came to love the Northwest. When electricity prices started to climb though, it put a buzz under their ball caps.

"We love the country and love getting up here, and it seemed to be a great opportunity to do something worthwhile," Wolrige said.

They both break into broad smiles recounting Anyox stories from the past, about how a gold strike in its early development paid for construction of the town, and the legend of Hidden Creek as a hiding spot for local natives from Haida raiding parties.

At Anyox today, the only residents are bears and a few employees of a company called True Grit, which is carving away at the barren black mountain of slag. Its fine black grit is used in grip paint, shingles and to stone-wash denim for clothing.

There are a few old shells of concrete and brick buildings on land. The old coking plant on the northern point of Granby Bay, complete with its old smokestack. To the south, the old powerhouse sits at the mouth of Anyox Creek, its once sharp profile quickly fading into a pile of brick. Inside, the generators and turbines lay splayed open, rotted and cut away by rust and time.

The bones of Anyox — a rusting steel vessel here, the remnants of a stone wall there and long lines of spiral steel banding left over from wooden-stave water lines — are shrouded in the growing forest.

Curiously, the cemetery is among the most intact parts of the community that remains that survived the great fire. Trees sprout up from some of the graves, but the headstones of others still stand dignified in the gloom of the forest.

"We'd move here in a second," Turpin said.

"Our wives won't let us though," Wolrige lamented.

— Derrick Penner