



No. S-120712
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF CATALYST PAPER CORPORATION
AND THE PETITIONERS LISTED IN SCHEDULE "A"

PETITIONERS

NOTICE OF APPLICATION

Names of applicants: Catalyst Paper Corporation and the other Petitioners listed in Schedule "A" ("Catalyst")

To: The Service List; The British Columbia Hydro and Power Authority

TAKE NOTICE that an application will be made by the applicants to the presiding judge at the courthouse at 800 Smithe Street, Vancouver, British Columbia on June 25, 2012 at 10:00 a.m. for the orders set out in Part 1 below.

Part 1: ORDERS SOUGHT

1. An Order substantially in the draft form attached as **Schedule "B"** hereto.

Part 2: FACTUAL BASIS

2. On January 31, 2012, the Court granted an Initial Order (the “**Initial Order**”) in respect of the Petitioners and Catalyst Paper General Partnership (collectively the “**Company**”) providing for a comeback hearing on February 14, 2012 and a stay of proceedings until that same date (the “**Stay**”). The Initial Order appointed PricewaterhouseCoopers Inc. as the monitor of the Company (the “**Monitor**”) in the CCAA proceedings.

3. On February 3, 2012, the Court granted an Order amending and restating the Initial Order (the “**Amended and Restated Initial Order**”). Since that date, various other Orders have been granted by the Court.

4. By way of orders granted by the Court on February 3, 2012 and February 6, 2012 the Court deemed certain suppliers of the Company to be critical suppliers in accordance with section 11.4 of the CCAA (“**Critical Suppliers**”) and created a charge against certain property (the “**Critical Suppliers’ Charge**”). The Critical Suppliers are listed in Schedule “C” of the Amended and Restated Initial Order.

5. The Company requires electricity supplied by BC Hydro for the continued operation of its business. The Company’s activities are very power intensive. While the Company produces a portion of the electricity it uses, it is nonetheless required to purchase the majority of its electricity. Purchasing electricity from BC Hydro is the only economically viable option for the Company for the foreseeable future.

6. BC Hydro has agreed to reinstate credit terms provided it is designated as a Critical Supplier. Catalyst has agreed to abide by 14 day credit terms.

7. The Company purchases an average of approximately \$2.0 to \$2.5 million of electricity from BC Hydro a week, depending on various factors.

Part 3: LEGAL BASIS

1. *Supreme Court Civil Rules*, Rule 8-1, 13-1; and
2. *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended; and
3. The inherent and equitable jurisdiction of the Court.

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit #6 of Robert Lindstrom, made June 22, 2012;
2. Such further and other materials as counsel may advise and the Court may permit.

The applicants estimate that the application will take 30 minutes.

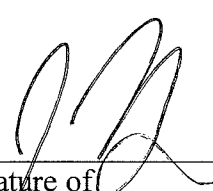
[] This matter is within the jurisdiction of a master.

☒ This matter is not within the jurisdiction of a master.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

- (a) file an application response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:
 - (i) a copy of the filed application response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
 - (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: June 22, 2012



Signature of
[] applicant [x] lawyer for applicants
Peter Rubin / Jeff Langlois

SCHEDULE "A"

LIST OF ADDITIONAL PETITIONERS

Catalyst Pulp Operations Limited

Catalyst Pulp Sales Inc.

Pacifica Poplars Ltd.

Catalyst Pulp and Paper Sales Inc.

Elk Falls Pulp and Paper Limited

Catalyst Paper Energy Holdings Inc.

0606890 B.C. Ltd.

Catalyst Paper Recycling Inc.

Catalyst Paper (Snowflake) Inc.

Catalyst Paper Holdings Inc.

Pacifica Papers U.S. Inc.

Pacifica Poplars Inc.

Pacifica Papers Sales Inc.

Catalyst Paper (USA) Inc.

The Apache Railway Company

To be completed by the court only:

Order made

☐ in the terms requested in paragraphs of Part 1 of this notice of application

☐ with the following variations and additional terms:

Date: _____

Signature of ☐ Judge ☐ Master

APPENDIX

[The following information is provided for data collection purposes only and is of no legal effect.]

THIS APPLICATION INVOLVES THE FOLLOWING:

[Check the box(es) below for the application type(s) included in this application.]

- ☐ discovery: comply with demand for documents
- ☐ discovery: production of additional documents
- ☐ extend oral discovery
- ☐ other matter concerning oral discovery
- ☐ amend pleadings
- ☐ add/change parties
- ☐ summary judgment
- ☐ summary trial
- ☐ service
- ☐ mediation
- ☐ adjournments
- ☐ proceedings at trial
- ☐ case plan orders: amend
- ☐ case plan orders: other
- ☐ experts

Schedule "B"

**No. S120712
Vancouver Registry**

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

AND

**IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*,
R.S.C. 1985, c. C-44**

AND

**IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c. 57**

AND

**IN THE MATTER OF CATALYST PAPER CORPORATION
AND THE PETITIONERS LISTED IN SCHEDULE "A"**

PETITIONERS

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE)
MR. JUSTICE SEWELL) 26/June/2012
)

ON THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on the 26th day of June, 2012; AND ON HEARING, Bill Kaplan, Q.C. and Andrew Crabtree, counsel for the Petitioners, John Grieve and Kibben Jackson, counsel for the Monitor PricewaterhouseCoopers Inc., and those other counsel listed in **Schedule "B"** hereto; AND UPON READING the material filed;

THIS COURT ORDERS AND DECLARES THAT:

SERVICE

1. The time for service of the Notice of Application herein be and is hereby abridged and that the Notice of Application is properly returnable today and service thereof upon any person other than those on the Service List be and is hereby dispensed with.

CRITICAL SUPPLIER DESIGNATION

2. The British Columbia Hydro and Power Authority ("**BC Hydro**") is designated as a Critical Supplier as that term is defined in paragraph 25(a) of the Amended and Restated Initial Order (as amended by the Order of February 6, 2012 (the "**Critical Suppliers Order**")).

3. BC Hydro shall extend 14 day credit terms to Catalyst.

4. BC Hydro shall be entitled to the benefit of the Critical Suppliers charge as described in paragraphs 25(d) and (e) of the Amended and Restated Initial Order (as amended by the Critical Suppliers Order) (the "**Critical Suppliers Charge**").

5. The Critical Suppliers Charge applicable to BC Hydro shall have the priority described in paragraphs 25(i), 51 and 52 of the Amended and Restated Initial Order (as amended by the Critical Suppliers Order).

6. BC Hydro shall be entitled to charge and be paid interest as described in paragraph 25(j) of the Amended and Restated Initial Order (as amended by the Critical Suppliers Order).

7. For further clarity, paragraphs 25(b), (c), (f), (g), (h), (k), (l), and (m) of the Amended and Restated Initial Order (as amended by the Critical Suppliers Order) shall not apply to BC Hydro as a Critical Supplier under this Order.

APPROVAL

8. Endorsement of this Order by counsel appearing on this application other than counsel for the Petitioners is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of
[] party [X] lawyer for the Petitioner Parties
Bill Kaplan, Q.C. / Jeff Langlois

BY THE COURT.

Registrar

Schedule "A"

LIST OF ADDITIONAL PETITIONERS

Catalyst Pulp Operations Limited

Catalyst Pulp Sales Inc.

Pacifica Poplars Ltd.

Catalyst Pulp and Paper Sales Inc.

Elk Falls Pulp and Paper Limited

Catalyst Paper Energy Holdings Inc.

0606890 B.C. Ltd.

Catalyst Paper Recycling Inc.

Catalyst Paper (Snowflake) Inc.

Catalyst Paper Holdings Inc.

Pacifica Papers U.S. Inc.

Pacifica Poplars Inc.

Pacifica Papers Sales Inc.

Catalyst Paper (USA) Inc.

The Apache Railway Company

