

Ghost town to boom town: B.C.'s Kitsault looks to LNG

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The proud owner of a B.C. ghost town figures he will get the last laugh.

But Krishnan Suthanthiran still has a long way to go before making his unorthodox investment in the remote community of Kitsault pay off, if ever. Row after row of houses and other buildings sit empty, waiting for the first occupants since 1983. For now, the town serves as a time capsule from the early 1980s.

Mr. Suthanthiran paid \$7-million for the community in northwestern British Columbia in 2005, when the region went through another round of rough times.

Today, the area's economy is faring much better, fuelled in part by Rio Tinto Alcan's massive modernization project at its aluminum smelter in Kitimat, a 230-kilometre drive south of Kitsault. Across northwestern British Columbia, several energy firms are doing preliminary work on their liquefied natural gas proposals.

Mr. Suthanthiran serves as president of Kitsault Energy Ltd., the name of a fledgling project to export LNG to energy-thirsty customers in Asia. Kitsault Energy is one of 17 B.C. LNG proposals announced to date, though it is far from certain that even one export plant will get built.

He recalls the puzzled reaction when news spread in 2005 that he bought Kitsault lock, stock and barrel. An affiliate of Phelps Dodge Corp., an American company that was subsequently acquired in 2007 by Phoenix-based Freeport McMoran Inc., sold the property to the American entrepreneur.

Amax Canada had produced molybdenum, an additive that goes into steel production. But the market for molybdenum collapsed in 1982, forcing the Amax mine to close after only 18 months. Nearly 1,200 residents abandoned Kitsault by 1983.

Mr. Suthanthiran is undaunted by the remote location at the head of Alice Arm, a 1,440-kilometre drive north of Vancouver. He reckoned there would eventually be an economic revival to trigger demand for some 90 houses and 150 apartment units. There are also community amenities such a recreation centre, supermarket, shopping mall, hospital, public library and curling rink, to name a few of the now-empty structures – part of a building boom from 1978 to 1980.

"One man's garbage is another man's gold," Mr. Suthanthiran said in an interview during a stopover in Vancouver.

When he bought the community, including 350 hectares of industrial land, he pondered a number of ideas to breathe new life into Kitsault. Everything from a movie studio and vacation resort to scientific think tank and ecotourism crossed his mind as potential economic stimulus for the deserted town.

Mr. Suthanthiran said he is monitoring Avanti Mining Inc.'s proposal to open a molybdenum mine near Kitsault, but he has his own vision for an industrial comeback. Nine years after his purchase and 32 years after the mine shutdown, Mr. Suthanthiran reckons that LNG could bring boom times to Kitsault.

Born in India, the entrepreneur graduated in 1971 with a master's degree in mechanical engineering from Ottawa's Carleton University. He would later go on to make millions of dollars from real estate investments and founding Virginia-based Best Medical International, a distributor of health products for hospitals. Mr. Suthanthiran, a 66-year-old U.S. citizen, lives in Springfield, Va.

He said he has spent an estimated \$18-million over the past nine years to maintain Kitsault's infrastructure – he hires 10 to 15 workers to make the rounds and check on the condition of the homes and other structures, and repair whatever needs fixing. "It has been a ghost town for a long time," he said. "Maintaining and upgrading the town costs money. When I got Kitsault in 2005, the property was essentially vacant since October, 1983."

While he has invested a total of \$25-million into Kitsault so far and there aren't any immediate prospects of generating LNG revenue, he isn't losing sleep over it because he is confident that the value of his real estate has soared.

"To reproduce the town today would cost \$700-million," he said.

His energy vision hinges in large part on whether he is able to line up buyers to sign long-term contracts to take delivery of LNG in places such as China, India, Japan and South Korea. "I'm talking to a number of potential customers in all of those countries," he noted.

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