



VIA EFILE

February 21, 2017

**SHANNON ESTATES THERMAL ENERGY SYSTEM  
RATE APPLICATION EXHIBIT A-13**

Mr. Joseph Chow  
Sterling, Cooper Consultants Inc.  
608 – 1166 Alberni Street  
Vancouver, BC V6E 3Z3

Dear Mr. Chow:

Re: Shannon Wall Centre Rental Apartments Limited Partnership  
Rate Application for the Shannon Estates Thermal Energy System

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Further to your February 6, 2017 filing of the above noted updated application and the Regulatory Timetable revised in British Columbia Utilities Commission Order G-193-16, enclosed please find Commission Information Request No. 3. In accordance with the Regulatory Timetable, please file your response electronically with the Commission on or before Tuesday, March 7, 2017.

Yours truly,

*Original signed by:*

Erica Hamilton

CMcM/dg  
Enclosure

BRITISH COLUMBIA UTILITIES COMMISSION  
INFORMATION REQUEST NO. 3  
TO SHANNON ESTATES RENTAL APARTMENTS LIMITED PARTNERSHIP

**Shannon Estates Thermal Energy Systems Rates Application**

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**A. SECTION A: DEFINITIONS**

**50.0 Reference: Definitions  
Exhibit B-1-1, Appendix A1, Section A  
Dwelling Unit**

Section A of the Tariff Schedules (Tariff Schedules) in Appendix A1 of the updated application marked as Exhibit B-1-1 (Updated Application) defines a Dwelling Unit as follows:

**Dwelling Unit:** Discreetly addressed residential abode as defined by Canadian and Provincial laws, or commonly known as an apartment suite.

50.1 Should the definition of a 'Dwelling Unit' include a residential and/or commercial strata unit? If not, please explain.

50.1.1 If yes, please update the Tariff Schedules as necessary.

**51.0 Reference: Definitions  
Exhibit B-1-1, Appendix A1, Section A  
Building**

Section A of the Tariff Schedules defines a 'Building' as follows:

**Building:** means a residential or other building or facility or dwelling unit or service which is subject to a Customer Agreement.

51.1 Please confirm, or explain otherwise, that pursuant to the definition provided, one physical building could be made up of several individual buildings.

51.2 It appears that the definition of a 'Building' is defined in relation to a Customer Agreement. Please confirm, or explain otherwise.

51.2.1 If confirmed, please explain why this is appropriate. Would it not be more reasonable to define a Building independent of a Customer Agreement?

51.2.1.1 If yes, please update the Definitions and other sections of the Tariff Schedules as necessary.

51.3 Given that Building refers equally to a building or facility or a unit, please provide the number of Buildings that Shannon Wall Centre Rental Apartments (SWCRA) expects will be subject to Customer Agreement. Please provide a breakdown by type (e.g., tenants of SWCRA, owners of strata units, strata corporations, SWCRA, etc.).

**52.0 Reference: Definitions  
Exhibit B-1-1, Appendix A1, Section A  
Terms and Conditions**

Section A of the Tariff Schedules defines 'Terms and Conditions' as follows:

**Terms and Conditions:** means these Thermal Energy Service Terms & Conditions, including the definitions and schedules hereto, all as amended from time to time by the Utility with the approval of the, and as filed with, the British Columbia Utilities Commission.

- 52.1 Please explain why the definition of ‘Terms and Conditions’ (T&C) includes definitions, and the schedules.
- 52.1.1 Would it not be accurate to conclude that the Tariff Schedules include the Definitions, T&C, Rates, as Standard Fees and Charges schedules as set out in the Tariff Schedules’ table of content?
- 52.1.1.1 If necessary, please update the Definition.

**53.0 Reference: Definitions**  
**Exhibit B-1-1, Appendix A1, Section A; Exhibit B-5, BCUC IR 29.1.1**  
**Basic Charge**

Section A of the Tariff Schedules defines ‘Basic Charge’ as follows:

**Basic Charge:** means a fixed charge required to be paid by a Customer for Energy Services during a prescribed period as specified in the Rate Schedule.

In response to BCUC Information Request (IR) 29.1.1 SWCRA stated:

**29.1.1 If not, please explain.**

[SETES: Amendments are made so the title of Subsection C1 refers to “Basic Charges” instead of “Fixed Charges” and the definition of Basic Charge in Section A now refers to “Rate Schedule Subsection C1”]

- 53.1 Please explain why the changes set out in BCUC IR 29.1.1 are not reflected in Section B of the updated Tariff Schedules.
- 53.2 Will the ‘Basic Charge’ be prorated for partial months of service? If not, please explain.
- 53.2.1 If yes, would SWCRA be agreeable to adding the following language to the ‘Basic Charge’ definition:
- ‘...or the prorated daily equivalent charge – calculated on the basis of a 365-day year, rounded down to four decimal places.’

**B. SECTIONS B: TERMS AND CONDITIONS**

**54.0 Reference: Terms and Conditions**  
**Exhibit B-1-1, Appendix A1, Section B, Subsections 1 and 16**  
**Application for Energy Service**

Part of subsection 1 of the T&C in Section B of the Tariff Schedules states:

**1. Application for Energy Services**

The Utility will provide Energy Services to Customers solely in accordance with these Terms and Conditions. Persons seeking to become Customers must

- 54.1 Please file a copy of the Application for Energy Service the Utility provides to the Customer.

54.2 Would SWCRA be agreeable to amending the first sentence as follows:

‘The Utility will provide Energy Service to Customers solely in accordance with the Tariff Schedules including the Definitions, Terms and Conditions, Rate Schedules and Standard Fees and Charges Schedules.’

54.2.1 If yes, please update as necessary.

54.2.2 If not, please explain.

Part of subsection 1 of the T&C states:

If an Applicant is requesting Energy Services at more than one Building, the Utility will determine in its sole discretion whether to consider the Applicant the same Customer for all Buildings or to consider the Applicant a separate Customer for each of the Buildings. The thermal energy service provider intends that there will be no more than one Customer per Building.

54.3 Would SWCRA be open to changing the wording from ‘The thermal energy service provider’ to ‘The Utility’ for consistency with the definitions provided in Section A of the Tariff Schedules?

54.4 A Customer is defined in Section A of the Tariff Schedules in relation to a Customer Agreement. A Building is also defined in relation to a Customer Agreement. Please confirm, or explain otherwise, that if the definition of Building was not defined in relation to a Customer Agreement the language highlighted in yellow would be clearer.

Part of subsection 1 of the T&C states:

Application for Energy Services can be made in person or in writing. Applicants will be required by the Utility to complete and sign an Application for Service form which, together with these Terms and Conditions, constitutes a Customer Agreement. The Customer Agreement will

54.4.1 Please explain why the Application for Service becomes part of the Customer Agreement.

54.4.2 Please explain why the Customer Agreement does not include the entire Tariff Schedules including the Definitions, Rate Schedules and the Standard Fees and Charges schedules.

Subsection 16(b) of the T&C states:

(b) breaches the terms and conditions of the applicable Customer Agreement (including, without limitation, these Terms and Conditions);

54.5 What other terms and conditions other than those contained in the Tariff Schedules and approved by the British Columbia Utilities Commission (Commission or BCUC) is SWCRA referring to?

54.6 What terms and conditions approved by the BCUC does SWCRA consider the following can override (i) Application for Service, (ii) Customer Agreement, or (iii) a written agreement between the Customer and the Utility?

54.6.1 If any, please explain how this complies with the *Utilities Commission Act (UCA)*.

**55.0 Reference: Terms and Conditions  
Exhibit B-1-1, Appendix A1, Section B, Subsection 4  
Applicable Rate Schedule**

Subsection 4 of the T&C states:

4. Applicable Rate Schedule

A Customer must not significantly change its connected load without the prior written approval of the Utility. The Utility may conduct periodic reviews of the quantity of Thermal Energy delivered and the rate of delivery of Thermal Energy to a Customer **for the purpose of, among other things, determining whether to substitute a more applicable Rate Schedule.**

55.1 Given that the Rates Schedules set out in Section C of the Tariff Schedules apply to all Customers please explain what a “more applicable Rate Schedule” would be?

55.1.1 If there is not a more applicable Rate Schedule would SWCRA be agreeable to removing the language highlighted in yellow and renaming the subsection “Changes to Connected Load”? If not, please explain.

**56.0 Reference: Terms and Conditions  
Exhibit B-1-1, Appendix A1, Section B, Subsection 5 and 8  
Ownership and Care of the Thermal Energy System**

Part of subsection 5 of the T&C states:

The Customer will take reasonable care of and protect all components of the Thermal Energy System in, on or under the Customer's lands (whether located inside or outside of Building(s)) against damage and must advise the Utility promptly of any damage to or disappearance of the whole or part of any such component. **Further, the Customer will pay to the Utility promptly upon request the cost of any broken, missing or damaged component of the Thermal Energy System (or part thereof), except to the extent that the Customer demonstrates that such component (or part thereof) was broken, missing or damaged due to a defect therein or to any act or omission of the Utility or any of the Utility's Representatives.**

56.1 Please further elaborate on the meaning of the language highlighted in yellow. Specifically, please explain why the Customer would have to pay the Utility for any broken, missing or damaged components of the Thermal Energy System (TES) if the damage was not caused by the Customer.

56.2 Please explain how this subsection reconciles with subsection 8.

**57.0 Reference: Terms and Conditions  
Exhibit B-1-1, Appendix A1: Section A, Definitions; Section B, Subsection 6  
Meter Reading**

Part of subsection 6 of the T&C states:

The interval between consecutive meter readings will be at the sole discretion of the Utility.

The meter will typically be read at monthly intervals.

57.1 Would SWCRA be open to adding a maximum interval of three months?

57.1.1 If not, please explain why not.

57.1.2 If yes, please update as necessary.

**58.0 Reference: Terms and Conditions  
Exhibit B-1-1, Appendix A1, Section B, Subsection 8  
Maintenance**

Section A of the Tariff Schedules defines a Building System as follows:

**Building System:** means the system of water pipes and heat and cooling and domestic hot water delivery and / or storage equipment to be installed and used for distributing and storing Thermal Energy in a Building, connected to but downstream of and excluding the Service Connection and Energy Transfer Station for that Building.

Subsection 8 of the T&C states:

The Utility will repair, maintain and replace all components of the Thermal Energy System in, on or under the Customer's lands (whether

The Customer will repair, maintain and replace the Building System in all Building(s) from time to time at its own cost to keep the same in good working order.

58.1 Is the Building System owned by the Utility? If not, please explain.

58.2 Please explain why the Utility would not be responsible to repair, maintain and replace the Building System.

58.3 The T&C does not appear to make a clear distinction between assets owned by the Utility and asset owned by the individual Tenants of the SWCRA, owners of strata units, the strata corporations, and SWCRA. Please explain which assets are owned by whom and explain how this could better be clarified in the Tariff Schedules.

**59.0 Reference: Terms and Conditions  
Exhibit B-1-1, Appendix A1, Section B, Subsection 10  
Exhibit B-2, BCUC IR 1.2; Exhibit B-5, BCUC IRs 24.1, 24.2 and 24.5  
Emergency Service Reconnection**

Part of subsection 10 states:

and such Customer or the employee, agent or other representative of such Customer re-applies for Energy Services for the same Building within 12 months of such discontinuance or disconnection (as applicable), then if the Building's Building System is reconnected to the Thermal Energy System or if Energy Services are restored to such Customer, such Customer will pay, as part of fees owing for the first month of Energy Services, a reconnection charge equal to the sum of:

- (c) the costs that the Utility estimates it will incur in reconnecting the Building's Building System to the Thermal Energy System or restoring Energy Services to such Customer; and
- (d) the Basic Charge that such Customer would have paid had Energy Services continued during the period between the date of discontinuance or disconnection (as applicable) and the date of such reapplication.

The response to BCUC IR 24.1 states:

The Utility has replaced 10(c) so it directly refers to the Service Restart Charge as defined in Section D – Standard Fees and Charges schedule from the Terms and Conditions and no longer describes a provision for estimated costs. Please see amended section 10 in the terms and conditions.

- 59.1 Subsection 10(c) of the updated T&C has not been amended to reflect the changes proposed in response to BCUC IR 24.1. Please explain, or update as necessary.
- 59.2 In response to BCUC IR 24.2 SWCRA states that the Basic Charge reflects the cost the utility has incurred to maintain capacity to service the unconnected building. How much capacity in the TES capable of providing?
  - 59.2.1 What specific costs does the Utility have to incur to provide (i) 10 percent additional capacity or (ii) 10 percent reduced capacity over the long term and over a short term scenario.
  - 59.2.2 What specific costs are incurred to maintain capacity?
- 59.3 The Basis Charge includes both a capacity charge and a meter reading charge. If the Customer is disconnected, and therefore is not being billed, please explain why the Utility needs to recover the meter reading portion of the Basic Charge.
- 59.4 As clarified in response to BCUC IR 1.2, would SWCRA be agreeable to amending the language in subsection 10(d) to specify that the Basic Charges are only the fees set out in Section C1. If yes, please update as necessary. If not, please explain.

In response to BCUC IR 24.5 SWCRA stated:

24.5 Other than for meter testing, does SETES have to physically travel the customer's unit to disconnect or reconnect service?  
[SETES: The amount of travel would depend on the level of disconnect provided to a customer. The most minimal level of disconnect is a soft disconnect in which they agree to not use the service but no manual changes are made to their equipment or a level of disconnect may elevate to where a customer may receive a physical disconnect in which case meters/valves may be manually changed. In the event of a soft disconnect, no travel is anticipated as related to reconnect/disconnect. In the event of a physical disconnect, travel is anticipated to reconnect/disconnect.]

59.5 Would the fees set out in subsection 10 apply to a 'soft disconnect'?

59.5.1 If yes, please explain why and itemize the costs the Utility incurs for a 'soft disconnect.'

59.6 Please explain in further detail what a 'soft disconnect' is.

59.6.1 Please discuss the practical limitations of enforcing a 'soft disconnect' and address whether or not it can practically be implemented. For example, how would the Utility be able to require a customer to discontinue using hot water?

59.7 Are the heating, cooling and hot water systems designed in a way to allow them to be physically disconnected from a Building? If not, please explain. Please ensure your response addresses SWCRA tenants and strata owners separately.

59.8 Please detail the individual actions that the Utility typically has to perform to (i) disconnect a customer and (ii) reconnect a customer. Please attribute a dollar value to each action.

59.9 Please explain which employee(s) at the Utility would be performing the connect /disconnect service and where they would be traveling from.

59.10 Would SWCRA be agreeable to amending the last paragraph of subsection 10 to include the additional language highlighted in yellow below?

If a Building System is disconnected from the Thermal Energy System or Energy Services are discontinued to a Customer for public safety or Utility service requirement reasons or the reasons set forth in subsection 23 Curtailment of Energy Services, there will be no reconnection charge to reconnect the Building's Building System to the Thermal Energy System or to restore Energy Services to such Customer.

**60.0 Reference: Terms and Conditions  
Exhibit B-1-1, Appendix A1, Section B, Subsection 12  
Billing**

Subsection 12(g) states:

(g) Customers requesting historic billing information may be charged the cost of processing and providing this information.

60.1 What are the costs of providing historic billing information?

60.2 Has SWCRA considered included this charge in the Tariff Schedule under Section D, Standard Fees and Charges? If not, please explain. If yes, please update as necessary.

**61.0 Reference: Terms and Conditions  
Exhibit B-1-1, Appendix A1, Section B, Subsection 13  
Back-Billing**

Part of subsection 13 states:

Under-billing resulting from circumstances described in this paragraph (d) will bear interest at the rate specified in the Application for Service on unpaid accounts from the date of the original under-billed invoice until the amount under-billed is paid in full.

61.1 Can an Application for Service set out different interest rate than those set out in the Standard Fees and Charges? If yes, please explain how this would comply with the UCA.

61.2 Please explain why the interest rate is not the rate set out in the Standard Fees and Charges under 'Late Payment Charge.' Please update as necessary.

Subsection 13 (f) states:

(f) In every case of over-billing, the Utility will refund to the Customer all money incorrectly collected for the duration of the error, subject to the applicable limitation period provided by law. Simple interest, computed at the short-term bank loan rate applicable to the Utility on a monthly basis, will be paid to the Customer.

61.3 Please explain why the interest rate paid by the Utility is not the same as the rate provided to customers on cash security deposits as set out in the Tariff Schedules, Section D, Standard Fees and Charges. Please update as necessary.

**62.0 Reference: Terms and Conditions  
Exhibit B-1-1, Appendix A1, Section B, Subsection 14  
Late Payment Charges and Collection Charge**

Part of subsection 14 states:

a number of days after the due date. If the Customer's account is overdue and requires additional effort to collect, the Utility may charge the Customer a collection charge as set out in the Standard Fees and Charges Schedule.

62.1 Subsection 14 of the T&C establishes that an account is overdue if it is not paid in full by the due date. On the basis of the language proposed in subsection 14 the Utility could apply the \$45 Collection Charge when a bill is less than one month late. Would it not be more reasonable to specify a minimum term, of perhaps 60 days, when the Collection Charge would apply? Please discuss and update if necessary.

**63.0 Reference: Terms and Conditions**  
**Exhibit B-1-1, Appendix A1, Section B, Subsection 16**  
**Exhibit B-5, BCUC IR 25.1**  
**Refusal to Provide Energy Services and Discontinuance of Energy Service**

In response to BCUC IR 25.1 SWRCA stated:

Section 16 of the T&C states the following:

The Utility may refuse to provide Energy Services to any Applicant, or the Utility may, without having to give any notice, discontinue providing Energy Services to any Customer, who:

(h) stops consuming Thermal Energy in the Building(s).

25.1 What duration of time would need to have passed for the Utility to refuse to provide service?  
[SETES: The Utility has amended the Terms and Conditions to remove this clause.]

63.1 The updated T&C still includes clause (h). Please explain why it has not been removed or update as necessary.

**64.0 Reference: Terms and Conditions**  
**Exhibit B-1-1, Appendix A1, Section B, Subsection 18**  
**Exhibit B-5, BCUC IR 31.1**  
**Service start charges**

In response to BCUC IR 31.1 SWCRA stated:

31.1 Would SETES be willing to amend the section 18 of the T&C to replace “‘account charge’ with ‘Service Start Charge’”?  
[SETES: Yes, amendments made to Section 18 and to the Index. Please refer to the amended Terms and Conditions.]

64.1 The title of subsection 18 has been updated to ‘Service Start Charge’ but the ‘account charge’ in the subsection itself has not. Please explain or update as necessary.

**65.0 Reference: Terms and Conditions**  
**Exhibit B-1-1, Appendix A1, Section B, Subsection 19**  
**Exhibit B-2, BCUC IR 3.1**  
**Term of Customer Agreement**

Part of subsection 19 states:

19. Term of Customer Agreement

The initial term of a Customer Agreement will be as follows:

- (a) where a new Service Connection is required to provide Energy Services, one year; or
- (b) where a Distribution Extension is required to provide Energy Services, for a period of time fixed by the Utility but not exceeding the number of years used to calculate the revenue in the Distribution Extension economic test; but will be waived for Customers of 1515 West 57th Ave who have valid residential Rental Tenant Agreements and who have not requested and received a Distribution Extension.

In response to BCUC IR 3.1 SWCRA stated:

Section 19 of the T&C states: "The initial term of the Customer Agreement will be as follows: (a) where a new Service Connection is required to provide Energy Services, one year;..."

3.1 Please confirm whether this would not apply to a customer in the rental building or an owner of a unit in the strata building.

[SETES: The one year would not be applicable to a customer in the rental building and instead would be the shorter of their contract or one year. It is intended for the owner of a unit in the strata buildings would be committed for one year.]

- 65.1 Please explain why subsection 19(a) of the updated T&C has not been amended to reflect the changes relating to the initial term for a rental unit Customer as set out in response to BCUC IR 3.1. Please updated as necessary.
- 65.2 Please explain in detail why subsection 19(b) is necessary.
  - 65.2.1 Please discuss and quantify the billing implications to a strata unit owner who sells their unit half way through the Distribution Extension payback period.
- 65.3 The lettering on page 14, subsection 19 would normally use consecutive lettering (c, d, e, and not a, b, c). Please update if deemed necessary.

**66.0 Reference: Terms and Conditions  
Exhibit B-1-1, Appendix A1, Section B, Subsection 20  
Exhibit B-5, BCUC IRs 27.4, 27.4.2 and 27.5.1  
Termination of a Customer Agreement**

- 66.1 Does e-mail constitute written notice? If not, please explain.
  - 66.1.1 If yes, would SWCRA considering amending subsection 20 or the Definitions in Section A of the Tariff Schedules to clarify that written notice includes e-mail.
    - 66.1.1.1 If yes, please update as necessary.

The third paragraph of subsection 20 states:

The Customer acknowledges and agrees that if it terminates the Customer Agreement pursuant to this Section, the Utility may charge the Customer the full cost of all infrastructure associated with the provision of Energy Services to the Customer if the Utility determines that such charge is necessary to ensure other Customers on the Thermal Energy System are not adversely impacted by such termination.

In response to BCUC IR 27.4 and 27.4.2 SWCRA stated the following:

27.4 Please confirm, or explain otherwise, that the third paragraph in section 19 does not apply to rental building customers?

[SETES: Confirmed, the third paragraph does not apply to the existing rental building (Block C) customers in its current arrangement.]

27.4.2 If confirmed, would SETES be willing to amend section 19 to clarify that it does not apply to rental building customers?

[SETES: Amendment made in terms and conditions, refer to it for context, "... but will be waived for Customers of 1515 West 57th Ave who have valid residential Rental Tenant Agreements and who have not requested and received a Distribution Extension."]

66.2 The updated T&C does not include the languages as suggested in response to BCUC IR 27.4.2. Please explain why and update as necessary.

66.3 Please explain in detail what specific infrastructure the Utility is referring to in the third paragraph of subsection 20.

66.3.1 Does the infrastructure relate exclusively to line extensions as discussed in response to BCUC IR 27.5.1? If yes, would SWCRA be agreeable to amending the language to clarify this. If yes, please update as necessary.

**67.0 Reference: Terms and Conditions  
Exhibit B-1-1, Appendix A1, Section B, Subsection 21  
Liability**

67.1 Subsection 21(b) refers to methods of notifying the customer when Energy Services need to be suspended by the Utility. Would e-mail be an acceptable method for an announcement?

67.1.1 If yes, would SWCRA be agreeable to amending the language to reflect this method of communication. If yes, please update as necessary. If no, please explain.

67.2 Please explain why subsection 21(c) and subsection 21(g) should apply to tenants of SWCRA.

67.2.1 If they should not, please amend as necessary.

67.3 Please explain what 'appropriate insurance' refers to in subsection 21(g).

67.3.1 Does this clause contemplate insurance being purchased by the strata corporations and SWCRA or by each tenant of SWCRA and each strata owner?

**68.0 Reference: Terms and Conditions  
Exhibit B-1-1, Appendix A1, Section B, Subsection 24  
Disturbing Use**

Part of subsection 24 states:

The Utility may require the Customer, at the Customer's expense, to provide equipment which will reasonably limit such fluctuations or disturbances and may refuse to supply Thermal Energy or suspend the supply thereof until such equipment is provided.

68.1 Please explain why these costs should be incurred by the Customer and not by the Utility.

68.2 Does this clause refer to an individual Customer or to all Customers as a whole?

**69.0 Reference: Terms and Conditions  
Exhibit B-1-1, Appendix A1, Section B, Subsection 25  
Sources of Energy**

69.1 Please explain why Customer approval would not be required for the Utility to incorporate other sources of energy.

69.2 Should Taxes at the top of page 19 be subsection 26?

69.2.1 If yes, please update as necessary.

**70.0 Reference: Terms and Conditions  
Exhibit B-1-1, Appendix A1, Section B, Subsection 26 (or 27)  
Rate Schedules**

70.1 Would SWCRA be agreeable to amend the language in subsection 27 as follows? If not, please explain. If yes, please update as necessary.

The rates to be charged by, and paid to, the Utility for Energy Services will be ~~the Fixed Charges and Variable Charges~~ those set out in the Rate Schedule in Section C of the Tariff Schedules ~~from time to time in effect~~, which may be inspected during business hours at the Utility's office in Vancouver, British Columbia and at the office of the British Columbia Utilities Commission in Vancouver, British Columbia.

**71.0 Reference: Terms and Conditions, Section B  
Exhibit B-1-1, Appendix A1  
General**

71.1 It appears that a reference to UBC has been included in subsection 11, footnote 1. Please explain or update as necessary.

71.2 It appears there are several formatting error including subsection 10(c), 11(e), 13(c) and (g) and 15. Please update as necessary.

71.3 The first sentence on page 14, subsection 19 is included written twice. Please update as necessary.

- 71.4 The T&C refers to the clauses as sections. Given that there are already sections A, B, C, and D please explain why the clauses within the T&C are not referred to as subsections. Please updated if deemed necessary.

**C. SECTION C: RATE SCHEDULES, BASIC CHARGES, SUBSECTION C1**

- 72.0 Reference: Basic Charges  
Exhibit B-1-1, Appendix A1, Section C, Subsection C1; Appendix E  
Exhibit B-5, BCUC IR 34.1  
Monthly Capacity Levy**

In response to BCUC IR 34.1 SWCRA stated:

34.1 Please confirm, or explain otherwise, that the Monthly Capacity Levy set out in Subsection C1 is pegged at SEFC's "Class 1 – SEFC residential or mixed use residential building" rate and will increase by the same percentages as the increase in the Class 1 rate and not the overall South East False Creek's (SEFC) rate increase (if different).

[SETES: Confirmed, the "Monthly Capacity Levy is intended to peg to the Class 1 – SEFC residential or mixed use residential building" rate.]

- 72.1 Would SWCRA be agreeable to adding to Rate Schedule C1 a note stating that 'The Monthly Capacity Levy is pegged to the Class 1 South East False Creek (SEFC) residential or mixed use residential building rate'? If not, please explain. If yes, please update as necessary.
- 72.2 Please confirm, or explain otherwise, that SETES's square footage is less than 10 percent of SEFC's.
- 72.3 On the basis of the information provided in the financial model set out in Appendix E (Financial Model), tab 'Analysis Per Year' please confirm, or explain otherwise, that the Monthly Capacity levy is roughly equal to the variable charges (sum of the subsections C2, C3, and C4 rates).

- 73.0 Reference: Basic Charges  
Exhibit B-1-1, Appendix A1, Section C, Subsection C1  
Exhibit B-2, BCUC IRs 10.3, 10.4 and 10.6  
Monthly Metering Charge**

- 73.1 In response to BCUC IRs 10.3 and 10.4 SWCRA indicated that meters were located in individual units. Does the Utility have to physically enter a unit to read the meters? If not, please elaborate on the response to BCUC IR 10.6 and explain in further detail how the meters read.
- 73.2 Please explain in detail (i) the monthly activities required to read the meter; and (ii) any other costs associated with the monthly metering charge.
- 73.2.1 Please attribute a dollar value to each action.
- 73.3 Please explain in detail any other non-monthly activities required to read a meter and attribute a dollar value to each activity.

**D. SECTION C: RATE SCHEDULES, VARIABLE CHARGES, SUBSECTIONS C2, C3 AND C4**

**74.0 Reference: Variable Charges  
Exhibit B-1-1, Appendix A1, Section C, Subsection C2  
Exhibit B-2, BCUC IR 12.2  
Space Cooling**

74.1 Was the ability of the TES to provide space cooling an incremental cost of the TES? If yes, please quantify the incremental cost. If not, please explain.

74.2 Please explain why the SWCRA rental units do not offer space cooling.

74.2.1 If the reason relates to a physical mechanical restriction please explain the mechanical requirements in place in the strata owned units. Were those costs incurred by the Utility and included in the Shannon Estates' Certificate of Public Convenience and Necessity (CPCN) application to the BCUC on February 5, 2016<sup>1</sup>? If yes, please quantify. If not, please explain.

74.3 In response to BCUC IR 12.2 SWCRA explained why the space cooling was proposed to be half the rate of space heating. For further clarity does it cost half as much for run the cooling process as it does for the heating process?

**E. SECTION C: RATE SCHEDULES, SUSTAINMENT CAPITAL FUND RATE RIDER, SUBSECTION C5, CRF**

**75.0 Reference: Capital Reserve Fund  
Exhibit B-1-1, Appendix E; Exhibit B-2, BCUC IR 16.1; Exhibit B-5, BCUC IR 46.1  
TES Replacement Costs**

The following table was provided in response to BCUC IR 16.1 estimating the replacement cost of the TES.

<b>Component</b>	<b>Value in '000 of 2016 dollars</b>
Boilers – Small	4 @ 12
Boilers – Large	4 @ 79
Chillers	6 @ 55
Cooling Tower	115
Storage Tanks	112
Solar Panels	216
Sewage Heat Recovery	602
Pumps	166
Heat Exchangers	661
Controls and Instrumentation	362
Metering	1,606
Distribution Network	2,974

75.1 Please add an additional row to the table to reflect the year in which the replacement is estimated to occur.

<sup>1</sup> Shannon Estates CPCN Application, p. 21, [http://www.bcuc.com/Documents/Proceedings/2016/DOC\\_45833\\_B-1\\_ShannonEstates\\_TES-CPCN-Application.pdf](http://www.bcuc.com/Documents/Proceedings/2016/DOC_45833_B-1_ShannonEstates_TES-CPCN-Application.pdf)

- 75.2 Are the replacement costs the table above the same, or similar, to the ' Forecast Capital Expenditures' costs provided in repose to BCUC 46.1? If not, please explain.
- 75.3 Please explain where, if anywhere, these replacement costs are included in the Financial Model.
- 75.4 The Capital Reserve Fund (CRF) is designed to recover costs of future capital asset replacements over the next 25 years. Please explain why SWCRA considers it appropriate for the replacement costs to be recovered by Customers who are paying for the current TES and who may or may not benefit from those replacements? Please address tenants of SWCRA and strata owners' separately and specifically discuss how this impacts intergenerational equity.

**76.0 Reference: Capital Reserve Fund  
Exhibit B-2, BCUC IR 16.4; Exhibit B-5, BCUC IR 37.2  
Developer contribution**

In response to BCUC IR 16.4 SWCRA stated:

Page 5 of the Application states: that the developer will contribute \$50,000 for the initial balance of the CRF within seven days of this rates filing.

16.4 Please confirm, or explain otherwise, that the developer has made the \$50,000 contribution.

[SETES:  
The developer has not made the \$50,000 contribution to the CRF as an initial balance.  
The developer has instead, funded the entire capital cost for Phase 1 and Phase 2.  
Please confirm if this is sufficient or otherwise.

- 76.1 Please confirm, or explain otherwise, that the rates are set out to allow the developer to recover the costs to fund the TES. If not, please quantify the exact dollar value that the developer is committed to funding.
- 76.2 As part of the CPCN application SWCRA asserted that the developer would make a contribution of \$50,000 seven day after the rates filing. In response to BCUC IR 16.4 SWCRA confirms that the contribution has not been made. Please explain how SWCRA considers itself in compliance with the spirit of the order approving the CPCN if the contribution has not been made.
- 76.3 In response to BCUC IR 37.2 SWCRA explained that the developer has funded the utility to provide thermal energy service since entry of customers beginning in November 2015. On the basis of the interim rates, relating to the Capacity Levy in subsection C1 and the variable rates in subsection C2, C3 and C4 only, what are the approximate lost revenues between November 2015 and the date interim rates were approved by the BCUC?

**F. SECTION C: RATE SCHEDULES, SUSTAINMENT CAPITAL FUND RATE RIDER, SUBSECTION C5, ERF**

**77.0 Reference: Emergency Reserve Fund  
Exhibit B-1-1, Appendix E; Exhibit B-5, BCUC IRs 38.2, 38.4**

- 77.1 In response to BCUC IR 38.2 SWCRA explained that the \$26,000 for planned and preventative maintenance is reported in the Financial Model on line 38, tab 'Analysis Per Year'. Line 38 is approximately \$26,000 in 2017 but escalates each year; for example, it is approximately \$30,000 in 2023. Please confirm, or explain otherwise, that the value set out in line 38 relates

to the forecast planned and preventive maintenance that SWRC referred to in the CPCN which is \$26,000 in 2017.

- 77.2 Other than the use of the deferral account treatment explained in BCUC IR 38.4 can SWCRA propose another method to recover emergency maintenance costs which would incent the Utility to manage spending accordingly?

**G. SECTION C: RATE SCHEDULES, REGULATORY DEFERRAL ACCOUNT, SUBSECTION C5**

**78.0 Reference: Regulatory Deferral Account  
Exhibit B-1-1, pp. 7-9  
General**

- 78.1 It does not appear that the proposed Regulatory Deferral Account (RDA) is reflected anywhere in the Tariff Schedules. Please explain why it has not been included and updated the Rate Schedules (subsection C5 or a new subsection C6) as necessary.
- 78.2 Other than the use of deferral account treatment explained in the Updated Application on pages 7-9, can SWCRA propose another method to recover regulatory costs which would incent the Utility to manage spending accordingly?

Term of Approval

- 78.3 Please confirm, or explain otherwise, that SWCRA is only requesting approval for the RDA until the balance is fully amortized, after which time the account will be closed and the rate rider will no longer apply.

Amortization Period

- 78.4 Please confirm, or explain otherwise, that SWCRA is proposing that the RDA rate ride be set at 9.9 percent and if the actual balance is greater than the estimated total of \$309,960 as set out in the Updated Application the rate ride will not change.
- 78.4.1 Please provide a detailed calculation showing how the 9.9 percent was derived.
- 78.5 The Updated Application states that a lengthier amortization period (five years) will minimize the impact on any single invoice. Please confirm, or explain otherwise that a 10 percent rate increase can be considered rate shock.
- 78.5.1 Can SWCRA propose another recovery treatment that would lessen the bill impact?
- 78.6 In order to understand the magnitude of the estimated RDA balance what would the: (i) total cost per customer be, and (ii) the costs per square foot?
- 78.7 In order to ensure equal recovery by both Phase 1 and Phase 2 has SWCRA considered allocating the balance of the RDA to each unit based on square footage? Please discuss fully the advantages and disadvantages of such a proposal disclose the estimated cost per unit.

Carrying Costs

- 78.8 Please explain why SWCRA is proposing a Weighted Average Cost of Debt (WACD) (approximately 4 percent) on the RDA balance, which will be interest recovered by the ratepayers, and is only proposing 0.15 percent on the two Sustainment Capital Funds, which are to the benefit of ratepayers.

78.9 Please explain why the RDA balance should not have a carrying cost of 0.15 percent or the Sustainment Capital Funds should not have a WACD carrying cost.

**79.0 Reference: Regulatory Deferral Account  
Exhibit B-1-1, pp. 7–9; Appendix B1, p. 1; Appendix E  
Orders G-77-16A and G-161-26A  
Regulatory costs**

The Updated Application set out the follow estimated cost to be included in the RDA:

The initial balance of the RDA is estimated to consist of:		
Party	Cost for	Cost
SWCRA	Consultant – Sterling Cooper Consultants Inc. (SCCI) to date	\$164,970
SWCRA	Consultant – SCCI additional budget	\$52,000
SWCRA	Accounting & Legal Services Budget	\$60,000
Dean Thomas Fox / Shannon Ratepayers Group	Expert Witness budget – EES Consulting (Gail Tabone)	\$26,000†
BCUC	Direct Costs to date	\$243.75
BCUC	Estimated additional budget	\$750
<b>Estimated Total</b>		<b>\$303,960</b>

- 79.1 Please provide full details of the two SWCRA consultant costs set out in the table above by preparing a table that sets out the number of hours, the rate per hour, the specific action performed, or expected to be performed, and the date of that action.
- 79.2 Similar to the table provided for SWCRA consultant costs, please provide full details for the accounting and legal services budget of \$60,000.
- 79.3 Please confirm, or explain otherwise, that 100 percent of the estimated SWCRA costs relate exclusively to this rates application and not to the CPCN application or any other expenditure.
- 79.4 Please disclose if the costs of preparing the Financial Model are included in these costs? If yes, please specifically addressing whether or not the Financial Model would have been needed with or without this rates application.
- 79.5 Please confirm, or explain otherwise, that none of the estimated SWCRA costs were included in the project costs estimate set out on page 21 of the CPCN application (Exhibit B-1). If not confirmed, please cross reference and quantify those costs with the table above and the CPCN application.
- 79.6 Are any of the estimated SWCRA costs included in the expenses in the Financial Model under tab, ‘Analysis Per Year’? If not, why not?
- 79.7 Please confirm that all the estimated SWCRA costs are incremental costs relating to the rates application and would not have been required if there was not a rates application.
- 79.7.1 For any costs that are not incremental please describe and quantify.
- 79.8 In SWCRA’s opinion could any of the estimated SWCRA costs been avoided if SWCRA had provided notice to the Phase 2 Customers in accordance with Order G-77-16A?
- 79.8.1 Please quantify all the costs relating to providing notice to the Phase 2 owners pursuant to Order G-161-16A.

- 79.9 What steps, if any, has management taken to control the estimated SWCRA regulatory costs.
- 79.10 Does SWRCA consider any of the estimated SWCRA costs to be out of management's control? Please discuss fully.

#### **H. SECTION D: STANDARD FEES AND CHARGES SCHEDULE**

**80.0 Reference: Standard Fees and Charges  
Exhibit B-1-1, Appendix A1, Section D  
Service Start Charge**

- 80.1 What specific physical actions are requiring by the Utility to provide service to a new Customer?
- 80.2 What other TES utilities regulated by the BCUC have a Service Start Charge?

**81.0 Reference: Standard Fees and Charges  
Exhibit B-1-1, Appendix A1, Section D  
Service Restart Charge (During business hours)**

- 81.1 British Columbia Hydro and Power Authority's (BC Hydro) Service Restart Charge is currently \$30. Please explain why SWCRA considers \$125 an appropriate charge to restart service.

**82.0 Reference: Standard Fees and Charges  
Exhibit B-1-1, Appendix A1, Section D; Application, p. 13  
Interest on Cash Security Deposits**

Page 13 of the Updated Application sets out SWCRA's borrowing rates as follows:

**6.2 Borrowing Rates<sup>12</sup>**

The weighted average cost of debit is in the range of 3.70% to 3.90%. The weighted average cost of capital is approximately 8% to 10%. The short-term interest rate is in the range of 3.60%-3.75%.

- 82.1 SWCRA is proposing to pay a 2 percent interest rate on any cash security deposits. Please reconcile this rate with the borrowing rates set out in the Updated Application.
- 82.1.1 BC Hydro offers a WACD rate; please discuss the appropriateness of such a rate for the SETES.

#### **I. UTILITY COMPARISON**

**83.0 Reference: Utility Comparison  
Exhibit B-2, BCUC IR 14.1  
South East False Creek**

- 83.1 Please explain why SWRCA decide to peg its rate against multiple utilities rather than selecting one utility.

- 83.2 Please explain why SWCRA has proposed to peg the Monthly Capacity Levy to SEFC but not the variable kilowatt-hour energy charge currently at \$45.398 per megawatt-hour.
- 83.3 Please explain why SWCRA considers it necessary to have an additions meter reading charge when SEFC does not have one.

**84.0 Reference: Utility Comparison  
Exhibit B-5, BCUC IR 39.1, 41.1  
BC Hydro**

- 84.1 Does SWCRA consider BC Hydro to be a relevant comparison? Please explain fully.
- 84.2 Please explain why the BC Hydro example provided in response to BCUC IR 39.1 takes into account the equipment COP and the SETES example does not.
- 84.3 In simple language, please explain what how the BC Hydro (BAU) case refers to in response to BCUC IR 41.1 is calculated. Please explain why it is greater than the BC Hydro example previously provided in response to BCUC IR 39.1.
- 84.4 Please explain why the BC Hydro (BAU) case is of relevance and explain if it is an appropriate comparison.

**85.0 Reference: Utility Comparison  
Exhibit B-5, BCUC IR 39.1, 41.1  
Other Stream A and B utilities**

- 85.1 All the comparative charges provided in response to BCUC IR 41.1 (SEFC, Corix, and Creative Energy) and BCUC IR 39.1 (BC Hydro) are higher than those proposed by SWCRA, without consideration of the additional charges proposed through the Sustainment Capital Rate Riders and the RDA. On this basis, please explain why SWCRA considers its rates to be just and reasonable within the meaning set out in section 60 of the UCA.
- 85.2 In SWCRA's opinion why is SETES's proposed rate higher than SEFC, Corix, Creative Energy, BC Hydro and BC Hydro (BAU)?
- 85.3 Does SWCRA consider SEFC, Corix, or Creative Energy to be relevant comparisons? Please provide a separate response for each of the three utilities.
- 85.4 Is SWCRA aware of any Stream A TES's that it would consider to be a relevant comparisons? If yes, please explain why.
- 85.4.1 If yes, please provide a table comparing SETES's proposed rates for a 775 square foot unit and a 2000 square foot unit with that of those utilities.

**J. FINANCIAL MODEL**

**86.0 Reference: Financial Model  
Exhibit B-2, BCUC IR 10.1  
Exhibit B-1-1, Appendix B1, p. 21; Appendix B2, BCUC IR 4.1  
Updated estimated costs**

In the CPCN application SWCRA provided the following project cost estimate:

Category	\$,000s
Equipment	94
Materials	3,489
Engineering/Design	264
Construction	277
Financing	64
Fees / Overhead	397
Other 'soft' costs	368
Total	4,952

#### Updated Estimated Costs table

In its response to BCUC IR 4.1 in the CPCN proceeding, SWCRA stated that “The current capital cost breakdown is \$7,508,234. This is inclusive of Phase 1 and Phase 2 requirements.”

- 86.1 Please explain if the original \$4.952 million estimate includes both Phase 1 and Phase 2. If not, please explain why not.
- 86.2 Please update the table recreated above to include a column for the updated \$7.508 costs (Updated Estimated Costs) and explain in details the reason for each increase.
- 86.3 Please confirm, or explain otherwise, that the full \$7.508 million has been spent as of December 31, 2016. If not, please explain what costs have been incurred and which are yet to be incurred.
- 86.4 At high level would it be reasonable to assume that all capital expenditures made before December 31, 2016 were in service (used and useful) at the end of 2016? If not, please explain.
- 86.5 In response to BCUC IR 10.1 SWCRA stated “The meters are included in the \$7.5 million capital cost” approved in the CPCN. Please include a separate row in the Updated Estimated Costs table breaking out the costs for the meters as set out in the response to BCUC IR 10.1 for both the original estimate and the updated estimate.

#### Financing Costs

- 86.6 Please explain in detail the rate, calculation and timing of the Updated Estimated Costs relating to ‘Financing’ costs.
- 86.7 Please allocate the Updated Estimated Cost relating to ‘Financing’ costs into the follow two categories (i) financing costs relating to the portions of the asset in services; and (ii) financing costs related to the assets that are not in service (as at December 31, 2016).
- 86.8 Please allocate the Updated Estimated Cost relating to ‘Financing’ into the two follow categories: (i) costs eligible for capitalization for financial reporting purposes; and (ii) costs required to be expensed for financial reporting.

#### Fees/Overhead

- 86.9 Please explain in tabular format the details of the ‘Fees/Overhead’ costs reported in the Updated Estimated Costs table and disclose the anticipated timing of those expenditures. Please ensure a detailed description in provided as to who the expenditure is being paid to and what specific services have been provided.
- 86.10 Please allocate the Updated Estimated Cost relating to ‘Fees/Overhead’ into the two follow categories: (i) costs eligible for capitalization for financial reporting purposes; and (ii) costs required to be expensed for financial reporting.

Other Soft Costs

- 86.11 Please explain in tabular format the details of the ‘Other Soft Costs’ costs reported in the Updated Estimated Costs table and disclose the anticipated timing of those expenditures. Please ensure a detailed description is provided as to who the expenditure is being paid to and what specific services have been provided.
- 86.12 Please allocate the Updated Estimated Cost relating to ‘Other Soft Costs’ into the two follow categories: (i) costs eligible for capitalization for financial reporting purposes; and (ii) costs required to be expensed for financial reporting.

Capitalized Costs

- 86.13 On the basis of the information provided in this IR, please summarize the information in the format set out in the table below.

Category (\$,000s)	Updated Estimated Costs	Capitalized for Financial Reporting	Expensed for Financial Reporting
Equipment			
Meters			
Materials			
Engineering/Design			
Construction			
Financing			
Fees/Overhead			
Soft Costs			
Total	\$7.508		

**87.0 Reference: Financial Model  
Exhibit B-1-1, Appendix E; Exhibit B-5, BCUC IR 46.1  
Understanding the Financial Model**

- 87.1 In simple plain English, please explain the relationship between the ‘CRP Statistical Spread’ data used to prepare the table in response to BCUC IR 46.1 and the data included in the ‘Capital Replacement Plan’ tab and the ‘Capital Replacement Sinking Fund’ tab as provided in the Financial Model.

- 87.1.1 Please ensure your explanation included a discussion of why there are values every year in column C of the ‘CRP Statistical Spread’ tab while there are only sporadic values in column C of the ‘Capital Replacement Plan’ tab. Specifically, address if these two columns relate to the same asset expenditures.

**88.0 Reference: Financial Model  
Exhibit B-1-1, Appendix E; Exhibit B-5, BCUC IR 46.1 and 46.2  
Rate Base**

The following table was provided in response to BCUC IR 46.1:

Accounting Depreciation	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening Rate Base	\$ 7,508,234	\$ 7,397,285	\$ 7,174,451	\$ 6,952,682	\$ 6,732,355	\$ 6,513,917	\$ 6,297,880	\$ 6,084,802	\$ 5,875,261	\$ 5,669,833
Forecast Capital Expenditures	\$ 1,700	\$ 2,540	\$ 3,717	\$ 5,318	\$ 7,430	\$ 10,136	\$ 13,499	\$ 17,563	\$ 22,346	\$ 27,844
Subtotal	\$ 7,509,934	\$ 7,399,825	\$ 7,178,168	\$ 6,958,000	\$ 6,739,785	\$ 6,524,053	\$ 6,311,379	\$ 6,102,365	\$ 5,897,607	\$ 5,697,677
	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Months	6.00	12	12	12	12	12	12	12	12	12
Depreciation Expense	\$ 112,649	\$ 225,374	\$ 225,486	\$ 225,645	\$ 225,868	\$ 226,172	\$ 226,577	\$ 227,104	\$ 227,774	\$ 228,610
Closing Rate Base	\$ 7,397,285	\$ 7,174,451	\$ 6,952,682	\$ 6,732,355	\$ 6,513,917	\$ 6,297,880	\$ 6,084,802	\$ 5,875,261	\$ 5,669,833	\$ 5,469,067

- 88.1 Please update the table (Updated Rate Base Table) for 30 years and ensure that the Updated Estimated Cost (\$7.508 million) is broken out by year incurred, starting with 2016 and ending when the full Updated Estimated Cost is anticipated to be spent and in service.
- 88.1.1 For simplicity, please confirm that a 30 year life is a reasonable assumption as confirmed in response to BCUC IR 46.2. If not, please explain.
- 88.1.2 If a longer life (greater than 30 years) is more reasonable please ensure that the Updated Rate Base Table is prepared on the basis of the average number of year the TES is expected to be fully depreciated and not 30 years.
- 88.2 Please ensure that the Forecast Capital Additions in the Updated Rate Base Table agree to the Confidential Model and reference the tab where the numbers can be tied in and ensure that they are in actual dollars.
- 88.2.1 Please ensure that all the Forecast Capital Expenditures are eligible for capitalization for financial reporting purposes or explain otherwise and ensure they relate only to actual Forecast Capital Expenditure in the related year.
- 88.2.2 In each year where the Forecast Capital Expenditure is greater than \$5,000, please provide a brief description of the Forecast Capital Expenditures and why it is required and what it relates.
- 88.3 Do all the Forecast Capital Expenditures meet the financial reporting requirements for capitalization?
- 88.3.1 If not, in the Updated Rate Base Table, please include a separate row for Forecast Capital Expenditure related to: (i) repairs and maintenance costs; and (ii) capital replacement costs. Please ensure that the categorization is in accordance with the rules set out in the Canadian Institute of Financial Reporting Handbook.
- 88.4 Please add a row to the Updated Rate Base Table to report any 'Forecast Capital Retirements' if any are expected.
- 88.5 When completing the Updated Rate Base Table please use a depreciation expense that is consistent with what SWCRA forecast will be used for financial reporting purposes and not the assumed 3 percent used in response to BCUC IR 46.1. Please ensure that both the depreciation rate and the depreciation expense are disclosed.
- 88.6 Please recreate the Updated Rate Base Table under the assumption that depreciation is equal to the Capital Cost Allowance (CCA) used for tax purposes (CCA Updated Rate Base Table). Please discuss if this is a reasonable proxy for depreciation.

**89.0 Reference: Financial Model  
Exhibit B-1-1, Appendix E; Exhibit B-5, BCUC IR 43; Exhibit B-6, FAES IR 2.5.1  
Co-Efficient of Performance**

- 89.1 SWCRA did not disagree with the table provided in BCUC IR 43. On the basis of that table please confirm that for the years 2016 to 2021 the TES requires more kWh purchases than kWhs it can produce. In other words the Utility needs to purchase more kWhs of electricity and natural gas

(converted for GJ for simplicity) to run the TES than kWh that can be sold to the Customers for consumption.

89.1.1 Please confirm, or explain otherwise, that this situation will continue throughout the life of the TES and the efficiency is expected to further decrease as the system ages.

89.2 Please confirm, or explain otherwise, that the energy-components used for the TES are currently limited to BC Hydro electricity and natural gas from FortisBC or other gas marketers and there currently is no solar energy or heat pumps. If not, please explain.

89.2.1 If there is other sources of energy please update the table provided in response to BCUC IR 43 to include a separate row to reflect these kWhs.

FortisBC Alternative Energy Services Inc. (FAES) IR 2.5.1 stated "Please provide an estimate of the cost savings that will be achieved through decreased electrical use. Please provide all the assumptions used." In response, SWRCA stated:

The energy cost savings for Phase 1 is calculated to be \$54,000 per year in 2016 dollars vs baseline building; at full build out the energy cost savings will be \$78,000 dollars per year in 2016 dollars. The environmental cost savings are calculated to be 2,060 Tonnes of CO<sub>2</sub> per year at full build out vs heating via conventional boilers. The incremental capital costs are \$1,014,000 for phase 1 and \$2,012,000.

89.3 Please elaborate on this response and explain exactly how the costs savings were derived and what the incremental capital costs refer to.

**90.0 Reference: Financial Model  
Exhibit B-1-1, Appendix E; Exhibit B-5, BCUC IR 43  
Costs**

90.1 For each year, please break out the costs on row 40, tab 'Analysis Per Year' of the Financial Model, by: (i) Administration, (ii) Accounting, Legal, and (iii) Engineering.

90.1.1 Please explain in detail what each of these costs categories relates to.

90.2 Please explain what the 'Contract work – Metering/Maintenance' on row 38 tab 'Analysis Per Year' of the Financial Model relate to.

90.3 Please explain what the 'Contract work – Metering collection' on row 39 tab 'Analysis Per Year' of the Financial Model relate to.

90.4 Please explain how the utility is staffed and explain the role of each staff member and show where in the Financial Model there costs are included.

90.4.1 If the Utility does not employ any full time staff how and by whom are the activities of the Utility performed?

90.5 Please create an additional tab in the Financial Model modifying the 'Analysis Per Unit' tab to separate out Sales (rows 4-9) and Usage (rows 10-12) between Phase 1 and Phase 2.

**K. GENERAL**

**91.0 Reference: General  
Exhibit B-3, FAES IR 2.4  
Term of approval**

FAES IR 2.4 states:

2.4 If future increases of the BC Hydro's residential rate and the SEFC's rate were not sufficient for the SETES rates to cover the costs of the SETES, would the SETES apply to the Commission for approval of a change of rate-setting methodology? Please explain.  
[SETES: All courses of action will be considered.]

91.1 Please disclose the term of approval for the rate setting methodology proposed in the Updated Application.

91.1.1 If less than five year, please explain has this complies with the TES Guidelines that sets out the least amount of regulatory oversight as a consideration.

91.2 Would SWCRA be opposed to the BCUC directing that the approved rate setting methodology has to apply for a minimum of five years? If opposed, please explain.

**92.0 Reference: General  
Exhibit B-1-1, p. 13; Exhibit B-2, BCUC IR 18.9  
Legal structure and financial viability of the Utility**

The response to BCUC IR 18.9, SWRCA stated:

18.9 Is there a potential that the utility would not be viable if the Commission were to disallow the Sustainment Capital Funds? Please explain in detail.  
[SETES: Yes, there is a potential it would not be viable. The utility service area is of insufficient size to adequately provide for capital replacement based on SEFC rates alone.]

92.1 Please explain the corporate structure of the Utility, its owner and the parent company.

92.1.1 Please explain the relationship between the developer and SWRCA.

92.2 Please confirm, or explain otherwise, that the owners of the Utility have the ability to obtain financing to operate the Utility.

**93.0 Reference: General  
Exhibit B-2, BCUC IR 18.9  
General**

93.1 For financial reporting purposes does SWRCA report under International Financial Reporting Standards (IFRS)? If not, please explain.

93.2 Please confirm the most recent updated number of units for Phase 1 and Phase 2.

- 93.3 Please file a black lined amended Tariff Schedule including the original track changes set out in Appendix 1A and any additional changes as a result of the responses to IR No. 3.
- 93.4 Please confirm that SWRCA is requesting approval for the entire Tariff Schedules and not just the T&C and Rate Schedules.