OWEN·BIRD
LAW CORPORATION

PO Box 49130
Three Bentall Centre
2900-595 Burrard Street
Vancouver, BC
Canada V7X 1J5

Telephone 604 688-0401
Fax 604 688-2827
Website www.owenbird.com

Direct Line: 604 691-7557
Direct Fax: 604 632-4482
E-mail: cweafer@owenbird.com
Our File: 23841/0178

June 20, 2018

VIA ELECTRONIC MAIL

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, B.C.
V6Z 2N3

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

Dear Sirs/Mesdames:

Re: Creative Energy Vancouver Platforms 2018 – 2022 Revenue Requirements ~ Project No. 1598938 (the "Application")

We are counsel to the Commercial Energy Consumers Association of British Columbia (the "CEC"). Attached please find the CEC's second set of Information Requests with respect to the above-noted matter.

If you have any questions regarding the foregoing, please do not hesitate to contact the undersigned.

Yours truly,

OWEN BIRD LAW CORPORATION

Christopher P. Weafer

CPW/jj
cc: CEC
cc: Creative Energy
cc: Registered Interveners

COMMERCIAL ENERGY CONSUMERS ASSOCIATION OF BRITISH COLUMBIA

INFORMATION REQUEST #2 TO CREATIVE ENERGY

Creative Energy Vancouver Platforms Inc. 2018-2022 Revenue Requirements Application - Project No. 1598938

June 20, 2018

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42. Reference: Exhibit B-9, CEC 1.1.2

1.2 Please confirm that Creative Energy's rates to customers can be designed to be simple, stable and predictable under cost of service as well as under several other ratemaking options.
Response: Creative Energy's rates have been designed to be simple and stable under cost of service, however predictability is not certain under a cost of service method as applications cover shorter durations than the currently applied for IBR mechanism and may change more than by inflation.

42.1. Please confirm, or otherwise explain, that if Creative Energy costs over the five-year IBR period exceed the revenue requirement, then when IBR ends Creative Energy could apply for rates to match its costs, in which case customers could face substantial rate increases.

42.2. Please confirm that deferral accounts can be utilized, if desired, to provide predictability as deemed appropriate.

43. Reference: Exhibit B-9, CEC 1.2.3 and 1.2.4 and 1.2.4.1

2.3 Does Creative Energy intend to stay on IBR indefinitely? Please explain.
Response: Creative Energy intends to stay on the IBR until 2022 as identified by the application. If another IBR application was done after that, it is likely a cost of service test year would be required prior to entering into the IBR period.

2.4 If not, please describe Creative Energy's plans for reverting to cost of service or other ratemaking alternative.
Response: The IBR is based on a cost of service test year for the rates to be based off of. If Creative Energy intends to do another IBR application, it is likely a cost of service year will be necessary in the year following the period of this application.

2.4.1 If Creative Energy intends to periodically or permanently revert to cost of service or other ratemaking option, please discuss the potential for issues to arise relating to utility incentives to build rate base during cost of service years and reduce operating and capital costs during IBR years.
Response: Creative Energy intends to be consistent with TES Guidelines that conclude cost of service ratemaking should be a last resort.

43.1. Please confirm, or otherwise explain, that if ratebase for Creative Energy expands significantly above the expected capital expected under IBR then the cost of service revenue requirement after IBR could result in an increase in rates for customers.

44. Reference: Exhibit B-9, CEC 1.8.1

8. Exhibit B-1, page 3
IBR assumes that operational and service costs will remain stable over the proposed 5 years of the IBR mechanism, which incentivizes the utility to keep costs down so that the forecasted revenue requirement is not exceeded. If the revenue requirements increase faster than inflation, the utility will earn a lower rate of return or even have a net loss of revenue.

8.1 Please confirm that if the revenue requirements increase slower than inflation, the utility will earn a higher rate of return than planned for in its IBR.
Response: Not confirmed. If the load decreases during this period, the utility will not earn a higher rate of return.

44.1. Please confirm that, absent a change in load, if the revenue requirements increase more slowly than inflation the utility will earn a higher rate of return than planned for in its IBR.

44.2. Please confirm that with a significant increase in customer load it is likely that the utility will earn a higher rate of return than planned for in its IBR.

45. Reference: Exhibit B-8, BCOAPO 1.6.3 and Exhibit B-1, page 17

6.3 Please provide Creative's forecast of customer attachments for 2018.

Response: Creative Energy has two customers forecasted to connect in 2018. One of the customers is connecting as a hot water customer in NEFC. Creative Energy has also lost a major steam customer. Customer names are commercially sensitive information and will not be released.

The forecasted loads of the customers both gained and lost are shown in the table below.

Customer	Hotel	Residential Tower	Commercial Building
Anticipated Date	August 2018	September 2018	January 2018
Annual Load (M#s)	1,100[1]	9,549[2]	10,350[3]

[1] Load based on existing building gas bills

[2] Load based on engineering estimates from project mechanical consultant

[3] Load based on 2017 approved load forecast

4.0 Demand Forecast

Creative Energy will be taking load forecast risk on the IBR Rates for the 5-year period of this Application. The approved 2017 load forecast, submitted as part of the 2016-2017 Application, will be used in the determination of rates when necessary for the 5-year period of the IBR. There are currently no new customers anticipated to connect to the steam system in the next two years, and no knowledge of any significant changes to individual customers loads. This will give Creative Energy increased incentive to approach new customers in order to maintain and potentially grow the load. Because Creative Energy is bearing the load risk for the 5-year period, it is fair that exceeding the load forecast should benefit the utility.

For rate-making purposes related to excluded capital and deferral accounts, Creative Energy proposes to use the 2017 load forecast for the five year IBR mechanism. There has been a declining trend for five years in loads and customer growth, with the exception of the 2016-17 winter. For that reason, during the five years of the IBR mechanism, Creative Energy does not expect significant changes in loads. Further, any changes in loads are not expected to result in a material change to rates as compared to using the 2017 load forecast, given the limited use of the 2017 load forecast proposed in this Application.

45.1. Please break out the loads for those lost and gained in 2018 for the above Table.
45.2. Did the Commercial building load attach as anticipated?
45.3. Please provide the above table for 2019-2022, if available.

46. Reference: Exhibit B-9, CEC 1.8.2

8.2 Please confirm, or otherwise explain, that Creative Energy would not be appropriately pursuing the IBR if it believed that it would not be to the shareholders' benefit.
Response: Not Confirmed. Creative Energy is pursing the IBR to be able to set rates for their customers that are stable and predictable. The IBR is also intended to reduce the frequency of regulatory proceedings as the costs incurred continue to rise. The IBR is to the benefit of the customers, as both staff time and company spending can be put towards customer needs instead of PACA funding and IRs.

46.1. Please confirm that if actual revenues are above those anticipated, and/or costs or lower than anticipated during IBR, then the shareholder will benefit.
46.2. Does Creative Energy anticipate that the shareholder will earn more or less than 9.5% ROE during the IBR period?

47. Reference: Exhibit B-7, BCUC 1.24.1 and 1.24.2 and Exhibit B-9, CEC 1.9.1

24.0 Reference: DEMAND FORECAST
Exhibit B-1, Section 4.0, p. 17; Order G-13-17 dated February 1, 2017;
Creative Energy 2016-2017 RRA Decision, Table 6, p. 23
Steam demand forecast

In the Application, Creative Energy states that it proposes to use the 2017 load forecast during the five-year term of the IBR plan because it does not expect significant changes in load.

By Order G-13-17, the Commission approved Creative Energy's 2017 steam service demand forecast, as set out on Table 6 of the Creative Energy 2016-2017 RRA Decision issued concurrently with Order G-167-16. For convenience, this table has been copied below:

Table 6
Total Steam Demand Forecast

Steam Demand	2016	2017
Existing Steam Customers M#	1,067,999	1,069,572
NEFC M#	5,440	28,942
Total Demand (NEFC + Steam) (M#)	**1,073,439**	**1,098,514**

24.1 Please confirm, or explain otherwise, that the load forecast for steam and NEFC customers that Creative Energy proposes to use during the five-year IBR plan is the forecast shown above in Table 6 of the Creative Energy 2016-2017 RRA Decision issued concurrently with Order G-167-16.

Response: Confirmed.

24.2 Please discuss the likelihood that Creative Energy's load will increase over the next five years.

Response: The biggest driver of our current load, is weather. We do not anticipate any material net changes to our load due to customers, we are at risk of customers leaving the system or customers finding ways to reduce their loads. This is a risk to Creative Energy, that we will manage as a company.

24.2.1 In the event that Creative Energy's load increased during the proposed IBR term, how would Creative Energy propose to address this to ensure that rates being charged to customers are not higher than appropriate?

Response: The IBR mechanism we have proposed puts the company at risk for decreased load, as well as, increases. Annual loads are highly dependent on weather and are expected to fluctuate.

9.1 Please provide a detailed overview of the competition that Creative Energy faces.
Response: Creative Energy faces competition from any other provider or source of thermal energy available to customers. Green building policy has also become a competitor to Creative Energy as our only offering is high carbon.

47.1. Please confirm that NEFC represents a major customer for Creative Energy.

47.2. Please confirm that there is no material risk that Creative Energy would lose the NEFC as a customer over the next five years.

47.3. What plans, if any, does Creative Energy have to address the issue of its 'high carbon' offering? Please explain.

47.4. Does Creative Energy expect to work with the City of Vancouver, others or independently during the next five years to provide low carbon offerings? Please explain.

48. Reference: Exhibit B-1, page 17 and Exhibit B-9, CEC 1.9.4, CEC 1.9.5 and Exhibit B-9-1, CEC 1.9.4

4.0 Demand Forecast

Creative Energy will be taking load forecast risk on the IBR Rates for the 5-year period of this Application. The approved 2017 load forecast, submitted as part of the 2016-2017 Application, will be used in the determination of rates when necessary for the 5-year period of the IBR. There are currently no new customers anticipated to connect to the steam system in the next two years, and no knowledge of any significant changes to individual customers loads. This will give Creative Energy increased incentive to approach new customers in order to maintain and potentially grow the load. Because Creative Energy is bearing the load risk for the 5-year period, it is fair that exceeding the load forecast should benefit the utility.

For rate-making purposes related to excluded capital and deferral accounts, Creative Energy proposes to use the 2017 load forecast for the five year IBR mechanism. There has been a declining trend for five years in loads and customer growth, with the exception of the 2016-17 winter. For that reason, during the five years of the IBR mechanism, Creative Energy does not expect significant changes in loads. Further, any changes in loads are not expected to result in a material change to rates as compared to using the 2017 load forecast, given the limited use of the 2017 load forecast proposed in this Application.

9.4 Please elaborate on the impact to Creative Energy if a customer is lost, including the impact on rate of return. Please provide examples with quantification.
Response: This is dependent on the size of the customer. See table below for a range.

9.5 How would the loss of a significant customer impact customer rates? Please explain and provide examples with quantification.
Response: Loss of a significant customer would cause rates to increase. The loss of a large customer (~15,000,000 lbs per year) would result in a 1-1.5% increase in rates.

CEC 9.4

Creative Energy request reference to the table be removed and replaced by the following answer:

Every loss of $100,000 in revenue from a customer disconnection will have reduce the ROE by approximately 1%.

48.1. Please provide context for the distribution of Creative Energy's customers by providing a chart showing the distribution of customers with annual revenues on the X axis and number of customers on the Y axis and provide the data table.

48.2. Creative Energy states that the loss of a significant customer would impact customer rates in the order of 1-1.5%. Would customers experience this rate increase under IBR? Please explain.

48.2.1. Please explain when the rate increase would occur.

48.2.2. If during IBR would Creative Energy apply, or need to apply, for a rate increase under IBR if this loss were to occur?

48.3. Please elaborate on the impact to Creative Energy if a customer is acquired including the impact on the rate of return under IBR. Please provide quantification as provided in CEC 1.9.4. Will every gain of $100,000 in revenue from a new customer connection increase the ROE by 1%?

48.3.1. Please identify when the impact would occur relative to the IBR period.

48.4. How would the acquisition of a significant customer impact customer rates under IBR and under Cost of Service? Please explain and provide examples with quantification.

48.5. Will the acquisition of a large customer (+15,000,000 lbs per year) result in a 1-1.5% decrease in rates? Please explain.

48.5.1. Please identify when the impact would occur relative to the IBR period.

49. Reference: Exhibit B-9, CEC 1.9.6

9.6 Please explain how the 'opportunity to earn a fair return' could be impacted as a result of responding to customer service requirements.

Response: In some circumstances, the cost of meeting customer service requirements may not be recoverable from customers, either because of regulatory decisions or because of competitive pressures, and will reduce the "opportunity to earn a fair return". For utilities in a competitive market, all increases in costs have the potential to reduce the "opportunity to earn a fair return".

49.1. Please confirm that Creative Energy has a monopolistic position for the provision of steam heat service in the Vancouver area.

50. Reference: Exhibit B-7, BCUC 1.27.4

27.4 Line 25 of Appendix 2 of the Application shows "Actual/Proposed Return on Equity" and line 15 of Schedule 13 in Appendix 1 of the Application shows "Cost of Capital % (Actual & Proposed)." Please confirm that the $1,045,000 and 9.5 percent shown on these lines, respectively, reflect the allowed ROE and equity thickness of Creative Energy as established by Order G-82-15. If not confirmed, please clarify.

Response: Confirmed

27.4.1 What are Creative Energy's Actual capital structure and Actual ROE? Please provide the Actual amounts from 2011 to present.

	2011	2012	2013	2014	2015	2016	2017
Debt	14,851,401	14,997,507	16,821,700	17,310,463	16,085,813	17,289,037	21,342,946
Total Debt/Equ	24,184,907	24,290,389	24,439,235	25,611,460	25,800,773	28,023,287	33,300,086
Equity	38.0%	35.4%	36.6%	32.4%	37.7%	38.3%	35.9%
Debt	61.4%	61.7%	68.8%	67.6%	62.3%	61.7%	64.1%
Earned Return	$1,263,184	$ 706,124	$ 485,597	$ 543,633	$ 221,100	$ 864,026	$1,222,890
ROE	13.7%	8.2%	5.4%	6.5%	2.3%	8.0%	10.2%

Note that 2017 is still a forecast number.

50.1. Please discuss the factors that contributed to the increase in Earned Return between 2016 and that forecast for 2017.

50.2. Please discuss the factors that contributed to the lower rates of return in 2012, 2013, 2014 and 2015.

50.3. How would Creative Energy expect to respond if it did not meet its allowed rate of return of 9.5% over a period of 2 or more years during the IBR period.

50.4. Are there any conditions under which Creative Energy would seek to end the IBR during its term? Please discuss.

51. Reference: Exhibit B-9, CEC 1.12.2 and Exhibit B-1, Appendix 3

REVENUE REQUIREMENTS

Appendix 3

2018 STEAM - SUMMARY	IBR Base	TPRCDA	Pension Expense Deferral Account	Reg. Transition Deferral Account	Total Rate Change
1	2018	2018	2018	2018	
2 REVENUE REQUIREMENT - CHANGE SUMMARY	Steam	Steam	Steam	Steam	
3 Cost Of Service					
4 Fuel					
5 Fuel Recovery					
6 Net Fuel	-			-	
7 O&M	4,532,400				
8 Total Operating and Maintenance	4,532,400				
9 Municipal Access Fees (MAF)	255,100				
10 Total Operating and Maintenance (incl. MAF)	4,787,500				

Line #	Acct. #	Account Name	2017 RRA APPRV.	2017 ADJ. BASE	2018 FORECAST	2019 FORECAST	2020 FORECAST	2021 FORECAST	2022 FORECAST
1		Steam Production-Operation							
2	500	Supervision and Labour	1,158,000	1,361,700	1,386,211	1,411,162	1,436,563	1,462,423	1,488,745
3	502	Steam Expenses	968,400	968,400	987,768	1,007,513	1,027,674	1,048,257	1,069,192
4		Total Steam Production-Operation	2,126,400	2,330,100	2,373,979	2,418,686	2,464,237	2,510,849	2,557,937
5									
6		Steam Production-Maintenance							
7	506	Structures and Improvements	9,400	9,400	9,588	9,780	9,975	10,175	10,378
8	512	Steam Prodution Equipment	0	0					
9		Total Steam Production-Maintenance	9,400	9,400	9,588	9,780	9,975	10,175	10,378
10									
11		Distribution Expenses-Operation							
12	870	Supervision & Labour	451,400	539,900	549,618	559,511	569,583	579,835	590,272
13	874	Mains & Services	14,900	19,100	19,482	19,872	20,269	20,674	21,088
14	878	Removing & Resetting Meters	0	0	0	0	0	0	0
15	880	Other Distribution Operation	0	15,300	15,606	15,918	16,236	16,561	16,892
16	933	Transportation	24,500	24,500	24,990	25,490	26,000	26,520	27,050
17		Total Distribution Expenses-Operation	490,800	598,800	609,696	620,791	632,088	643,590	655,302
18									
19		Distribution Expenses - Maintenance							
20	885	Supervision & Labour	0	0	0	0	0	0	0
21	886	Structures & Improvements	0	0	0	0	0	0	0
22	887	Mains & Services	67,000	67,000	68,340	69,707	71,101	72,523	73,973
23	889	Meters & House Regulators	114,300	114,300	116,586	118,918	121,296	123,722	126,196
24	894	Other Distribution Maintenance	0	0	0	0	0	0	0
25		Total Distribution Expenses-Maintenance	181,300	181,300	184,926	188,625	192,397	196,245	200,170
26									
27		Customer Accounts Expenses-Operation							
28	901	Supervision	0	0	0	0	0	0	0
29	902	Meter Reading & Billing Delivery	0	0	0	0	0	0	0
30	903	Customer Records & Collection Exp	0	0	0	0	0	0	0
31	904	Uncollectible Acounts	0	0	0	0	0	0	0
32		Total Customer Accounts Exp-Operation	0	0	0	0	0	0	0
33									
34		Sales Promotion Expenses-Operation							
35	910	Sales Expense	49,500	66,600	67,932	69,291	70,676	72,090	73,532
36	911	Advertising	0	0	0	0	0	0	0
37		Total Sales Promotion Exp - Operation	49,500	66,600	67,932	69,291	70,676	72,090	73,532
38									
39		Administrative & General - Operation							
40	915	Directors Fees	35,400	46,800	47,736	48,691	49,665	50,658	51,671
41	920	Admin & General Salaries	584,000	560,100	570,182	580,445	590,893	601,529	612,357
42	921	Office Supplies & Exp	96,000	99,800	101,796	103,832	105,909	108,027	110,187
43	922	Admin & General Exp	11,000	10,500	10,710	10,924	11,142	11,366	11,593
44	923	Special Services	269,200	291,700	297,534	303,485	309,554	315,745	322,060
45	924	Insurance	91,100	117,600	119,952	122,351	124,798	127,294	129,840
46	925	Injuries & Damages-WCB	14,800	5,800	5,916	6,034	6,155	6,278	6,404
47	926	Employee Benefits	465,100	187,700	191,454	195,283	199,189	203,173	207,226
48	930.1	Institutional or Goodwill Advert Exp	0	0	0	0	0	0	0
49	930.2	Other Admin. And General Exp	0	0	0	0	0	0	0
50		Total Admin & General-Operation	1,584,600	1,320,000	1,345,280	1,371,045	1,397,305	1,424,069	1,451,348
51									
52		Administrative & General - Maintenance							
53	932	Maintenance of General Plant	24,700	46,600	47,532	48,483	49,452	50,441	51,450
54		Total Admin & General-Operation	24,700	46,600	47,532	48,483	49,452	50,441	51,450
55									
56		Regulatory Gross O&M Expense	4,466,700	4,552,800	4,638,933	4,726,699	4,816,131	4,907,260	5,000,117
57									

51.1. Please explain why the IBR base in Exhibit B-1, Appendix 3 shows Total Operating and Maintenance Expenses of $4,532,400 and Creative Energy's Adjusted Regulatory Gross O&M Expenses are $4,552,800 in the above response.

51.2. Why are Creative Energy's Steam Production expenses in the Adjusted Base about 9% higher than 2017 approved?

51.3. Why are Creative Energy's 2017 Adjusted Base Distribution Expenses operations about 22% higher than 2017 approved?

51.4. Why are Creative Energy's 2017 Adjusted Base Sales and Promotion expenses 37% higher than 2017 approved?

51.5. Why are Creative Energy's 2017 Adjusted Base Director Fees about 40% higher than 2017 approved?

51.6. Why are Creative Energy's 2017 Adjusted Base Admin and General Maintenance about 88% higher than the 2017 Approved?

52. Reference: Exhibit B-9, CEC 1.14.1 and 1.14.3 and 1.4.4 and Exhibit B-7, BCUC 1.16.2

14. Exhibit B-1, page 11-12 and page 12

3.2.3 Capital

Included in the IBR Revenue Requirements are the 2017 costs of financing rate base. The IBR mechanism assumes the 2017 costs of financing rate base, adjusted for inflation, are fair and reasonable based on historical capital expenditures. The capital expenditures over the past seven years have been on average $1.1M. See Table 1 below.

Table 1- Average Capital

	2011	2012	2013	2014	2015	2016	2017
Capital Additions	1,161,000	769,000	1,293,000	692,000	957,000	1,507,000	1,270,000
5 Year Rolling Average					974,000	1,044,000	1,144,000
Average of line 3							1,054,000

Creative Energy believes the approved capital expenditures of $1.27 million in 2017, adjusted for inflation, are a fair and reasonable basis to determine the Base IBR Capital for the period 2018-2022. Under all rate-making approaches other than cost of service, incorporating capital mechanisms into the rate-making approach has been difficult. In particular, defining base capital criteria to determine whether future capital expenditures are base capital has been difficult. Fortunately, Creative Energy does not anticipate capital expenditures other than base capital expenditures, with the exception of, capital expenditures related to energy sources, including the existing plant. Those types of capital expenditures would be lumpy and would require a CPCN. For that reason and because Creative Energy is small, Creative Energy does not propose base capital criteria. In the future, if a capital project exceeds what Creative Energy considers base capital, then Creative Energy will seek approval for such capital expenditures before committing to the capital project.

Creative Energy has left a "Base IBR Capital" amount in the IBR rates to cover regular capital additions to the System. Regular capital additions include boiler upgrades to the plant and to the manholes within the distribution system. The boiler upgrades include control upgrades, back up and redundancy instrumentations. The distribution capital additions pertain to restoration of several manholes.

The "Base IBR Capital" is the full, approved capital amount from 2017, as outlined in section 2.2. As the Base Capital has been relatively consistent during the previous 5 years, Creative Energy determines this should be included in the IBR formula going forward.

14.1 Please confirm or otherwise clarify that the Capital Additions cited above are Capital Additions to rate base and not capital expenditures prior to making a capital addition to rate base.
Response: Confirmed.

14.3 Please confirm, otherwise explain, that Creative Energy is not proposing to factor capital expenditures into its revenue requirement through increases in rate base and cost of capital including return on equity and interest costs.
Response: Not confirmed. Creative Energy has included a capital expenditure into its revenue requirement.

14.4 Please confirm, otherwise explain, that Creative Energy is not proposing to factor capital expenditures into its revenue requirements through changes to its depreciation as a result of changes to rate base.
Response: Not confirmed. Creative Energy Is asking for approval to increase our tariff rates and not to changes in our rate base.

16.2 Please confirm that the amounts shown for years 2011 to 2016 in Table 1 above are Actual capital expenditures (i.e. only 2017 is a Forecast capital expenditure).

RESPONSE: Confirmed that the amounts shown for years 2011 to 2016 are in fact Actual Capital expenditures.

16.2.1 If not confirmed, please clarify which amounts are Actual capital expenditures and which amounts are Forecast capital expenditures. Please also provide an amended table which includes only Actual capital expenditures for years 2011 to 2017.

52.1. In CEC 1.14.1 Creative Energy confirms that the Capital Additions in Table 1 are Capital Additions and not capital expenditures. In BCUC 1.16.2 Creative Energy confirms that the amounts are capital expenditures. Please confirm that Creative Energy is using the terms interchangeably, or otherwise rationalize.

52.1.1. If not confirmed, please provide annual capital expenditures and annual capital additions for Table 1.

53. Reference: Exhibit B-8, BCOAPO 1.10.1

10.1 Does this proposal amount to the assumption that - even in the absence of any net capital investment during the term of the proposal - that rate base costs would be escalated by the proposed inflation factor when, in fact, rate base costs would actually be decreasing (in the event of no net investment) due to increasing accumulated depreciation? Please explain and indicate why it is appropriate to inflate capital costs in this manner.

Response:. It is assume the existing rate base is decreasing by depreciation. Separate to that, we forecast capital expenditures and those valued tend to have inflationary increases. With an aging system such as Creative Energy's, in order to maintain the reliability and performance of the system, a scenario where the net capital investment is zero is virtually impossible. Creative Energy has a five-year rolling capital plan to ensure that proper capital investment is made year over year to maintain the existing system.

53.1. Please provide Creative Energy's forecast capital expenditures, forecast capital additions and depreciation by year for the next 5 years.

54. Reference: Exhibit B-9, CEC 1.19.2

19.2 How does Creative Energy propose to deal with extraordinary windfalls? Please explain.
Response: The Commission has a mandate to ensure fair and reasonable rates -"extraordinary windfalls" are not expected and would be within the Commission jurisdiction to review.

54.1. How would Creative Energy define an extraordinary windfall?

54.2. How and when would the Commission likely become aware of any extraordinary windfalls?

54.3. Please confirm that in addition to reviewing a windfall, the Commission would have the authority to disallow the windfall.

55. Reference: Exhibit B-9, CEC 1.26.1 and Exhibit B-2

- Please see Exhibit B-2 for 2016 and 2017.

Line #	Item	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Approved	U
1	Fuel Expense - Base Cost	776,987	747,104	713,966	679,578	708,850	
2	Operation & Maintenance Expense	3,325,093	3,725,998	3,800,717	4,028,927	4,296,955	
3	Municipal Taxes	208,873	205,226	203,043	219,893	226,316	
4	Other	0	0	0	0	0	
5	Total Operating and Maintenance Expense	4,310,953	4,678,328	4,717,726	4,928,399	5,232,121	
6	Property Taxes	208,945	293,237	279,508	302,798	318,375	
7	Income Tax Expense	206,827	42,943	0	0	237,496	
8	Depreciation Expense	855,980	869,146	875,141	888,873	946,757	
9	Depreciation Expense Allocated to Non Reg			(706)	(706)	(706)	
10	Amortization of CIAC	(18,513)	(18,060)	(17,508)	(17,158)	(24,629)	
11	Amortization of Rate Base Deferred Exp.					0	
12	Amortization of Non - Rate Base Deferred Exp.						
13	Actual/Proposed Return on Rate Base	1,842,990	1,274,293	1,087,128	1,147,214	1,638,914	
14	**Cost of Services**	**7,407,183**	**7,139,897**	**6,941,198**	**7,249,419**	**8,348,329**	
15							
16	**Total Revenue Requirement**	**7,407,183**	**7,139,897**	**6,941,198**	**7,249,419**	**8,348,329**	
17							
18	Fuel Cost Stabilization Account Interest Costs					36,032	
19	Other Income	9,376	33,804	9,730	7,700	12,400	
20	Steam Sales Revenues	7,397,807	7,106,093	6,931,468	7,241,719	8,299,898	
21	**Total Revenues**	**7,407,183**	**7,139,897**	**6,941,198**	**7,249,419**	**8,348,329**	
22							
23	Revenue (Surplus)/Deficiency	0	(0)	0	(0)	(0)	

1 Sales, General & Admin 2 Account Name	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Approved
3 Sales Expense	25,217	14,970	34,650	38,064	56,460
4 Directors Fees	22,500	26,000	30,000	30,830	42,000
5 Admin & General Salaries	475,326	573,924	562,683	772,641	729,719
6 Office Supplies & Exp	161,034	88,533	63,456	95,473	78,786
7 Admin & General Exp	-	-	-	12,071	9,180
8 Special Services	67,581	90,487	121,161	214,159	108,000
9 Insurance	84,815	83,789	83,363	86,854	106,600
10 Injuries & Damages-WCB	8,443	8,672	8,893	10,287	12,074
11 Employee Benefits	236,663	344,972	433,210	190,532	450,187
12 Sales, General & Admin	1,081,579	1,231,347	1,337,416	1,450,912	1,593,006
13 General Plant Maintenance	26,233	14,622	23,597	14,957	26,640
14 Operations & Maint. Expense	1,107,812	1,245,969	1,361,013	1,465,869	1,619,646
15 O&M Allocated to Capital	0	0	0	0	(15,459)
16 O&M Allocated to Affiliate	0	0	0	0	0
17 **Total SG&A**	$ 1,107,812	$ 1,245,969	$ 1,361,013	$ 1,465,869	$ 1,604,187

55.1. Please provide 2015 Actuals for the above tables.

55.2. Exhibit B-2 does not contain the requested information. Please identify where the CEC can find the 2016 and 2017 Actual figures.

56. Reference: Exhibit B-9, Creative Energy Responses to CEC 1.3.1 and 1.3.2, Exhibit B-5, Creative Energy Letter of Scope page 2, Exhibit A-8, BCUC Order G-90-18

Creative Energy has not provided cost of service forecasts with this Application, given the Company's commitment that rate increases for five years will not exceed inflation, and given the rates are based on 2017 approved revenue requirements. The IBR will provide a sound framework for rate-making purposes that will permit Creative Energy to focus on the challenges driven by policy and business environment changes. Unlike PBR mechanisms, the IBR is not designed to provide incentives to the Company to reduce costs. Such opportunities are limited, and competitive pressures provide more than sufficient incentives to the Company to reduce costs.

3.1 Please provide a jurisdictional review of other utilities in Canada being regulated by IBR.
Response: Order G-90-18 determined that this IR is out of scope.

3.2 Please provide a list of independent resources, with links, reviewing the advantages and disadvantages of IBR ratemaking.
Response: See 3.1.

3.1	Such a jurisdictional review is beyond the expertise of Creative Energy, Creative Energy expects the cost of engaging such an expert would far exceed the probative value and the annual rate increases of this Application.
4.7	Unrelated to Identified Areas/Issues and is specific to cost of service
4.8	Unreasonable amount of historical information, actual costs of last application and estimate of costs of this Application will be filed
5.2	Total labour costs for past 10 years is an unreasonable amount of historical information with limited or no probative value
5.4	The Company and union have agreed to a new CBA with reasonable and fair costs that will be filed on the record of this proceeding

56.1. Creative Energy contested 3.1 but did not contest CEC 1.3.2 and the Commission did not rule on CEC 1.3.2. Please provide a response.

57. Reference: Exhibit B-9, CEC 1.4.4

4.4 Please identify on which customer service issues Creative Energy intends to focus instead of dealing with the regulatory process.
Response: Customer service issues that are important to customers that may or may not be important to interveners.

57.1. The CEC is unable to identify the customer service issues that Creative Energy intends to focus on from the above response. Please provide a response to the information request.