

CREATIVEENERGY

July 12, 2018

Via Email

Mr. Patrick Wruck
Commission Secretary
BC Utilities Commission
Sixth Floor, 900 Howe Street, Box 250
Vancouver, BC V6Z 2N3

Dear Mr. Wruck:

Re: Creative Energy Application – 2018-2022 Revenue Requirements Application IR 2

By Order G-90-18 dated May 10, 2018, the Commission established today as the filing date for responses to Information Requests No. 2. With this letter, Creative Energy is filing response to IR 2. With this letter, Creative Energy is filing responses to the following information requests and asks that each response be filed as a separate exhibit:

1. BCUC;
2. BCOAPO; and
3. CEC;

Yours truly,

(Original Signed)

Krishnan Iyer
President & CEO
Creative Energy Vancouver Platforms Inc.

CREATIVE ENERGY RESPONSE TO INFORMATION REQUEST #2- BCOAPO

Creative Energy Vancouver Platforms Inc. 2018-2022 Revenue Requirements Application

July 12, 2018

12.0 Reference: Exhibit B7, BCUC IR 1.4.1

The referenced IR and its response read (in part):

Please provide the source of the data highlighted in the table above, including references to the supporting schedule(s) and an explanation for where in the schedule(s) these amounts can be found. If the amounts cannot be tied to a schedule, please explain why not. Please also provide the year which the amounts relate to and whether they are Actual or Approved amounts.

RESPONSE: The source of the data highlighted is from 2016 Actuals and 2017 Forecast... These can't be tied to a schedule as the numbers above are derived from a combination of actuals and forecast.

12.1 Does this response mean that there are no schedules or other written documents that contain the relevant 2016 Actuals and 2017 Forecast data upon which the referenced table is based? If not, would it be possible and not unduly onerous to provide these documents?

Response: Please see spreadsheet reference to BCUC IR2 29.1

13.0 Reference: Exhibit B7, BCUC IR 1.11.2 and Exhibit B-1, Application

13.1 Please provide the 2018 rates that would arise if the Creative used the same methodology as in the instant application but chose as a starting point 2017 actual costs and the actual 2017 closing rate base.

Response: The IBR mechanism is set on a forecast test year because those numbers have been approved and undergone an extensive review period. Actuals may include anomalies and will be impacted by uncontrollable factors such as weather, as such Creative Energy believes the 2018 rates should be based on the approved costs.

14.0 Reference: Exhibit B7, BCUC IR 1.15.3

14.1 Does Creative agree that, other things equal, lower volatility in the index used to inflate rates is preferable to higher volatility?

Response: Agree.

15.0 Reference: Exhibit B7, BCUC IR 1.16.1 and 1.16.2, and Exhibit B-1, page 11,

Table 1

The preamble to the referenced IR includes the following:

In Appendix 1 of the Supplementary Information Filing, Creative Energy shows that Forecast capital expenditures in 2017 were \$1,270,000 in the "2017 RRA Approved" version of Schedule 4 and Actual capital expenditures were \$399,771 in the "2017 Preliminary" version of Schedule 4.

The response to IR 1.16.2 states:

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

15.1 Please provide the Forecast capital expenditures for each year 2011-2016 inclusive.

Response:

Creative Energy has looked through RRA applications completed by Central Heat and cannot find the forecast capital expenditures for 2011-2013.

2011	2012	2013	2014	2015	2016
-	-	-	\$2,293,900	\$870,518	\$1,421,816

16.0 Reference: Exhibit B7, BCUC IR 1.18.3.1

The referenced IR and response read:

18.3.1 As a condition of approving the IBR mechanism, would Creative Energy be willing to commit that these service quality indicators, as measured annually, will be reported to the Commission?

Response: *Creative Energy is not willing to commit to annually measured and reported indicators, and does not see value in the time required to report these.*

16.1 Is Creative aware of any other multi-year indexed plans that have been approved in Canada that do not require the tracking and reporting of Service Quality Indices? If so, please provide details.

Response: No, Creative Energy is not aware of other multi-year plans with the express purpose of reducing regulatory burden as is the case with IBR

17.0 Reference: Exhibit B7, BCUC IR 1.19.2 and Exhibit B9, CEC IR 1.21.1

The response to the first referenced IR includes the following:

Response: *The Company does not support annual reviews during the IBR term. Annual reviews would not be consistent with the rate setting principles. In particular, annual reviews would not be consistent with the principle that the Commission should use the least amount of regulatory oversight to protect the ratepayer.*

The second referenced IR refers to a mid-term review of the IBR plan.

17.1 Is Creative aware of any five-year indexed rate plans that have been approved by any Canadian regulator that have not required any review, annual or mid-term during the term of the plan? If so, please provide details.

Response: No, Creative Energy is not aware of other multi-year plans with the express purpose of reducing regulatory burden as is the case with IBR.

17.2 Can Creative envision a streamlined, high-level and relatively low cost scheme by which Creative could provide the BCUC annually with summary information that would provide the Commission with information as to how well the IBR is performing?

Response: Please see BCUC Response 43.5.

18.0 Reference: Exhibit B8, BCOAPO IR1.1.1 and Exhibit B7, BCUC IR 1.21.4.1

18.1 The response to the first referenced IR indicates that for 2017, Actual load exceeded Forecast load by 6.79%. Is the magnitude of this difference typical in Creative’s experience?

Response: Creative Energy’s load influenced very heavily by the weather and because we cannot predict the weather, we expect load to fluctuate year to year as demonstrated by your IR.

18.2 Please provide the Forecast and Actual Total Steam Demand for each year 2011-2016 inclusive.

Response: Creative Energy has looked through RRA applications completed by Central Heat and cannot find the forecast demand for 2011-2013.

	2011	2012	2013	2014	2015	2016
Forecast			1,105,000	1,136,141	1,106,494	1,068,000
Actual	1,226,756	1,173,772	1,141,000	1,058,000	973,147	1,051,869

19.0 Reference: Exhibit B7, BCUC IR 1.1.1

19.1 Please provide the date on which negotiations for the new CBA began and the date on which negotiations were concluded.

Response: The negotiations began July 18, 2017 and finished on January 23 2018.

20.0 Reference: Exhibit B9, CEC IR 1.11.1

20.1 Creative states that it operates in a competitive environment. Can Creative quantify this claim with any economic data that would provide support for this claim? For example, does Creative have an estimate of the elasticity of demand for Creative's services (which is largely influenced by the availability of close substitutes for Creative's offerings)?

Response: Creative Energy does not have an elasticity of demand for Creative Energy service. Without this support Creative Energy thinks there is clear evidence that customers have multiple other options for service. A request to the BC Safety Authority in 2016, for operating boilers in Vancouver returned 4,400 results. This far outweighs the number of customers Creative Energy has and that is only one alternate source of energy.

21.0 Reference: Exhibit B9, CEC IR 1.12.3

The referenced IR is reproduced below:

12.3 Please provide Creative Energy's best 5 year forecasts for each line item in Operations and Maintenance expense.

21.1 Upon cursory examination, the "forecasts" for the line items provided by Creative in response appear to be the 2018 proposed amounts inflated by Creative's proposed inflator. Is this the case or are the entries true forecasts of actual amounts?

Response: At this time, the 2018 proposed amount times the proposed inflator is Creative Energy's best forecast of O&M.

22.0 Reference: Exhibit B9, CEC IR 1.19.2

The referenced IR and response are reproduced below:

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.

22.1 Under Creative's proposal, how would the BCUC be aware of any "extraordinary windfalls" during the term of the plan?

Response: Please see response to IR 17.2.