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October 15, 2018

## VIA ELECTRONIC MAIL

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

**Attention: Patrick Wruck  
Commission Secretary**

Dear Sirs/Mesdames:

**Re: Creative Energy Vancouver Platforms Inc. (“Creative Energy” or the “Applicant”)  
Application to the British Columbia Utilities Commission (“Commission”)  
for a CPCN and Approval of Corporate Reorganization (“Application”)  
Project No. 1598962**

We are counsel to the Commercial Energy Consumers Association of British Columbia (the “CEC”). We write in response to counsel to Creative Energy’s letter responding to the CEC’s request for information made at the Creative Energy Beatty/Expo Plants CPCN and Reorganization Workshop of August 2, 2018 and in CEC IR 1.7.4 which followed-up on the Workshop request.

The specific request made twice by CEC, once in the August 2 Workshop and then in the IR process, is, what is the amount paid by Emanate Energy for its 50% indirect interest in the utility Creative Energy?

Creative Energy counsel’s response to the CEC’s requests is provided in Exhibit B-13 dated October 11, 2018.

## BACKGROUND

At the Workshop, the counsel to Creative Energy stated at page 24, lines 1 through 12:

“At a very high level, there are sort of 3 purposes to the reorganization. The steps are complex, to be sure. But there are 3 purposes: facilitate the proposed project that is the subject of the Application; the developer’s project, being the office tower; the development and transfer of asset surplus to the utility needs on a tax sufficient basis and

the acquisition by Emanate Energy of an indirect 50% equity interest in the utility business. The utility business being the Creative Energy assets, including the surplus assets, which are also referred to as the “Trust Property”. Each of the requested orders is directly related to the proposed project except that the acquisition of Emanate Energy, of an indirect 50% equity interest in the utility, is proposed to be completed as part of the reorganization, but it is otherwise independent of the reorganization steps to facilitate the project themselves. The requested orders are not separate in the sense that they are all related to the project, and all interconnected, and can’t be (inaudible).”

Further at page 69 in describing the transaction, counsel to Creative Energy stated at lines 10 through 17:

“So to isolate that which is currently owned by Creative Energy but not part of the utility, to isolate the risks associated with that property and the development of it, and on a tax efficient basis, and then lastly the acquisition of an indirect 50% interest in the utility again. Again, not that trust property part that is currently owned by Creative Energy and that investment by Emanate Energy.”

At Page 75 of the Transcript, the writer put the question to Creative Energy’s counsel at lines 13 through 21:

“MR. WEAFFER: What is...Emanate paying for the 50 percent indirect interest in the utility?”

MR. WEBB: I don’t know the answer to that.

MR. WEAFFER: You can leave it for an undertaking, that's fine.

MR. WEBB: If you want, I mean, we're having an IR process starting in a couple of weeks.

MR. WEAFFER: Sure, that's fine.”

The response was not that Creative Energy was taking a position that the purchase price was confidential. The Chairman and the President of Creative Energy as well as Mr. Jack Bitten from Emanate Energy were at the Workshop. No one at that time indicated that confidentiality was an issue. The CEC followed-up with this question in CEC IR 1.7.4 wherein the CEC asked directly for the purchase price Emanate Energy will pay for 50% of the utility. Rather than answering directly with a request for Confidentiality the CEC was directed to various BCUC IR’s, 1.59.15, 1.59.15.1 and 1.59.16. None of these provided the purchase price and rather reflected “fair market value” would be paid. We now have Exhibit B-13 which is an aggressive assertion of confidentiality two months after the initial question was asked by CEC at the Workshop.

The CEC notes that while Creative Energy is aggressively pursuing a quick resolution of this Application its tactic of not responding directly to information requests inevitably prolongs the regulatory process.

## SUBMISSIONS

Given that the value of the utility, including the associated land value, is a key issue in this proceeding it is a reasonable assumption the value of the 50% interest in the utility would provide some indicative value of what an arm's length purchaser was willing to pay for a 50% interest in the regulated utility.

In its Application Creative Energy utilized the Assessed value of the lands at approximately \$37,000,000 to \$52,000,000 (Creative Energy comment at Workshop Transcript Volume 1, page 50). The Commission has now received an Appraisal filed as Exhibit A-15 on October 12, 2018 which appraises the land value at \$185,640,000. Clearly there are wild variations between what the potential "fair market values" of the assets which Emanate Energy may or may not be acquiring and knowing what they are paying for the 50% indirect interest in the regulated utility is probative to understanding the transactions.

Creative Energy asserts that as the companies are private companies they should not have to disclose the purchase price. The CEC notes that in the transaction whereby Creative Energy acquired Central Heat Distribution Limited ("CHDL") in 2013 (the "2013 CHDL Transaction") the purchase price was discussed in detail before the Commission. That transaction was between two private companies in relation to the ownership of this specific utility, identical to the transaction before the Commission today.

Reponses to IR's 8 through 14 of the Commission Staff IR's in the 2013 CHDL Transaction dealt extensively with the purchase price of the utility. Copies of the IR's from the 2013 CHDL Application are attached to this letter as Schedule "A". Creative Energy had no reluctance at that time to provide the purchase price for the utility. It is even more appropriate today given the concerns around the extreme variation in valuation of the assets of the utility, particularly the land values as noted above. The purchase paid for the 50% indirect interest in the utility will assist the Commission in better understanding what the value of the utility is and what value is being extracted from the utility through the reorganization, just as it sought to understand the regulated and non-regulated values in the 2013 CHDL Transaction. This is probative, relevant information which should be provided to enable proper review of this complicated transaction.

The Commission had a high level of interest in the original purchase price for CHDL by Creative Energy and the CEC submits that given the complexities of this transaction and difficulty in assessing the risks being passed to ratepayers as a result of the complicated reorganization being undertaken by Creative Energy, it is a relevant and probative piece of information to understand what Emanate Energy deems to be the value of the 50% interest in the utility. Further it will assist in better understanding the potential level of windfall benefit attained by Creative Energy, the Developer, from its acquisition of CHDL 5 years ago and whether the level of benefit the ratepayers are receiving and risks being taken on in foregoing ownership of property in exchange for lease arrangements pursuant to this Application, are fair and in the public interest.

An understanding of what Emanate Energy, an arm's length, third party purchaser negotiated for the 50% interest in the utility provides relevant evidence as to what the perceived value is of the utility. Creative Energy's reluctance to provide the purchase price information raises a concern

with respect to what if any insulation from risks associated with the transaction Emanate Energy negotiated into their purchase agreement for the 50% interest.

The CEC submits the Commission would potentially benefit from a review of any terms and conditions in the purchase Agreement between Emanate Energy and Creative Energy. Given the general vagueness and uncertainties in Creative Energy's responses to information requests, including information responses to the Commission Panel, the Emanate Energy investment in Creative Energy, and the terms and conditions negotiated may assist in understanding the risk profile of the utility and whether approval of the Application is in the public interest.

Creative Energy indicates that there are other energy projects that Emanate Energy is acquiring an indirect interest in through the transaction. The CEC submits that given the mature existing utility would represent a significant portion of the purchase price being paid by Emanate Energy as the other projects being identified by Creative Energy are not mature operating existing utilities. The CEC has no difficulty with a response which breaks down what Emanate Energy saw as the portion of the purchase price attributable to the 50% indirect interest in the utility.

The Applicant is seeking orders from the Commission which will in effect approve the transfer of 50% interest in the utility regulated by the Commission, the Commission would in the normal course receive that purchase price information. If there is a concern around confidentiality as Creative Energy can file the information in confidence under conditions or undertaking for Interveners.

Ultimately the onus is on the Applicant to provide a case which supports its Application. The less forthcoming the Applicant is and the more resistant it is to providing responses to reasonable questions raised at the outset of an application being filed, the more difficult it is for ratepayer groups to provide informed comments on the Application, and the longer it takes for process to deal with the Application.

All of which is respectfully submitted.

Yours truly,

**OWEN BIRD LAW CORPORATION**



Christopher P. Weafer

CPW/js  
cc: CEC  
cc: Creative Energy Vancouver Platforms Inc.  
cc: Interveners

a municipally-owned system, similar to SEFC, but with an operating agreement for service by CHDL? Please explain.

**RESPONSE**

Creative Energy and the City are in the early stages of negotiating a franchise agreement for NEFC. The agreement will cover a new franchise area to be served by CHDL. It may include unique terms and conditions and specific policy support from the City. The City will have no ownership stake in the system, although it may include conditions under which the City can assume or reassign the assets/agreement in the event certain conditions are not met.

- 7.4 Will the assets of the new district energy service be included in CHDL's operating assets (ratebase) or will a separate division of service be created within CHDL?

**RESPONSE**

The assets will be owned and operated by CHDL, subject to Commission approval. The system will be interconnected to CHDL's current system and will rely on the current system for some of its energy supply. Creative Energy anticipates a separate rate class or classes may be required to reflect new terms, conditions, and costs that may be directly assigned to the new franchise area. Creative Energy is not seeking any determination in this matter as part of the share acquisition and CHDL will seek Commission approval of the agreements, plan, and rate design prior to implementation.

- 8.0 Reference: Exhibit B-1, pp. 2 and 4; Schedule A, Share Purchase Agreement  
Purchase Price

"The purchase price under the Share Purchase Agreement (Section 2.2) is Cdn \$32M for all of the issued and outstanding common shares of CHDL." (Para. 5(a))

- 8.1 Please discuss and provide the calculations to support the purchase price of \$32 million.

**RESPONSE**

The \$32M is a share value based on the book value of CHDL as represented in the 2011 year-end audited financial statements plus the negotiated value of non-utility assets (primarily office leases) and surplus land, which is land that is not used nor useful for utility purposes.

Section 2.2 of the Share Purchase Agreement states that the purchase price is: (a) 32 million plus (b) the Retained Earnings Adjustment, minus; (c) the Accounts Receivable Adjustment, minus; (d) any part of the Holdback paid to the purchaser, minus; (e) the Retained Earnings difference, but only if the Retained Earnings differences is between +/- \$150,000.

- 8.2 Please explain all of the adjustments to the purchase price that are included in Section 2.2 of the Share Purchase Agreement. Is the Application seeking Commission approval for the price of \$32 million firm or is it \$32 million *plus* adjustments? Please clarify.

**RESPONSE**

The purchase price was based on the 2011 year-end audited financial statements of CHDL. All adjustments, plus or minus are to reflect the actual financial position of the company at the time of closing. This Application is not seeking Commission approval for the share purchase price. Creative Energy is not proposing any change in the rate base beyond normal year-to-year adjustments from additions and depreciation associated with normal utility business.

8.3 Would the adjustments to the \$32 million be considered closing or transaction costs?

**RESPONSE**

The adjustments to the \$32 million are adjustments to purchase price and are not considered transaction or closing costs. Creative Energy is not seeking any changes to the CHDL rate base as a result of the transaction.

The Application states that: "The CHDL system is in excellent condition. Recent upgrades have included upgraded boiler controls, stack heat recovery, and flu gas recirculation."

8.4 Does the above statement represent CHDL's views of their current system or does Creative Energy share this view as well?

**RESPONSE**

The quoted statement reflects representations made to Creative Energy by CHDL as well as, engineering consulting firm Fosdick & Hilmer Inc. in an analysis completed in June of 2013

9.0 Reference: Exhibit B-1, pp. 2 and 7  
Transaction Costs and Closing Costs

"Creative Energy will not seek to recover from CHDL customers any acquisition premium or transaction costs incurred directly in connection with the Transaction." (Para. 6)

9.1 Please show the calculation of the total acquisition premium for this Transaction and quantify, by way of calculation, that the purchase price is a premium above either i) carrying or book value of the assets or ii) market value of CHDL shares.

**RESPONSE**

Creative Energy's acquisition of CHDL includes all utility and non-utility assets and liabilities and is based on the 2011 year-end audited financial statements. Accordingly the premium is calculated as:

|  |                 |
|--|-----------------|
| 2011 Total Assets  | \$ 31,053,480   |
| 2011 Liabilities   | - \$21,860,065  |
| 2011 Equity/Retained Earnings  | = \$ 9,193,415  |
| Total Purchase Price =   | - \$32,000,000* |
| Premium<br>(Includes potential Land Value, utility assets and value of non-rate Base Assets in excess of book value) | = \$22,806,585  |

\*Equity/Retained Earnings portion of the Purchase Price to be adjusted for actual debt and equity at closing

9.2 Does Creative Energy anticipate allocating any of the purchase premium to intangible assets of CHDL or any item other than Goodwill? If so, please describe.

**RESPONSE**

**Creative Energy will not allocate any of the purchase premium to CHDL.**

- 9.3 Please confirm that no part of the purchase premium representing the value paid in excess of the carrying or book value of CHDL assets will be recovered from CHDL ratepayers at any time.

**RESPONSE**

**No part of the purchase premium representing the value paid in excess of the rate base of CHDL will be recovered from CHDL ratepayers at any time.**

- 9.4 What are the transactions costs that would be incurred directly in connection with the Transaction?

**RESPONSE**

**Transaction costs include due diligence, legal, and tax planning costs.**

**No transaction costs incurred directly in connection with the Transaction will be sought to be recovered from the ratepayers.**

- 9.5 Please confirm that management and staff's time in dealing with matters such as due diligence and regulatory matters (including this application) are considered to be transactions costs that would be incurred directly in connection with the Transaction?

**RESPONSE**

**Creative Energy costs in dealing with matters such as due diligence and regulatory matters (including this application) are considered to be transaction costs that would be incurred directly in connection with the Transaction.**

- 9.5.1 How will Creative Energy ensure that such costs will be segregated and accounted for to ensure that such costs are not recovered from CHDL ratepayers.

**RESPONSE**

**Transaction costs incurred by Creative Energy will not be charged to CHDL.**

"Creative Energy has engaged an external transition team to assist it in the acquisition of CHDL and in ongoing negotiations with the City regarding new initiatives under the City's RFEIO process for low carbon energy solutions in Downtown Vancouver." (Para. 37(e))

- 9.6 What is the estimate of the cost for the external transition team? Are these considered "transition costs incurred directly in connection with the Transaction"? Or will they be considered corporate costs of Creative Energy and then allocated to CHDL?

**RESPONSE**

**Non-transaction costs for external advisors related to growth and development initiatives are being underwritten by Creative Energy. It is anticipated these initiatives and related development costs will be transferred to CHDL and recovered in rates subject to Commission approval as part of future CPCN and/or rate applications.**

- 9.7 How long does Creative Energy anticipate the use of this external transition team?

**RESPONSE**

The external transition team has been retained by Creative Energy on an interim consulting basis. Creative energy anticipates continued use of such consultants from time to time on an as needed basis.

- 9.8 What are the other transaction costs that may be incurred? Are these the same as “closing costs”?

**RESPONSE**

All legal, due diligence, and tax planning costs related to the transaction are deemed to be transaction costs. Creative Energy does not distinguish between “transaction” and “closing costs.”

- 9.9 Please identify and estimate the closing costs for this Transaction. Please clarify how these closing costs will be recovered?

**RESPONSE**

Please see BCUC IR1 9.8

- 9.10 Please provide a breakdown of forecast costs for the external transition team into the following tasks: 1) work related to the acquisition of CHDL; 2) work related to the ongoing negotiations with the City for new initiatives in low carbon solutions.

**RESPONSE**

Please see BCUC IR1 9.5, 9.6

- 9.11 Please discuss how the costs for 2 different tasks will be recovered.

**RESPONSE**

Please see BCUC IR1 9.5, 9.6

- 9.12 Is goodwill considered an acquisition premium? Will there be any goodwill included in the purchase price? If so, how much.

**RESPONSE**

Please see BCUC IR1 9.2

**10.0 Reference: Exhibit B-1, p. 7  
Financing**

“The Transaction will not reduce or impair the ability of CHDL to raise debt and equity capital. CHDL will not, as a result of the Transaction, maintain for ratemaking purposes less common equity than that determined by the Commission.” (Para. 38)

- 10.1 Please explain how the transaction may or may not impact CHDL’s financing abilities. Will there be any impact on its credit ratings due to the parent ownership? Will Creative Energy be providing parent company financing in the future? Will the carrying costs of CHDL’s current credit facilities be impacted by the transaction?

**RESPONSE**

RBC as CHDL's current financial institution will continue to meet the debt requirements of CHDL. No impact on CHDL's financing ability, credit rating, current credit facilities or carrying costs is anticipated as a result of the transaction.

Creative Energy will provide future equity financing to CHDL as required.

"CHDL's banker, RBC, has determined the Transaction will have no material impact on the current credit facilities it provides CHDL, as evidenced by their consent to the share transfer." (Para. 39) (underline added)

- 10.2 Please confirm that the RBC letter, included as Schedule C in the Application, references Creative Energy and not CHDL.

**RESPONSE**

The RBC letter, included as Schedule C in the Application, refers to the Westbank group of companies.

- 10.3 Please confirm that the RBC letter, included as Schedule C in the Application, confirms the financial strength of the parent company to Creative Energy (not Creative Energy itself, nor CHDL) has the financial strength to support the said transaction.

**RESPONSE**

The RBC letter, included as Schedule C in the Application, confirms that RBC, as the main creditor of CHDL, is confident that the Westbank group of companies has the financial strength to support the transaction.

- 10.4 If the Application is referencing another RBC document which supports the above underlined claim, please file as evidence in this proceeding.

**RESPONSE**

No other document was being referenced.

- 10.5 Please provide evidence of the ability of Creative Energy to finance the current acquisition of the issued and outstanding shares of CHDL.

**RESPONSE**

Creative Energy is a member of the Westbank group of companies. Westbank has over \$1 billion worth of real estate development projects completed or under development and has the ability to finance this transaction. RBC as a financier of Westbank and CHDL is in support of the transaction.

- 10.6 Please confirm whether CHDL will be required now, or at any time in the future, to guarantee the debt obligations of Creative Energy or any of its current or future affiliates?

**RESPONSE**

It is not anticipated that CHDL will be required to guarantee the debt obligations of Creative Energy or any affiliates.

**11.0 Reference: Exhibit B-1, Application, p. 8  
No Violation of Existing Covenants**

"The Transaction will not affect any existing covenants given by CHDL, whether financial, commercial or otherwise. Creative Energy will ensure that CHDL is in a position to meet its capital investment obligations." (Para. 41)

11.1 How will Creative Energy ensure that CHDL's covenant requirements are not affected by the proposed Transaction?

**RESPONSE**

**Creative Energy does not anticipate any changes by operating the business in a prudent manner.**

11.2 How does Creative Energy expect to meet CHDL's capital investment obligations? What will be the source of debt and equity infusions for the next five years?

**RESPONSE**

**CHDL's capital investment obligations will be met through a combination of lending facilities and equity infusions in accordance with the requirements of the BCUC.**

**12.0 Reference: Exhibit B-1, p. 8  
Regulatory Process**

"CHDL's current management was expecting to file a rate case in 2014. They instead will be filing an application for interim rates in December 2013." (Para. 48)

12.1 Please clarify whether a Commission decision is required in the current proceeding prior to CHDL filing its interim rate application in December 2013?

**RESPONSE**

**CHDL management, in consultation with Creative Energy, has decided to file a full rate application in December 2013, with interim rates beginning January 2014, if approved by the Commission. This rate application is required as part of the normal course of business for CHDL. A decision in the current proceeding is not required prior to CHDL filing this rate application. However, Creative Energy anticipates that, based on the original timelines filed in the Application and the interventions to date, the Commission will issue a decision in this proceeding before the end of November 2013.**

**13.0 Reference: Exhibit B-1, p. 4  
Impact of Transaction**

"On August 29, 2013, CHDL management distributed a memo to employees about the Transaction and subsequently met with employees to answer any of their questions about the Transaction."

13.1 Please provide a copy of the employee memo to the Commission.

**RESPONSE**

Please see Attachment C.

13.2 Please summarize the concerns of the employees (if any).

**RESPONSE**

**No concerns were expressed by employees.**

13.3 Please discuss any employees' benefits as a result of this transaction.

**RESPONSE**

**It is the opinion of Creative Energy that the acquisition will provide numerous benefits to CHDL including:**

- **Additional financial strength**
- **Growth opportunities**
- **Expanded vision of services, technologies and service areas**

**Creative Energy believes this benefits all constituents including employees and customers.**

13.4 Please discuss any customers' benefits as a result of this transaction.

**RESPONSE**

**Please see response to BCUC IR1 13.3**

13.5 Will this Transaction have any impact on employee or management salaries, other compensation, benefits or pension costs over the next three years?

**RESPONSE**

**Creative Energy intends to retain existing CHDL management and key personnel. Salaries, compensation, benefits or pension costs will be addressed on an ongoing basis in the normal course of business.**

13.6 Will this Transaction have any impact on overall pension plans or strategies, pension plan requirements\conditions for CHDL employees?

**RESPONSE**

**The transaction will not have any impact on pension plans or strategies, plan requirements/conditions for CHDL employees.**

**14.0 Reference: Exhibit B-1, Application  
Ring Fencing**

14.1 Please explain why Creative Energy has not proposed any ring fencing mechanisms for this Transaction?

**RESPONSE**

**Creative Energy submits that ring-fencing mechanisms as listed in this information request are not necessary to protect the public interest. In the past, ring-fencing mechanisms have been imposed by the Commission as a condition of an acquisition when there has been evidence that the credit metrics of the purchaser have been under review such as in the Kinder Morgan**

purchase of Terasen Inc. In that case, ring fencing was a condition of the transaction to ensure that the utility would continue to operate as a separate, stand-alone entity without parental influence.

Creative Energy believes that ring-fencing should be an approval condition to the transaction only in circumstances where there is utility specific evidence that the ring fencing conditions are necessary as was the case in the Kinder Morgan acquisition. There is no such evidence in this proceeding. Moreover, the Commission has recognized in the AES Inquiry and in the proposed TES Guide that additional regulatory burden should not be imposed, particularly on small utilities, unless such requirements are necessary.

In these circumstances, CHDL will continue to operate as a separate, stand-alone entity, as stated in BCUC IR1 4.1 and 4.2. As stated in BCUC IR1 2.1, it is anticipated a separate board of directors will be established. Moreover, with the exception of the costs of limited governance oversight and strategic development support (yet to be determined and subject to Commission approval in a future rate application), CHDL will not be incurring fees to be paid to the parent company.

The *Utilities Commission Act (UCA)* includes provisions that ensure the maintenance of the approved capital structure of CHDL and provisions that will ensure that no financial support or guarantees are provided by CHDL without prior Commission approval. (Section 50) Utility specific regulatory requirements beyond those already found in the *UCA* or beyond those that may be established by the Commission from time to time pursuant to the *UCA*, as currently considered in the proposed TES Guide, may be either redundant or inconsistent with the ring fencing conditions imposed.

In summary, Creative Energy believes that the Commission has the authority necessary to protect the public interest without the further regulatory and administrative burden that will result from ring-fencing provisions.

14.2 Would Creative Energy be adverse to the following ring fencing mechanisms in order to protect the public interest as a condition to approving the proposed Transaction?

- 1) CHDL shall maintain, on a basis consistent with BCUC orders and accounting practices, a percentage of common equity to total capital that is at least as much as that determined by the Commission from time to time for ratemaking purposes.
- 2) CHDL will not pay a common dividend without prior Commission approval if the result would reasonably be expected to violate the restriction in (1) above.
- 3) CHDL will not lend to, guarantee or financially support any current or future affiliates of Creative Energy, other than as accepted by the Commission. CHDL shall independently maintain separate banking, lending, financing and cash management arrangements from Creative Energy and any of its affiliates.
- 4) CHDL will not enter into transactions with Creative Energy or any of its affiliates on terms less favourable to CHDL than those available from third parties on an arms-length basis, unless otherwise accepted by the Commission.
- 5) CHDL will not engage in, provide financial support to or guarantee any non-regulated businesses, unless otherwise accepted by the Commission.

- 6) CHDL will not transfer any assets to Creative Energy or receive and record any assets from Creative Energy within CHDL unless otherwise accepted by the Commission.
- 7) CHDL shall not enter into any inter-corporate loans and/or tax sharing arrangements with Creative Energy or any of its affiliates, unless otherwise accepted by the Commission.
- 8) CHDL shall maintain existing governance policies and that any changes in these policies should be approved by the Commission.
- 9) Creative Energy and any of its affiliates agree not to mention CHDL in any future petitions for bankruptcy protection.

**RESPONSE**

**As indicated in its response to BCUC IR1 14.1, Creative Energy opposes the inclusion in the Commission's approval of the CHDL share transfer of any ring-fencing conditions as there is no evidence that such conditions are warranted in the context of this utility. The imposition of additional regulatory burdens should be considered only in those cases where there has been demonstrated on the evidence that there is a real likelihood of harm to this utility and its customers if such conditions are not imposed. Creative Energy repeats its response to BCUC IR1 14.1**