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June 12, 2019

Sent via eFile

<b>CORIX DISPOSITION OF ASSETS FROM BMDEU EXHIBIT A-3</b>
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Mr. Ian Wigington  
Regulatory Advisor  
Corix Multi-Utility Services Inc.  
Suite 1160 – 1188 West Georgia Street  
Vancouver, BC V6E 4A2  
Ian.Wigington@corix.com

**Re: Corix Multi-Utility Services Inc. – Application for Disposition of Assets from the Burnaby Mountain District Energy Utility – Project No. 1599009 – BCUC Information Request No. 1**

Dear Mr. Wigington:

Further to your April 30, 2019 filing of the above-noted application, enclosed please find British Columbia Utilities Commission Information Request No. 1. Please file your responses by no later than Monday, July 8, 2019.

Sincerely,

*Original signed by:*

Patrick Wruck  
Commission Secretary

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Enclosure



Corix Multi-Utility Services Inc.  
Application for Disposition of Assets from Burnaby Mountain District Energy Utility

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**INFORMATION REQUEST NO. 1 TO CORIX MULTI-UTILITY SERVICES INC.**

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**1.0 Reference: OVERVIEW**  
**Exhibit B-1, Corix Multi-Utility Services Inc. Application for Disposition of Assets from the Burnaby Mountain District Energy Utility (Application), p. 1**  
**Temporary Energy Centre 1**

On page 1 of the Application, Corix Multi-Utility Services Inc. (Corix) states that it seeks British Columbia Utilities Commission (BCUC) approval for the “disposition of certain utility assets that are part of the BMDEU [Burnaby Mountain District Energy Utility] Temporary Energy Centre 1 (“TEC1”).” [emphasis added]

Corix further states on page 1 of the Application: “With this application BMDEU seeks BCUC approval to transfer the three (3) high efficiency condensing boilers and associated equipment housed in TEC1 (the “TEC1 Assets”) to the Corix Docksider Green Energy (“DGE”) system (the “Transfer”).”

1.1 Please clarify whether the entirety of TEC1 is proposed to be disposed of and transferred to DGE.

1.1.1 If some components of TEC1 are not proposed to be transferred to DGE, please explain how Corix intends to treat the non-transferrable components. Please also describe these non-transferrable components and provide their net book value(s).

**2.0 Reference: OVERVIEW**  
**Exhibit B-1, p. 1; Corix Application for a Certificate of Public Convenience and Necessity (CPCN) for Additional Capital and Amended Rates for UniverCity Neighbourhood Utility Service (NUS) on Burnaby Mountain, Exhibit B-8, Corix Response to Order G-215-15, p. 2; Corix Application for a CPCN for the BMDEU, Exhibit B-1, p. 17; Corix Revenue Requirements and Rates Application for the DGE Utility, Exhibit B-1, p. 11**  
**Temporary Energy Centres**

On page 1 of the Application, Corix states: “The new central energy plant (“CEP”) is scheduled to be in service in the spring of 2020 and will include re-purposed gas boilers from TEC2 to provide peaking and back-up service for UniverCity customers. With the new CEP, TEC1 will no longer be required.”

On page 2 of Corix’s response to Order G-215-15 related to the Corix Application for a CPCN for Additional Capital and Amended Rates for UniverCity NUS on Burnaby Mountain (Order G-215-15 Compliance Filing), Corix stated the following:

Corix has instead elected to retain the existing 2.3 MW TEC [TEC1] in service and supplement this capacity with an additional and separate 6 MW TEC [TEC2]. The resulting 8.3 MW combined capacity is sufficient to provide service to the UniverCity

development as it builds out and until a permanent energy centre is built as part of the development of the low carbon energy facility. Corix intends to redeploy the boilers from both the existing 2.3 MW TEC and the new 6 MW TEC to provide back-up and peaking service in the permanent energy centre at the time of the development of the low carbon energy facility.

On page 17 of the Corix Application for a CPCN for the BMDEU (2017 BMDEU CPCN Application), Corix provided the following description of the “Natural Gas Module” of the BMDEU CEP:

8.3 MW output capacity; all natural gas boilers currently in operation in the existing TECs will be relocated to the CEP and remain in operation for the purpose of peaking and back-up for the UniverCity customers. In the event the biomass module shuts down, the natural gas module will still be able to provide 90% of peak UniverCity load demand in peak demand conditions, and 100% demand in non-peak conditions...In case of the largest unit failure, the delivery temperatures will be slightly lower during the outage time. Given the low probability of this occurrence and the existing equipment, Corix considers this a prudent configuration at this time. The plant has room for additional gas boiler capacity should this be considered necessary in future.

- 2.1 Please explain in detail the change in circumstances since the 2017 BMDEU CPCN Application proceeding which has resulted in the TEC1 gas boilers no longer being required as part of the new CEP.
- 2.2 In consideration of the description of the Natural Gas Module provided on page 17 of the 2017 BMDEU CPCN Application, please explain how much peak UniverCity load demand and how much non-peak UniverCity load demand will be able to be provided in the event the biomass module shuts down if the TEC1 removal is approved.
  - 2.2.1 If either/both of the percentages of load demand capability are lower due to the removal of TEC1, please explain why Corix considers this revised configuration to be reasonable.
- 2.3 Please explain if there is any risk and/or any scenario that the removal of the TEC1 gas boilers may negatively impact Corix’s ability to serve the UniverCity customers.
  - 2.3.1 If yes, please describe the risk and/or scenario, how Corix would propose to mitigate the impact(s) to customers, and why Corix considers this potential risk and/or scenario resulting from the removal of the TEC1 boilers to be reasonable.
  - 2.3.2 If no, please explain why not.
- 2.4 In the event that the opportunity to transfer the TEC1 assets to DGE had not arisen, what would Corix have proposed to do with these assets? Please fully explain.
- 2.5 Please discuss the likelihood that Corix will be required to purchase/install additional natural gas boilers to serve UniverCity customers in the future if the TEC1 assets are approved to be removed.
  - 2.5.1 If the above-mentioned situation is likely to occur, please indicate when such a situation would likely occur and what the incremental cost would be to UniverCity customers to purchase new boilers compared to if the TEC1 boilers were still available for use.

On page 11 of the Corix Application for Revenue Requirements and Rates for Dockside Green Energy (DGE RRA), Corix states: “Reliance on a single boiler to serve all customers also creates significant availability and reliability concerns.”

- 2.6 Please explain if similar availability and reliability concerns will be created for the service to

UniverCity as a result of reducing the natural gas capability from both TEC1 and TEC2 to only TEC2. If yes, please explain how Corix proposes to address these concerns. If no, please explain why not.

**3.0 Reference: PROPOSED TRANSACTION  
Exhibit B-1, pp. 1–3  
Disposition of TEC1**

On page 3 of the Application, Corix states: “As part of the Transfer, DGE will pay BMDEU a sum equal to the net book value of the TEC1 Assets at the time of the Transfer – currently estimated at \$160k.”

Footnote 2 on page 3 of the Application states: “Cost estimate assuming close of transaction, with BCUC approval, on September 1, 2019.”

On page 1 of the Application, Corix states: “The new central energy plant (“CEP”) is scheduled to be in service in the spring of 2020 and will include re-purposed gas boilers from TEC2 to provide peaking and back-up service for UniverCity customers. With the new CEP, TEC1 will no longer be required.”

- 3.1 Please provide an update on the expected in-service date of the new CEP.
- 3.2 Please explain when Corix would propose to transfer the TEC1 assets to DGE.
  - 3.2.1 If the proposed transfer is planned to occur prior to the scheduled in-service date of the new BMDEU CEP, please explain how Corix proposes to provide adequate energy services to UniverCity customers in the intervening period without TEC1.
- 3.3 Please explain if the TEC1 assets are currently considered “used and useful” with respect to providing service to UniverCity customers.
  - 3.3.1 If yes, please explain how the TEC1 assets are currently being used and why a classification of “used and useful” is considered appropriate under the current circumstances.
  - 3.3.2 If no, please explain when the TEC1 assets were no longer considered to be used and useful and what precipitated this change. Please also explain why Corix considers it reasonable to continue to recover the costs of the TEC1 assets from UniverCity ratepayers if the assets are no longer used and useful.
- 3.4 Please confirm, or explain otherwise, that if Corix is approved to dispose of the TEC1 assets, the assets will be removed from ratebase and the revenue requirement impact of the TEC1 assets will no longer be included within the UniverCity revenue requirement at the time the disposition occurs.
- 3.5 Please provide a detailed description of the TEC1 assets’ maintenance and repair history.
  - 3.5.1 As part of the above response, please indicate if there have been any issues encountered with the assets and if any unplanned maintenance/repairs have been performed. If yes, please explain the impact that such issues may have on the assets’ ability to meet performance requirements for the DGE customers.
- 3.6 Please explain how Corix plans to transport the TEC1 assets from the BMDEU to DGE. As part of this response, please describe any potential risks that may occur in the transportation process and how Corix intends to mitigate these risks.
- 3.7 Please describe and provide a breakdown of the removal and transportation costs expected to be incurred to remove the TEC1 assets from the BMDEU and transfer the TEC1 assets to DGE. Please also explain who is expected to pay for these costs (i.e. UniverCity ratepayers, DGE ratepayers or Corix) and why this is appropriate.

On page 2 of the Application, Corix states: “Since BMDEU and DGE are owned by the same legal entity, Corix, there is no formal sale agreement associated with this transaction.”

On page 3 of the Application, Corix states that the BCUC “has approved the principle of using rate base for valuation to determine the asset value” and references three prior decisions.

- 3.8 Please clarify if each of the three prior BCUC decisions referenced by Corix were based on arm’s length third party transactions.
- 3.9 Please provide, if possible, a fair market value (FMV) assessment of the TEC1 assets.
  - 3.9.1 If Corix is able to provide the FMV of the TEC1 assets, please explain how this value was determined and provide supporting documentation/references where appropriate.
  - 3.9.2 If Corix is unable to provide the FMV (or an approximation of the FMV), please explain why this is not possible.
  - 3.9.3 If Corix is unable to provide the FMV (or an approximation of the FMV), please explain, in consideration of the fact that the sale and purchase of the assets between BMDEU and DGE is not an arm’s length transaction, how the BCUC can be satisfied that the cost for DGE to purchase the TEC1 assets is a reasonable approximation of what an arm’s length third party would pay for these assets.