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August 28, 2019

Sent via email/eFile

CB POWERLINE LTD. – EXEMPTION APPLICATION EXHIBIT A-3

Mr. Jim Pinter
Pinter Electrical Consulting Inc.
7229 Heritage Court
Lake Country, BC V4V 2L3
jim@pinterco.ca

Re: CB Powerline Ltd. – Application for an Exemption from Part 3 of the *Utilities Commission Act*, pursuant to Section 88(3) – Information Request No. 1

Dear Mr. Pinter:

Further to the June 13, 2019 filing of the above-noted application, enclosed please find British Columbia Utilities Commission Information Request No. 1. In accordance with the regulatory timetable established by Order G-151-19, please file your responses on or before Thursday, October 3, 2019.

Sincerely,

Original signed by Ian Jarvis for:

Patrick Wruck
Commission Secretary

DB/dg
Enclosure



CB Powerline Ltd.

Application for an exemption from Part 3 of the *Utilities Commission Act*, pursuant to section 88(3)

INFORMATION REQUEST NO. 1 TO CB POWERLINE LTD.

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A. EXEMPTION CONSIDERATIONS

- 1.0 Reference: REASONS FOR EXEMPTION**
Exhibit B-1 (Application), p. 2; Section 3.3, p. 8; *Utilities Commission Act*, RSBC 1996, c 473.
Exemption from Part 3 of the UCA

Page 2 of CB Powerline Ltd.’s (CBP) application for an exemption from Part 3 of the *Utilities Commission Act* (UCA) pursuant to section 88(3) (Application), states:

...we are of the view that comprehensive regulation under Part III of the Act is both unnecessary and if applied could have the unintended consequences of increased administrative, reporting, and compliance costs; costs that would flow directly to CBP's buyers. Therefore, it is respectfully submitted that granting the requested exemption would serve the objects and purposes of the Act.

Further on page 8, CBP states:

In formulating the Project, CBP also contemplated the question of whether or not it would proceed with the Project without an Exemption from BCUC. At this time, CBP has concluded that without an Exemption the future of the Project would be uncertain.

The Project would be in question, in part, because without an Exemption the consequences of increased administrative, reporting, and compliance costs would arise; costs that would be directly borne by the Buyers. Suffice to say, at a minimum, these unknown and increasing cost burdens, and non-willingness by the Buyers to incur

additional costs for a community owned Project, would create an uncertain future for the Project.

- 1.1 Please confirm, or otherwise explain, whether CBP is seeking exemption from all provisions of Part 3 of the UCA, pursuant to section 88(3).
 - 1.1.1 If confirmed, please discuss why exemption from all provisions of Part 3 is requested.
 - 1.1.2 Please discuss what effect exemption from Part 3 of the UCA, except for sections 24, 25, 38, 39, 41, 42, 43, 52, 53 and 54, would have on the Application.
- 1.2 Please confirm, or otherwise explain, whether CBP is seeking relief or exemption from any other provisions of the UCA.
 - 1.2.1 If confirmed, please discuss the relief or exemption sought.
- 1.3 Please discuss the “unintended consequences” that would arise from comprehensive regulation under Part 3 of the UCA.
- 1.4 In the event that CBP’s request for an exemption is denied, please discuss the implications with respect to the overall Project.

B. POWER PURCHASE AGREEMENT

2.0 Reference: POWER PURCHASE AGREEMENT Exhibit B-1, Section 2, pp. 4–5; Attachment A-1, pp. 1–2, 6, 8, 10–11; Schedule A, p. 1 Power Purchase Agreement

CBP provides a copy of the draft Power Purchase Agreement (PPA) in Attachment A-1 to the Application. The document is titled “Power Purchase Agreement – Series 1 Owners.”

- 2.1 Please provide the definition for “Series 1 Owner.”
 - 2.1.1 If there will be type(s) of Owners other than Series 1 Owners, please explain the other type(s) of owners and discuss the agreement(s) those owners would enter. Please provide copies of any such agreements.

In Schedule A on page 1, CBP states:

Location: In British Columbia, the Kalamalka Lake east shore developments known locally as Cosens Bay and Kalamalka Park Estates communities which are located along the lakeshore from Cosens Bay Beach southward for approximately 3km.

- 2.2 Please confirm, or otherwise explain, that the Cosens Bay community includes both the east shore developments located at Cosens Bay and the Kalamalka Park Estates.
 - 2.2.1 Please confirm how many land parcels there are in total.

On page 4 of the Application, CBP states:

In carrying out its purpose, it is the intention of CBP to enter into Power Purchase Agreements ("PPA") with each Cosens Bay community member wishing to receive electrical service (the "Buyers"). Any Buyer within the Cosens Bay community may subscribe for the PPA. For the avoidance of doubt, participation in the PPA is voluntary for the Buyers; there is no mandatory requirement to participate. A copy of the PPA, which is currently under finalization, is provided in Attachment A-1.

Further on page 5, CBP states:

The community of Cosens Bay, which has been in existence for over 60 years and presently consists of approximately 100 land parcels, is surrounded on three sides by Kalamalka Lake Park, while its fourth side is formed by Kalamalka Lake (Attachment A-2). Today, there are approximately 75 cottages and homes built upon the land parcels. CBP currently has, through Expressions of Interest, 62 participating land parcels registered to enter into the PPA; demonstrating significant community support for and involvement in the Project, as proposed.

- 2.3 Please confirm how many land parcels have registered to enter the PPA.
 - 2.3.1 Please discuss whether the registered land parcels are contractually bound to enter the PPA.
- 2.4 Please confirm if any of the participating land parcels are owned by the same owner.
 - 2.4.1 If confirmed, please discuss how many land parcels are owned by each owner and how the PPA will operate in this instance.
 - 2.4.2 If not confirmed, please discuss the likelihood of this occurring and how CBP would deal with such a scenario.
- 2.5 Please discuss if there are any known reasons why the remaining land parcels have not registered to enter the PPA.
 - 2.5.1 Please discuss the remaining land parcels' position and whether they have voiced any opposition to the Project.
- 2.6 Please explain and provide the rationale, as to whether CBP anticipates all, or some, of the land parcels which have not registered to enter the PPA to become customers of CBP in the future.
 - 2.6.1 Please explain whether CBP would be obligated to provide service to the remaining land parcels which have not registered to enter the PPA. If so, please discuss the type of customer agreement that would be executed and how CBP would serve the area in a fair, just and non-discriminatory way.
- 2.7 Please confirm how many residents there are in Cosens Bay.
- 2.8 Please confirm how many residents of Cosens Bay are full-time, year-round residents.
 - 2.8.1 Please confirm how many of the registered PPA participants are full time, year-round residents.
 - 2.8.2 Please confirm how many of the Project's proponents are full time, year-round residents.
- 2.9 Please discuss the potential for residential growth within the Cosens Bay community.

Section 2 of the PPA provided in Attachment A-1 to the Application, states on page 2:

- (d) Sections 2(c), 4(c)(ii), 5, 6, 8, 12, 13, 14 and 16 shall survive the termination of this Agreement. The representations and warranties given by the Parties shall survive the execution of the Agreement indefinitely.

Section 8 of the PPA states on page 6:

- (a) Buyer agrees that Seller may make, and Buyer shall honour, requests for

additional cash funds ("Funding Requests") from time to time to fund the design, construction, maintenance, repair, permitting, administration, operation and decommissioning of the Power Line, and all activities ancillary thereto, and for reasons as otherwise determined by Seller in good faith. Funding Requests shall be made by Seller providing a minimum of thirty (30) days' written notice (the "Funding Notice") to Buyer for the payment of the amount of the funds required to be provided by Buyer, which will be Buyer's Proportionate Share of the aggregate of the funds requested from all buyers under power purchase agreements with Seller. Buyer shall not be obliged to contribute to any Funding Request in excess of the Funding Cap. For clarity, Funding Requests are not loans and Buyer will have no entitlement to repayment of any such amounts, including on the termination of this Agreement.

- (b) Upon a Funding Request, Buyer shall be responsible to pay to Seller the entire amount set out in the Funding Notice by way of wire transfer, cheque or bank draft on the date specified in the Funding Notice.

2.10 Please confirm, or otherwise explain, whether Section 8 of the PPA in its entirety survives the termination of the PPA.

2.10.1 If confirmed, please discuss why Section 8 of the PPA remains in effect after termination of the agreement and why a funding commitment still exists.

2.10.2 Please discuss how a funding commitment functions after the termination of the PPA and if additional funding requests can be made by CBP.

Section 13 of the PPA states on page 10:

- (a) The Parties shall negotiate in good faith and attempt to resolve any dispute, controversy or claim arising out of or relating to this Agreement within sixty (60) days after the date that a Party gives written notice of such dispute to the other Party. Pending final resolution of a dispute, the Parties shall each proceed diligently and faithfully with performance of their respective obligations under the Agreement. If the dispute remains unresolved, either Party may require that a non-binding mediation take place. In such mediation, the Parties shall meet for at least three (3) hours with a mediator whom they choose together. Each of Seller and Buyer agree to share 50% of the cost of any mediation. While such mediation is non-binding, each of Seller and Buyer agree to accept the conclusion of such mediator as long as the conclusion does not materially adversely impact either Seller or Buyer, each in their own reasonable opinion.

2.11 Please provide the party responsible for the dispute resolution process on behalf of CBP.

2.11.1 Please discuss what complaints process will be established and how complaints will be managed. In your response please detail each role in the process, who will perform each role and who will be the final decision maker.

2.11.2 Please explain why the PPA does not provide for Arbitration of the dispute in the event the mediation process is unsuccessful.

2.11.3 Please discuss what role CBP sees the BCUC having in the dispute resolution process.

Section 14 of the PPA states on page 10:

Neither Party will disclose the terms of this Agreement to a third party (other than the Party's partners, employees, lenders, counsel, accountants, contractors or service providers who have agreed to keep such terms confidential) without the consent of the other Party, except in order to comply with Applicable Law, in which case the Party will notify the other Party and will seek to limit disclosure of the price or other business sensitive terms, and except that either Party may disclose to BC Hydro the existence of this Agreement and such information as BC Hydro may require.

2.12 Please discuss the reason for the confidentiality clause contained in the PPA.

Section 16 of the PPA states on page 11:

(a) ...Seller may assign this Agreement without the consent of Buyer to an affiliate or any Person who acquires Seller and/or the Power Line. Buyer agrees that if title to the property represented by the Address is conveyed to any Person, then concurrently with such conveyance: (i) such Person must assume all of the obligations of Buyer under this Agreement pursuant to an assignment agreement...

2.13 Please discuss any potential issues that may arise from the sale of a property and assignments to new owners.

2.14 Please confirm, or otherwise explain, if all registered land parcels have received a draft copy of the PPA.

2.14.1 If confirmed, please discuss any feedback or communications received from registered parties.

2.14.2 If not confirmed, please explain why registered parties have not received a copy of the draft PPA and when CBP intends to provide a copy to all parties.

2.15 Please discuss when the finalized PPA will be available for registered parties to sign. If currently available, please provide a copy and confirm how many registered parties have signed the PPA.

2.16 Please confirm, or otherwise explain, whether CBP considered any alternatives to a PPA.

2.16.1 If confirmed, please discuss any alternatives considered and explain why they were discounted.

C. APPLICANT

**3.0 Reference: CB POWERLINE LTD.
Exhibit B-1, pp. 1–2; Section 1, p. 4; Section 4.2, pp. 9–10; Section 5.2, pp. 10–11;
Attachment A-1, p. 9
Applicant**

On pages 1 and 2 of the Application, CBP states:

Based on our understanding of the Act, and as set out in additional detail in the attachment hereto, we believe the structure of CBP addresses the primary regulatory concerns of BCUC:

- monopoly power risks, typically associated with many public utilities, do not exist for CBP as it is a community member founded and administered corporation (with each

buyer also holding one common share in CBP) that will only supply electricity to the community of Cosens Bay.

- 3.1 Please explain why monopoly power risks associated with “many public utilities” do not exist for CBP.

On page 4, CBP states:

As set out in a Shareholders' Agreement, CBP was established with up to five directors, each being elected by participating community members. Each director is elected for a term of one year, receives no remuneration in the performance of their duties, and collectively the directors are required to hold at least one annual meeting. Following execution of the Shareholders Agreement, which will be done concurrently with execution of the Power Purchase Agreement (see below), each participating community member will receive one common share in CBP.

Further on pages 9 and 10, CBP states:

CBP has been formed by community members, it is without expectation of profit, its directors and officers are volunteers from the community, and its service area is limited to the community of Cosens Bay. Given these factors, and that the only Buyers of CBP are community members (each Buyer will also hold one common share in CBP), CBP cannot practically externalize risks (e.g., cost cutting to increase profit for CBP at the expense of its Buyers) because the members are responsible for those decisions and would ultimately be the ones incurring the related consequences.

- 3.2 Please provide a copy of the Shareholders' Agreement.
- 3.3 Please discuss how the common share and voting mechanism function, explaining how decisions are made by CBP.
- 3.4 Please discuss how many directors, officers or employees are required for CBP to function effectively and confirm, or otherwise explain, whether the minimum number of directors, officers or employees is stated in the Shareholders' Agreement.
- 3.4.1 Please discuss any risks associated with having volunteer directors and officers from the community managing the operation of CBP. In your response please discuss whether volunteer directors will have the necessary technical knowledge and experience to manage operation of CBP.
- 3.4.1.1 Please discuss how CBP intends to manage operations if volunteers are not available when needed.

On page 9 of Attachment A-1 to the Application CBP states:

- (a) Buyer acknowledges and agrees that the directors and employees (if any) of Seller are volunteers from the Cosens Bay community who may or may not have experience in the power distribution industry and the Indemnified Persons (as defined below) will not be held to the same standard of care that would be applicable to either industry professionals or entities providing services for profit. The spirit and intent of this Section 12 is that, in the absence of fraud or wilful misconduct, claims for Losses and Liabilities are not to be brought against the Indemnified Persons.

- 3.5 Please discuss how volunteers, some of which may have limited or no experience in the power distribution industry, will manage the operations of CBP.
- 3.5.1 Please explain how the day to day management of CBP will be conducted. In your response please list any consultants that may be engaged and what their experience is.
- 3.5.2 Please discuss the process to replace or renew any directors and/or employees.
- 3.5.2.1 Please discuss what will happen in the event of limited or no volunteers. In your response please explain whether the term of the volunteer directors would be extended until new directors are appointed.
- 3.6 Please provide an organizational chart of the project team and CBP.

On pages 10 and 11 of the Application CBP states:

CBP has retained [Pinter Electrical Consulting Inc.] to lead the engineering and project management tasks required to facilitate the design, construction, and operation and maintenance of the Project. Current activities include, among others:

- submarine cable design, specification, and procurement
- load flow studies, submarine cable ampacity and losses analyses, cadastral land survey, and bathymetric survey planning
- Project engineering drawings (e.g., Project layouts, crossing details, and electrical Single Line Diagram as provided in Appendix A-5)
- preliminary equipment selection (e.g., cables, transformers, and revenue metering)
- discussions with contractors regarding submarine cable installation and horizontal directional drilling
- construction cost estimating and Project scheduling

- 3.7 Please discuss Pinter Electrical Consulting Inc.'s (PEC) experience in undertaking projects of this type.
- 3.7.1 Please provide examples of similar projects including an overview of PEC's roles and responsibilities with respect to project design, costs, scheduling and permitting.
- 3.8 Please confirm, or otherwise explain, whether PEC will operate and maintain the distribution system.
- 3.8.1 If confirmed, please discuss and provide examples of PEC's experience in operating and maintaining similar distribution systems to utility standards.
- 3.8.2 If confirmed, please provide the number of full-time employees responsible for operating and maintaining the distribution system.
- 3.8.3 If not confirmed, please identify the party responsible for the ongoing operation and maintenance of the distribution system and discuss their experience in operating and maintaining similar distribution systems to utility standards.
- 3.8.4 Please explain who within CBP will be responsible for the management of the contracted party.
- 3.8.5 Please provide details of the contract, including term length and an overview of responsibilities.

- 3.9 Please provide the roles and responsibilities for which the utility will require staffing. Please provide a summary of the job titles, overview of responsibilities and the number of full-time or part-time employees required.
- 3.10 Please confirm, or otherwise explain, if PEC will be responsible for maintaining and inspecting the submarine cable.
- 3.10.1 Please explain how frequently inspections of the submarine cable will be carried out.
- 3.10.2 If not confirmed, please explain who will be responsible and discuss their experience in maintaining and inspecting submarine cables.

Section 12 of the PPA provided in Attachment A-1 to the Application states on page 9:

12. Liability and Indemnity

- (a) Buyer acknowledges and agrees that the directors and employees (if any) of Seller are volunteers from the Cosens Bay community who may or may not have experience in the power distribution industry and the Indemnified Persons (as defined below) will not be held to the same standard of care that would be applicable to either industry professionals or entities providing service for profit.
- 3.11 Please discuss the risks to the ongoing safe and reliable operation of the utility and to customers if the directors and employees are not held to the same standard of care that would be applicable to either industry professionals or entities providing service for profit.

D. PROJECT NEED, ALTERNATIVES AND JUSTIFICATION

**4.0 Reference: PROJECT RATIONALE
Exhibit B-1, Section 3, pp. 5–7
Project Need**

On page 7 of the Application, CBP states:

In pursuit of electricity supply to the community, community members first approached Fortis BC (“**FORTIS**”) in 2011 and again in 2016. These discussions focussed upon three alternate supply approaches, Fortis to:

1. undertake all aspects of service to the community
2. permit CBP to co-locate a new low voltage line within their right-of-way
3. permit CBP to under-string their existing high voltage line.

Based upon these discussions, Fortis declined the alternatives citing the prohibitive cost of a new substation (estimated at more than \$15 million), co-locating within the right-of-way and under-stringing would not be possible because the Province has deemed the Fortis line “critical”, and Cosens Bay is not within the Fortis service area (i.e., it is within [BC Hydro’s]).

- 4.1 For each of the three alternate supply options explored with FortisBC (Fortis), please provide further information on the Community of Cosens Bay’s (Community) discussions with Fortis. In your response please include a summary of the project, details of the proposed point of connection (POC) and route to Fortis’ infrastructure, estimated costs and any relevant documents or communications explaining why the three options were not considered to be feasible.

- 4.2 Please confirm, or otherwise explain, whether the three alternate supply options were proposed by the Community.
- 4.2.1 If confirmed, please explain whether the Community and Fortis explored any other options not included in the preamble above. If so, please provide details.

Further on page 7, CBP states:

Consequently, attention turned to the Ministry of Transportation and Infrastructure (“**MOTI**”).

Community members approached MOTI to explore the concept of placing power line(s) under the Cosens Bay Road through the Provincial Park. However, the road through the Park is very narrow and was the subject of legal action in the 1990s. Part of the legal action resulted in the trial judge, and appeals court, declaring the road to a “public road”; the road has since been the basis of controversy. Based upon the MOTI discussions, and the controversial history of the road, it was clear there would likely be both technical and legal issues towards obtaining the permits necessary to place the power line(s) under or adjacent to Cosens Bay Road.

- 4.3 Please provide further details on the Community’s previously explored concept of placing power line(s) under the Cosens Bay Road mentioned in the above preamble. In your response please include the party that would have been responsible for the project, a summary of the project, the utility to which connection would be made, the proposed POC and route, the estimated costs and any relevant documents or communications explaining why the option was not considered to be feasible.
- 4.4 Please provide a summary of the legal action to which the Cosens Bay Road was subject, explaining the nature of the legal action.
- 4.5 Please discuss the technical and legal issues in obtaining the permits necessary to place the power line(s) under or adjacent to Cosens Bay Road.
- 4.5.1 Please explain why the technical and legal issues could not be overcome.
- 4.6 Please confirm if Cosens Bay Road is a public or privately-owned road.

On page 7, CBP states:

Following the FORTIS and MOTI discussions, CBP approached [BC Hydro] in 2017 and again 2019. These discussions focused upon two alternate supply approaches:

1. [BC Hydro] to undertake all aspects of service to the community
2. CBP to permit and construct service to the community, with the assets subsequently transferred to [BC Hydro] for operation and maintenance.

Based upon these discussions, [BC Hydro] declined both alternatives, citing both small scale of the service area and that small size coupled with construction costs would not facilitate [BC Hydro] maintaining its standard rate base for the community members. Consequently, CBP was left to undertake the Project independently.

- 4.7 For each of the two alternate supply options explored with the BC Hydro, please provide further information on the Community’s discussions. In your response please include a summary of the project, details of the POC and route to BC Hydro’s infrastructure, estimated construction and

operation costs and any relevant documents or communications explaining why the two options were not considered to be feasible.

4.8 Please confirm, or otherwise explain, whether the two alternate supply options were proposed by the Community.

4.8.1 If confirmed, please explain whether the Community and BC Hydro explored any other options not included in the preamble above. If so, please provide details.

4.9 Please confirm, or otherwise explain, whether the Community submitted a request for connection to BC Hydro. If so, please provide details of the request and BC Hydro's response, including the estimated costs for connection.

4.10 Please provide all correspondence from BC Hydro and Fortis regarding possible alternatives to the Project.

4.11 Please discuss whether the Community explored any options for obtaining financial assistance towards the cost of providing electrical supply to the Community.

4.11.1 If confirmed, please provide details of any options explored and the results of any applications made.

**5.0 Reference: THE PROJECT
Exhibit B-1, Section 2, pp. 4–5
Project Alternatives and Justification**

On pages 4 to 5 of the Application, CBP states:

To supply electricity to its Buyers, CBP has identified the development and construction scope as:

- Connection to [BC Hydro's] 25 kV distribution system
- Installation of a revenue meter at the point of connection ("POC")
- Combination of overhead, submarine, and underground power line from [BC Hydro] POC to the community of Cosens Bay, with exact locations to be determined based upon environmental, engineering, landowner, and cost evaluations (evaluations that are presently underway)
- Within the community of Cosens Bay, combination of overhead and underground 25 kV power lines, transformers, and secondary service cables
- Installation of fiber optic cable
- Installation of a revenue meter at each customer's take-off point (collectively, the "Project" and shown generally on **Figure 1**).

5.1 Please provide details on the alternatives considered for the Project, for example an alternative POC and routing options or on-site generation with a micro-grid. In your response please include a description of the alternatives and any supporting maps or drawings.

5.2 Please provide a comparison of the costs, benefits and associated risks of the Project and the feasible alternatives where this information is available. Cost estimates used in the economic comparison should have a Class 4 degree of accuracy.

5.3 Please provide a schedule calculating the revenue requirements of the Project, the feasible alternatives, and the resulting impacts on customer rates.

5.4 Please provide a schedule calculating the net present values of the incremental cost and benefit cash flows of the Project and the feasible alternatives.

- 5.5 Please provide a schedule and supporting discussion comparing the Project and the feasible alternatives in terms of social and environmental factors, and CBP's assessment regarding the overall social and environmental impact of the Project relative to the overall impact of the feasible alternatives.
- 5.6 Please provide a technical and financial analysis of the Project and the feasible alternatives, explaining why the selection of the Project is justified.

E. CONSULTATION

6.0 Reference: REGULATORY Exhibit B-1, Section 3.3, p. 10 Indigenous Consultation

On page 10 of the Application, CBP states:

CBP has retained Arsenault Environmental Consulting to complete the field work, environmental assessment reports, and management plans required to obtain Project approvals. Also, based upon discussions with FrontCounter BC, should any Indigenous engagement be required in support of the Project, it is our understanding that FrontCounter BC (or designate) will lead those efforts.

- 6.1 Please detail the discussions between CBP and FrontCounter BC and explain why it is understood that FrontCounter BC would lead the consultation efforts with Indigenous groups. Please provide all correspondence with FrontCounter BC in your response.
- 6.1.1 In the event that FrontCounter BC are not able to lead the consultation efforts, please discuss how CBP intends to consult with Indigenous groups.
- 6.2 Please provide a detailed list of all Indigenous groups affected or potentially affected by the Project and explain the process used to identify these Indigenous groups. Please also provide a list of any Indigenous groups excluded from this list who may have some degree of association with the location of the Project.
- 6.3 Please confirm, or otherwise explain, whether notice of the proposed Project has been delivered to any Indigenous groups.
- 6.3.1 If confirmed, please provide details of the Indigenous groups notified and any responses received.
- 6.3.2 If not confirmed, please discuss why notice has not been given to Indigenous groups and when it will take place.
- 6.4 Please confirm, or otherwise explain, whether any Indigenous consultation has taken place by either CBP or FrontCounter BC.
- 6.4.1 If confirmed, please provide the following:
- i. Identification of any group, body or specific band or specific person(s) that have been consulting on behalf of the Indigenous group in connection with the Application; Please identify the specific member bands represented by any group or body;
 - ii. A chronology of meetings, other communications and actions;
 - iii. Any relevant, non-confidential written documentation regarding consultation, such as notes or minutes of meetings or phone calls, or letters received from or sent to the Indigenous group;
 - iv. Identification of specific issues or concerns raised by the Indigenous group;

- v. Description of how the specific issues or concerns raised by the Indigenous group were avoided, mitigated or otherwise accommodated, or explain why no further action is required to address an issue or concern;
- vi. Copies of any documents which confirm that the Indigenous group is satisfied with the consultation to date;
- vii. Evidence that the Indigenous group has been notified of the filing of the application with the BCUC and has been informed on how to raise outstanding concerns with the BCUC;
- viii. CBP's overall view as to the sufficiency of the consultation process to date, in the context of the decision which is being sought from the BCUC; and
- ix. A statement of what future consultation with Indigenous groups is contemplated subsequent to the preparation of the Application.

6.4.2 If not confirmed, please clarify when CBP anticipates commencing consultation with Indigenous groups and who will undertake this task.

**7.0 Reference: REGULATORY
Exhibit B-1, Section 3, p. 5; Section 3.3, p. 7
Public Consultation**

On page 5 of the Application, CBP states:

The community of Cosens Bay, which has been in existence for over 60 years and presently consists of approximately 100 land parcels, is surrounded on three sides by Kalamalka Lake Park, while its fourth side is formed by Kalamalka Lake. Today, there are approximately 75 cottages and homes built upon the land parcels. CBP currently has, through Expressions of Interest, 62 participating land parcels registered to enter into the PPA; demonstrating significant community support for and involvement in the Project, as proposed.

7.1 Please confirm, or otherwise explain, whether any public consultation has taken place, including any consultation with existing or potential customers.

7.1.1 If confirmed, please provide the following:

- i. Overview of the of the public who may be directly impacted by the Project;
- ii. Description of the information and consultation programs with the public, including the organizations, agencies and individuals consulted, the information provided to these parties, and a chronology of meetings and other communications with members of the public and their representatives. This includes consultation with both the public who may be directly impacted by the project and the public that may be impacted by the Project;
- iii. Description of the issues and concerns raised during consultations, the measures taken or planned to address issues or concerns, or an explanation of why no further action is required to address an issue or concern;
- iv. Identification of any outstanding issues or concerns;
- v. CBP's overall assessment as to the sufficiency of the public consultation process with respect to the Project, in the context of the decision which is being sought from the BCUC; and
- vi. A statement of what future public consultation is contemplated subsequent to the preparation of the Application.

7.1.2 If not confirmed, please clarify when CBP anticipates commencing public consultation.

On page 7 of the Application, CBP states:

Community members approached MOTI to explore the concept of placing a power line(s) under the Cosens Bay Road through the Provincial Park. However, the road through the Park is very narrow and was the subject of legal action in the 1990s. Part of the legal action resulted in the trial judge, and appeals court, declaring the road to a "public road"; the road has since been the basis of controversy. Based upon the MOTI discussions, and the controversial history of the road, it was clear there would likely be both technical and legal issues towards obtaining the permits necessary to place the power line(s) under or adjacent to Cosens Bay Road.

7.2 Given the past litigation related to Cosens Bay Road mentioned above, please discuss any opposition that could arise as a result of the currently proposed Project.

7.2.1 Please discuss how CBP plans to consult with any opposition to the current Project.

F. PROJECT DESCRIPTION

8.0 Reference: **PROJECT RATIONALE**
Exhibit B-1, Section 3, p. 5; Attachment A-1, pp. 1–3
Load Forecast

On page 5 of the Application, CBP states:

The community of Cosens Bay, which has been in existence for over 60 years and presently consists of approximately 100 land parcels, is surrounded on three sides by Kalamalka Lake Park, while its fourth side is formed by Kalamalka Lake (**Attachment A-2**). Today, there are approximately 75 cottages and homes built upon the land parcels. CBP currently has, through Expressions of Interest, 62 participating land parcels registered to enter into the PPA; demonstrating significant community support for and involvement in the Project as proposed...

No third-party service provider has ever provided electrical service to the Cosens Bay community. Thus, to date, electrical generation has been on a property-specific basis and predominately involves the use of fossil fuel fired generators and to a lesser degree residential solar power.

Page 1 of the PPA provided in Attachment A-1 to the Application states:

C. Throughout the Term, Buyer is encouraged to: (i) continuously work to reduce their energy demand; and (ii) continue to and, where possible, expand use of solar power generation to help, collectively among all Buyer, offset the purchase of electricity from BC Hydro.

8.1 Please provide the forecast 20-year annual loads (MWh) and any historical annual loads for the Cosens Bay Community. Please provide the load forecast in a functional excel spreadsheet and a well-labelled plotted line graph based on (i) the total number of cottages and homes located in the Cosens Bay community; and (ii) the total number of land parcels that have registered to enter the PPA, respectively.

- 8.1.1 Please explain how the historical load data was used to design the 20-year forecast.
- 8.1.2 Please provide the 20-year annual load reduction forecast in a functional excel spreadsheet and a well-labelled plotted line graph for all distributed generation sources and any energy reduction measures adopted by the Buyers. Please include the sensitivity analysis on the contributing factors.
- 8.1.3 Please clearly explain the load forecasting methodology and detail all assumptions made.
- 8.2 Please provide the forecasted 20-year annual peak loads (MW) and any historical annual loads for the Cosens Bay Community. Please provide the load forecast in a functional excel spreadsheet and a well-labelled plotted line graph based on (i) the total number of cottages and homes located in the Cosens Bay community; and (ii) the total number of land parcels that have registered to enter the PPA, respectively.
 - 8.2.1 Please explain how the historical load data was used to design the 20-year forecast.
 - 8.2.2 Please provide the 20-year annual peak load reduction forecast in a functional excel spreadsheet and a well-labelled plotted line graph for all distributed generation sources and any energy reduction measures adopted by the Buyers. Please include the sensitivity analysis on the contributing factors.
 - 8.2.3 Please clearly explain the load forecasting methodology and detail all assumptions made.
- 8.3 Please provide the forecasted 2-year monthly peak loads for the Cosens Bay Community. Please provide the load forecast in a functional excel spreadsheet and a plotted line graph based on (i) the total number of cottages and homes located in the Cosens Bay community; and (ii) the total number of land parcels that have registered to enter the PPA, respectively.
 - 8.3.1 Please provide the 2-year monthly peak load reduction forecast in a functional excel spreadsheet and a well-labeled plotted line graph for all distributed generation sources and any energy reduction measures adopted by the Buyers. Please include the sensitivity analysis on the contributing factors.
 - 8.3.2 Please clearly explain the load forecasting methodology and detail all assumptions made.
 - 8.3.3 Please discuss any potential factors that may not have been built into the forecast but could result in a material change to the load forecast.

Section 4 of the PPA provided in Attachment A-1 to the Application states on page 3:

- (e) Seller may, from time to time by providing ten (10) days' notice, limit the maximum amount of Electricity that can be delivered to the Delivery Point and withdrawn by Buyer from the Power Line in any hour (the "Maximum Hourly Load"). Following such notice, Seller may in its absolute and sole discretion, and without further notice to Buyer, take any actions necessary to prevent Buyer from withdrawing more than the Maximum Hourly Load from the Power Line at any time.
- (f) Seller may, from time to time by providing ten (10) days' notice, limit the maximum amount of Electricity that can be delivered to the Delivery Point and withdrawn by Buyer from the Power Line at any instant in time (the "Maximum

Instantaneous Load"). Following such notice, Seller may in its absolute and sole discretion, and without further notice to Buyer, take any actions necessary to prevent Buyer from withdrawing more than the Maximum Instantaneous Load from the Power Line at any time.

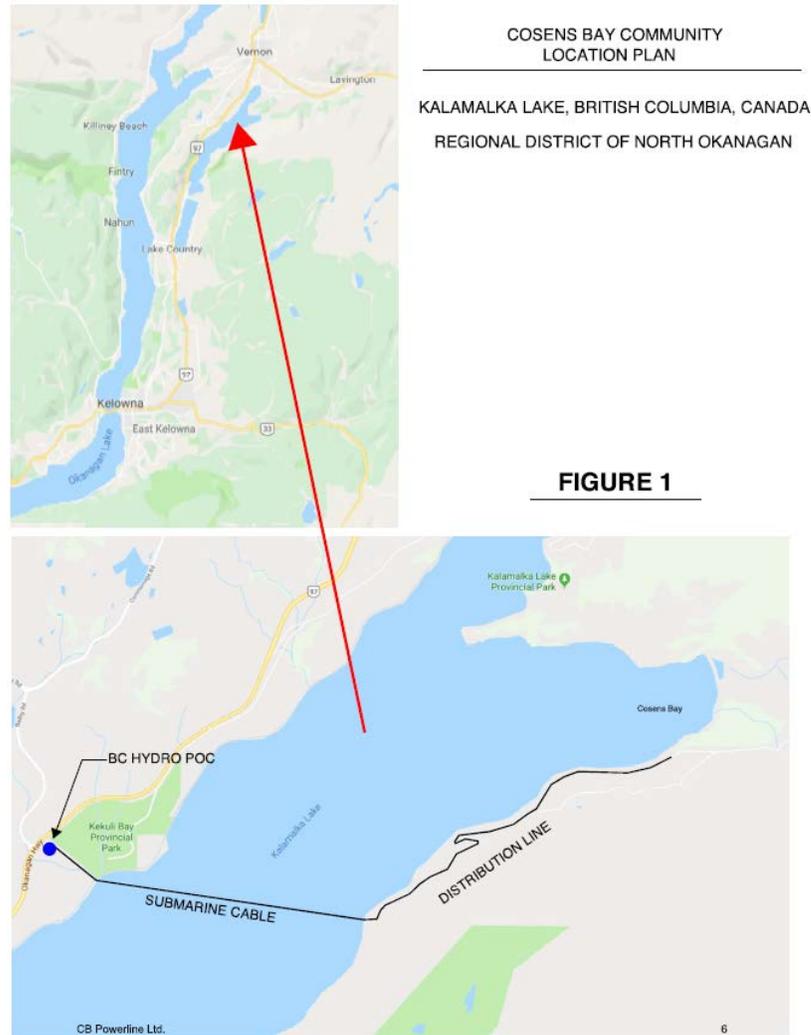
8.4 Please discuss the purpose of establishing a Maximum Hourly Load and Maximum Instantaneous Load and how will this be achieved in practice.

**9.0 Reference: ENGINEERING
Exhibit B-1, Section 2, pp. 4–6; Section 5.2, pp. 10–11; Attachment A-5, p. 1
Project Description**

On pages 4 to 6 of the Application, CBP states:

To supply electricity to its Buyers, CBP has identified the development and construction scope as:

- Connection to [BC Hydro's] 25 kV distribution system
- Installation of a revenue meter at the point of connection ("POC")
- Combination of overhead, submarine, and underground power line from [BC Hydro] POC to the community of Cosens Bay, with exact locations to be determined based upon environmental, engineering, landowner, and cost evaluations (evaluations that are presently underway)
- Within the community of Cosens Bay, combination of overhead and underground 25 kV power lines, transformers, and secondary service cables
- Installation of fiber optic cable
- Installation of a revenue meter at each customer's take-off point (collectively, the "Project" and shown generally on **Figure 1**).



On pages 10 to 11 of the Application, CBP states:

CBP has retained PEC to lead the engineering and project management tasks required to facilitate the design, construction, and operation and maintenance of the Project.

Current activities include:

- submarine cable design, specification, and procurement
- load flow studies, submarine cable ampacity and losses analyses, cadastral land survey, and bathymetric survey planning
- Project engineering drawings (e.g., Project layouts, crossing details, and electrical Single Line Diagram as provided in **Appendix A-5**)
- preliminary equipment selection (e.g., cables, transformers, and revenue metering)
- discussions with contractors regarding submarine cable installation and horizontal directional drilling
- construction cost estimating and Project scheduling.

On page 1 of Attachment A-5 to the Application, CBP provides an electrical single line diagram (SLD).

- 9.1 Please provide a more detailed description of the Project to include information on the engineering design, capacity, safety and reliability considerations and all ancillary or related facilities that CBP proposes to construct, own or operate.
- 9.2 Please provide detailed map to illustrate (i) the locations of all the land parcels in the Cosens Bay community; (ii) the locations of the 75 cottages and homes built on the land parcels; and (iii) the locations of all participating land parcels that have registered to enter in to a PPA.
- 9.3 Please provide a more detailed map to illustrate the following:
- exact location of the POC with BC Hydro;
 - route of overhead power line and the locations of the poles from the BC Hydro POC to the submarine cable;
 - the locations for the horizontal directional drilling;
 - the location at which the powerline will access Cosens Bay;
 - the proposed route of the underground cable;
 - the proposed locations for the transformers, secondary service cables, and all ancillary or related facilities;
 - the locations of the revenue meters at each customer's take-off point;
 - the route and any ancillary or related facilities required for the fibre optic cable; and
 - all land parcels that the distribution system will cross, for which CBP must obtain prior approval.
- 9.4 Please explain why CBP decided to place a portion of the powerline underground.
- 9.4.1 For the portion of the powerline which is to be placed underground, please provide a cost comparison of placing the powerlines underground versus an overhead (i) construction; and (ii) forecasted operation and maintenance costs.
- 9.5 Please provide an update on the current activities undertaken by CBP as noted on pages 10 to 11 of the Application, and where possible please provide the documents.
- 9.6 Please provide a description of any new or expanded public works, undertakings or infrastructure that will result from, or be required, by the Project.
- 9.7 Please provide a description of the human capital resources required to undertake the Project, including a discussion of any works which will be sub-contracted to other parties.

In Attachment A-4 to the Application on page 3, CBP states:

However, for the most part environmental impacts can be avoided by installing the cable via directional drilling from at least 30m back from the edge of the lake to about the 7 m depth contour of the lake. The drilling distance would vary with the South Kekuli Bay site being shortest at about 120m and the Middle Kekuli Bay site being the longest at about 180m. The North Kekuli Bay and Cosens Bay landings are roughly the same at about 130m of directional drilling required to avoid environmentally sensitive areas.

- 9.8 Please provide details of any investigations undertaken to assess the feasibility of directional drilling. Please provide copies of any reports.
- 9.9 Please discuss the risks associated with the directional drilling. For each risk identified, please address the likelihood, severity and the proposed mitigation strategies.
- 9.10 Please detail the costs associated with the directional drilling. In your response please discuss any potential impact to these costs and the implications for customers if the directional drilling encounters issues.

**10.0 Reference: THE PROJECT
Exhibit B-1, Section 2, pp. 4–6; Section 3.1, p. 7; Section 5.1, p. 10; Attachment A-4,
p. 1
Project Permits and Approvals**

Page 5 of the Application states:

Pending receipt of this Exemption, and all other applicable permits and approvals, CBP's goal is to place the Project into service on or before May 18, 2020.

Further on page 10, CBP states:

CBP has retained Arsenault Environmental Consulting to complete the field work, environmental assessment reports, and management plans required to obtain Project approvals.

In addition to securing this Exemption, CBP plans to complete all environmental reports required for filing with regulators by the end of July 2019.

On page 1 of Attachment A-4, CBP states:

The Cosens Bay location is within an access easement between a Provincial Park and currently underdeveloped private property.

- 10.1 Please provide a list of all federal, provincial and municipal approvals, permits, licences or authorizations required for the Project.
- 10.1.1 Please include details of any property crossings and rights-of-way required.
- 10.1.2 For each approval, permit, licence or authorization required, please provide the date of application, the application status and anticipated approval date.
- 10.1.3 For any approval, permit, licence or authorization required, please provide details of any material conditions that are anticipated and confirm, or otherwise explain, whether the costs of complying with the conditions are included in the cost estimate for the Project.
- 10.2 Please provide details of the access easement and if any agreements are required to enable the Project to proceed as planned.
- 10.3 Please provide details of the underdeveloped private property and if this is likely to have an impact on the Project.
- 10.4 Please confirm, or otherwise explain, whether it is CBP's intention to place the Project into service on or before May 18, 2020.
- 10.4.1 If confirmed, please discuss the impact of delayed approvals, including obtaining advanced approval from the Minister responsible for administering the *Hydro and Power Authority Act* if the application for exemption was to be approved by the BCUC, on CBP's planned in-service date.
- 10.4.2 If not confirmed, please discuss the new timeframe and why it was chosen.
- 10.5 Please discuss the work carried out by Arsenault Environmental Consulting to obtain Project approvals.
- 10.5.1 Please confirm, or otherwise explain, if all environmental reports required for filing with regulators has taken place.

10.5.2 Please explain whether CBP is required to undertake any environmental mitigation or compensation measures as a result of the Project. Please provide details of any such measures and associated costs.

10.5.2.1 If not confirmed, please identify all remaining approvals and detail explain when the remaining filings will take place.

On page 10 of the Application, CBP states:

Building on this 2017 routing work, CBP has been working with the Greater Vernon Advisory Committee (“**GVAC**”), on behalf of the Regional District of North Okanagan (“**RDNO**”), to secure permission to cross their ‘rail trail’. This work has included staff meetings and public presentations to GVAC and culminated with a recommendation from GVAC to RDNO to approve the crossing. Based upon this recommendation, RDNO is currently drafting the formal crossing approval.

10.6 Please confirm, or otherwise explain, whether CBP has received the formal crossing approval from the Regional District of North Okanagan.

10.6.1 If confirmed, please provide the formal crossing approval.

10.6.2 If not confirmed, please explain when CBP anticipates receiving the formal crossing approval.

On page 7 of the Application, CBP states:

Community members approached [the Ministry of Transportation and Infrastructure] to explore the concept of placing a power line(s) under the Cosens Bay Road through the Provincial Park... Based upon the [the Ministry of Transportation and Infrastructure] discussions, and the controversial history of the road, it was clear there would likely be both technical and legal issues towards obtaining the permit necessary to place the power line(s) under or adjacent to Cosens Bay Road.

On page 4 of the Application, CBP states:

To supply electricity to its Buyers, CBP has identified the development and construction scope as: ...

- Combination of overhead, submarine, and underground power line from the [BC Hydro Point of Connection] to the community of Cosens Bay, with exact locations to be determined based upon environmental, engineering, landowner, and cost evaluations (evaluations that are currently underway)
- Within the community of Cosens Bay, combination of overhead and underground 25 kV power lines, transformers, and secondary service cables

On page 6 of the Application, CBP provides Figure 1:



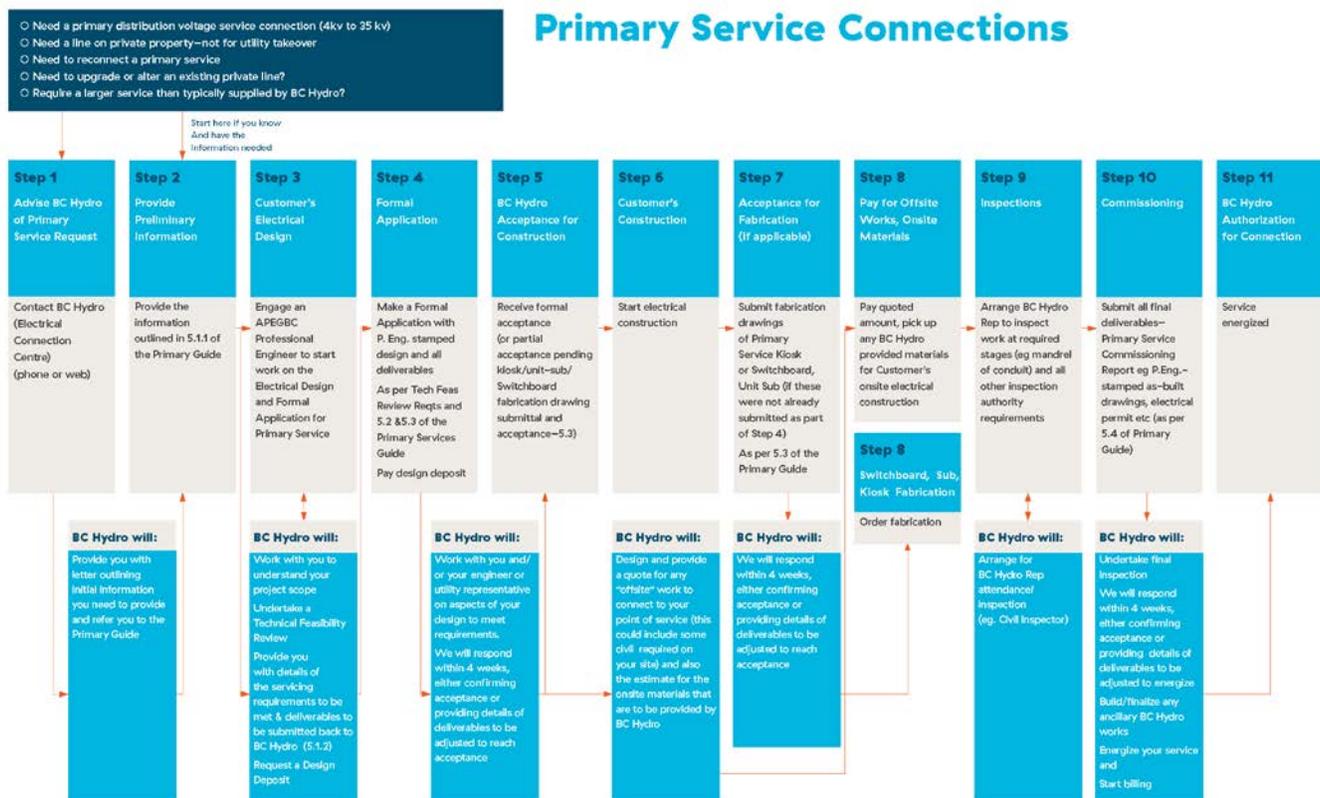
- 10.7 Please confirm, or otherwise explain, whether CBP intends to route its powerline(s), or locate any facilities or equipment, along Cosens Bay Road.
 - 10.7.1 If confirmed, please explain whether CBP requires a permit or right-of-way from MOTI for its powerline(s), facilities or equipment. Please provide the status of any such permit or right-of-way.
 - 10.7.2 If confirmed, please discuss any technical or legal issues in obtaining the necessary permits and CBP’s proposed mitigation to overcome the issues.
- 10.8 Please confirm, or otherwise explain, whether CBP’s proposed route for its powerline(s) and locations for its facilities and/or equipment do not fall within the boundary of the Kalamalka Provincial Park.
 - 10.8.1 If not confirmed, please provide details of the points at which the distribution system would enter in to the Kalamalka Provincial Park boundary. Please provide a map to illustrate the crossing points.
 - 10.8.2 If not confirmed, please explain whether CBP requires any permits, approvals or rights-of-way from the Kalamalka Provincial Park for its powerline(s), facilities or equipment. Please provide the status of any such permit, approval or right-of-way.

**11.0 Reference: THE PROJECT
Exhibit B-1, Section 2, p. 4; British Columbia Hydro and Power Authority (BC Hydro),
Primary Service Connections, p. 1
BC Hydro Primary Service Connection**

On page 4 of the Application, CBP states:

CBP is not a generator of electricity, therefore, it must source an electricity supply from the British Columbia Hydro and Power Authority (“BCH”). To facilitate this supply, it is the intention of CBP to make a formal application with [BC Hydro] for a customer owned Primary Service Connection, in turn constructing and operating a Cosens Bay, community-specific electricity delivery system...”

BC Hydro's Primary Service Connections (PSC) guide provides an outline of the steps required to obtain authorization for connection:¹



- 11.1 Please confirm the party responsible for submitting the PSC application.
 - 11.1.1 Please provide details of the party's experience in securing PSC with BC Hydro.
- 11.2 Please confirm CBP's current stage in the PSC application process.
 - 11.2.1 Please provide an overview of the outstanding work for the PSC application and provide details on the anticipated timelines for completion.
- 11.3 Please discuss any potential factors that may lead to a rejection of the PSC application and how these factors have been addressed. In your response please provide any correspondence with BC Hydro which may be related to this matter.
- 11.4 Please provide the current processing times for a PSC application and provide CBPs expected date of authorization for connection.
- 11.5 Please provide the cost of the PSC application and confirm, otherwise explain, whether the costs are included in the total Project costs.

12.0 Reference: THE PROJECT Exhibit B-1, Section 2, p. 5 Project Schedule

On page 5 of the Application CBP states:

¹ <https://app.bchydro.com/content/dam/BCHydro/customer-portal/documents/distribution/standards/Primary-Service-Connections-Customer-Steps.pdf>

Pending receipt of this Exemption, and all other applicable permits and approvals, CBP's goal is to place the Project in to service on or before May 18, 2020.

- 12.1 Please provide a schedule for the Project to include the anticipated construction and operation schedule, critical date of key events, a chart of major activities showing critical path (e.g. GANTT chart), the timing of approvals required from other agencies and contingency plans in the event of schedule delay and / or missed key milestones.

**13.0 Reference: ENGINEERING
Exhibit B-1, Section 5.2, p. 11
Risk Analysis**

On page 11 of the Application, CBP states:

The Project design basis is to deliver a safe and cost-effective system while maintaining ease of operation and a high level of reliability. To achieve this, CBP will have the Project designed to utility standards.

- 13.1 Please provide a risk analysis identifying all significant risks to successful completion of the Project, including an assessment of the probability of each risk occurring, and the consequences and the cost to mitigate the risk. Please include a summary description of significant project risks, including an assessment of the impact of each risk, the proposed risk mitigation strategy, and to the extent known, the financial and schedule impacts if the risk is realized.

**14.0 Reference: THE PROJECT
Exhibit B-1, Section 2, p. 5; Schedule D, p. 1
Metering**

On page 5 of the Application, CBP states:

Pending receipt of the Exemption, and all other applicable permits and approvals, CBP's goal is to place the project into service on or before May 18, 2020. Once the Project is operational, CBP has identified the administrative and maintenance scope as:

- based upon data from the [BC Hydro] POC revenue meter, [BC Hydro] will bill CBP
 - CBP, on behalf of its Buyers, will remit payment to [BC Hydro]
- based upon the rate mechanism contained in the PPA, including data from each Buyer's revenue meter, CBP will subsequently bill each Buyer individually
 - each Buyer will in turn remit payment to CBP

On page 1 of Schedule D to the Application, CBP states:

"Delivery Point" means the point which is adjacent to Buyer's property at a specific location that is to be mutually agreed between Buyer and Seller during the detailed design phase prior to construction of the Power Line, from which Buyer will be connected (at Buyer's sole cost) through the Metering Equipment to the Power Line. For clarity, Seller's responsibility will be to provide a suitable point along the roadway next to Buyer's property to which Buyer can then connect at a time of the Buyer's choosing following the Commercial Operation Date;

- 14.1 Please confirm, or otherwise explain, whether CBP is responsible for the installation of the revenue meters, and all associated costs.

- 14.1.1 If not confirmed, please confirm the party responsible for the installation of the revenue meters.
- 14.2 Please confirm, or otherwise explain, whether the revenue meters will be smart meters.
 - 14.2.1 If not confirmed, please explain how CBP will read the meters, including the person(s) responsible and the frequency at which the meters will be read.
- 14.3 Please confirm, or otherwise explain, whether the customers will be responsible for all connection costs from the revenue meter to their respective properties.
 - 14.3.1 If confirmed, please discuss whether each participant is aware of the magnitude of the additional costs of connection to the revenue meter.
 - 14.3.2 If not confirmed, please discuss whether such costs will be included in the total funding request.
 - 14.3.3 Please discuss what is meant by 'adjacent' in the above preamble.
- 14.4 Please confirm, or otherwise explain, in the event that the connection from a customer's property to the revenue meter is beyond the customer's property line, whether the customer is responsible for this cost.
 - 14.4.1 If confirmed, please explain why the customer is responsible for this cost.
 - 14.4.2 If not confirmed, please explain who is responsible for this cost.

**15.0 Reference: THE PROJECT
Exhibit B-1, Section 2, pp. 4–5
Fibre Optic Cable**

On page 4 of the Application, CBP states:

To supply electricity to its Buyers, CBP has identified the development and construction scope as:

...

- Installation of fibre optic cable

- 15.1 Please explain whether CBP requires any permits or approvals from other agencies for the fibre optic cable. If so, please provide details of the permits or approvals required and anticipated timelines.
- 15.2 Please provide an overview of the fibre optic cable component of the Project.
- 15.3 Please confirm, or otherwise explain, whether CBP will be responsible for the maintenance or repair of the fibre optic cable.
 - 15.3.1 If not confirmed, please provide the party responsible.
- 15.4 Please confirm, or otherwise explain, whether all ratepayers will have access to the fiber optic cable.
 - 15.4.1 Please discuss whether other members of the Cosens Bay community, which are not customers of CBP, will have access to the fiber optic cable. In your response detail how this would work and how costs would be allocated.
- 15.5 Please explain how future capital contributions and maintenance costs related to the fiber optic cable will be funded.

**16.0 Reference: THE PROJECT
Exhibit B-1, Section 3.2, p. 7; Attachment A-1, p. 1
Clean Electricity**

On page 7 of the Application, CBP states:

In independently undertaking the Project, CBP will secure an electricity supply from the [BC Hydro] grid; a grid that sources the majority of its generation from clean and renewable power facilities. Having this permanent supply of clean electricity will enable Buyers to reduce or remove their reliance on their fossil fuels fired generators, while at the same time encouraging Buyers to continue their solar use and its expansions based upon current cost trends for solar power.

Page 1 of the PPA provided in Attachment A-1 to the Application states:

- C. Throughout the Term, Buyer is encouraged to: (i) continuously work to reduce their energy demand; and (ii) continue to and, where possible, expand use of solar power generation to help, collectively among all Buyer, offset the purchase of electricity from BC Hydro.
- 16.1 Please discuss how CBP will encourage its customers to (i) continuously work to reduce their energy demand; and (ii) continue to and, where possible, expand use of solar power generation to help, collectively among all Buyer, offset the purchase of electricity from BC Hydro.
- 16.1.1 Please explain how CBP would apply the requirements in practice.
- 16.1.2 Please discuss what impact reductions in demand and the expansion of distributed generation such as solar power will have on the utility's ongoing revenues.
- 16.2 Please explain how CBP would manage the interconnection of distributed generation systems, such as solar power or fossil fuel fired generators, to the distribution system. Please discuss whether CBP would implement interconnection requirements for its customers.
- 16.3 Please discuss whether CBP would be considered to be a Net Metering customer of BC Hydro, or whether CBP would be required to notify BC Hydro of any distributed generation interconnections, and if so please provide details of the process.
- 16.3.1 Please discuss whether CBP's customers will be able to engage in net metering.

G. PROJECT COST ESTIMATE

**17.0 Reference: THE PROJECT
Exhibit B-1, Section 2, pp. 4–5
Project Costs**

On page 4 of the Application, CBP states:

CBP is not a generator of electricity, therefore, it must source an electricity supply from the British Columbia Hydro and Power Authority ("BCH"). To facilitate this supply, it is the intention of CBP to make a formal application with BCH for a customer owned Primary Service Connection, in turn constructing and operating a Cosens Bay, community-specific electricity delivery system as highlighted below.

Further on page 4 of the Application, CBP has identified the development and construction scope of the Project.

On page 5 of the Application CBP states:

CBP currently has, through Expressions of Interest, 62 participating land parcels registered to enter into the PPA; demonstrating significant community support for and involvement in the Project, as proposed.

In footnote 1 on page 5 of the Application, CBP states:

Concurrent with their execution of the Expression of Interest, which in turn registered the Buyer for execution the PPA, each Buyer paid to CBP \$2,500. These monies not only signify the Buyer's support and commitment to the Project, but are being used by CBP to help fund initial development activities on behalf of the Buyers. Upon execution of the PPA, each Buyer will contribute up to an additional \$47,500 to the Project; monies that are personally significant for each Buyer.

- 17.1 Please provide a detailed cost estimate for the Project to a Class 3 degree of accuracy. Please include:
- Any funds spent in prior years attributable to the project;
 - A list of all project direct and indirect costs using an appropriate level of work breakdown structure, based on the nature, size and complexity of the project, by year until completion;
 - Escalation (including inflation) amount and justification;
 - Contingency amount and justification;
 - Interest during construction or allowance for funds used during construction and corporate overhead;
 - Identification and explanation of any management or other reserves;
 - Any legal, regulatory and other project costs, including costs associated with Indigenous and public consultation and accommodation;
 - The amounts and sources of any contributions in aid of construction, grants or other funding or credits related to the project; and
 - Identification of any cost items not included in the estimate, such as transportation costs, sunk costs and the reason for the exclusion.
- 17.2 Please provide a detailed cost estimate comparison and the rationale between BC Hydro's estimate and CBP's estimate for the Project. In your response please include an overview of the key differences between how the Project would be constructed if undertaken by BC Hydro or CBP.
- 17.3 Please provide a breakdown of all costs associated with the design, construction, and operation of the fibre optic cables.
- 17.3.1 Please confirm, or otherwise explain, whether these costs are included in the cost estimate provided in response to Information Request (IR) 17.1.
- 17.4 With reference to the cost estimate provided in response to IR 17.1, please discuss whether the \$50,000 funding request from each Buyer is sufficient to fund the Project. If not, please discuss CBP's proposal to meet any deficit.
- 17.5 Please provide the rationale on how the \$50,000 contribution from each Buyer to the Project was decided.
- 17.6 Please confirm, or otherwise explain, whether \$50,000 would be the maximum single contribution made by each Buyer.

- 17.6.1 If confirmed, please provide the minimum number of Buyers required to fund the Project.
- 17.6.2 If not confirmed, please explain whether CBP intends to make further calls for contributions, the frequency of any calls, and whether all Buyers are aware of any additional funding requests.
- 17.6.3 Please provide a detailed schedule of all payment requests to be made from the Buyers.
- 17.7 Please discuss CBP's plan if numerous Buyers opt out of the PPA and if the funding is not forthcoming. Please explain whether CBP would request additional funding from its remaining Buyers.
- 17.8 Please discuss any insurance policies taken out by CBP. In your response please detail any insurance provider(s) used and what the insurance was purchased for.

**18.0 Reference: PPA STRUCTURE
Exhibit B-1, Section 2, p. 5; Section 4.1, p. 9; Attachment A-1, p. 4
Rates & Working Capital**

On page 9 of the Application, CBP states:

The PPA will comply with applicable law and in setting rates will require CBP deliver electricity to its Buyers on a cost-recovery basis, including, among other elements, [BC Hydro] cost of electricity, reasonable administrative and operating expenses, line loss charges, and applicable taxes.

- 18.1 Please confirm whether CBP has an indication of the BC Hydro rate applicable to the community.
- 18.1.1 If confirmed, please provide details of the rate applicable.
- 18.1.2 If not confirmed, please discuss when the rate will become known.
- 18.2 Please confirm, or otherwise explain, whether seasonal (part-time) residential customers pay the same proportion of costs as the full-time residential customers.
- 18.2.1 If confirmed, please explain why.
- 18.3 If the 62 land-owners that have provided their Expression of Interest to the Project and registered to enter into the PPA are the final customers, please provide an indication of the total rate applicable to such residential customers including a detailed break-down.
- 18.4 Please provide a forecast of the annual administrative and operating expenses that would be required to maintain the powerline. In your response please provide detailed rationale of the forecasted amounts.

Further on page 9, CBP states:

With regard to managing against rate-shock for its Buyers, regardless if a Buyer is an initial or subsequent Buyer, CBP intends to operate as follows:

- as set out in the PPA, capping the energy rate portion charged to Buyers, in any given billing period, to the rate charged by [BC Hydro].
- carrying \$200,000 of working capital (which would be used by CBP to temporarily offset any unforeseen rate shock on behalf of the Buyers).

Section 5 of the PPA provided in Attachment A-1 to the Application states on page 4:

The Contract Price is meant to primarily be a cost-recovery mechanism for Seller, and is defined as the sum of: (i) the Procurement Price; plus (ii) the O&M Fee; plus (iii) the

Recovery Amount, and each of these components shall be allocated in the sole and reasonable discretion of Seller as to either a variable or fixed cost item. Variable cost components such as the Procurement Price shall be divided by the kWh volume of electricity purchased in the billing period from BC Hydro, such that the portion of the Contract Price is expressed on a cents per kWh basis and the fixed cost components, being most of the O&M Fee and the Recovery Amount, shall be allocated to all buyers under power purchase agreements on a Proportionate Share basis. For clarity, the obligation to pay the non-variable or fixed portion of the Contract Price from and after the Commercial Operation Date shall rest with Buyer at all times, including the period prior to when the Buyer is connected to the Power Line. The Procurement Price is the actual cost paid by Seller to procure the Electricity sold to Buyer from BC Hydro. The O&M Fee is defined as the amount, determined by Seller, acting reasonably, required to: (i) cover the operations and maintenance costs paid by Seller during the applicable billing period in order to maintain and operate the Power Line pursuant to Good Operating Practice and Applicable Law; (ii) establish and maintain a reserve fund for the purposes of funding minor capital projects of \$15,000 (subject to escalation as described below) or less to expand, repair or replace the components of the Power Line in accordance with Good Operating Practice and Applicable Law (unless there is sufficient working capital allowance remaining after construction of the Power Line that would allow, in the judgement of Seller, acting reasonably, for a reduction or deferral of this additional provision for a reserve fund); and (iii) cover administrative costs as determined by Seller such as billing, collections, legal, accounting, engineering and other advisory fees and disbursements (including those previously incurred to establish Seller and advance the Power Line), and matters ancillary to the administration of this Agreement, including any amounts required under Section 12(d). Capital projects in excess of \$15,000 shall be addressed pursuant to a Funding Request. The amount of the reserve fund may, in the discretion of Seller, from time to time, be escalated at an annual compounded rate of 5% to account for such matters as cost inflation and increasing wear and tear over the life of the Power Line.

- 18.5 Please explain how CBP has forecasted the amount required for working-capital highlighted in the preamble above.
- 18.6 Please confirm whether the \$200,000 working capital requirement is an annual requirement.
- 18.7 Please confirm whether CBP will make additional funding requests to fund the working capital requirements highlighted in the preamble.
 - 18.7.1 If confirmed, please discuss whether each Buyer to the Project has provided their commitment to fund the working capital requirements.
 - 18.7.2 If not confirmed, please discuss how CBP will fund the working capital requirements every year.
- 18.8 Please explain the method by which CBP expects to cap the energy rate charged to the Buyer and how CBP anticipates this will function. In your response please also discuss how CBP will fund the capital required for the capping mechanism.
- 18.9 Please discuss in greater detail the requirement for a reserve fund and how \$15,000 was determined. In your response please discuss how the escalation was determined and how CBP will fund this amount.
- 18.10 Please explain why the fixed cost components of the Contract Price includes only “most of the O&M Fee” as stated in the preamble above and why all of the O&M fee is not recovered in the contract price. Please detail which components of the O&M fee will not be recovered in the contract price.

- 18.11 Please confirm, or otherwise explain, whether the Buyers will be responsible for all costs associated with the operation, maintenance, emergency repairs or losses of the distribution system that may arise after the Commercial Operation Date, regardless of whether the Buyers have physically connected to the distribution system.

On page 5 of the Application, CBP states:

Once the Project is operational, CBP has identified the administrative and maintenance scope as:

- based upon data from the BCH POC revenue meter, BCH will bill CBP
 - CBP, on behalf of its Buyers, will remit payment to BCH
 - based upon the rate mechanism contained in the PPA, including data from each Buyer's revenue meter, CBP will subsequently bill each Buyer individually
 - each Buyer will in turn remit payment to CBP
- 18.12 Please confirm, or otherwise explain, whether the working capital requirements of \$200,000 will be used for the payment to be made to BC Hydro before it receives payments from its Buyers.
- 18.12.1 If not confirmed, please explain how CBP will fund the payment to be made to BC Hydro.

On page 4 of the Application, CBP states:

In terms of subsequent participation in the Project (e.g., by Buyers in future years), the PPA includes terms and conditions and prescribed costs to facilitate their entry. However, aside from these entry costs, the electricity rate will be the same as that applied to the initial Buyers.

- 18.13 Please explain how CBP would forecast the entry costs for a new Buyer and if available, an estimate of such costs. In your response please provide details, with rationale, of all the costs that would be included.
- 18.14 If available, please provide a copy of a draft agreement to facilitate entry of new Buyers.

H. NEW SERVICE AREAS

19.0 Reference: ENGINEERING Exhibit B-1, Section 5.2, p. 11 Emergency Response

On page 11 of the Application, CBP states:

The Project design basis is to deliver a safe and cost-effective system while maintaining ease of operation and high level of reliability. To achieve this, CBP will have the Project designed to utility standards.

Based upon preliminary engineering the electrical system will be 25 kV, 3 phase, which is also the preference of BCH. Three phase electrical supply will ensure the community has adequate capacity to meet all its consumption demand. Further, the entire power line portion of the system is planned to be installed underground which will assist in eliminating the risk of damage due to weather related events (including fallen trees, fire, and high winds).

- 19.1 Please explain how customers will be able to contact the utility in the event of a query or complaint.
- 19.2 Please explain how customers will be able to contact CBP in the event of an emergency and explain whether customers will be able to contact the utility 24 hours a day, 7 days a week.
- 19.3 Please provide a description of facilities and trained personnel that will provide emergency response.