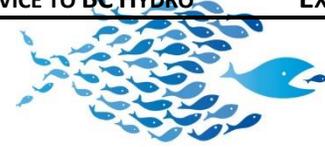


March 23, 2020

VIA E-FILING

Patrick Wruck
Commission Secretary
BC Utilities Commission
6th Floor 900 Howe Street
Vancouver, BC V6Z 2N3



BCPIAC
Public Interest Advocacy Centre

Reply to: Leigha Worth
ED@bcpiac.org
Ph: 604-687-3034
Our File: 7000

Dear Mr. Wruck,

**Re: Boralex Ocean Falls Limited Partnership Application for Rates and Terms
and Conditions for Service to the British Columbia Hydro and Power
Authority - July 1, 2019 to December 31, 2022
BCOAPO Information Requests No. 2**

We represent the BC Old Age Pensioners' Organization, Active Support Against Poverty, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, Tenant Resource and Advisory Centre, and Together Against Poverty Society, known collectively in regulatory processes as "BCOAPO et al." ("BCOAPO").

Enclosed please find the BCOAPO's Information Requests No. 2 with respect to the above-noted matter.

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

Sincerely,

BC PUBLIC INTEREST ADVOCACY CENTRE

Original on file signed by:

Leigha Worth
Executive Director | General Counsel

Encl.

REQUESTOR NAME: **BCOAPO**
INFORMATION REQUEST ROUND NO: **#2**
TO: **BORALEX LP**
DATE: **MARCH 23, 2020**
PROJECT NO: **1599046**
APPLICATION NAME: **APPLICATION FOR RATES AND TERMS
AND CONDITIONS FOR SERVICE TO
THE BRITISH COLUMBIA HYDRO AND
POWER AUTHORITY**

30.0 Reference: Exhibit B-7, BCH 3.6

- 30.1 The last sentence of the response states – “there were no other system blackouts during this period caused by generating unit failures” – suggesting that the three plant outages noted each led to a “system blackout”. Please confirm if this was the case.
- 30.2 If different from the response provided to BCH 3.6.1, please provide a complete listing of all generating unit outages (other than for planned maintenance) since 2009 regardless of whether they led to a system outage or not.

**31.0 Reference: Exhibit B-6, BCUC 2.1 and BCUC 7.1 and BCUC 15.1
Exhibit B-9, BCUC 2.1 (Updated) and BCUC 7.1 Updated)
Exhibit B-1, pages 22-24**

- 31.1 Is the change in Rate Base from BCUC 2.1 to BCUC 2.1 Update entirely due to the changes in capital additions set out in BCUC 7.1 (Updated)?
- 31.1.1 If not, what else is leading to a change in the Rate Bases for 2019 to 2022?
- 31.2 The initial Application indicated (page23) that the Penstock Rehabilitation Project would extend into 2023 and 2024. Given change in the project as outlined in BCUC 7.1, will the Project still extend into 2023 and 2024?
- 31.2.1 If yes, is the spending now planned for 2023 and 2024 higher/lower than that anticipated for the original project and, if so, by how much? (Note: As part of the response please indicate the impact that the capitalization of the forecast cost of purchasing electricity from BC Hydro as part of the Penstock Rehabilitation Project has on the post 2022 cost of capital additions)
- 31.3 With respect to the updated version of Table 11 provided in Exhibit B-9, BCUC 7.1, please indicate the impact of the capitalization of the forecast cost of purchasing electricity from BC Hydro as part of the penstock rehabilitation project has on the forecast capital additions for each year 2019-2022.

- 31.4 Is the change in Depreciation from BCUC 2.1 to BCUC 2.1 Update entirely due to the changes in capital additions set out in BCUC 7.1 (Updated)?
- 31.4.1 If not, what else is leading to a change in the Depreciation for 2019 to 2022?
- 31.5 Is the change in O&M expenses from BCUC 2.1 to BCUC 2.1 (Updated) entirely due to: i) the impact of the capitalization of the forecast cost of purchasing electricity from BC Hydro as part of the Penstock Rehabilitation Project and ii) the change in retirement dates described in BCUC 15.1?
- 31.5.1 If not, what else is leading to a change in the O&M expenses for 2019 to 2022?
- 32.0 Reference: Exhibit B-6, BCUC 2.3.2**
- Preamble:** The response states: “Nevertheless, with regard to Boralex LP’s two industrial customers, these customers are not entitled to any capacity from the Ocean Falls facilities and Boralex LP would not avoid any material costs if it did not sell electricity to these customers”
- 32.1 The response suggests that the service provided to the two industrial customers is not firm service and that the customers can be interrupted. Please clarify whether this is the case.
- 32.2 If so, under what system conditions can the customers’ service be interrupted and has service to either customer been interrupted since 2009?
- 33.0 Reference Exhibit B-1, page 13**
- 33.1 Please clarify the total number of new submarine cables installed in 2016.
- 33.2 How many of these cables are required provide service to BC Hydro Bella Bella NIA at any given time?
- 34.0 Reference: Exhibit B-6, BCUC 7.2**
- 34.1 With respect to BCUC 7.2, please identify those projects that have been specifically deferred beyond the forecast period; and, in each case, indicate why Boralex believes they can be deferred without impacting safety or operational reliability.
- 35.0 Reference: Exhibit B-1, page 23-24
Exhibit B-6, BCUC 7.1 and 7.12
Exhibit B-9, BCUC 7.1 (Updated)**
- 35.1 Exhibit B-1 indicated that the turbine G3 would be worked on in 2020, G4 in 2021 and G2 in 2022. The response to BCUC 7.1 indicates that Boralex now plans to complete all of the work on G4 in 2020 but that the schedule for the other units remains the same. If this is the case, please

explain why, in BCUC 7.1 Updated Table 11 the 2021 capital additions for the Turbine Rehabilitation Project are unchanged from those in the initial Application.

36.0 Reference: Exhibit B-6, BCUC 8.1

Preamble: The response states: “The working capital provision of \$400,000 serves to provide some compensation that would otherwise be provided through the recovery of AFUDC.”

36.1 For each of the years 2019-2022 what is the annual compensation that the working capital provision is considered to provide in lieu of AFUDC?

**37.0 Reference: Exhibit B-6, BCUC 9.1
Exhibit B-8, BCOAPO 17.2**

Preamble: The response to BCOAPO 1.2 states: “The calculation of the working capital requirement is guided by the average difference between payables and receivables. Working capital requirement plus receivables, on average over the 2014 to 2017 period as described in Exhibit B-4, equates to the Boralex LP payables.”

37.1 Please explain more fully why the difference between payables and receivables provides an estimate of working capital requirements. All else being equal, doesn't a positive difference mean that Boralex will have cash on hand equal to the difference between the two and therefore not need any “working capital”?

38.0 Reference: Exhibit B-7, BCH 4.1

38.1 Given that the issue with respect to the penstock was identified in 2008, please explain why the issue has not been addressed prior to now.

38.2 Given that that addressing the issue has been deferred for the last 10 years, please explain why it is necessary to address it during the current test period.

39.0 Reference: Exhibit B-8, BCOAPO 11.1 and 11.2

39.1 Given that the Rate Base values are based on year-end values (per BCOAPO 11.2), please re-calculate Table 3 (per BCUC 2.1-Updated) using mid-year rate base values (i.e., average of opening and closing balances) for determining rate base, return on equity and return on debt.

40.0 Reference: Exhibit B-8, BCOAPO 12.2

40.1 The response provided makes reference to BCUC 6.1.5 as addressing the question posed. However, the response to BCUC 6.1.5 does not indicate whether since the acquisition in 2008 Boralex LP has changed the depreciation life and rate for any of the asset categories. Please respond to the original question posed and also, if required, BCOAPO 12.2.1.

41.0 Reference: Exhibit B-8, BCOAPO 13.2

41.1 In terms of 2018 capital additions, page 3 of the 2018 Financial Statements shows as value of \$0.352 M whereas Note #6 to the 2018 Financial Statements shows capital additions of \$0.242 M. Please reconcile.

42.0 Reference: Exhibit B-8, BCOAPO 17.7

42.1 Why is it appropriate to include the value of the payables to Boralex Inc. in the determination of working capital when Boralex LP only makes payments when its cash position and anticipated needs permits it to do so?

43.0 Reference: Exhibit B-8, BCOAPO 21.1.1

43.1 Please explain why a three-year average is more relevant.

43.2 What is the one-year average of the 10-year Government of Canada bond yield (i.e., based on the most recent 12 months available)?

**44.0 Reference: Exhibit B-6, BCUC 15.1
Exhibit B-9, BCUC 15.1- Updated and Updated Table 27
Exhibit B-8, BCOAPO 22.4.1
Exhibit B-1, page 39 – Table 27**

44.1 With respect to the initial Application, what was the assumed timing (month/year) for the hiring of the three new full-time employees required to replace those retiring?

44.2 Please confirm that at the time of the initial Application it was assumed that: i) the maintenance employee would retire in 2020 – now 2021 and ii) both operators would retire in 2022 (with one now delayed to 2023).

44.3 Please explain the \$60,000 increase in Salaries and Benefits for Q3-Q4 of 2019 from the initial Application Table 27 to Updated Table 27.

44.4 Please confirm that the reduction in the 2020 Salaries and Benefits is primarily due to the delay in maintenance employee's retirement from 2020 to 2021 and the corresponding deferral in the timing of the payment of the retirement allowance. If not, please explain the basis for the reduction.

44.5 Please explain why there is not material increase in the 2021 Salaries and Benefits in the Updated Table 27 to reflect the employee now assumed to retire in 2021 (as opposed to 2020) and the associated retirement allowance.

44.6 Please explain why there is not a material reduction in the 2022 Salaries and Benefits in the Updated Table 27 to reflect that one of the employees is now deferring retirement to 2023 (as opposed to 2022) along with the associated retirement allowance.

45.0 Reference: Exhibit B-6, BCUC 18.5

45.1 Please confirm whether the additional supervisor has been hired in Q1 2020.

46.0 Reference: Exhibit B-7, BCH 13.1

46.1 Wouldn't it have been appropriate to defer and amortize the \$27,500 received from Telus for pole usage over the five-year period of March 2018 to March 2023?

46.1.1 If not, why not?

47.0 Reference: Exhibit B-8, BCOAPO 10.2.1

47.1 Please clarify whether the percentages provided in the response apply to: i) the total time spent by all five full-time employees or ii) the time spent by the one full-time employee responsible for facility maintenance (while the other four spend 100% of their time operating the system).

48.0 Reference: Exhibit B-7, BCH 15.1 and 16.1

48.1 What is the basis for the 2019 FTE values provided in response to BCH 15.1 (e.g., are they based on actual timesheet reporting for 2019 to-date, management estimates of actual time spent or forecasts of expected time to be spent)?

48.2 What is the basis for the Q3-Q4 2019 FTE values provided in response to BCH 16.1 (e.g., are they based on actual timesheet reporting for Q1-Q2 2019, management estimates of actual time spent in Q1-Q2 or forecasts of expected time to be spent)?

49.0 Reference: Exhibit B-7, BCH 10.8

49.1 Do Boralex LP's retail customers pay exactly the same rates as BC Hydro's Zone II (i.e., Boralex LP's rate schedules for its retail customers are exactly the same as BC Hydro's Zone II rate schedules for similar customers)?

49.1.1 If not, please provide Boralex LP's current rate schedule(s) for its retail customers and explain how the rates are "tied" to BC Hydro's Zone II rates.

50.0 Reference: Exhibit B-8, BCOAPO 19.1

Preamble: The response states that "Ocean Falls is at risk of load erosion through self-supply and energy efficiency improvement".

50.1 Do any of Boralex LP's current retail customer self-supply any of their electricity requirements?

50.1.1 If yes, how many and by means do they self-supply?

50.1.2 If not, what opportunities exist for self-supply by its retail customers?

50.1.3 Has Boralex undertaken any assessment of the economics of such self-supply by its retail customers and, if so, what were the results?

50.2 Do either of Boralex's LP's current industrial customer self-supply any of their electricity requirements?

50.2.1 If yes, how many and by means do they self-supply?

50.2.2 If not, what opportunities exist for self-supply by these customers?

50.2.3 Has Boralex undertaken any assessment of the economics of such self-supply by its industrial customers and, if so, what were the results?

51.0 Reference: Exhibit B-1, page 6

51.1 Were the negotiations between Boralex and BC Hydro (per paragraph #23) subject to an agreement of confidentiality?

52.0 Reference: Exhibit B-6, BCUC 27.5.1

Preamble: The response states: "The draft MOU contemplates that the parties may engage in certain activities (e.g., employment and training and contracting opportunities) and the negotiations of a benefits agreement, but at this time these activities have not been defined or a benefits agreement negotiated."

52.1 Will the First Nations Deferral account include any of the costs incurred by Boralex to negotiate and complete the MOU?

52.2 Why wouldn't any employment costs (and associated training) and the cost of any contracting opportunities simply form part of Boralex's cost of service?