



**bcuc**  
British Columbia  
Utilities Commission

**Marija Tresoglavic**  
Acting Commission Secretary

Commission.Secretary@bcuc.com  
**bcuc.com**

Suite 410, 900 Howe Street  
Vancouver, BC Canada V6Z 2N3  
**P:** 604.660.4700  
**TF:** 1.800.663.1385  
**F:** 604.660.1102

May 28, 2020

Sent via email/eFile

**CREATIVE – DISPOSITION OF PENDRELL STREET TES  
EXHIBIT A-3**

Mr. Rob Gorter  
Director, Regulatory Affairs and Customer Relations  
Creative Energy Developments Limited Partnership  
Suite 1 - 720 Beatty Street  
Vancouver, BC V6B 2M1  
rob@creative.energy; info@creative.energy

**Re: Creative Energy Developments Limited Partnership – Application for the Disposition of the Pendrell Street Thermal Energy System Assets – Project Number 1599091 – Information Request No. 1**

Dear Mr. Gorter:

Further to your March 17, 2020 Application for the Disposition of the Pendrell Street Thermal Energy System Assets, enclosed please find British Columbia Utilities Commission Information Request No. 1. In accordance with the regulatory timetable set out in Order G-112-20, please file your responses on or before Thursday, June 11, 2020.

Sincerely,

*Original signed by:*

Marija Tresoglavic  
Acting Commission Secretary

/dg  
Enclosure



Creative Energy Developments Limited Partnership  
Application for the Disposition of the Pendrell Street Thermal Energy System from Creative Energy  
Developments Limited Partnership to Creative Energy Pendrell Limited Partnership

**INFORMATION REQUEST NO. 1 TO CREATIVE ENERGY DEVELOPMENTS LIMITED PARTNERSHIP**

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**A. APPLICANTS**

**1.0 Reference: INTRODUCTION  
Exhibit B-1 (Application), Section 1, p. 1; Section 3, p. 2  
Applicants**

Page 1 of Creative Energy Developments Limited Partnership’s (CEDLP) application to transfer the thermal energy system (TES) assets and operations located at 1770 Pendrell Street (Pendrell Street TES) from CEDLP to its wholly owned subsidiary Creative Energy Pendrell LP (CEPLP) (Transfer) (Application), CEDLP states:

This Application requests the approval of the British Columbia Utilities Commission (“**Commission**”) for the transfer from Creative Energy Developments Limited Partnership (“**Creative Energy Developments LP**”) to its wholly owned subsidiary Creative Energy Pendrell LP (“**Creative Energy Pendrell LP**”) of the thermal energy system assets and operations located at 1770 Pendrell Street (the “**Pendrell Street TES**”).

On page 2 of the Application CEDLP states:

The Pendrell Street TES has already been transferred to Creative Energy Pendrell LP. Creative Energy Developments LP and Creative Energy Pendrell LP completed the documentation for the transfer

1.1 Please confirm and provide supporting evidence that the Application is being submitted by both CEDLP and CEPLP.

**2.0 Reference: CORPORATE REORGANIZATION**  
**Exhibit B-1, Section 3, p. 2; Creative Energy Vancouver Platforms Inc. Application for a Certificate of Public Convenience and Necessity (CPCN) for the Beatty-Expo Plants and Reorganization proceeding, Exhibit B-1, Appendix M, p. 1; Order C-1-20 dated March 5, 2020**  
**Corporate Structure and Affiliated Parties**

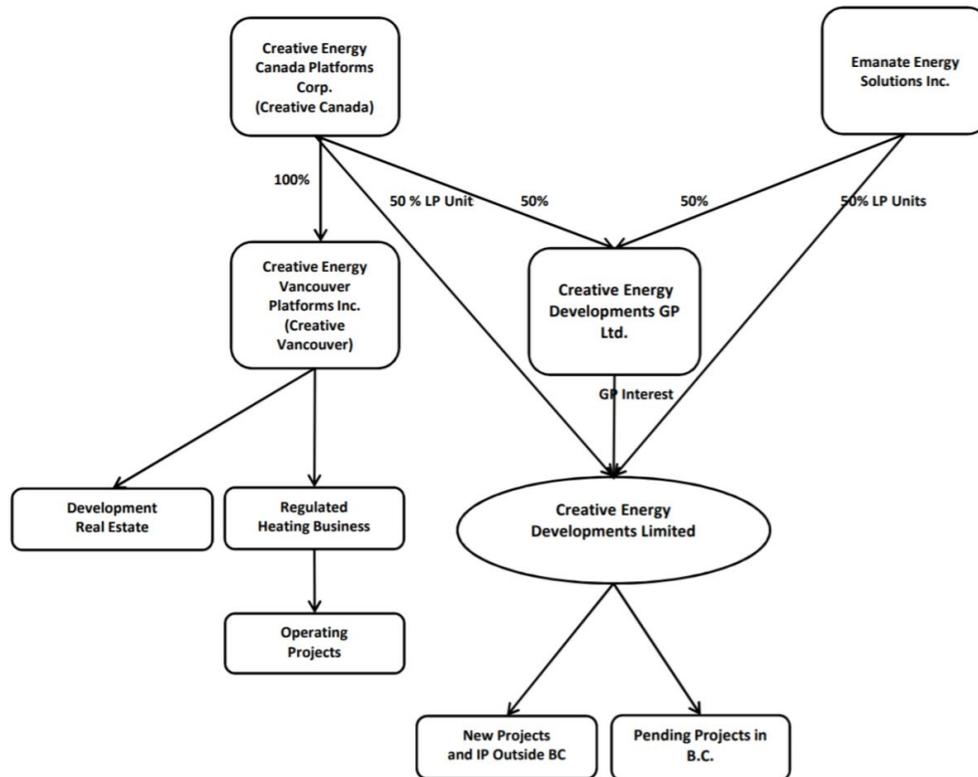
On page 2 of the Application, CEDLP states:

In the case of the Pendrell Street TES, Creative Energy Pendrell LP is the wholly owned subsidiary of Creative Energy Developments LP that has been formed for the purpose of owning and operating the Pendrell Street TES.

On June 29, 2018, Creative Energy Vancouver Platforms Inc.'s (CEVP) applied for a CPCN to construct and operate new and renovated steam plant works and related facilities at CEVP's existing site at 720 Beatty Street and at an adjacent site within BC Place Stadium, including a proposed corporate reorganization involving CEVP, Westbank Projects Corp., Emanate Energy Solutions Inc. and Creative Energy Developments Limited Partnership (Expo-Beatty Plant Application).

By Order C-1-20, dated March 5, 2020, the British Columbia Utilities Commission (BCUC) approved the Expo-Beatty Plant Application, including the corporate restructuring subject to approval by the Lieutenant Governor in Council.

On page 1 of Appendix M to the Expo-Beatty Plant Application, CEVP provided the following organizational chart showing the anticipated structure at the time of application:



2.1 Please provide an organizational chart, similar to the one provided in the preamble above, to show where CEPLP is located in the above corporate structure, to include the location of the following:

- Creative Energy Pendrell Street Limited Partnership (include the General Partner (GP) and Limited Partners (LPs));
- Creative Energy Developments Limited Partnership (include the GP and LPs);
- Creative Energy Developments GP Ltd.;
- Creative Energy Vancouver Platforms Inc.;
- Westbank Projects Corp.;
- Emanate Energy Solutions Inc.;
- Creative Energy Canada Platforms Corp.;
- any affiliate, associate, subsidiary or parent companies not identified above that have direct or indirect interests in CEPLP or CEDLP.

Please clearly identify the following in the organizational chart:

- public utilities (current or proposed); and
- all General Partners and Limited Partners, where applicable to the public utilities.

- 2.2 If the relationships between CEPLP, CEDLP and any of its affiliated parties, including CEVP are affected by the corporate restructuring approved by Order C-1-20, please update the organizational chart provided in response to information request (IR) 2.1.
- 2.3 Please provide a copy of the statement of registration for CEPLP.
- 2.4 Please describe the operational and governance structure for CEPLP and include a copy of any partnership agreements relating to the same.
- 2.4.1 Please provide details of the governance structure for the partnership. Who are the people that will make the operational and management decisions of the partnership?
- 2.5 Please describe the operational and governance structure for CEDLP.
- 2.5.1 Please provide details of the governance structure of the partnership. Who are the people that will make the operational and management decisions of the partnership?
- 2.6 If either the limited partner or the general partner seeks to terminate or dissolve the partnership, please explain the dissolution process, including any regulatory approvals that may be required.
- 2.6.1 Please discuss the implications of dissolution of CEPLP on the operation and maintenance of the Pendrell Street TES, and the partnership's obligation to provide service to its customers.
- 2.6.1.1 In the event of a partnership dissolution, please identify the party that CEPLP expects would be responsible for the ownership of the Pendrell Street assets, the provision of service, and would be regulated by the BCUC.
- 2.6.2 In the event of a partnership dissolution, please discuss the process for the transfer of liabilities.

## **B. PUBLIC INTEREST**

- 3.0 Reference: TRANSFERRING THE PENDRELL STREET TES TO CREATIVE ENERGY PENDRELL LP WILL HAVE NO DETRIMENTAL AFFECT  
Exhibit B-1, Section 5, p. 4  
Benefits**

On page 4 of the Application CEDLP states:

The transfer to Creative Energy Pendrell LP provides better separation of the ownership of the Stream A TES versus the nonregulated activities and assets of Creative Energy Developments LP, providing better transparency of reporting to both the Commission and the customer. The transfer has no detrimental affect such that it is overall beneficial to the public interest.

- 3.1 Please elaborate further on the benefits of the Transfer, including any operational benefits, benefits to the customer and/or any benefits associated with the separation of liabilities.
  - 3.1.1 Please discuss whether the benefits would result in any reductions in rates and/or improvements in service.
- 3.2 Please explain whether there are any disadvantages associated with the Transfer.
- 3.3 Please elaborate further on how the Transfer preserves the public interest.

## **C. CUSTOMER AND CONSULTATION**

### **4.0 Reference: CONSULTATION Exhibit B-1, Section 6, p. 4 Consultation**

On page 4 of the Application, CEDLP states:

In this case, the transfer is of an exempt on-site Stream A TES to a wholly-owned subsidiary. The Pendrell Street TES has one customer under a long-term customer service agreement that will remain unchanged. The one customer of the Pendrell Street TES has been notified of the transfer and has no concerns with the transfer.

- 4.1 Please provide further information on CEDLP's consultation process with the existing customer, including the notification process, copies of any communications, and any issues raised by the customer.

### **5.0 Reference: THE PENDRELL STREET TES Exhibit B-1, Section 2, p. 1 Customer**

On page 1 of the Application, CEDLP states:

The Pendrell Street TES consists of thermal energy utility equipment and operations located within a rental apartment building at 1770 Pendrell Street, Vancouver. The Pendrell Street TES serves the thermal energy requirements for space heating and domestic hot water of the on-site apartments and shared spaces in the apartment building only. The owner of the apartment building at 1770 Pendrell Street is the only customer of the Pendrell Street TES; the TES does not serve any other buildings or customers.

- 5.1 Please provide the number of units served by the 1770 Pendrell Street TES.
  - 5.1.1 Please confirm, or otherwise explain, whether all the units are rental units.
- 5.2 Please provide details of the relationship between the customer, CEDLP and CEPLP.
  - 5.2.1 If the customer is affiliated with any of the parties identified in the organizational charts provided in response to IRs 2.1 or 2.2, please update the organizational charts to include the customer.

**D. TRANSFER OF PENDRELL STREET TES ASSETS**

**6.0 Reference: CORPORATE REORGANIZATION  
Exhibit B-1, Section 3, p. 2  
Corporate Reorganization**

On page 2 of the Application, CEDLP states:

The Pendrell Street TES has already been transferred to Creative Energy Pendrell LP. Creative Energy Developments LP and Creative Energy Pendrell LP completed the documentation for the transfer, for the reasons outlined above, prior to seeking the BCUC's approval due to misunderstanding the scope of exemptions for Stream A TES. It was not understood at the time that the exemption for Stream A TES does not include the section of the UCA requiring a public utility to first obtain the Commission's approval before transferring a TES to a wholly-owned subsidiary. If the Commission does not approve this application, the parties will be able to reverse the transfer of the Pendrell Street TES.

- 6.1 Please provide the date on which the transfer was completed.
- 6.2 Please provide the documentation for the Transfer referenced in the preamble above.
- 6.3 Please explain whether CEDLP and CEPLP entered into a transfer agreement, or similar, for the transfer of assets to CEPLP.
  - 6.3.1 If so, please provide a copy of the agreement(s).
  - 6.3.2 If not, please explain why not, and discuss how the terms of Transfer were established.
- 6.4 Please explain whether the Transfer was subject to a purchase payment, or similar.
  - 6.4.1 If so, please provide details of the terms for the payment, the payment amount and explain how the payment amount was calculated.
- 6.5 Please explain how the transfer was completed, for example, asset purchase agreement, share purchase agreement etc.
- 6.6 Please detail any enactments and/or regulations applicable to the Transfer and confirm that the Transfer is in compliance with the identified enactments and/or regulations.

**E. THERMAL ENERGY SYSTEM ASSETS**

**7.0 Reference: CORPORATE REORGANIZATION  
Exhibit B-1, Section 3, p. 2  
Pendrell Street TES Assets**

On page 2 of the Application, CEDLP states:

The Pendrell Street TES has already been transferred to Creative Energy Pendrell LP. Creative Energy Developments LP and Creative Energy Pendrell LP completed the documentation for the transfer, for the reasons outlined above, prior to seeking the BCUC's approval due to misunderstanding the scope of exemptions for Stream A TES.

- 7.1 Please provide the in-service date for the Pendrell Street TES.
- 7.2 Please provide a list of all of the assets that were included in rate base for the CEDLP.

- 7.3 Please provide a site plan and/or a piping and instrumentation diagram, illustrating the location of the Pendrell Street TES, the building(s) being served and demarcation points for ownership of assets.
- 7.3.1 Please confirm, or otherwise explain, whether the assets include land.
- 7.3.2 Please confirm that all of the assets identified in response to questions 7.2 and 7.3.1 have been transferred to CEPLP.
- 7.3.2.1 If not confirmed, please detail any assets that have not been transferred, explain why the assets were not included in the Transfer, and the impact on the provision of safe and reliable service.
- 7.4 Please discuss whether any modifications were made to the Pendrell Street TES assets prior to, or after the Transfer.
- 7.4.1 If so, please discuss the impact on the Pendrell Street TES and the provision of safe and reliable service.
- 7.5 Please provide the book value of the Pendrell Street TES assets prior to the Transfer and explain how the book value was calculated.
- 7.5.1 Please confirm, or otherwise explain, that the Pendrell Street TES assets were transferred from CEDLP to CEPLP at the stated book value.
- 7.6 Please confirm, or otherwise explain, that CEPLP had no assets or liabilities prior to the completion of the Transfer.
- 7.7 Please provide details of any and all liabilities, obligations and/or related contractual commitments transferred to CEPLP from CEDLP, or any other entity.
- 7.8 Please provide the proposed journal entry for all impacted entities that will record the transaction.
- 7.9 Have there been any financial losses recorded for CEDLP in the past, including tax losses that can be carried forward?
- 7.9.1 If so, did CEDLP receive any tax benefits from those losses?
- 7.10 Please provide balance sheets from CEDLP immediately prior to and immediately after the Transfer.
- 7.11 If the Application is denied, and the Transfer is reversed, please discuss any impacts on the Pendrell Street TES and the provision of service to the customer and/or tenants.

**8.0 Reference: CORPORATE REORGANIZATION  
Exhibit B-1, Section 5, pp. 3-4  
Agreements**

On page 3 of the Application CEDLP states:

The Pendrell Street TES is an exempt Stream A TES with a single customer. Pursuant to the transfer, Creative Energy Pendrell LP assumes the entirety of the Pendrell Street TES assets, liabilities and obligations, including any and all related contractual commitments of Creative Energy Developments LP. The disposition will result in no capital gain or loss to Creative Energy Developments LP.<sup>6</sup>

<sup>6</sup>The transfer would incur a GST charge; however, this GST charge would be fully recoverable as an income tax credit.

On pages 3 to 4 of the Application, CEDLP states:

The transfer of the Pendrell Street TES to Creative Energy Pendrell LP does not in any way change:

...

- the terms and conditions of the service provided as set out in the existing customer service agreement;

8.1 Please provide details of any statutory rights of way (SRW) or access agreements required for access, ongoing operation and maintenance, and emergency response for the Pendrell Street TES.

8.1.1 Please confirm that all SRW and/or agreements have been transferred to CEPLP.

8.1.1.1 If not confirmed, please explain why not.

8.2 Please explain whether CEDLP leased any spaces from the building owner for the Pendrell Street TES.

8.2.1 If so, please provide details of any lease agreements and explain whether the lease agreement has been transferred to CEPLP.

8.3 Please explain whether the customer service agreement (CSA) between CEDLP and the customer has been transferred to CEPLP or whether a new CSA has been executed between CEPLP and the customer.

8.3.1 If the CSA has been transferred, please explain whether the terms and conditions have been updated to reflect the new owner.

8.4 Please provide details of any other agreements and/or contractual commitments relating to the Pendrell Street TES that have not been identified above, explaining the purpose of the agreements and whether the agreements have been transferred to CEPLP.

## **F. TECHNICAL CAPACITY**

**9.0 Reference: CORPORATE REORGANIZATION  
Exhibit B-1, Section 5, p. 3  
Technical Capacity to Operate the Pendrell Street TES**

On page 3 of the Application, CEDLP states:

The transfer of the Pendrell Street TES to Creative Energy Pendrell LP does not in any way change:

- the operations and performance of the Pendrell Street TES – the TES equipment is the same, and the same individuals will manage and operate the TES and interact with the customer and the Commission;
- the ability of Creative Energy Pendrell LP to operate and maintain the TES assets, in terms of both financial strength and access to support services;

9.1 Please discuss CEPLP's experience with the general oversight/management of a public utility and operating a public utility.

9.2 Prior to the completion of the Transfer, please explain whether CEDLP had any full-time or part-time employees responsible for the administration, operation and maintenance, and regulation of the Pendrell Street TES.

- 9.2.1 If so, please provide details on the number of employees, their respective roles and responsibilities, and their experience in undertaking such work.
- 9.2.2 If not, please explain how the administration, operation and maintenance, and regulation of the Pendrell Street TES was undertaken.
- 9.3 Please explain whether CEPLP has any full-time or part-time employees responsible for the administration, operation and maintenance, and regulation of the Pendrell Street TES.
  - 9.3.1 If so, please explain whether these employees were transferred from CEDLP.
  - 9.3.2 If so, please provide details on the number of employees and their respective roles and responsibilities.
  - 9.3.3 If not, please explain how CEPLP will operate the Pendrell Street TES. In your response please include details on the administration, operation and maintenance and regulation.
    - 9.3.3.1 Please provide details of any contractual agreements in place for the provision of these services and provide details on the contracted party's experience with respect to service provided.
- 9.4 Please discuss any risks to the provision of service to the customer and/or customer rates that could result as a consequence of the Transfer.

**G. FINANCIAL CAPACITY**

**10.0 Reference: TRANSFERRING THE PENDRELL STREET TES TO CREATIVE ENERGY PENDRELL LP WILL HAVE NO DETRIMENTAL AFFECT Exhibit B-1, Section 3, p. 2; Section 5, p. 3 Financial Capacity**

On page 2 of the Application, CEDLP states:

The plan is for Creative Energy Developments LP to identify, develop and finance potential project opportunities. For those projects that will proceed forward to construction and/or applications for regulatory approvals as required, a separate wholly-owned subsidiary limited partnership or company will be established to pursue the individual project. The intent is that each individual energy project is constructed, owned and operated by a separate wholly owned subsidiary of Creative Energy Developments LP.

On page 3 of the Application, CEDLP states:

The transfer of the Pendrell Street TES to Creative Energy Pendrell LP does not in any way change:

...

- the ability of Creative Energy Pendrell LP to operate and maintain the TES assets, in terms of both financial strength and access to support services;

- 10.1 Prior to the Transfer, please discuss and provide evidence of CEDLP's ability to raise equity and debt financing.
- 10.2 Please discuss and provide evidence of CEPLP's ability to raise equity and debt financing.

- 10.2.1 If CEPLP is required to request funding from CEDLP, please discuss the process and explain the time period between CEPLP submitting a funding request and the funds being received.
- 10.2.2 Please discuss CEPLP's ability to access funds in an emergency.
- 10.3 Please discuss whether the Transfer in anyway reduces or impairs access to financing for the Pendrell Street TES.
- 10.4 Please discuss the capital reserve provisions required for the Pendrell Street TES and detail the methodology used to establish the reserve amount.
  - 10.4.1 Please confirm, or otherwise explain, that CEPLP has sufficient capital reserve provisions, and will continue to maintain adequate capital reserve provisions.

## H. CORPORATE REORGANIZATION

### 11.0 Reference: **CORPORATE REORGANIZATION INVOLVING CREATIVE ENERGY Exhibit B-1, Section 3, p. 2 Corporate Reorganization Plan**

On page 2 of the Application, CEDLP states:

Creative Energy Developments LP is a limited partnership of Creative Energy Canada Corp. ("**Creative Energy Canada**")<sup>2</sup> and Emanate Energy Solutions Inc. ("**Emanate Energy**")<sup>3</sup>. The partners have formed Creative Energy Developments LP to develop, finance and manage urban energy infrastructure projects in North America including in British Columbia. The plan is for Creative Energy Developments LP to identify, develop and finance potential project opportunities. For those projects that will proceed forward to construction and/or applications for regulatory approvals as required, a separate wholly-owned subsidiary limited partnership or company will be established to pursue the individual project. The intent is that each individual energy project is constructed, owned and operated by a separate wholly owned subsidiary of Creative Energy Developments LP. This structure will provide separation and transparency of costs between each project, and also between each project and the parent Creative Energy Developments LP.

For example, the Creative Energy Vancouver Platforms Inc. ("**Creative Energy Vancouver**") steam utility will become a wholly-owned subsidiary company of Creative Energy Developments LP as part of the corporate reorganization of Creative Energy Vancouver recently approved by Commission Order C-1-20.

<sup>2</sup> Creative Energy Canada is the parent company of Creative Energy Vancouver Platforms Inc., which is the approximately 50-year old steam distribution utility serving over 200 buildings in downtown Vancouver.

<sup>3</sup> Emanate Energy is a wholly-owned subsidiary of the InstarAGF Essential Infrastructure Fund.

- 11.1 Please elaborate further on Creative Energy Canada Corp. and Emanate Energy Solutions Inc.'s corporate reorganization plan, including the key aspects of the plan, its purpose, and any benefits to the public utilities and/or customers associated with the plan.
- 11.2 With respect to establishing separate, wholly owned subsidiary limited partnerships or companies to operate as public utilities, please discuss the factors considered when developing the plan, including but not limited to: the economic viability of the public utilities, day to day operations, general oversight/management functions and rate setting.

- 11.3 Please explain whether the corporate restructuring referenced in the preamble above has been approved by the Lieutenant Governor in Council.
- 11.4 Please discuss whether a Transfer Pricing Policy and a Code of Conduct should be filed with the BCUC following the corporate restructuring.
  - 11.4.1 If not, please explain why not.