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Our File: 23841/0231

July 8, 2020

**VIA ELECTRONIC MAIL**

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

**Attention: Marija Tresoglavic, Acting Commission Secretary**

Dear Sirs/Mesdames:

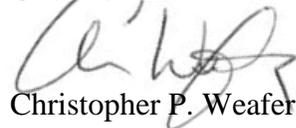
**Re: Creative Energy Vancouver Platforms Inc. (Creative Energy) - Application to Establish a COVID-19 Deferral Account (Application)**

We are counsel to the Commercial Energy Consumers Association of British Columbia (the "CEC"). Attached please find the CEC's first set of Information Requests with respect to the above-noted matter.

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

Yours truly,

**OWEN BIRD LAW CORPORATION**



Christopher P. Weafer

CPW/jj

cc: Creative Energy  
cc: Registered Interveners

**COMMERCIAL ENERGY CONSUMERS ASSOCIATION  
OF BRITISH COLUMBIA (“CEC”)**

**INTERVENER INFORMATION REQUEST NO. 1**

**Creative Energy Vancouver Platforms Inc. - Application to Establish a COVID-19  
Deferral Account  
Project No. 1599104**

**July 8, 2020**

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**1. Reference: Exhibit B-1, page 5 and Exhibit B-2, BCUC 1.1.3**

Loss of Load, Revenue and Cost of Service Impact

A number of our customers have curtailed their operations or have closed completely in response to COVID-19, with the consequent effect of lower than forecast demand for our service. Steam and hot water sales overall are significantly lower than forecast.

Creative Energy’s steam tariff is entirely a variable charge per unit of steam delivered. However, a significant portion of our cost of service, as approved through our revenue requirement applications, does not vary with steam load. Therefore, the impact of the loss of load from COVID-19 is directly resulting in under-recovery of our cost of service.

Conversely, our fuel costs are recovered from customers through a separate flow-through charge, approved by the Commission outside of a revenue requirement application process. Thus, these costs are simply avoided through the impact of COVID-19. A separately approved Fuel Cost Stabilization Account tracks variances between actual and forecast fuel costs and an approved rate rider mechanism is in place for Creative Energy to seek approval of recovery or disbursements of variances if they exceed a certain threshold balance.

- 1.3 Please discuss if there will be any savings in expenses due to COVID-19. Does Creative Energy intend to net any such savings against the unplanned incremental expenses? Why or why not?

**RESPONSE:**

**As set out in the Application, Creative Energy anticipates direct cost of service savings related to reduced water consumption, as water costs can be directly tracked against changes in load. Creative Energy expects there to be savings related to any professional development training or industry conferences that were budgeted for in its 2020 cost of service, but which were cancelled or have been otherwise deferred during this period. Creative Energy will record all such indicated savings to the COVID-19 Deferral Account.**

**Municipal Access Fees charged by the City of Vancouver would decrease with lower revenue. However, the amounts that go into the proposed COVID-19 Deferral Account will be charged to customers in future years such that there will be a timing difference in the year that the City of Vancouver is paid the fees.**

- 1.1 What, if any, Federal, Provincial, Municipal, charitable or other outside funding has the utility sought to assist with lost revenues or additional expenses related to COVID-19.
- 1.1.1 If the utility has not sought to find additional sources of revenues, please explain why not.
- 1.1.2 If the utility has sought additional support, please provide the actions Creative Energy has taken and the results of those actions. Please provide quantification where relevant.
- 1.1.3 If the utility is or has been able to receive any outside funding to assist in mitigating the impact of COVID-19, please confirm that this will be recorded in the Deferral account.
- 1.2 What other activities has the utility taken to mitigate its losses during the pandemic? Please explain with a description of each.
- 1.2.1 Please confirm that the costs and benefits of any specific activities related to mitigating the impact of COVID-19 will be recorded in the deferral account.

**2. Reference: Exhibit B-2, BCUC 1.2.7**

- 2.7 Please discuss how Creative Energy will determine whether unrecovered revenues to be recorded in the proposed COVID-19 Deferral Account are related to the impact of COVID-19 on customers' financial circumstances, as opposed to other factors.

**RESPONSE:**

**Creative Energy has not ever encountered such a marked drop in load due to an external circumstance such as we currently face nor such a marked change in our receivable collections since the emergence of the COVID-19 pandemic and the federal, provincial and municipal measures put in place in response as advised by the health and other authorities.**

**Historically, there has been very little attrition in Creative Energy's customer base. The factors contributing to a specific instance of attrition or loss of load or change in receivable collections are readily understood through our communications with the customer and/or otherwise independently confirmed; for example, if the customer's building is being retrofit, redeveloped and/or the customer is moving to an alternative heating service, or if a customer is contending with some other emergent situation.**

**Thus, the significant change in load and in the overdue amounts owing that only began coincident to the emergence of the COVID-19 pandemic and the federal, provincial and municipal measures put in place in response are without question due to the operational and financial impact of COVID-19 on Creative Energy's customers.**

- 2.1 Please provide quantified historical evidence with regard to load attrition to support Creative Energy's contention that there is generally very little.
- 2.2 Please confirm that Creative Energy already incorporated any attrition that it was anticipating into the Load Forecast underlying the F2019-F2020 RRA.

**3. Reference: Exhibit B-2, BCUC 1.2.8**

2.8 Please discuss whether Creative Energy has considered a cap on the deferral account amounts related to bad debt. Why or why not?

**RESPONSE:**

Further to context we provided in the response to BCUC IR 2.6, there ought to be no question that the underlying risk cannot be borne by the utility shareholders alone, nor would it be appropriate to place a cap on the balance in the proposed deferral accounts, as 1) we are not operating under nor contending with anything resembling business as usual circumstances in consideration of the impacts on our customers and our operations, 2) there is significant ongoing uncertainty as to the impacts of COVID-19 and the timing of economic recovery, and 3) there is also uncertainty as to the Commission's ongoing response in terms of the suspension of service disconnections and potentially further guidance or measures over time. It is within this context generally that Creative Energy has not considered a cap on deferral account amounts related to bad debt. Any discussion of a cap on deferral account amounts at this time would be arbitrary, and the prudence of any costs recorded to the deferral account could nonetheless be judged at the time that a proposal is brought forward to recover costs recorded to the deferral account.

We note also that the risk of bad debt is an asymmetrical and potentially material variance from our cost of service, and bad debt is neither forecast for the purpose of ratemaking nor is it a risk that management can control under the current circumstances. Moreover, the risk of bad debt related to COVID-19 is discrete and separate from the business risk that Creative Energy faces by virtue of the competitive market that we operate within, and is akin and more closely related to the loss of load that we currently face as a result of the impacts of COVID-19.

3.1 Would Creative Energy be amenable to deducting its 5 year pre-COVID-19 average historical bad debt from the COVID-19 deferral account? Please explain why or why not.

3.2 Please provide Creative Energy's RRA performance vs forecast for the last five years.

**4. Reference: Exhibit B-1, page 7 and page 8 and Exhibit B-2, BCUC 1.3.1**

3. Any direct revenue loss resulting from the loss of load from customers due to the impacts of COVID-19 on their operational and financial circumstances.

- Revenue loss will be determined with respect of the following considerations:
  - The estimated load difference will be determined i.) as that occurring during the months of COVID-19 and ii.) as explained by the impact of COVID-19. The period for such assessment of load difference is thus assumed to begin March 1, 2020 but for a length of time not yet determined subject to analyzing the temporary or possibly longer-term differences in customer load in comparison to a weather normalized load forecast, all else equal ( "the COVID-19 period").

An application for recovery of the amounts that accrue to the final-approved COVID-19 Deferral Accounts will follow in due course at a date yet to be determined and/or as otherwise directed by the Commission.

Creative Energy proposes to report on the COVID-19 Deferral Account balances in its revenue requirement proceedings and will report at other intervals that the Commission may determine is warranted.

**Creative Energy would therefore propose as part of its 2021 RRA to review whether a new steam load forecast may be required to account for any potentially permanent effects of COVID-19, as such billing determinants would then inform 2021 steam rates, and to concurrently assess at that time the need to continue the load variance account in respect of any ongoing uncertainty of the duration of the COVID-19 pandemic and its impact on our steam load.**

4.1 When does Creative Energy expect to bring forward its 2021 RRA?