



This is the 1<sup>st</sup> affidavit of M. McKie in this case and was made on March 12<sup>th</sup>, 2018

NO. S-174308  
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

**INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.**

PLAINTIFF

AND:

**WEDGEMOUNT POWER LIMITED PARTNERSHIP  
WEDGEMOUNT POWER (GP) INC.  
WEDGEMOUNT POWER INC.  
THE EHRHARDT 2011 FAMILY TRUST  
POINTS WEST HYDRO POWER LIMITED PARTNERSHIP  
by its general partner POINTS WEST HYDRO (GP) INC.  
CALAVIA HOLDINGS LTD.  
SWAHEALY HOLDING LIMITED  
BRENT ALLAN HARDY  
DAVID JOHN EHRHARDT  
28165 YUKON INC.  
PARADISE INVESTMENT TRUST  
SUNNY PARADISE INC.**

DEFENDANTS

**AFFIDAVIT**

*VANCOUVER, BC*

I, Melinda McKie, of 2800 - 1055 Dunsmuir Street, British Columbia, V7X 1P4 SWEAR THAT:

1. I am a Senior Vice President of Deloitte Restructuring Inc. ("**Deloitte**" or the "**Receiver**"), the court appointed Receiver and Manager of Wedgemount Power Limited Partnership ("**Wedgemount LP**"), Wedgemount Power (GP) Inc. ("**Wedgemount GP**"), and Wedgemount Power Inc. (collectively, the "**Wedgemount Entities**") and as such, have personal knowledge of the facts and matters hereinafter deposed to, save and except where the same

are stated to be based on information and belief, and where so stated I verily believe them to be true.

2. I am authorized to swear this Affidavit on behalf of the Receiver.

### **Background**

3. The Wedgemount Entities are the owner and developer of a partly-constructed run-of-river hydro power facility located on Wedgemount Creek, near Whistler, British Columbia (the "**Project**").

4. The Project was developed with the intention that it would generate electricity which would then be sold to the British Columbia Hydro and Power Authority ("**BCH**").

### **Electricity Purchase Agreement**

5. Wedgemount LP, by its general partner Wedgemount GP, and BCH entered into an Electricity Purchase Agreement dated March 6, 2015 (the "**EPA**"). A redacted copy of the EPA is attached as Exhibit "A" to the Affidavit of Bruce Chow made January 19, 2018 (the "**Chow Affidavit**").

6. Pursuant to the terms and conditions of the EPA, BCH agreed to purchase electricity generated by the Project upon its completion and once it was connected to the BCH electrical grid, a process known as "interconnection". The EPA defines the "Commercial Operation Date" or "**COD**" as the date on which Wedgemount LP would have satisfied certain conditions necessary to begin selling electricity to BCH. Under the terms of the EPA, COD could occur anytime up to two years after the "Target COD" was set.

7. Section 1.73 of Appendix 1 to the EPA stipulates that the "**Target COD**" was September 30, 2015. However, under section 3.9 of the EPA the Target COD could be amended or postponed. Section 3.9 of the EPA states:

**3.9 Change in Target COD** - If the Estimated Interconnection Facilities Completion Date is later than 90 days prior to the Target COD, and unless otherwise agreed by the Parties in writing, the

Target COD shall be postponed to the Estimated Interconnection Facilities Completion Date plus 90 days.

8. The following terms used in the EPA are defined in Appendix 1 to the EPA as follows:

**1.29 “Estimated Interconnection Facilities Completion Date”** means the most recent estimated date for completing the Interconnection Network Upgrades, as set forth in the Final Interconnection Study Report.

...

**1.32 “Final Interconnection Study Report”** means the final report issued to [Wedgemount LP] by the Distribution Authority or the Transmission Authority, as applicable, in respect of the interconnection of the [Project], consisting of a system impact study report and a facilities study report.

### **Receivership**

9. Attached hereto as **Exhibit “A”** is a copy of the Order of the Honourable Mr. Justice Steeves made May 12, 2017 (the **“Receivership Order”**) appointing Deloitte as Receiver of the Wedgemount Entities.

10. On May 18, 2017, Paul Chambers, Vice President of Deloitte, and I represented the Receiver on a conference call with the following representatives of BCH: Joanne McKenna, Frank Lin, and Ryan Hefflick. This conference call is referred to in paragraph 9 of the Chow Affidavit, although Mr. Chow was not in attendance on this call as far as I know.

11. The purpose of the conference call on May 18, 2017 was an introduction and discussion of the receivership process generally and for the Receiver to begin to understand some of the next steps required for both BCH and the Receiver to complete the Project. During this conference call Mr. Chambers and I informed the BCH representatives that the Receiver had been appointed on May 12, 2017 and was in the process of completing an assessment of the current status of the Project in order to determine next steps to move the Project forward.

12. Attached hereto as **Exhibit “B”** is a copy of a letter dated May 19, 2017 from the Receiver to Joanne McKenna, Project Manager, Distributed Generation, of BCH to advise BCH

that Deloitte had been appointed Receiver of the Wedgemount Entities pursuant to the Receivership Order.

13. On May 24, 2017, BCH provided the Receiver with a copy of the Draft Interconnection Facilities Study and Project Plan for the Project dated August 16, 2016 (the "**Draft Interconnection Study Report**"). Attached hereto as **Exhibit "C"** is a copy of the executive summary of the Draft Interconnection Study Report. Due to its size, the entire Draft Interconnection Study Report has not been attached to my affidavit but is available upon request.

14. To the best of my knowledge, the Final Interconnection Study Report has never been issued for the Project.

15. On June 6, 2017, after the Receiver had a better understanding of the status of the Project, Mr. Chambers and I, along with the Receiver's engineering consultant Michael Potyok of Midgard Consulting Inc., attended at the BCH office in Burnaby to meet with BCH representatives Mr. Hefflick and Vic Rempel (the "**June 6 Meeting**").

16. During the June 6 Meeting we discussed the status of the interconnection of the Project to BCH's grid system, and the anticipated timeline to move forward various aspects of the Project, including the interconnection route, engineering design and permitting. The Receiver indicated to Mr. Hefflick and Mr. Rempel that it was aware of certain permitting difficulties and cost issues that had come to light prior to the Receiver's appointment associated with the previously identified potential routes of interconnection for the Project's distribution line and point of interconnection with the BCH grid. Accordingly, the Receiver discussed with BCH that it was in the process of considering and developing the design of a new route of interconnection along the Wedge Forest Service Road (the "**FSR Route**") in order to move the Project forward as quickly as possible.

17. At the June 6 Meeting the Receiver notified Mr. Hefflick and Mr. Rempel that it would be engaging Clean Energy Consulting Inc. to develop the engineering design drawings for the FSR Route and that the Receiver was hoping to work towards completion of the Project in late summer of 2017. Mr. Hefflick and Mr. Rempel advised that this timeline may be challenging from BCH's perspective. They also advised that in order for BCH to re-engage their

interconnection and properties project teams they would require immediate funding from the Receiver for costs incurred and to be incurred by BCH.

18. During the June 6 Meeting, Mr. Hefflick and Mr. Rempel confirmed that the Draft Interconnection Study Report was still only in draft form and that the scope and route of interconnection had changed since the draft had been issued. They further confirmed that the Final Interconnection Study Report would not be issued until the route of interconnection was finalized and the interconnection engineering design work was further developed.

19. During the June 6 Meeting, Mr. Hefflick and Mr. Rempel also advised that because the Draft Interconnection Study Report was only in draft form there was no Target COD set and consequently there was no COD deadline of September 30, 2017. As a result of the representations made by BCH, the Receiver understood that until the point at which a Final Interconnection Study Report was issued, there was no hard deadline by which the Project had to reach COD in order for the EPA to remain in effect. The statements made by Mr. Hefflick and Mr. Rempel at the June 6 Meeting regarding the Draft Interconnection Study Report and there being no determined Target COD were consistent with the Receiver's understanding of the terms of the EPA.

20. On June 15, 2017, a meeting (the "**June 15 Meeting**") was held to discuss the Project at the BCH offices in Burnaby. This meeting was attended by the following individuals:

- (a) Mr. Chambers and me on behalf of the Receiver;
- (b) Mr. Potyok as the Receiver's project engineering consultant;
- (c) Rhonda Roland on behalf of CMJ Project Solutions Inc., retained by the Receiver to assist with permitting matters related to the Project;
- (d) Matthew Obee on behalf of Clean Energy Consulting Inc., retained by the Receiver to assist with engineering design related to the Project's distribution line and point of interconnection, and
- (e) Mr. Hefflick and Mr. Rempel on behalf of BCH.

21. During the June 15 Meeting, Mr. Obee presented a preliminary plan and profile drawings for the FSR Route which had been provided to BCH in advance of the meeting. Mr. Hefflick and Mr. Rempel indicated that they would arrange for BCH's regional distribution engineer, Om Acharya, to review the drawings and provide feedback on the feasibility of the FSR Route from BCH's perspective. During the June 15 Meeting, various matters relating to the permitting requirements for the potential routes of interconnection, including the FSR Route, were discussed and reviewed.

22. Prior to the June 15 Meeting, I was aware that representatives of Industrial Alliance Insurance and Financial Services Inc. ("IA"), the Project lender and secured creditor of the Wedgemount Entities, had met with representatives of BCH on June 14, 2017. Subsequent to the June 15 Meeting, either Stefanie Leduc or Luc Fournier (or both) of IA informed the Receiver that BCH had made similar representations in their meeting with BCH regarding the EPA and there being no hard deadline by which the Project had to reach COD in order for the EPA to remain in effect.

23. Subsequent to the June 15 Meeting, the Receiver disbursed \$105,000 to BCH to cover its costs for work going forward from the date of the Receivership Order. These funds were provided to BCH in response to its requirement (raised at the June 6 Meeting) to allow its staff to continue to advance the Project. The Receiver provided these funds in reliance on the representations made by BCH to the Receiver that the EPA would not expire on or be terminated after September 30, 2017, and the understanding that BCH would work cooperatively with the Receiver to advance the interconnection engineering design and permitting.

24. In the first few weeks of the Receiver's appointment, the Receiver was contacted by several parties that were potentially interested in acquiring the Project. Given the Receiver's desire to assess the level of interest and potential value of the Project in its current state, on or about June 20, 2017, the Receiver set up a data room for interested parties to review information relating to the Project, subject to receipt by the Receiver of an executed confidentiality agreement. Site visits were arranged and conducted with interested parties and a deadline of July 14, 2017 was set for receipt of letters of intent from interested parties.

25. During this period, a number of additional information requests were made to the Receiver by parties who had expressed interest in acquiring the Project. One of these requests concerned the EPA. In providing the responses to the additional information requests, the Receiver relied on the representations made by BCH in the June 6 Meeting. Specifically, the Receiver relied on such representations when it informed the interested parties on July 11, 2017 that:

[BCH] has verbally confirmed to the Receiver that the EPA will not be terminated as a result of the COD deadline of September 2017. The EPA includes various provisions for changing the Target COD (paragraphs 3.9 and 3.11). Based on discussions with BCH, the Receiver understands that since the Interconnection Study Report remains in draft form and has not yet been finalized, the Estimated Interconnection Facilities Completion Date remains subject to change, and accordingly, the Target COD may be changed subject to the provisions of paragraph 3.9 of the EPA.

26. Attached hereto as **Exhibit "D"** is a redacted copy of the document titled "Additional Information Requests – Responses" dated July 11, 2017 which was provided to the interested parties in the data room set up by the Receiver.

27. In early August 2017, following receipt of initial letters of intent from nine different interested parties, the Receiver, in discussion with IA, determined to move ahead with a sales process for the Project (the "**Sales Process**").

28. Relying on the representations made by BCH in the June 6 Meeting, the representations made to IA, and the Receiver's own understanding of the EPA terms, the Receiver took further steps and incurred substantial costs to continue the development and construction of the Project. As an officer of the Court with duties to the Court and all stakeholders of the Wedgemount Entities and the Project, the Receiver would not have taken such steps, and the costs would not have been incurred, but for the representations made by BCH.

29. Since its appointment, the Receiver has:
- (a) worked with BCH's interconnections group to significantly advance the engineering design for the Project's distribution line and point of interconnection to BCH's grid for the FSR Route;
  - (b) continued to apply for and obtain the necessary permits and approvals with respect to the Project from various government agencies;
  - (c) negotiated a revised Impact Benefit Agreement (the "IBA") with the First Nations who stand to benefit from royalties (among other things) under this IBA when the Project is complete;
  - (d) pursued the Sales Process;
  - (e) hired and retained engineering, forestry and environmental consultants and professionals to advance the engineering design, permitting and environmental monitoring of the Project;
  - (f) engaged suitable parties to advance the construction of the Project; and
  - (g) expended funds in excess of \$1,400,000.00 in furtherance of the Project.

30. Prior to September 2017, the Receiver did not have any reason to request written confirmation from BCH that the termination provision of the EPA was not applicable because the Draft Interconnection Study Report remained in draft form and the Estimated Interconnection Facilities Completion Date remained subject to change pursuant to paragraph 3.9 of the EPA. However, by September 2017 the second anniversary of the Target COD as initially stipulated in the EPA was approaching and it was a condition precedent to a number of the offers received by the Receiver in the course of the Sales Process that the Receiver provide some written evidence that the termination provision set out in paragraph 8.1(a) of the EPA was not applicable because the Draft Interconnection Study Report remained in draft form and the Estimated Interconnection Facilities Completion Date remained subject to change pursuant to paragraph 3.9 of the EPA.



31. Therefore, out of an abundance of caution, the Receiver emailed Ms. McKenna (with a copy to Mr. Hefflick, Mr. Rempel and BCH's counsel) on September 11, 2017 to confirm that, based on BCH's previous representations to the Receiver, the termination provision set out in paragraph 8.1(a) of the EPA is not applicable because the Draft Interconnection Study Report remained in draft form and the Estimated Interconnection Facilities Completion Date remained subject to change pursuant to paragraph 3.9 of the EPA. The Receiver also advised Ms. McKenna in the email that the Receiver was continuing to advance planning and design for the interconnection. Attached hereto as **Exhibit "E"** is a copy of the Receiver's email to Ms. McKenna dated September 11, 2017.

32. Ms. McKenna advised Mr. Chambers by email on September 19, 2017 that she was waiting for information and was not able to provide the Receiver with the assurances that the Receiver was seeking with respect to the EPA at that time but that the receipt of the information was imminent.

33. On receipt of the September 19, 2017 email from Ms. McKenna the Receiver became concerned for the first time that BCH may attempt to resile from the representations that BCH had made to the Receiver with regard to there being no Target COD set yet. Following the June 6 Meeting and until the email was received from Ms. McKenna on September 19, 2017, the Receiver had received no indication whatsoever that BCH would seek to terminate the EPA. In fact, during this period, BCH continued to correspond and meet with the Receiver and the Receiver's consultants in order to advance the Project's distribution line and point of interconnection. Based on the work performed and cost incurred by BCH during this period, in addition to the representations made by BCH in the June 6 Meeting, the Receiver had no reason to believe that BCH would not continue to work with the Receiver to advance the Project to COD.

34. On September 25, 2017, Mr. Chambers and I attended a meeting with representatives of BCH, including Ms. McKenna, Mr. Chow, Mr. Hefflick and Mr. Rempel. Mr. Peter Helland was also in attendance as the Receiver's engineering consultant. At the meeting, the BCH representatives indicated that BCH was in the process of reviewing its rights under the EPA and required more time to complete that analysis. At this meeting, the Receiver also provided various updates to BCH in relation to the current status of the Project, the interconnection design and permitting, and the Sales Process.

35. On September 27, 2017, the Receiver wrote to Ms. McKenna to follow up on the discussions that took place at the September 25, 2017 meeting. In that letter the Receiver referred to the representations made at the June 6 Meeting, the work that the Receiver had undertaken in reliance on those representations, and BCH's need for more time to consider its position with respect to the EPA. Attached hereto as **Exhibit "F"** is a copy of the Receiver's letter of September 27, 2017 to Ms. McKenna.

36. By letter dated September 29, 2017 (attached as Exhibit "B" to the Chow Affidavit), Ms. McKenna replied to the Receiver's letter of September 27, 2017 and stated that:

- (a) BCH was only "aware of the receivership generally";
- (b) BCH denied making any assurances to the Receiver;
- (c) BCH had concerns about the Sales Process; and
- (d) BCH had an impending termination right.

37. On October 6, 2017, Mr. Chambers and I attended a meeting with representatives of BCH, including Ms. McKenna, Mr. Chow, and Mr. Rempel. At this meeting BCH asked various questions in relation to the Sales Process and the content of the data room. There also was a further discussion regarding the status of the interconnection design and the negotiations between the Receiver and the First Nations that are parties to the IBA. In relation to BCH's deliberations regarding the EPA, Ms. McKenna indicated for the first time that BCH did not need the energy that would be produced by the Project once it had reached COD, but that BCH was prepared to consider its position in relation to the EPA. BCH made various requests for further information related to the Sales Process and the data room and agreed to reconvene with the Receiver on October 13, 2017 to further discuss BCH's position on the EPA.

38. On October 11, 2017, the Receiver wrote to Ms. McKenna to follow up on the discussions that took place at the meeting on October 6, 2017. In that letter the Receiver provided a complete overview of the Sales Process to date, including a list of all activities undertaken by the Receiver to find a suitable purchaser. Attached hereto as **Exhibit "G"** is a copy of the Receiver's letter dated October 11, 2017, including a detailed summary of the Sale

Process at Appendix "A". Due to their size, the other appendices to the October 11, 2017 letter have not been attached to my affidavit but are available on request.

39. Ms. McKenna wrote to the Receiver by email on October 13, 2017 requesting that the meeting planned for that day between the Receiver and BCH be deferred to allow BCH more time to consider the Receiver's letter of October 11, 2017.

40. On October 13, 2017, the Receiver provided BCH with updated (95%) design drawings for the interconnection distribution line and point of interconnection following the FSR Route.

41. In a letter to the Receiver dated October 17, 2017, Ms. McKenna asserted that BCH had preserved its termination right under the EPA and took issue with the answers to the question regarding the termination right found in Appendix "D" of the Receiver's letter of October 11, 2017 (which is the same document as is attached hereto as Exhibit "D"). Attached hereto as **Exhibit "H"** is a copy of the letter from Ms. McKenna dated October 17, 2017.

42. On October 31, 2017, the Receiver wrote a responsive letter to Ms. McKenna's letter dated October 17, 2017. The Receiver provided further information on the Sales Process and the materials provided to the potential purchasers. Attached hereto as **Exhibit "I"** is a copy of the letter to Ms. McKenna dated October 31, 2017.

43. On November 20, 2017, Mr. Chambers and I met with BCH representatives including Ms. McKenna, Mr. Chow, Mr. Hefflick and Mr. Rempel at the BCH office in Vancouver (the "**November 20 Meeting**").

44. At the November 20 Meeting, the Receiver provided an update in relation to the progress made in respect of the interconnection planning, design and permitting. The Receiver indicated that its consultants were in the process of reviewing BCH's comments on the updated (95%) design drawings for the interconnection distribution line and point of interconnection following the FSR Route, and also were advancing permitting matters with the Ministry of Transportation and Infrastructure and Canadian National Rail.

45. During the November 20 Meeting, Mr. Chow indicated that BCH was in the process of considering the EPA, and that BCH would require any future discussion in relation to the EPA to be held confidential, subject to the terms of a BCH proposed non-disclosure agreement (the "**Proposed NDA**"), which was provided to the Receiver by an email from Ms. McKenna approximately one (1) hour prior to the start of the November 20 Meeting. The Receiver advised that it was not in a position to sign the Proposed NDA at the meeting and would require the opportunity to review the Proposed NDA and consult with its counsel. Mr. Chow agreed to proceed on that basis. Mr. Chow further indicated that BCH would likely require some amendments to the terms of the EPA that would resolve BCH's termination rights under the EPA. He stated that a number of changes may be required to the EPA, but was not willing to provide any details prior to the execution of an acceptable non-disclosure agreement. He acknowledged the desire of the Receiver to resolve the EPA as swiftly as possible in order that the Project and the Sales Process could continue to advance and indicated that, subject to the execution of a satisfactory non-disclosure agreement, BCH expected to be able to provide a proposal in relation to an amended EPA in approximately two (2) weeks' time. Mr. Chow also indicated that he expected that a mark-up of the EPA would be provided to the Receiver as part of BCH's proposal.

46. Following the November 20 Meeting, the Receiver, BCH and IA negotiated a mutually acceptable non-disclosure agreement (the "**Negotiated NDA**"). On December 8, 2017, IA's counsel sent to BCH's counsel a copy of the Negotiated NDA which had been executed by the Receiver and IA, for execution by BCH.

47. On December 12, 2017 the Receiver sent an email to Ms. McKenna requesting an update on BCH's expected timing for providing the proposal regarding the EPA. On December 12, 2017, Ms. McKenna responded by email indicating that BCH needed more time internally to consider the EPA and her team's mandate.

48. On January 10, 2018, the Receiver again wrote to Ms. McKenna by email requesting a timeline for when the Receiver would receive the BCH proposal for amendments to the EPA. Attached hereto as **Exhibit "J"** is a copy of emails between the Receiver and Ms. McKenna from December 12, 2017 to January 10, 2018.

49. On January 19, 2018, the Receiver's counsel was served with BCH's Notice of Application dated January 19, 2018 and the Chow Affidavit.

50. On January 19, 2018, Mr. Chambers and I had a telephone conversation with Ms. McKenna during which she informed the Receiver that she did not have welcome news, and that BCH had decided not to proceed with the EPA. The Receiver enquired as to what had led to the change of BCH's position given the representations made to the Receiver in the November 20 Meeting that BCH would be providing a proposal in relation to resolving BCH's termination rights under the EPA and other amendments to the EPA. Ms. McKenna was not able to provide a response other than to advise that this was the direction now being taken by BCH and that further correspondence should be directed through BCH's counsel.

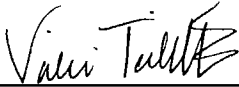
51. Until January 19, 2018 the Receiver understood that BCH would not seek to terminate the EPA if the Project was not completed by September 30, 2017. From November 20, 2017 until January 19, 2018, the Receiver also understood that BCH would allow the EPA to continue with some amendments. Furthermore, during the period between September 30, 2017 and on or about December 11, 2017, BCH continued to correspond and work with the Receiver and its consultants to advance the interconnection design and to provide input on information being uploaded to the data room for the benefit of interested parties.

52. There are many stakeholders in the Project including all the creditors, the First Nations who stand to benefit under the IBA, the Wedgemount Entities, the guarantors on the Project, the many professionals and contractors working on the Project, and 28165 Yukon Inc., the owner and developer of the WedgeWoods subdivision on whose land the Project's powerhouse is situated.

53. The Sales Process in this matter has been robust and has engaged several interested parties. While the Receiver must preserve the integrity of the process and keep certain information confidential, I can say that all indications are that absent termination of the EPA, it is likely that a sale of the Project to a credible purchaser can be completed with a substantial realization for several of the stakeholders. If BCH is permitted to terminate the EPA, it is uncertain whether any bidders will be interested in purchasing the Project (and/or what the impact on the value of the Project would be). Further, the Receiver has been advised by Mr.

Potyok that, if the Project is not sold and completed by a purchaser, there will be significant environmental remediation issues that will need to be attended to.

SWORN BEFORE ME at the City of  
Vancouver, British Columbia, this 12<sup>th</sup> day  
of March, 2018.



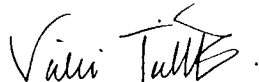
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A Commissioner for Affidavits in and for  
the Province of British Columbia



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MELINDA MCKIE

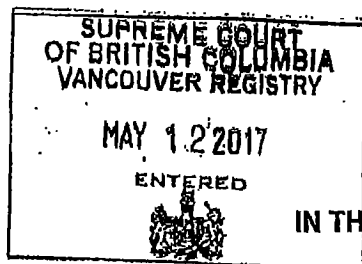
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The attached is Exhibit "A"  
referred to in the affidavit #1  
of Melinda McKie sworn before  
me at VANCOUVER, British Columbia.  
this 12<sup>th</sup> day of MARCH, 2018



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A Commissioner for taking Affidavits in  
the Province of British Columbia



NO. S-174308  
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL  
SERVICES INC.

PLAINTIFF

AND:

WEDGEMOUNT POWER LIMITED PARTNERSHIP  
 WEDGEMOUNT POWER (GP) INC.  
 WEDGEMOUNT POWER INC.  
 THE EHRHARDT 2011 FAMILY TRUST  
 POINTS WEST HYDRO POWER LIMITED PARTNERSHIP  
 by its general partner POINTS WEST HYDRO (GP) INC.  
 CALAVIA HOLDINGS LTD.  
 SWAHEALY HOLDING LIMITED  
 BRENT ALLAN HARDY  
 DAVID JOHN EHRHARDT  
 28165 YUKON INC.  
 PARADISE INVESTMENT TRUST  
 SUNNY PARADISE INC.

DEFENDANTS

**ORDER MADE AFTER APPLICATION**

BEFORE THE HONOURABLE )  
 ) FRIDAY, THE 12<sup>TH</sup> DAY  
 MR. JUSTICE STEEVES )  
 ) OF MAY, 2017.  
 )

ON THE APPLICATION of the Plaintiff, for an Order pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and Section 39 of the *Law and Equity Act*, R.S.B.C. 1996 c. 253, as amended (the "LEA") appointing Deloitte Restructuring Inc. ("Deloitte") as Receiver and Manager (in such capacity, the "Receiver") without security, of all of the assets, undertakings and properties of Wedgemount Power Limited Partnership ("Wedgemount LP"), Wedgemount Power (GP) Inc. ("Wedgemount GP") and Wedgemount Power Inc. ("Wedgemount Power") (collectively, the "Wedgemount Entities") acquired for, or used in relation to a business



carried on by the Wedgemount Entities, coming on for hearing this day at the Courthouse, 800 Smite Street, Vancouver, British Columbia.

AND ON READING the Notice of Application dated May 9, 2017, the Affidavit #1 of Luc Fournier sworn May 9, 2017, the Affidavit #1 of Kristine Jang sworn May 10, 2017 and the consent of Deloitte to act as the Receiver; AND ON HEARING Daniel Shouldice, Counsel for the Plaintiff, and other counsel as listed on Schedule "A" hereto.

THIS COURT ORDERS AND DECLARES that:

#### APPOINTMENT

1. Pursuant to Section 243(1) of the BIA and Section 39 of the LEA Deloitte is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Wedgemount Entities, including all proceeds thereof (the "Property").

#### RECEIVER'S POWERS

2. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
  - (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
  - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
  - (c) to manage, operate and carry on the business of the Wedgemount Entities, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the other business, or cease to perform any contracts of the Wedgemount Entities;
  - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons, including Midgard Consulting Inc., from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including, without limitation, those conferred by this Order;
  - (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Wedgemount Entities or any part or parts thereof;

- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Wedgemount Entities and to exercise all remedies of the Wedgemount Entities in collecting such monies, including, without limitation, to enforce any security held by the Wedgemount Entities;
- (g) to settle, extend or compromise any indebtedness owing to, the Wedgemount Entities;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Wedgemount Entities, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Wedgemount Entities;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Wedgemount Entities, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:
- (i) without the approval of this Court in respect of any transaction not exceeding \$50,000.00, provided that the aggregate consideration for all such transactions does not exceed \$250,000.00; and
  - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,
- and in each such case notice under Section 59(10) of the *Personal Property Security Act*, R.S.B.C. 1996, c. 359 shall not be required;
- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if considered necessary or appropriate by the Receiver, in the name of the Wedgemount Entities;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Wedgemount Entities, including, without limitation, the ability to enter into occupation agreements for any property owned or leased by the Wedgemount Entities;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Wedgemount Entities may have;
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations; and
- (t) in respect of the Impact and Benefits Agreement dated August 1, 2014 (the "Squamish-Lil'wat IBA") between inter alia, Squamish Nation, Lil'wat Nation, and Wedgemount Power (with the interest of Wedgemount Power having been assigned by Wedgemount Power to Wedgemount LP and then assigned as security by Wedgemount LP to the Plaintiff), the Receiver;
  - (i) is authorized and permitted, but not obligated, to make all payments and perform all obligations of Wedgemount LP under the IBA,
  - (ii) may only terminate the Squamish-Lil'wat IBA,
    - A. in accordance with the termination provisions in the IBA, and
    - B. with the consent of the Plaintiff, or
    - C. subject to a further court order on notice to the Plaintiff and to the Squamish and Lil'wat Nations,
  - (iii) may only sell or assign the interest of Wedgemount LP in the Squamish Lil'wat IBA subject to the terms of the Squamish Lil'wat IBA,

provided that in making any payments or performing any obligations under the Squamish-Lil'wat IBA as permitted herein, the Receiver does not become bound by nor incur any obligations under the Squamish-Lil'wat IBA,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Wedgemount Entities, and without interference from any other Person.

### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

3. Each of (i) the Wedgemount Entities, (ii) all of the Wedgemount Entities's current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order, including Colmac Capital Corp. and Eco Flow Energy Corporation (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.
4. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Wedgemount Entities, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 4 or in paragraph 5 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.
5. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by an independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this

paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including, without limitation, providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

6. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

#### **NO PROCEEDINGS AGAINST THE WEDGEMOUNT ENTITIES OR THE PROPERTY**

7. No Proceeding against or in respect of the Wedgemount Entities or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Wedgemount Entities or the Property are hereby stayed and suspended pending further Order of this Court; provided, however, that nothing in this Order shall prevent any Person from commencing a Proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such Proceeding is not commenced before the expiration of the stay provided by this paragraph and provided that no further step shall be taken in respect of Proceeding except for service of the initiating documentation on the Wedgemount Entities and the Receiver.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

8. All rights and remedies (including, without limitation, set-off rights) against the Wedgemount Entities, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this Order shall (i) empower the Receiver or the Wedgemount Entities to carry on any business which the Wedgemount Entities is not lawfully entitled to carry on, (ii) affect the rights of any regulatory body as set forth in section 69.6(2) of the BIA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien. The stay and suspension shall not apply in respect of any "eligible financial contract" as defined in the BIA.

#### **NO INTERFERENCE WITH THE RECEIVER**

9. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Wedgemount Entities, without written consent of the Receiver or leave of this Court.

### CONTINUATION OF SERVICES

10. All Persons having oral or written agreements with the Wedgemount Entities or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services of any kind to the Wedgemount Entities are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Wedgemount Entities' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Wedgemount Entities or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

### RECEIVER TO HOLD FUNDS

11. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever including, without limitation, the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post-Receivership Accounts") and the monies standing to the credit of such Post-Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

### EMPLOYEES

12. Subject to the right of employees to terminate their employment notwithstanding paragraph 10, all employees of the Wedgemount Entities shall remain the employees of the Wedgemount Entities until such time as the Receiver, on the Wedgemount Entities' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities of the Wedgemount Entities, including any successor employer liabilities as provided for in Section 14.06(1.2) of the BIA, other than amounts the Receiver may specifically agree in writing to pay and amounts in respect of obligations imposed specifically on receivers by applicable legislation. The Receiver shall be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts relating to any employees that the Receiver may hire in accordance with the terms and conditions of such employment by the Receiver.

13. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 or Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Wedgemount Entities, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

#### LIMITATION ON ENVIRONMENTAL LIABILITIES

14. Nothing in this Order shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release, or deposit of a substance contrary to any federal, provincial or other law relating to the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, 1999, S.C. 1999, c. 33, the *Fisheries Act*, R.S.C. 1985, c. F-14, the *Environmental Management Act*, R.S.B.C. 1996, c. 118 and the *Fish Protection Act*, S.B.C. 1997, c. 21 and regulations thereunder (collectively "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless the Receiver is actually in possession.

#### LIMITATION ON THE RECEIVER'S LIABILITY

15. The Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except:
- (a) any gross negligence or wilful misconduct on its part; or
  - (b) amounts in respect of obligations imposed specifically on receivers by applicable legislation.

Nothing in this Order shall derogate from the protections afforded the Receiver by Section 14.06 of the BIA or by any other applicable legislation.

**RECEIVER'S ACCOUNTS**

- 16. The reasonable fees and disbursements of the Receiver and its legal counsel, in each case at their standard rates and charges, shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
- 17. The Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Supreme Court of British Columbia and may be heard on a summary basis.
- 18. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

**FUNDING OF THE RECEIVERSHIP**

- 19. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$2.0 million (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as the Receiver deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
- 20. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.



21. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "B" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.
22. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

#### ALLOCATION

23. That any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

#### GENERAL

24. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
25. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Wedgemount Entities.
26. This Court requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts, tribunals and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
27. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal or regulatory or administrative body, wherever located, for recognition of this Order and for assistance in carrying out the terms of this Order and the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
28. The Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, as provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Wedgemount Entities' estate with such priority and at such time as this Court may determine.
29. Any interested party may apply to this Court to vary or amend this Order on not less than seven (7) clear business days' notice to the Receiver and to any other

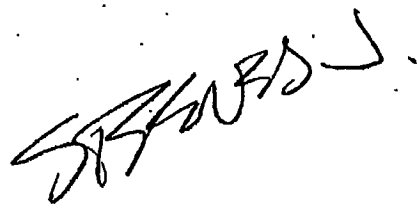
party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

30. Endorsement of this Order by counsel appearing on this application other than the Plaintiff is hereby dispensed.

THE FOLLOWING PARTIES APPROVE OF THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

APPROVED BY:

  
\_\_\_\_\_  
Signature of Daniel Shouldice  
lawyer for the Plaintiff



BY THE COURT

  
\_\_\_\_\_  
DISTRICT REGISTRAR



SCHEDULE "A"

LIST OF COUNSEL

Industrial Alliance Insurance and Financial Services Inc. v.  
Wedgemount Power Limited Partnership et al  
SCBC No. \_\_\_\_\_

<p><b>Counsel for the Plaintiff, Industrial Alliance Insurance and Financial Services Inc.</b></p> <p>Gowling WLG (Canada) LLP 2300 - 550 Burrard Street Vancouver, BC V6C 2B5</p> <p>Daniel Shouldice tel: 604-683-6498 fax: 604-683-3558 direct line: 604-891-2286 email: daniel.shouldice@gowlingwlg.com</p>	<p><i>Counsel for Defendant 28165 Polken Inc. Amanda Barron</i></p>

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SCHEDULE "B"  
RECEIVER CERTIFICATE

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that Deloitte, the Receiver (the "Receiver") of all of the assets, undertakings and properties of the Wedgemount Entities acquired for, or used in relation to a business carried on by the Wedgemount Entities, including all proceeds thereof (collectively, the "Property") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "Court") dated the 12<sup>th</sup> day of May, 2017 (the "Order") made in SCBC Action No. S-174308 has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded ~~daily~~ ~~monthly~~ not in advance on the \_\_\_\_\_ day of each month after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of Bank \_\_\_\_\_ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at \_\_\_\_\_, British Columbia.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

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7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the [redacted] day of [redacted], 201[redacted].

Deloitte Restructuring Ltd. solely in its capacity as Receiver of the Property, and not in its personal capacity

---

Per:  
Name:  
Title:

The attached is **Exhibit "B"**  
referred to in the affidavit #1  
of Melinda McKie sworn before  
me at VANCOUVER, British Columbia.  
this 12<sup>th</sup> day of MARCH, 2018



---

A Commissioner for taking Affidavits in  
the Province of British Columbia

# Deloitte.

Deloitte Restructuring Inc.  
2800 - 1055 Dunsmuir Street,  
Vancouver  
BC V7X 1P4  
Canada

Tel: 604-640-3368  
Fax: 604-602-1583  
www.deloitte.ca

May 19, 2017

British Columbia Hydro And Power Authority  
333 Dunsmuir Street  
Vancouver, BC V6B 5R3

**Attention: Joanne McKenna, Project Manager, Distributed Generation**

Dear Sirs/Mesdames:

**Re: Wedgemount Power Limited Partnership et al., In Receivership**

Pursuant to an Order of the Supreme Court of British Columbia (the "Receivership Order"), Deloitte Restructuring Inc. was appointed as Receiver and Manager (the "Receiver") of Wedgemount Power Limited Partnership, Wedgemount Power Inc. and Wedgemount Power (GP) Inc. (collectively, the "Group") on May 12, 2017. A copy of the Receivership Order is enclosed for your reference.

Pursuant to the Receivership Order, the Receiver is expressly empowered and authorized to take possession of and exercise control over the Property, as defined in the Receivership Order, and including, but not limited to, all undertakings and properties of the Group of every nature and kind whatsoever.

We understand that the Group has been working with British Columbia Hydro And Power Authority ("BC Hydro") in relation to the construction and operation of the Group's partly-constructed run-of-river hydro power facility located on Wedgemount Creek, near to Whistler, British Columbia (the "Project").

The Receiver has engaged Mike Potyok of Midgard Consulting Inc. in order to assist the Receiver with its assessment of the current status of the Project and potential steps and costs involved in completing the construction and commissioning the Project.

As you are aware, Industrial Alliance Insurance and Financial Services Inc. ("IA") is the primary secured creditor of the Group. The Receiver is working to complete its assessment of the Project and is in discussions regarding continued financial support of the Project by IA.

Further to our discussions on May 18, 2017, we look forward to receiving BC Hydro's statement of account, and key documentation that will assist the Receiver with its assessment of the Project, including the current cost estimate for the interconnection.

The Receiver confirms that it has no objection to BC Hydro entering into discussions with its consultant, Midgard Consulting, and with IA in relation to the Project.

Wedgemount Power Limited Partnership et al., in Receivership  
May 19, 2017  
Page 2

We look forward to working with BC Hydro, and thank you for your cooperation in this matter.

Should you have any questions regarding the above, please contact Paul Chambers at  
pachambers@deloitte.ca or (604) 640 3368.

Yours truly,

**DELOITTE RESTRUCTURING INC.**

In its capacity as Court Appointed Receiver and Manager of  
Wedgemount Power Limited Partnership, Wedgemount Power (GP) Inc.,  
and Wedgemount Power Inc. and not in its personal capacity



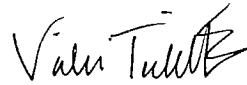
Melinda McKie, CPA, CMA, CIRP, LIT

*Enclosures: Receivership Order*

cc: Magnus Verbrugge, Borden Ladner Gervais LLP, Legal Counsel to BC Hydro



The attached is **Exhibit "C"**  
referred to in the affidavit #1  
of Melinda McKie sworn before  
me at VANCOUVER, British Columbia.  
this 12<sup>th</sup> day of MARCH, 2018

  
\_\_\_\_\_  
A Commissioner for taking Affidavits in  
the Province of British Columbia

**BC hydro**   
FOR GENERATIONS

**WGM**

**Wedgemount Creek Hydro Project**

**Interconnection Facilities Study  
and  
Project Plan**

Report No. DGI-2016-WGM-FS-R0

August 16, 2016

## **DISCLAIMER OF WARRANTY, LIMITATION OF LIABILITY**

This report was prepared by the British Columbia Hydro And Power Authority ("BCH") or, as the case may be, on behalf of BCH by persons or entities including, without limitation, persons or entities who are or were employees, agents, consultants, contractors, subcontractors, professional advisers or representatives of, or to, BCH (individually and collectively, "BCH Personnel").

This report is to be read in the context of the methodology, procedures and techniques used, BCH's or BCH's Personnel's assumptions, and the circumstances and constraints under which BCH's mandate to prepare this report was performed. This report is written solely for the purpose expressly stated in this report, and for the sole and exclusive benefit of the person or entity who directly engaged BCH to prepare this report. Accordingly, this report is suitable only for such purpose, and is subject to any changes arising after the date of this report. This report is meant to be read as a whole, and accordingly no section or part of it should be read or relied upon out of context.

Unless otherwise expressly agreed by BCH:

1. any assumption, data or information (whether embodied in tangible or electronic form) supplied by, or gathered from, any source (including, without limitation, any consultant, contractor or subcontractor, testing laboratory and equipment suppliers, etc.) upon which BCH's opinion or conclusion as set out in this report is based (individually and collectively, "Information") has not been verified by BCH or BCH's Personnel; BCH makes no representation as to its accuracy or completeness and disclaims all liability with respect to the Information;
2. except as expressly set out in this report, all terms, conditions, warranties, representations and statements (whether express, implied, written, oral, collateral, statutory or otherwise) are excluded to the maximum extent permitted by law and, to the extent they cannot be excluded, BCH disclaims all liability in relation to them to the maximum extent permitted by law;
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**PROJECT INFORMATION**

<b>Interconnection Customer (IC)</b>	Wedgemount Power Limited Partnership, a Limited Partnership by its General Partner Wedgemount Power (GP) Inc.
<b>Project Name</b>	Wedgemount Creek Hydro
<b>Point of Interconnection (POI)</b>	RBW 25F61, approximately 0.8 km from Hwy #99 at about 12.3 km (conductor distance) from Rainbow substation or about 14 km (driving distance) from Whistler, BC 50° 10' 37.09" N, 122° 52' 30.08" W
<b>BCH Proposed ISD</b>	August 31, 2017
<b>IC Proposed COD</b>	September 29, 2017
<b>Maximum Power Injection (MW)</b>	5.3 MW
<b>Number of Generator Units</b>	one
<b>Plant Fuel</b>	hydro

**EXECUTIVE SUMMARY**

Wedgemount Power Limited Partnership, a Limited Partnership by its General Partner Wedgemount Power (GP) Inc., the Interconnection Customer (IC), proposes to develop the Wedgemount Creek Hydro Project (WGM) to deliver electric energy to BC Hydro (BCH) through the Standing Offer Program (SOP). The WGM Project consists of one 5.95 MVA, 5.35 MW, 4.16 kV hydro generator. The Point of Interconnection (POI) is 50° 10' 37.09" N 122° 52' 30.08" W.

This report identifies the required system modifications for interconnecting the proposed Wedgemount Creek Power Project. These modifications are as follows:

- A new 4.2 km overhead line needs to be built to the existing 25F61 feeder to the WGM POI, along with a section of 1.2 km underground cable.
- At Rainbow substation one set of voltage transformers will need to be installed. Protection and control equipment for the feeder will need to be upgraded.
- Configurations and programming of associated line, transformer and bus protection relays will need to be adjusted to accommodate WGM.
- The BC Hydro Fraser Valley Operation Centre will need to reconfigure the existing equipment to accommodate WGM, update network models to include WGM and add new control, telemetry and alarm points. A Distribution Operating Order (DOO) will need to be prepared for this project.

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- Environmental risks are being evaluated and a mitigation plan is being developed to be implemented for this project.
- The maximum power injection into BCH system is 5.3 MW. The proposed Commercial Operation Date (COD) is September 29, 2017.

The cost estimate, +/- 20%, for the Interconnection Network Upgrades required to interconnect the proposed project to the BCH Distribution System is \$ 6,281,409.

The Revenue Metering cost estimate is \$ 54,756. The Revenue Metering costs are accounted for separately from Network Upgrades and will be paid for by the Interconnection Customer directly in the form of a cash payment.

The estimated date to complete construction of the Network Upgrades required to interconnect the project to the BCH Distribution System is August 31, 2017. The attached project schedule provides greater details of the construction timelines.

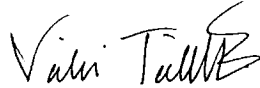
Date	Description
September 15, 2016	Project Funding Received
September 30, 2016	Project Funding Internal Approval
January 31, 2017	Substation Design Complete
TBD	Start Substation Construction
March 31, 2017	Complete Distribution Design
April 1, 2017	Start Distribution Construction
August 31, 2017	BCH Project In-service
September 29, 2017	WGM COD

25

**PROJECT INTER-DEPENDENCIES**

N/A

The attached is **Exhibit "D"**  
referred to in the affidavit #1  
of Melinda McKie sworn before  
me at VANCOUVER, British Columbia.  
this 12<sup>th</sup> day of MARCH, 2018



---

A Commissioner for taking Affidavits in  
the Province of British Columbia



**Wedgemount Power Limited Partnership  
Wedgemount Power (GP) Inc., and Wedgemount Power Inc.,  
in Receivership**

**Additional Information Request - Responses**

**July 11, 2017**

This document sets out responses to questions posed by interested parties, in addition to requests for additional information, in relation to the Wedgemount Independent Power Project (the "Project"). The responses are provided to the best of the Receiver's knowledge.

This information is provided subject to the terms of the non-disclosure agreements entered into between the Receiver and interested parties.

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BC Hydro / Interconnection

Q9) The EPA with BC Hydro has two Buyer Termination provisions based on i) General Partner is insolvent or in receivership, and ii) Guaranteed COD of September 2017 not met. Has BC Hydro provided written confirmation that these provisions will not be exercised, or will BC Hydro otherwise not be allowed by the Court to exercise them?

A9) Refer to paragraph 9 of the Receivership Order. BC Hydro is prohibited from terminating the EPA without written consent of the Receiver or leave of the Court.

BC Hydro has verbally confirmed to the Receiver that the EPA will not be terminated as a result of the COD deadline of September 2017. The EPA includes various provisions for changing the Target COD (paragraphs 3.9 and 3.11). Based on discussions with BC Hydro, the Receiver understands that since the Interconnection Study Report remains in draft form and has not yet been finalized, the Estimated Interconnection Facilities Completion Date remains subject to change, and

accordingly, the Target COD may be changed subject to the provisions of paragraph 3.9 of the EPA.

BC Hydro is working with the Receiver to advance the Project and at this stage has made no indication that it intends to seek an Order of the Court for the EPA to be terminated or amended.

Q10) In the BC Hydro agreement, the estimated cost is indicated to be \$2.8M to interconnect to the BC Hydro distribution system. Current costs to date are \$4.2M with \$0.9M outstanding. Does this reflect the total payable to BC Hydro or is there any anticipation the costs could still rise from here?

A10) The model shows a total anticipated cost of \$4.2M (cell E20 in "Project Cost" tab), with \$0.9M paid to date. Accordingly, the model shows a cost to complete of \$3.3M. This budget was based on discussions with BC Hydro prior to the Receivership and as of March 2017 this number remains the best available estimate of total cost for the interconnection.

The Receiver is in discussions with BC Hydro to obtain more clarity on BC Hydro's budgeted costs. The final costs will ultimately depend on the route for the interconnection (refer to Q11 for more details).

Q11) Please clarify how the Receiver plans to resolve the BC Hydro Interconnection. Please clarify the plans associated with moving the POI.

A11) The final route for the interconnection is in the process of being determined. The Receiver has engaged Clean Energy and CMJ Project Solutions to assist with route planning and permitting. On June 30, 2017 WPLP submitted an updated Crown land tenure application covering two potential interconnection routes. Refer to the documents uploaded to the "Interconnection" folder in the dataroom. The Receiver is actively working with BC Hydro to develop plans for the route of interconnection.

Q12) Explain how the transaction will deal with the BC Hydro Credit amount of \$834k.

A12) The BC Hydro credit amount (or any portion thereof remaining at the time of transaction) will be considered part of the Project assets.

Q13) We note that the last communication from BC Hydro is 2015 and that no Facility study is on the portal. Can you confirm the status of the facility study and what BC Hydro's thoughts are regarding a schedule for completion of the interconnection (we note that there is some generation in the model allowed for 2017 and a full year for 2018).

A13) The BC Hydro facility study is not yet completed. The model assumes an October 31, 2017 COD as per WPLP's model. The process of determining the interconnection is on-going (refer to Q11).

Q14) Is a DGIA draft completed? If so, please provide. Was the draft submitted to BC Hydro?

A14) DGIA is not completed. BC Hydro has provided a draft template for the DGIA. Now uploaded to the dataroom in the "BC Hydro" sub-folder within the "Agreements" folder.

Q15) Confirm that BC Hydro metering equipment is included in the cost-to-complete.

A15) Yes.

Q16) Is the \$834k BC Hydro Credit amount included in the \$4.2M Revised Interconnection Budget line item?

A16) \$834K is shown in Tab: "Project Cost" cell C70 under sources.

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Technical

Q37) Are you aware of any technical issues or permitting requirements that would hinder the COD date, including BC Hydro availability to complete works?

A37) The interconnection permitting process is underway (refer to Q11). No known material technical issues have been identified for the potential interconnection routes.

[Redacted]

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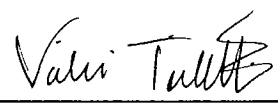
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The attached is **Exhibit "E"**  
referred to in the affidavit #1  
of Melinda McKie sworn before  
me at VANCOUVER, British Columbia.  
this 12<sup>th</sup> day of MARCH, 2018



\_\_\_\_\_  
A Commissioner for taking Affidavits in  
the Province of British Columbia

---

**From:** Chambers, Paul (CA - British Columbia)  
**Sent:** September-11-17 11:13 AM  
**To:** McKenna, Joanne  
**Cc:** McKie, Melinda (CA - British Columbia); Hefflick, Ryan; Rempel, Vic; Magnus C. Verbrugge (mverbrugge@blg.com)  
**Subject:** RE: Wedgemount Power LP in Receivership

Good morning Joanne,

We are conscious that the second anniversary of the Target COD is approaching, as defined in the EPA (i.e. Sept 30, 2017).

Based on our discussions in May of this year, we understand that the 2 year termination provision set-out in paragraph 8.1(a) of the EPA is not applicable since the Interconnection Study Report remains in draft form and the Estimated Interconnection Facilities Completion Date remains subject to change pursuant to paragraph 3.9 of the EPA.

Please can you confirm this for us?

By way of update, the Receiver is continuing to advance planning and design for the interconnection, and we have had several meetings with Vic Rempel and Ryan Hefflick in this regard. The Receiver is also expecting to retain a contractor to finish the intake construction in the next couple of weeks.

Many thanks,

**DELOITTE RESTRUCTURING INC.**

In its capacity as Court-appointed Receiver and Manager of Wedgemount Power Limited Partnership, Wedgemount Power (GP) Inc., and Wedgemount Power Inc., and not in its personal capacity

**Paul Chambers**  
Senior Manager | Financial Advisory  
Deloitte  
2800 - 1055 Dunsmuir Street, Vancouver, BC V7X 1P4  
D: +1 (604) 640 3368 | M: +1 (604) 365 4465  
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**From:** McKenna, Joanne [<mailto:Joanne.McKenna@bchydro.com>]  
**Sent:** Friday, May 19, 2017 9:18 AM  
**To:** Chambers, Paul (CA - British Columbia)  
**Subject:** RE: Correspondence

Hi Paul, my address is correct. Ryan Hefflick's email is [ryan.hefflick@bchydro.com](mailto:ryan.hefflick@bchydro.com).  
If you could copy him on any emails that would be great.

Thank-you, Joanne

Joanne McKenna | Sr. Manager, Distributed Generation, Business & Economic Development

BC Hydro  
333 Dunsmuir St, 17th floor  
Vancouver, BC V6B 5R3

P 604-623-4162  
M 604-505-7413  
E [Joanne.McKenna@bchydro.com](mailto:Joanne.McKenna@bchydro.com)

[bchydro.com](http://bchydro.com)

Smart about power in all we do.

---

**From:** Chambers, Paul (CA - British Columbia) [<mailto:pachambers@deloitte.ca>]  
**Sent:** 2017, May 18 4:44 PM  
**To:** McKenna, Joanne  
**Subject:** Correspondence

Hi Joanne,

Thank you for your participation in the call this afternoon.

Just checking I have the correct email address for you. Please also provide the email addresses of any other of your team members that you would like to be copied on correspondence moving forward.

We expect to send you the letter, as requested, first thing in the morning.

Kind regards,

**DELOITTE RESTRUCTURING INC.**

In its capacity as Court-appointed Receiver and Manager of Wedgemount Power Limited Partnership, Wedgemount Power (GP) Inc., and Wedgemount Power Inc., and not in its personal capacity

**Paul Chambers**

Vice President | Financial Advisory  
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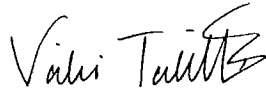
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The attached is **Exhibit "F"**  
referred to in the affidavit #1  
of Melinda McKie sworn before  
me at VANCOUVER, British Columbia.  
this 12<sup>th</sup> day of MARCH, 2018



\_\_\_\_\_  
A Commissioner for taking Affidavits in  
the Province of British Columbia



WedgeMount Power Limited Partnership et al., in Receivership  
September 27 2017  
Page 2

Based on these representations, the Receiver and its advisors have continued to advance the Project and engaged in several planning meetings and had correspondence with BC Hydro's Distribution Generator Interconnections group, its First Nation consultant and its engineer, Om Acharya. At the request of BC Hydro, the Receiver also advanced \$105,000 as a prepayment to cover the costs incurred by BC Hydro and its consultants in advancing the interconnection design and planning from the date of the Receivership.

The Receiver understands that BC Hydro would like some further time to consider its position in relation to the EPA and a postponement to the Target COD, as defined in the EPA, in light of the information shared by the Receiver at the Meeting. Pursuant to the EPA, the Receiver understands that the second anniversary of the Target COD is September 30, 2017. Since BC Hydro's deliberations are expected to take us beyond this date, the Receiver hereby formally requests a postponement to the Target COD, pursuant to Section 3.9 of the EPA. In addition, the Receiver reserves its rights and remedies at law or at equity and the rights and remedies of the Group pursuant to the EPA.

We look forward to hearing from you regarding a time next week which is convenient to BC Hydro to meet again to discuss the next steps concerning the EPA. We hope that a mutually acceptable solution can soon be reached which will allow for the Project to continue to be advanced for the benefit of all stakeholders. In the meantime, should you have any queries in relation to this matter, please don't hesitate to contact the undersigned at pachambers@deloitte.ca or (604) 640 3368.

Yours truly,

**DELOITTE RESTRUCTURING INC.**

In its capacity as Court Appointed Receiver and Manager of  
WedgeMount Power Limited Partnership, Wedgemount Power (GP) Inc.,  
and Wedgemount Power Inc. and not in its personal capacity



Paul Chambers, CIRP, LIT  
Vice President

*Enclosures: Appendix "A" - Project Activities Summary*

cc: Magnus Verbrugge, Borden Ladner Gervais LLP, Legal Counsel to BC Hydro  
Bruce Chow, Manager, Contract Management  
Vic Rempel, Manager, Distribution Generator Interconnections

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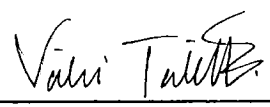
**Appendix "A"**  
**Project Activities Summary since Receiver's Appointment**

<u>Functional Area</u>	<u>Item</u>	<u>Description</u>	<u>Status</u>
<b>Current State Assessment &amp; Options Analysis</b>			
	Project Status Evaluation	Engaged Midgard Consulting to assist the Receiver in evaluating the current status of the Project including: agreements / design / construction state / interconnection.	Complete
	Project Economics	Completed an assessment of project revenues and estimated costs to complete as inputs into financial model.	Complete
	Stakeholder Meetings	Meetings with all major stakeholders including Industrial Alliance, BC Hydro, First Nations, and unsecured creditors.	Complete
	Options Evaluation	Evaluated strategic options in light of project status and stakeholder consultation. Concluded to continue with advancing Project towards completion while assessing interest in a transaction to qualified interested parties.	Complete
<b>Sale Process</b>			
	First Round EOI Process	Established a first round "Expressions Of Interest" bid process, including securing historical project documentation, populating a data room and conducting site visits with several prospective project owners.	Complete
	Second Round Binding Offers	Established a second round detailed due diligence and binding offers process with a select number of preferred bidders with the goal of securing a transaction closing in October/November 2017 (contingent on approval of the Court and IA as primary secured creditor). Binding offers due October 2, 2017.	Ongoing
<b>Site Husbandry</b>			
	Intake Road Stabilization	Engaged Registered Forestry Professional and qualified forestry road contractor to stabilize the Intake road and other roads in preparation of spring runoff.	Complete
	Powerhouse Inspection	Assessed powerhouse repairs, secured project materials and cleaned up powerhouse site including moving project supplies and equipment in-doors and changing the locks.	Complete
	Engagement of IE & IEM	Engaged Project IE (True North) and IEM (Cascade Environmental) as required under the terms of the water licence from FLNRO. IEM is undertaking regular site visits and monitoring reports.	Complete
	Balance of Project - Winterization	Initiated a winterization programme to secure existing project works through winter of 2017/18 pending finalization of Project interconnection routing and design.	Ongoing
<b>Permitting and Agreements (excluding interconnection)</b>			
	Cheakamus Community Forest Road Use Agreement	Discussions with CCF to convert cutting permit road to forest permit road and concluding a road use agreement.	Ongoing
	Squamish Forest District - Works Permit	Entering into a works permit with the Squamish Forest District of MOF to ensure final sign off and acceptance of penstock crossing of Wedge FSR.	Ongoing
	Engagement with SLRD	Discussions with SLRD re: building permit status at powerhouse.	Ongoing
	Extension of project Beneficial Use Agreement In Conditional Water Licence.	Application for an amended water licence to extend beneficial use date.	Complete

<b>Interconnection</b>		
Land Tenure Application	Engaged CMJ Project solutions to prepare and submit a revised land tenure application to FLNRO to encompass the FSR Route for Interconnection. Meetings with BC Hydro Interconnections Group on same. Applications submitted by WPLP and BC Hydro in late June.	Complete
Engagement with SLRD	Confirmation of treatment of transmission line passing over SLRD park land.	Complete
First Nations Consultation	Initial introductions and identification of alternatives with Squamish FN and Lil'Wat FN for Section 2 transmission line.	Complete
FLNRO - Land Tenure	Sept 29 - meeting between FLNRO and First Nations, as required by Squamish Nation as a pre-cursor to any support of an amended interconnection route and related land tenures.	Ongoing
First Nations Agreement	Following proposal received from First Nations, Receiver has secured a draft agreement for an amended IBA that would include full support of project interconnection routes to complete interconnection from Wedgewoods subdivision to Section 2 and Section 1 of BC Hydro works. Agreement subject to Chief and Council ratification (anticipated in next 7-14 days).	Ongoing
Design of Section 2	Engaged Clean Energy Consulting to advance design of Interconnection. CEC has completed 3 options for a Section 2 transmission route to 35% - each negotiating a route across Highway 99, CN Rail line, BC Crown Land, SLRD land, to the Wedgewoods Subdivision. Design includes review and integration with BC Hydro OE and other stakeholders.	Complete
Design of Section 2	BC Hydro 35% Design Review for interconnection route along forest service road ("FSR Route").	Complete
Design of Section 2	Progressing with 95% drawings for Section 2 of transmission line for FSR Route. Drawings expected by approx. October 6.	Ongoing
Interconnection ducting through subdivision	Entered into various discussions and negotiations with 28615 Yukon Inc. re: Installation of ducting for the interconnection through the Wedgewoods subdivision.	Ongoing
Discussions with FLNRO and Front Counter BC re: tenure application	Ongoing liaison with FCBC and FLNRO regarding the land tenure application underway for both the Project and BC Hydro.	Ongoing

<b>Engineering and Construction - Project Works</b>		
Engagement of Engineers	Negotiations and discussions with previously responsible engineers and specialists to transition from previous owners to Receiver.	Complete
Peer Review of Previous Design	Engaged Sigma Engineering to review intake, penstock and powerhouse design, and provide inventory of any outstanding design work.	Complete
Selection and Engagement of alternative Engineer of Record	Discussions with original EOR, identification and negotiations with alternative EOR.	Complete
Contractor Selection Process	Prepared and distributed tender documents for intake completion works - re-diversion of Wedgemount Creek and completion of site grading and clean up.	Complete
Completion of Intake	Engaged North Construction - mobilizing in week commencing Sept 25, 2017. Construction schedule to run through October and November.	Ongoing

The attached is **Exhibit "G"**  
referred to in the affidavit #1  
of Melinda McKie sworn before  
me at VANCOUVER, British Columbia.  
this 12<sup>th</sup> day of MARCH, 2018



\_\_\_\_\_  
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www.deloitte.ca

October 11, 2017

British Columbia Hydro and Power Authority  
333 Dunsmuir Street  
Vancouver, BC V6B 5R3

**Attention: Joanne McKenna, Project Manager, Distributed Generation**

Dear Sirs/Mesdames:

**Re: Wedgemount Power Limited Partnership et al., in Receivership**

Deloitte Restructuring Inc. is the Court-appointed receiver and manager (in such capacity, the "Receiver") of all the assets, undertakings and properties of Wedgemount Power Limited Partnership ("WPLP"), Wedgemount Power (GP) Inc. ("WPGP") and Wedgemount Power Inc. ("WPI" and collectively with WPLP and WPGP, "Wedgemount").

Thank you for meeting with the Receiver on October 6, 2017 (the "Meeting") to discuss various matters related to the activities of the Receiver and to Wedgemount's run-of-river hydro power facility located on Wedgemount Creek, near to Whistler, British Columbia (the "Project").

This letter is provided in response to the various requests for additional information made by the British Columbia Hydro and Power Authority ("BC Hydro") at the Meeting. Please note that this letter and all its appendices are provided on the basis that the information contained herein will be held strictly confidential, in accordance with the terms of the non-disclosure agreement entered into between the Receiver and BC Hydro as of October 6, 2017 (the "BC Hydro NDA").

### **1. Sale Process Overview**

Attached as "Appendix A" is a timeline summarizing the activities of the Receiver in relation to the process undertaken for the sale of the Project and related assets (the "Sale Process"), including Wedgemount's right, title and interest in and under the Electricity Purchase Agreement made as of March 6, 2015 (the "EPA") between WPLP, by its general partner, WPGP, and BC Hydro.

### **2. Data Room and Non Disclosure Agreement**

Owing to the status of the Project at the Receiver's appointment, the Receiver did not compile any form of bid package for the marketing of the Project. However, in June 2017, in response to enquiries and indications of interest from various parties, the Receiver did set-up a data room which contained various agreements, contracts, engineering reports and financial information pertaining to the Project (the "Data Room").

Wedgemount Power Limited Partnership et al., in Receivership  
October 11, 2017  
Page 2

All parties that expressed an interest in acquiring the Project ("**Interested Parties**") were required by the Receiver to enter into a binding non-disclosure agreement ("**NDA**") with the Receiver before being granted access to the Data Room. The NDA sets out various terms and controls which ensure that information in the Data Room is kept strictly confidential by the Interested Parties. Interested Parties were granted access to the Data Room and the ability to download documents, subject to the terms of the NDA.

Attached as "**Appendix B**" is the template NDA which was used in respect of the Sale Process. The Receiver confirms that it entered into 27 NDAs with 25 different Interested Parties. In total, 47 representatives of the Interested Parties that signed NDAs were granted access to the data room.

Following receipt of non-binding letters of intent from Interested Parties on July 31, 2017, the Receiver then selected three of the Interested Parties to undertake detailed due diligence in respect of the Project ("**Phase II**"). The Receiver requested that the selected Interested Parties submit binding offers by October 2, 2017.

Further details related to the Sale Process and proposed next steps are included in Appendix A.

### **3. Discussions with BC Hydro**

Due to the partly constructed status of the Project, and challenges related to obtaining a route of interconnection acceptable to all stakeholders, the Receiver was uncertain regarding the potential outcome of Phase II of the Sale Process. Owing to this uncertainty, an update on the status of the Sale Process was not provided to BC Hydro until recently. It was not the intention of the Receiver to exclude BC Hydro from status updates with respect to the Sales Process, which developed over time.

As outlined in our letter of September 27, 2017 (the "**September 27 Letter**"), over the course of the last five months, the Receiver has had several meetings and discussions with BC Hydro's Interconnections Group and its Properties Group in order to advance the interconnection design and planning. A summary of the Receiver's activities since its appointment has previously been provided as an appendix to the September 27 Letter.

Given the progress made with respect to the First Nation's support of the route of interconnection along the Wedge Forest Service Road, and in light of the offers received on October 2, 2017, the Receiver is now more confident that a transaction of the Project is feasible within the next two months, contingent on BC Hydro's continued support of the Project.

The Receiver is aware of the obligations of Wedgemount in relation to seeking BC Hydro's consent to an assignment of the EPA (section 7.4). After entering into the BC Hydro NDA, the Receiver also now expects to be able to provide more regular updates regarding the status of the Sale Process moving forward.

### **4. Crown Land Utility Application Process**

The Receiver and BC Hydro has each submitted Crown land tenure utility applications with numbers 100199169 and 100205515 respectively (together, the "**Crown Land Utility Applications**"). The Crown Land Utility Applications included maps, shapefiles and a management plan that described various details of the Project (the "**Management Plan**"), copies of which have previously been provided to BC Hydro.



Wedgemount Power Limited Partnership et al., in Receivership  
October 11, 2017  
Page 3

As previously discussed with BC Hydro's Interconnections Group, Wedgemount is considering various interconnection routing options for the Project's distribution line and point of interconnection ("**POI**"), as follows:

1. along Wedge Forest Service Road which passes through certain unresolved Crown lands which are designated as a Squamish cultural heritage area, referred to as "**Option B**" and as further described in the Management Plan (the "**FSR Route**");
2. through certain unresolved Crown lands and through the Squamish-Lillooet Regional District ("**SLRD**") municipal park, with the POI also located within the SLRD municipal park, referred to as "**Option A**" and as further described in the Management Plan ("**SLRD Route A**"); and
3. through certain unresolved Crown lands and through the SLRD municipal park, following a similar route as SLRD Route A, but with the POI located on Crown land ("**SLRD Route B**").

Squamish First Nation and Lil'wat First Nation (together, the "**Nations**") entered into an Impact and Benefits Agreement with WPI dated as of August 1, 2014 (the "**Initial IBA**"). WPI assigned all of its rights and obligations in and to the Initial IBA to WPLP and the Nations consented to same in an Assumption and Acknowledgement Agreement dated November 25, 2014 among WPI, as assignor, WPLP, as assignee, and the Nations (as so assigned, the "**IBA**").

On September 12, 2017 a proposal was made by the Nations to the Receiver in respect of the terms under which the Nations would consider supporting the FSR Route for the interconnection. Following further negotiations among the Receiver, the Nations and the Nations' respective legal counsel, the terms of a draft amending agreement to the IBA ("**Amending Agreement**") have been agreed in principle with the Nations (subject to Chief and Council ratification).

The Amending Agreement contemplates that the Nations will support the Crown Land Utility Applications for Option B (FSR Route) as the preferred route of interconnection. It also contemplates that the Nations will support the Crown Land Utility Applications for Option A (SLRD Route A/B) in the event that Option B is not technically feasible or there is some other issue in the Crown granting a Crown Statutory Right of Way for Option B.

The Receiver is advised that the Chiefs of both of the Nations have been advised of the negotiations and terms of the Amending Agreement and that they are supportive. Based on the last update provided to the Receiver by the Nations, it is anticipated that the Amending Agreement will be ratified and executed by the Nations in the week ending October 20, 2017 (subject to the availability of Squamish Nation's Chief and Council).

BC Hydro has requested that a document be provided to set out the anticipated next steps and timing in respect of the Crown Land Utility Applications. This document is attached as "**Appendix C**" to this letter.

#### **5. Updates to the Data Room related to BC Hydro**

At the Meeting, BC Hydro requested that it be provided with all updates and information posted to the Data Room in relation to the EPA, and BC Hydro's activities related to the interconnection. We attach as "**Appendix D**" to this letter redacted copies of the following updates:

1. Additional Information Request – Responses – July 11, 2017
2. Interconnection Status Update – August 17, 2017
3. Further Due Diligence and Meeting Requests – August 30, 2017

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4. Further Due Diligence and Meeting Requests – September 8, 2017
5. Further Due Diligence and Meeting Requests – September 18, 2017
6. Further Due Diligence and Meeting Requests – September 28, 2017

We confirm that no information regarding BC Hydro has been redacted in the enclosed copies of the documents above.

We also attach in Appendix D the following documents which were posted to the Data Room:

1. An email from Om Archaraya (BC Hydro) to Nathan Jolly (Clean Energy, consultant to the Receiver) dated September 11, 2017 with copy to Alan Laurie (BC Hydro) and Vic Rempel (BC Hydro). The email confirms the acceptability of the proposed location of the POI for SLRD Route B.
2. Draft minutes of the meeting between BC Hydro, WPLP, Eco Flow Energy and others dated April 2, 2017 (prior to the Receiver's appointment). The status and next steps in relation to the interconnection were discussed at the meeting as described in the minutes.

We can also advise that the Receiver posted to the Data Room the following documents in relation to the EPA and interconnection:

1. Draft layout drawing for the SLRD Route B.
2. 35% concept layout drawing and permitting drawings for the FSR Route.
3. Draft Interconnection Facilities Study and Project Plan dated August 16, 2016.
4. Letter from BC Hydro (Ryan Hefflick) to Industrial Alliance and Travelers Capital Corporation dated June 22, 2015 setting out a summary of the interconnection process.
5. A draft copy of BC Hydro's standard form of Distribution Generator Interconnection Agreement (March 2016), as provided by Ryan Hefflick to the Receiver in an email dated May 24, 2017.
6. A copy of the EPA.
7. Letter from BC Hydro (Vani Campbell) to WPLP dated February 19, 2015 assigning the letter of consent dated May 1, 2013 to WPLP from WPI and extending the consent to December 31, 2015.
8. Standing Offer Program Confidentiality and Compliance Agreement revised September 2012.
9. Copies of the Crown Land Utility Applications.

Since we understand that BC Hydro already has copies of all of these documents, we have not included them as appendices to this letter. However, should you require copies of any of the above documents, please do let us know and we will be pleased to provide them.

As confirmed at the Meeting, the Receiver has made no representations in relation to the EPA, and as is customary in a sale by a Receiver it intends to sell the Project and related assets, including Wedgemount's right, title and interest in the EPA on an "as is, where is" basis with no representation, warranty or condition expressed or implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality, assignability or in respect of any other matter or thing whatsoever concerning the purchased assets or the right of Wedgemount to sell them.

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**6. Access to the Data Room**

During the Meeting, BC Hydro requested that the Receiver provide BC Hydro access to the Data Room. Given the confidential nature of the information in the Data Room relating to parties other than BC Hydro, and in light of the restricted purpose and information sharing contemplated by the BC Hydro NDA, the Receiver is not in a position to grant access to BC Hydro at this time.

Should BC Hydro have specific requests related to Project information, the Receiver will consider these requests in discussions with its legal counsel. We hope that the information provided in this letter is sufficiently detailed to meet BC Hydro's needs in order to consider its position in relation to the EPA, but the Receiver would be happy to have a follow-up discussion in this regard.

**7. Next Steps**

The Receiver understands that BC Hydro would like some further time to consider its position in relation to the EPA in light of the information provided at the Meeting and in this letter. We look forward to meeting again on Friday October 13, 2017 to discuss this matter further.

In the meantime, should you have any queries in relation to this matter, please don't hesitate to contact the undersigned at pachambers@deloitte.ca or (604) 640 3368.

Yours truly,

**DELOITTE RESTRUCTURING INC.**

In its capacity as Court Appointed Receiver and Manager of Wedgemount Power Limited Partnership, Wedgemount Power (GP) Inc., and Wedgemount Power Inc. and not in its personal capacity



Paul Chambers, CIRP, LIT  
Vice President

- Enclosures: Appendix A – Sale Process Summary*
- Appendix B – NDA Template*
- Appendix C – Crown Land Utility Applications Process*
- Appendix D – Data Room Documents*

- cc: Magnus Verbrugge, Borden Ladner Gervais LLP, Legal Counsel to BC Hydro
- Bruce Chow, Manager, Contract Management
- Vic Rempel, Manager, Distribution Generator Interconnections

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## Appendix A Sale Process Summary

<u>Date (2017)</u>	<u>Description</u>	<u>Status</u>
<b>Initial Enquiries - Phase I (a)</b>		
May 25 onwards	Receiver and Industrial Alliance ("IA") received various emails and calls from potential Interested Parties expressing an interest in acquiring the Project.	Complete
Jun 20	Given level of interest, Receiver set up a Data Room for Interested Parties to review information relating to the Project, subject to receipt by Receiver of an executed NDA.	Complete
Jun 20	Communication sent to Interested Parties: Receiver is not, at this stage, undertaking a formal sales process, but invites Interested Parties to submit non-binding letters of intent ("LOI") for the purchase of the Project by Jul 14, 2017.	Complete
Jul 11	Receiver posted to Data Room responses to various queries and requests from Interested Parties.	Complete
Jul 12	Receiver engaged Sigma to undertake Peer Review of engineering design (current status and steps to complete).	Complete
Jun 20 - Jul 14	27 NDAs received from 25 different Interested Parties. Site visits undertaken with 11 Interested Parties.	Complete
Jul 14	LOIs received from nine Interested Parties.	Complete
<b>Review and Clarification of LOIs - Phase I (b)</b>		
Jul 26	LOIs received with various different assumptions related to timing of COD and acquisition structure. In order to improve comparability, the Receiver provided clarifications on potential timing of COD and various other matters and requested revised LOIs from a select group of Interested Parties by Jul 31, 2017.	Complete
Jul 31	Revised LOIs received from four Interested Parties.	Complete
<b>Detailed Due Diligence - Phase II</b>		
Aug 1 - Aug 13	Receiver discussed LOIs with IA and determined to continue with sale process. A small number of Interested Parties were selected to advance to Phase II detailed due diligence. Data Room remained open to all Interested Parties who provided executed NDAs.	Complete
Aug 14	Guidance provided to selected Interested Parties requesting binding offers for acquisition of Project assets and related interests, free and clear of encumbrances. Binding offers due on Sept 15, 2017, on "as-is, where-is" basis, with no representations/warranties to be provided.	Complete
Aug 15 onwards	Receiver continues discussions and negotiations with 28615 Yukon Inc. ("Yukon") related to ducting and right of way through Wedgewoods subdivision.	Ongoing
Aug 15 - Sept 30	Receiver continued to provide updates to the Data Room on progress with respect to the interconnection design and planning process, and the intake construction process. Receiver also provided responses to multiple queries and requests from Interested Parties.	Complete
Sept 12	Receiver approached by First Nations with proposal to support FSR Route for the interconnection. Receiver enters into discussions and negotiations with First Nations.	Complete

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Sept 14	Deadline for receipt of binding offers extended to October 2, 2017 as various information related to engineering design and intake still being worked on.	Complete
Oct 2	Binding offers received from two Interested Parties. Non-binding offers received from a further four Interested Parties.	Complete

#### Next Steps - Definitive Agreement and Stakeholder Liaison

Oct 5	Receiver discussed offers with IA and determined to continue with sale process.	Complete
Oct 10 - 13	Receiver to have discussions with Interested Parties re: conditions precedent included in offers and next steps towards negotiating a definitive Asset Purchase Agreement ("APA").	Ongoing
Oct 5 - Oct 23	Receiver to continue discussions with key stakeholders in relation to proposed transaction and support required (BC Hydro, First Nations, Yukon, FLNRO, etc.).	Ongoing
Oct 26	Target date for APA execution (to be confirmed and subject to stakeholder support).	Not Started

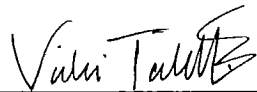
#### Next Steps - Transaction Approval and Completion

Oct 27 - Oct 30	Receiver drafts Report to Court. Report outlines Receiver's activities and provides recommendation to Court re: transaction.	Not Started
Nov 1	Receiver's Report to Court and application materials served on all parties on Service List and posted to Receiver's website.	Not Started
Nov 10 - 15	Court hearing for the approval of the transaction. Order granted if Court satisfied with proposed transaction.	Not Started
Nov 30	Target closing date (to be confirmed). Closing of transaction once all remaining conditions precedent are dealt with / waived.	Not Started

**Important Note** - Next steps outlined above are indicative only and may be subject to change. Capitalized terms are defined in the attached letter.

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The attached is Exhibit "H"  
referred to in the affidavit #1  
of Melinda McKie sworn before  
me at VANCOUVER, British Columbia.  
this 12<sup>th</sup> day of MARCH, 2018



A Commissioner for taking Affidavits in  
the Province of British Columbia



Joanne McKenna  
Manager, Distributed Generation  
P: 604 623-4162  
E: Joanne.McKenna@bchydro.com

BY EMAIL

pachambers@deloitte.ca  
mmckie@deloitte.ca

October 17, 2017

Deloitte Restructuring Inc.  
2800 - 1055 Dunsmuir Street  
Vancouver, BC  
V7X 1P4

Attention: Melinda McKie and Paul Chambers

Dear Sirs/Mesdames:

**Re: Receivership (the "Receivership") of Wedgemount Power Limited Partnership et al ("Wedgemount")**

We are in receipt of the letter from Deloitte Restructuring Inc. ("Receiver") and enclosures dated October 11, 2017 (collectively, the "October 11 Letter"), which followed our meeting on October 6 (the "Meeting"). BC Hydro is deeply troubled by several significant false and/or misleading statements in the October 11 Letter that concern the discussions that have taken place between BC Hydro and the Receiver with respect to the Electricity Purchase Agreement between BC Hydro and Wedgemount (the "EPA"). In our letter to you dated September 29, 2017 (the "September 29 Letter"), we indicated our concern about the Receiver's breach of the confidentiality provisions within the EPA, potential misrepresentations to bidders about BC Hydro's termination rights under the EPA, and the potential for a flawed sales process with respect to the disposition of certain assets of Wedgemount, including the EPA (the "Sale Process").

Although the October 11 Letter did not provide all of the information that was requested in the Meeting, it has magnified our concerns about the integrity of the Sale Process and the Receiver's handling of the EPA. As a result, we believe that the Sale Process has significant flaws that will result in negative outcomes for BC Hydro, the Receiver, and bidders. Furthermore, false and/or misleading statements in the October 11 Letter, combined with the scope of the Receiver's breach of the confidentiality provisions of the EPA, are extremely damaging to BC Hydro's commercial interests with respect to other electricity purchase agreements in its portfolio.

Our specific primary concerns are outlined below:

**1. Receiver's Representations to Bidders Regarding Discussions with BC Hydro Concerning the EPA**

At the Meeting and in section 5 of the October 11 Letter, the Receiver indicated that it had not made any representations to bidders in relation to the EPA. However, in Appendix D of the October 11 Letter, the Receiver's response to Question 9 states that:

*"BC Hydro has verbally confirmed to the Receiver that the EPA will not be terminated as a result of the COD deadline of September 2017. The EPA includes various provisions for changing the Target COD (paragraphs 3.9 and 3.11). Based on discussions with BC Hydro, the Receiver understands that since the Interconnection Study Report remains in draft form and has not yet been finalized, the Estimated Interconnection Facilities Completion Date remains subject to change, and accordingly, the Target COD may be changed subject to the provisions of paragraph 3.9 of the EPA."*

This statement is both false and misleading. Prior to July 11, 2017 (the apparent date the statement was posted in the data room), BC Hydro's interaction with the Receiver with respect to the EPA was limited to a single conference call on May 18, 2017 that was brief and introductory in nature. In that call, we stated very clearly that the COD deadline was September 30, 2017, and at no time did we agree to waive our termination rights. As we have reminded the Receiver since, BC Hydro reserves, has not waived, and will not waive any of its rights or remedies under the EPA or any of its other agreements with Wedgemount, and it has not waived and will not waive any existing or future defaults, other than on terms acceptable to it in its sole discretion. Furthermore, the second and third sentences of Deloitte's response to Question 9 imply that BC Hydro and the Receiver had discussions regarding the interpretation of the EPA with respect to the draft Interconnection Study Report, which is misleading because no such conversations had taken place.

It is inconceivable that the Receiver would embark on the Sale Process, which involves assets potentially worth many millions of dollars and one primary agreement, without seeking confirmation from the counterparty (BC Hydro) on an issue as significant as a termination right. In fact, the Receiver didn't seek confirmation from BC Hydro regarding termination rights under the EPA until September 11 (only four days before final bids were originally due on September 15), when it emailed a request for confirmation to BC Hydro. As you know, BC Hydro responded that it would not be waiving its termination rights via a telephone call on September 20, and in a meeting with the Receiver on September 25, followed with written confirmation in the September 29 Letter. It is further disturbing that the Receiver neglected to advise BC Hydro of the existence of the ongoing Sale Process until our meeting on September 25.

At the Meeting, we expressed concerns about the Receiver's representations regarding BC Hydro's EPA termination rights and you indicated that you had corrected this information to bidders subsequent to our meeting on September 25. We are assuming that you were referring to the following statement in Appendix D of the October 11 Letter, in the section entitled "Further Due Diligence and Meeting Requests (September 28, 2017)":

*"The Receiver met with BC Hydro on September 26, 2017 to provide an update on the activities of the Receiver and anticipated next steps in relation to the Interconnection*



*and sale process. The Receiver made a request that BC Hydro agree to a postponement of the Target COD under the EPA. BC Hydro has committed to consider this request and will meet the Receiver again in the week commencing October 2, 2017 to discuss further."*

This statement to bidders includes both false and misleading information. Firstly, the reference to an "update" implies that BC Hydro was already aware of the Sale Process and was receiving an update to prior briefings in the meeting (which actually occurred on September 25, rather than September 26). In fact, BC Hydro only learned that the Sale Process existed at the September 25 meeting. This is very problematic for BC Hydro because the Receiver's statement to bidders could easily be interpreted to indicate that BC Hydro was aware of and even a participant in the design of the Sale Process that the Receiver has implemented, which of course is not true. Secondly, the Receiver's request that BC Hydro consider postponement of the Target COD under the EPA was not discussed at the September 25 meeting, but was delivered to BC Hydro in the Receiver's letter dated September 27. Furthermore, at the September 25 meeting we were clear in stating that BC Hydro has not waived any termination rights under the EPA (and we reiterated this point in the September 29 Letter), and we indicated that before we could consider options for resolving BC Hydro's EPA termination rights, we needed the Receiver to provide information regarding the Sale Process and its communications with bidders.

The Receiver's communication to bidders that BC Hydro had committed to consider the request to postpone the Target COD is again false and grossly misleading and provides unfounded comfort to potential bidders that BC Hydro had committed to consider a specific amendment to the EPA.

## **2. Receiver's Breach of the Confidentiality Provisions of the EPA**

As outlined in the September 29 Letter, the Receiver has breached the confidentiality provisions in the EPA through the Sales Process. A template of the non-disclosure agreement between Receiver and each bidder (the "NDA") was attached as Appendix B to the October 11 Letter, and the Receiver has indicated that it has entered into the NDA with each of the entities that was granted access to the data room under the Sale Process. BC Hydro nonetheless remains deeply concerned about the Receiver's breach of the confidentiality of the EPA for the following reasons:

- BC Hydro has not consented to the Receiver sharing the EPA to third parties, and the Receiver did not advise BC Hydro that the EPA was being shared in advance.
- The term of the NDA is much shorter than the term of the confidentiality provisions in the EPA.
- Individuals with access to the data room were allowed to make copies of any documents therein (including the EPA), which creates a situation where it is impossible to monitor and control confidential information in the documents.
- The scope of the breach is broad, with NDAs being signed with 25 different interested parties and 47 individuals granted access to the data room.

The impact to BC Hydro of the Receiver's breach of the confidentiality provisions of the EPA has been exacerbated by the false and/or misleading statements that the Receiver has made to the above-referenced 25 interested parties regarding discussions with BC Hydro concerning the EPA. The resulting impacts to BC Hydro extend beyond the EPA and its potential future dealings related to the Sale Process, as the Receiver's false and misleading statements will potentially impact BC

Hydro's ability to negotiate commercial arrangements where similar circumstances arise in its other electricity purchase agreements.

To move forward, the Receiver needs to take the following action prior to discussions with BC Hydro regarding resolution of issues related to the EPA and the Sale Process:

1. **Enter into a NDA with BC Hydro related to discussions concerning the EPA**
  - a. Under this non-disclosure agreement, any releases of information concerning the discussions between the Receiver and BC Hydro will be subject to approval by BC Hydro (including those described in item 2 below).
2. **Correct false and misleading statements made by the Receiver regarding discussions with BC Hydro concerning the EPA**
  - a. Retract the response to Question 9, of the "Additional Information Request - Responses (July 11, 2017)".
  - b. Correct the statement in "Further Due Diligence and Meeting Requests (September 28, 2017)", regarding discussions with BC Hydro regarding the Receiver's request to Postpone COD.
  - c. Clarify that BC Hydro has a termination right under section 8.1(a) of the EPA effective September 30, 2017 (failure to reach COD within two years of Target COD) and under section 8.1(f) of the EPA (insolvency) and BC Hydro has not waived any rights under the EPA.
  - d. Clarify that BC Hydro and the Receiver are in discussions with BC Hydro concerning the status of the EPA.
3. **Provide the following information and documents to BC Hydro:**
  - a. Index listing of all documents in the data room
  - b. Written confirmation that the October 11 Letter includes all statements made by the Receiver concerning discussions with BC Hydro regarding the EPA.
  - c. Explanation of the redactions in the materials provided in the October 11 Letter
  - d. Details concerning the nature of the 27 entities that signed the NDA and the 25 different interested parties. We note that BC Hydro was advised by the Receiver at the Meeting that there were only 10 entities.
  - e. Copies of communications issued to bidders or posted in the data room that reference BC Hydro, interconnections or the EPA that are not included in the October 11 Letter

BC Hydro believes that the Receiver should consider suspension of the Sale Process, pending the outcome of discussions with BC Hydro, and that it would be imprudent for the Receiver to advise any bidder that its bid has been selected. In BC Hydro's view, only if and when an agreement has been reached with BC Hydro, the Receiver should select a short list of bidders and request an updated bid based on the amended EPA.

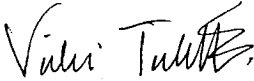
We look forward to your prompt reply.

Yours truly,

  
 Joanne McKenna  
 Manager, Distributed Generation

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The attached is **Exhibit "1"**  
referred to in the affidavit #1  
of Melinda McKie sworn before  
me at VANCOUVER, British Columbia.  
this 12<sup>th</sup> day of MARCH, 2018

  
\_\_\_\_\_  
A Commissioner for taking Affidavits in  
the Province of British Columbia

# Deloitte.

Deloitte Restructuring Inc.  
2800 - 1055 Dunsmuir Street  
Vancouver  
BC V7X 1P4  
Canada

Tel: 604-640-3368  
Fax: 604-602-1583  
www.deloitte.ca

October 31, 2017

British Columbia Hydro and Power Authority  
333 Dunsmuir Street  
Vancouver  
BC V6B 5R3

**Attention: Joanne McKenna, Project Manager, Distributed Generation**

Dear Sirs/Mesdames:

**Re: Wedgemount Power Limited Partnership et al., in Receivership**

Further to your letter of October 17, 2017, we confirm that we will be meeting with you again shortly, but in the interim wanted to respond to the requests in section 3 of your October 17 letter (as extracted in your email of October 18, 2017).

We confirm that this letter and all attachments are provided on the basis that the information herein will be kept strictly confidential, in accordance with the October 6, 2017 confidentiality agreement between the Receiver and BC Hydro.

Capitalized terms that are not otherwise defined in this letter have the meanings given to them in our October 11, 2017 letter.

**a. Index listing all of the documents in the data room**

Attached as "**Appendix A**" is a list of all documents included in the data room. The documents highlighted in yellow relate to BC Hydro and copies were previously provided with our letter of October 11, 2017. The documents highlighted in green also relate to BC Hydro and were previously referenced in section 5 of our letter of October 11, 2017.

One further document has been identified in the data room relating to BC Hydro that was not referenced in our letter of October 11, 2017. This is the BC Hydro System Impact Study dated November 28, 2014 with file reference "DGI SIS Wedgemount\_R1 Nov 28 2014.pdf" (refer to the blue highlighted line in Appendix A).

Wedgemount Power Limited Partnership et al., in Receivership  
October 31, 2017  
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**b. Written confirmation that the October 11 Letter includes all statements made by the Receiver concerning discussions with BC Hydro regarding the EPA**

As noted in our October 11 letter, we confirm that:

1. The documents attached to and referred to in that letter are all of the documents in the data room which relate to the EPA and the Receiver's discussions with BC Hydro related to the EPA;
2. Other than the documents attached to and referred to in that letter, the Receiver has not made any statement to suggest that BC Hydro has made any commitment with respect to the EPA; and
3. The Receiver has made it clear to the Interested Parties that any sale of the Project and related assets, including Wedgemount's right, title and interest in the EPA, is on an "as is, where is" basis.

**d. Details concerning the nature of the 27 entities that signed the NDA and the 25 different interested parties. We note that BC Hydro was advised by the Receiver at the Meeting that there were only 10 entities.**

The reference made to 10 Interested Parties in our meeting of October 6 was with respect to the number of letters of intent received in the first phase of the Sale Process, it did not refer to the number of Interested Parties that had executed NDAs. As we made clear in the meeting, this was an estimate only as we did not have the details to hand. As set-out in Appendix 1 to our letter of October 11, letters of intent were in fact received from nine different Interested Parties.

NDAs were executed with 25 different Interested Parties. These Interested Parties were primarily Canadian hydro and renewable energy companies, and a small number of private equity companies with interests/projects in the renewables sector. The Nations also executed NDAs since they have a right of first refusal pursuant to the IBA and initially expressed an interest in assessing a potential acquisition of the Project. In total, 27 NDAs were executed and received since one Interested Party also had its legal counsel and financial advisor sign and return NDAs.

**e. Copies of communications issued to bidders or posted in the data room that reference BC Hydro, interconnections or the EPA that are not included in the October 11 Letter.**

We confirm that all written communications issued to Interested Parties or posted in the data room that reference BC Hydro, dealings or discussions with BC Hydro in relation to the interconnection or the EPA have been provided to you.

We note that the Receiver has had various discussions and correspondence with 28165 Yukon Inc. ("**Yukon**") in relation to the ducting required for a section of the interconnection that passes through Yukon's private lands and along Riverside Drive. None of these discussions or communications relate to the EPA, and the Receiver is generally in communication with Vic Rempel of BC Hydro in relation to this matter.

Wedgemount Power Limited Partnership et al., in Receivership  
October 31, 2017  
Page 3


**Next Steps**

We look forward to meeting again on Thursday November 2, 2017 at 2pm to discuss this matter further. In the meantime, should you have any queries in relation to this matter, please don't hesitate to contact the undersigned at pachambers@deloitte.ca or (604) 640 3368.

Yours truly,

**DELOITTE RESTRUCTURING INC.**

In its capacity as Court Appointed Receiver and Manager of  
Wedgemount Power Limited Partnership, Wedgemount Power (GP) Inc.,  
and Wedgemount Power Inc. and not in its personal capacity



Paul Chambers, CIRP, LIT  
Vice President

cc: Magnus Verbrugge, Borden Ladner Gervais LLP, Legal Counsel to BC Hydro  
Bruce Chow, Manager, Contract Management  
Vic Rempel, Manager, Distribution Generator Interconnections

Agreements

Agreements/2017 Property Tax Notices.pdf



- Agreements/Squamish and Li'wat/IBA - Wedgemount Executed - August 1 2014.pdf
- Agreements/Squamish and Li'wat/Li'wat Letter of IBA support - Wedgemount.pdf
- Agreements/Squamish and Li'wat/Squamish Letter of IBA support - Wedgemount.pdf
- Agreements/Squamish and Li'wat/Wedgemount - IBA Assignment Assumption and Acknowledgement Agreement - NOT Signed by Li'wat (01008520).pdf
- Agreements/SROW/15-03-11 I/P Repairs Agreement - signed.pdf
- Agreements/SROW/Statutory Right of Way CA3110108.pdf
- Agreements/SROW/Transfer of SROW CA3110108 - CA4113545.pdf

Design and Construction

- Design and Construction/Construction and Supply Contracts/4688-1 01 Wedgemount Transformer Supply - Tender Documents - Jan 27 2015.pdf
- Design and Construction/Construction and Supply Contracts/Corporate Electric Contract June 5 2015.pdf
- Design and Construction/Construction and Supply Contracts/Lethbridge Millwright P.O. May 4 2015.pdf
- Design and Construction/Construction and Supply Contracts/Rainpower Contract - Signed Jan 30 2014.pdf
- Design and Construction/Construction and Supply Contracts/JEE 4688 Purchase Order - WP1 02 May 22 2015.pdf
- Design and Construction/Design Briefs and Other/Design Brief Summary-signed 2016-05-06.pdf
- Design and Construction/Design Briefs and Other/Memo Re May Project Report.pdf
- Design and Construction/Design Briefs and Other/Pages from Wedgemount Powerhouse - Revised For Construction Issue - 1507 (003).pdf
- Design and Construction/Design Briefs and Other/Pages from Wedgemount Powerhouse - Revised For Construction Issue - 1507 .pdf
- Design and Construction/Design Briefs and Other/Wedgemount - Generator Overturning vs Restoring - 151218.pdf
- Design and Construction/Design Briefs and Other/Wedgemount - Proposed Isolation Joint - 151218.pdf
- Design and Construction/Design Briefs and Other/Wedgemount - Slab thicknesses - 151218.pdf
- Design and Construction/Engineering Drawings/Forestry Road/JCH/CCF WDBA\_B Access And Logging Map\_2013-09-11.pdf
- Design and Construction/Engineering Drawings/Forestry Road/JCH/KEYPLAN-FORESTRY signed Sealed.pdf
- Design and Construction/Engineering Drawings/Forestry Road/JCH/Wedgemount Power Inc-I/P Package.pdf
- Design and Construction/Engineering Drawings/Forestry Road/JCH/Wedgemount Power Inc-I/P Contractor Rough In.pdf
- Design and Construction/Engineering Drawings/Perstock/HS00138\_2 - Access Penstock August 6.pdf
- Design and Construction/Engineering Drawings/Perstock/PENSTOCK-PN-CE-DET8.pdf
- Design and Construction/Engineering Drawings/Powerhouse/Powerhouse Equipment/Rainpower Powerhouse Drawings/2015.04.16 - Updated Turbine/MM-GSH800L8U42F60\_Gen. Nameplate.
- Design and Construction/Engineering Drawings/Powerhouse/Powerhouse Equipment/United Electrical Engineering - Generator Electrical/39769-M0201 R2.pdf
- Design and Construction/Engineering Drawings/Powerhouse/Powerhouse Structural - UBS/2015.07.20 - Powerhouse IFC.pdf
- Design and Construction/Inspection Reports/GeoPacific/Anchor Test Results/0560 Memo - Anchor Installation -Oct 20, 2015.pdf
- Design and Construction/Inspection Reports/United Building Systems/SKMBT\_C554e16032412100.pdf
- Design and Construction/Photographs from Construction.zip

Development Plan & CEMP

- Development Plan & CEMP/2014 09 26 CEMP\_Sigma\_Cascade Rev 1 0.pdf
- Development Plan & CEMP/2014 10 15 Sigma\_CEMP\_1 3 Drawing.pdf
- Development Plan & CEMP/2014 10 15 Sigma\_CEMP\_1 3.pdf
- Development Plan & CEMP/Reports/Archaeological Report/2013.10.02 Wedgemount AIA Permit Report Permit 2012-0353.pdf Final
- Development Plan & CEMP/Reports/Environmental Report/2012.10.31 CERG Wedgemount BIA Version 2.pdf
- Development Plan & CEMP/Reports/Hydrology and Power Studies/2012.09.25 Wedgemount HYDROLOGY and POWER Study 5%MAD (Sep2012).pdf
- Development Plan & CEMP/Reports/Recreation Reports/2013.04.22 CERG Wedgemount Recreation.pdf
- Development Plan & CEMP/Reports/Recreation Reports/2013.10.08 CERG Wedgemount Recreation Addendum.pdf
- Development Plan & CEMP/Wedgemount Creek Development Plan Submission post Technical Review 2014.03.28.pdf
- Development Plan & CEMP/Wedgemount DP.pdf

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Appendix A - Data Room Directory

Further Due Diligence Documents/Interconnection/FSR Route/Permitting Drawings/Wedgemount Overhead Line Crossing Drawings for Permit.msg

Further Due Diligence Documents/Interconnection/SLRD Route B/Layout Drawing/1583.2-1-1107\_A.pdf

Further Due Diligence Documents/Interconnection/SLRD Route B/Layout Drawing/Transmittal 1383-017.pdf

Further Due Diligence Documents/Interconnection/SLRD Route B/Layout Drawing/Wedgemount Realignment.msg

Further Due Diligence Documents/Interconnection/SLRD Route B/Layout Drawing/Wedgemount Realignment.msg

Further Due Diligence Documents/License of Occupation Assignment to WPLP - 20141219155844.pdf

Further Due Diligence Documents/License of Occupation Final Executed.pdf

Further Due Diligence Documents/Offer & Application/Schedule A - Contract Holdbacks.pdf

Further Due Diligence Documents/Offer & Application/Schedule A - Contract Holdbacks.pdf

Further Due Diligence Documents/Offer & Application/Superseded Version of APA - Do Not Use/DELOITTE - WEDGMOUNT - Asset Purchase Agreement (Generic).DOCX

Further Due Diligence Documents/Offer & Application/WEDGMOUNT - Asset Purchase Agreement v2.DOCX

Further Due Diligence Documents/Offer & Application/Wedgemount - model approval and vesting order.DOCX

Further Due Diligence Documents/Offer & Application/Wedgemount - Phase II Offer Extension Letter - Sept 14 2017.pdf

Further Due Diligence Documents/Offer & Application/Wedgemount - Phase II Offer Extension Letter - Sept 14 2017.pdf

Further Due Diligence Documents/Other/15.12.04 Avalanche Risk Assessment Wedgemount Hydro Project.pdf

Further Due Diligence Documents/Other/Certificate of Insurance.pdf

Further Due Diligence Documents/Other/CMW Policy 2017.pdf

Further Due Diligence Documents/Other/MFLNRO Invoice WS1254611 - Jul 15 2016.pdf

Further Due Diligence Documents/Other/MFLNRO Invoice WS1294884 - Jul 25 2017.pdf

Further Due Diligence Documents/Other/MFLNRO Invoice WS1294884 - Jul 25 2017.pdf

Further Due Diligence Documents/Other/Correspondence re Wedge FSR Works Permit.pdf

Further Due Diligence Documents/Other/Email re CN Correspondence with CEC 1 June 2017.pdf

Further Due Diligence Documents/Other/Insurance Invoice - PAID - COC June 30, 2018 Ext. Invoice.pdf

Further Due Diligence Documents/Other/Insurance Policy Endorsement - Sept 30 2017.PDF

Further Due Diligence Documents/Other/NRS-103-Works-Permit-Templates-(Feb27-2017) Draft.pdf

Further Due Diligence Documents/Other/Orig. 1078996.Extension of Consent2015.pdf

Further Due Diligence Documents/Other/Orig. 1078996.IPP.Compatible Use-Conditional Letter.pdf

Further Due Diligence Documents/Other/Orig. 1078996.IPP.Compatible Use-Conditional Letter.pdf

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Further Due Diligence Documents/Other/Orig. 1078996.IPP.Compatible Use-Conditional Letter.pdf

Appendix A - Data Room Directory

- Further Due Diligence Documents/Previous construction contracts/Victaulic Quotation.pdf
- Further Due Diligence Documents/Previous construction contracts/WPI - Murniegs Contract Executed Oct 17 2013.pdf
- Further Due Diligence Documents/Previous construction contracts/PO for Power Transformer - EECOL.pdf
- Further Due Diligence Documents/Previous construction contracts/Rainpower#150189ChangeOrders.pdf
- Further Due Diligence Documents/Process Update - Sept 14 2017.pdf
- Further Due Diligence Documents/Short Term Water Use Application/170912 ApplicationFormReport.pdf
- Further Due Diligence Documents/Short Term Water Use Application/2017-09-25 APPROVAL-2005737.pdf
- Further Due Diligence Documents/Short Term Water Use Application/Cover Letter - FrontCounter - ST Water Use Appln - Sept 13 2017.pdf
- Further Due Diligence Documents/Short Term Water Use Application/Sep 13 2017 Payment Receipt for Application 100223728.pdf
- Further Due Diligence Documents/SLRD/FW Wedgemount IPP Power line & SLRD Parkland.msg
- Further Due Diligence Documents/Water Licence Amendment\_Abandonment 100222234.pdf

Independent Engineers Report

- Independent Engineers Report/Wedgemount Project Review Report vClosing.pdf

Interconnection



Interested Party Questions



Lending Documents

- Lending Documents/07 - Credit Agreement.pdf
- Lending Documents/14 - Debenture in the amount of \$25,000,000.pdf
- LTC
- LTC/1 - Intake Diversion/Wedgemount Drawing Log - Nov 3, 2014.xls
- LTC/2 - Surface Penstock - Preliminary Excavation/PN-CE-W6.pdf
- LTC/2 - Surface Penstock - Preliminary Excavation/Wedgemount Creek IPP CME Work Plan Investigative Works.pdf
- LTC/3 - Project Bulk Ex - Part 1/CME - Site Map for Magazine.pdf
- LTC/3 - Project Bulk Ex - Part 1/Drawings.pdf
- LTC/3 - Project Bulk Ex - Part 1/WCHP LTC 3 - Supporting Material/CME - Site Map for Magazine.pdf
- LTC/6 - Powerhouse/Final Work Plan.pdf
- LTC/6 - Powerhouse/WCWP LTC 6 Drawings/2015.07.20 - Powerhouse IFC.pdf

LTC

- LTC/LTC Appendices
- LTC/LTC Appendices/Appendix C - DFO LOA.pdf
- LTC/LTC Appendices/Appendix K - Penstock Drawings - Details.pdf
- LTC/Wedgemount Creek Leave to Commence Construction - V2.pdf
- Permits and Approvals
- Permits and Approvals/CCF - WPI Road Use Agreement & Amendments.pdf
- Permits and Approvals/CCF Agreement Sep 21 2012.pdf
- Permits and Approvals/MLFNRO - Leave to Commence Construction - Oct 17 2014.pdf
- Permits and Approvals/SLRD - Building Permit - Powerhouse.pdf
- Permits and Approvals/SLRD Temporary Use Permit - Nov 18 2014.pdf
- Permits and Approvals/Transport Canada - Navigatable Waters Act response.pdf

Receivership Materials

- Receivership Materials/VAN\_LAW-42324311-v1-Order\_Made\_After\_Application\_on\_May\_12\_2017.pdf

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The attached is **Exhibit "J"**  
referred to in the affidavit #1  
of Melinda McKie sworn before  
me at VANCOUVER, British Columbia.  
this 12<sup>th</sup> day of MARCH, 2018

Vain Tulva

A Commissioner for taking Affidavits in  
the Province of British Columbia

---

**From:** Chambers, Paul (CA - British Columbia) <pachambers@deloitte.ca>  
**Sent:** January-10-18 3:11 PM  
**To:** McKenna, Joanne  
**Cc:** Chow, Bruce; McKie, Melinda (CA - British Columbia); Hefflick, Ryan  
**Subject:** RE: EPA Proposal

Joanne,

Happy new year. Hope you had enjoyable holidays.

Further to your email of December 14th, would you kindly provide an update regarding BC Hydro's considerations in relation to the Wedgemount EPA.

The Receiver has been in correspondence with the EPA group since mid-September in order to try to resolve a way forward. During this time, the Receiver has continued to work on advancing the project construction, interconnection design and permitting process. The sales process has also been moved forward. However, the project is now at a critical stage with several critical path decisions on hold pending resolution of the EPA. Any further delays in resolving the EPA will negatively impact the schedule to COD and the project value for all stakeholders, including Industrial Alliance, and the Squamish and Lil'wat Nations.

Lastly, could you please also confirm if BC Hydro has now executed the NDA and provide us with an executed copy for our records.

Kind regards,

**DELOITTE RESTRUCTURING INC.**

In its capacity as Court-appointed Receiver and Manager of Wedgemount Power Limited Partnership, Wedgemount Power (GP) Inc., and Wedgemount Power Inc., and not in its personal capacity

**Paul Chambers**

Vice President | Financial Advisory  
 Deloitte Restructuring Inc.  
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 D: +1 (604) 640 3368 | M: +1 (604) 365 4465  
[pachambers@deloitte.ca](mailto:pachambers@deloitte.ca) | [deloitte.ca](http://deloitte.ca)

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**From:** McKenna, Joanne [mailto:Joanne.McKenna@bchydro.com]  
**Sent:** Thursday, December 14, 2017 1:59 PM  
**To:** Chambers, Paul (CA - British Columbia) <pachambers@deloitte.ca>  
**Cc:** Chow, Bruce <Bruce.Chow@bchydro.com>; McKie, Melinda (CA - British Columbia) <mmckie@deloitte.ca>; Hefflick, Ryan <Ryan.Hefflick@bchydro.com>  
**Subject:** RE: EPA Proposal

Paul,

We need some additional time internally to consider the EPA and our team's mandate. We will let you know as soon as we are in a position to discuss further.

Regards, Joanne

---

**Joanne McKenna** | Sr. Manager, Distributed Generation, Business & Economic Development

**BC Hydro**  
333 Dunsmuir St, 17th floor  
Vancouver, BC V6B 5R3

P 604-623-4162  
M 604-505-7413  
E [Joanne.McKenna@bchydro.com](mailto:Joanne.McKenna@bchydro.com)

[bchydro.com](http://bchydro.com)

**Smart about power in all we do.**

---

**From:** Chambers, Paul (CA - British Columbia) [<mailto:pachambers@deloitte.ca>]  
**Sent:** 2017, December 12 4:57 PM  
**To:** McKenna, Joanne  
**Cc:** Chow, Bruce; McKie, Melinda (CA - British Columbia); Hefflick, Ryan  
**Subject:** EPA Proposal

Hello Joanne,

Please could you provide an update on your expected timing for providing the proposal regarding the EPA?

When we last met, I think you indicated that you were aiming to have it drafted by around the first week of December (2 weeks from our meeting).

As I understand it, the NDA is fully executed by IA and the Receiver, and is now with BC Hydro for signing.

Thanks,

**DELOITTE RESTRUCTURING INC.**

In its capacity as Court-appointed Receiver and Manager of Wedgemount Power Limited Partnership, Wedgemount Power (GP) Inc., and Wedgemount Power Inc., and not in its personal capacity

**Paul Chambers**

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D: +1 (604) 640 3368 | M: +1 (604) 365 4465  
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No. S-174308  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

**INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL  
SERVICES INC.**

PLAINTIFF

AND:

**WEDGEMOUNT POWER LIMITED PARTNERSHIP  
WEDGEMOUNT POWER (GP) INC.  
WEDGEMOUNT POWER INC.  
THE EHRHARDT 2011 FAMILY TRUST  
POINTS WEST HYDRO POWER LIMITED PARTNERSHIP  
by its general partner POINTS WEST HYDRO (GP) INC.  
CALAVIA HOLDINGS LTD.  
SWAHEALY HOLDING LIMITED  
BRENT ALLAN HARDY  
DAVID JOHN EHRHARDT  
28165 YUKON INC.  
PARADISE INVESTMENT TRUST  
SUNNY PARADISE INC.**

DEFENDANTS

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**AFFIDAVIT**

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**GOWLING WLG (CANADA) LLP  
Barristers & Solicitors  
Suite 2300, 550 Burrard Street  
Vancouver, BC V6C 2B5**

Tel. No. 604.683.6498  
Fax No. 604.683.3558

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