



COURT FILE NUMBER S-174308

COURT SUPREME COURT OF BRITISH COLUMBIA

JUDICIAL CENTRE VANCOUVER REGISTRY

PLAINTIFF INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.

DEFENDANTS WEDGEMOUNT POWER LIMITED PARTNERSHIP, WEDGEMOUNT POWER (GP) INC., AND WEDGEMOUNT POWER INC.

DOCUMENT **FOURTH REPORT OF THE COURT APPOINTED RECEIVER AND MANAGER OF WEDGEMOUNT POWER LIMITED PARTNERSHIP, WEDGEMOUNT POWER (GP) INC., AND WEDGEMOUNT POWER INC.**

DATED MARCH 1, 2021

PREPARED BY DELOITTE RESTRUCTURING INC.

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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Receiver

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INTRODUCTION

- 1) Pursuant to an Order (the "**Receivership Order**") of the Supreme Court of British Columbia (the "**Court**") dated May 12, 2017 (the "**Date of Receivership**"), Deloitte Restructuring Inc. ("**Deloitte**") was appointed as receiver and manager (the "**Receiver**"), without security, of all 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**"). The Court proceedings in which the Receiver was appointed are referred to herein as the "**Receivership Proceedings**".
- 2) The Receivership Order was granted pursuant to an application by Industrial Alliance Insurance and Financial Services Inc. ("**IA**") in which IA stated that it was owed approximately \$21,951,066 by Wedgemount LP at the Date of Receivership. IA holds various registered security over all of Wedgemount LP's and Wedgemount GP's present and after-acquired real and personal property, along with various other corporate and personal guarantees (collectively, the "**IA Security**").
- 3) On April 2, 2018, the Receiver issued its First Report to Court (the "**First Report**"). The First Report was filed in response to the application of British Columbia Hydro and Power Authority ("**BCH**") filed on January 19, 2018 (the "**BCH Lift Stay Application**") seeking leave of the Court to lift the stay of proceedings pursuant to the Receivership Order and exercise BCH's termination rights under the EPA (as that term is defined in paragraph 19 of this Report). The First Report was also filed to, among other things, support the Receiver's application filed on April 3, 2018 (the "**Receiver's April 3 Application**") for a declaration that BCH was not entitled to terminate the EPA on the basis of any ground or fact then existing.
- 4) A confidential supplement to the First Report dated March 29, 2018 (the "**First Confidential Report**") was filed in support of the Receiver's April 3 Application and was sealed in the Court file. The First Confidential Report provided, among other things, an overview of the offers received following Phase II of the Receiver's sale process for the assets of the Wedgemount Entities.
- 5) On December 5, 2019, the Receiver filed its Second Report to Court (the "**Second Report**"). The Second Report provided an overview of the outcome of the BCH Lift Stay Application and the Receiver's April 3 Application, and information to support the Receiver's application filed on December 5, 2019 (the "**Receiver's December 5 Application**") for an order approving the sale of the assets of the Wedgemount Entities to Concord Wedgemount Creek General Partnership (the "**Concord Transaction**").
- 6) A confidential supplement to the Second Report dated December 5, 2019 (the "**Second Confidential Report**") was filed in support of the Receiver's December 5 Application and was sealed in the Court file. The Second Confidential Report provided, among other things, an overview of the offers received following the final bid procedure in the Receiver's sale process for the assets of the Wedgemount Entities.
- 7) On December 12, 2019, the Court granted a Vesting Order approving the Concord Transaction.
- 8) On July 30, 2020, the Receiver filed its Third Report to Court (the "**Third Report**"). The Third Report was filed to inform the Court of the closing of the Concord

Transaction, and to support the Receiver's application filed July 30, 2020 for an order approving and authorizing the Receiver to make a distribution to IA in the amount of \$12,000,000 (the "**First IA Distribution**").

- 9) On August 18, 2020, the Court granted an Order (the "**Distribution Order**") authorizing and directing the Receiver to pay the First IA Distribution.
- 10) This is the Receiver's fourth report to the Court (the "**Fourth Report**" or "**this Report**"). Unless otherwise provided, all capitalized terms used but not defined in this Fourth Report are as defined in the Receivership Order.
- 11) The Receivership Order, together with the notices to creditors, and all of the Receiver's previous reports to Court (other than the confidential reports) have been posted on the Receiver's website at <http://www.insolvencies.deloitte.ca/en-ca/Pages/wedgemount.aspx>. This Report will also be posted to the Receiver's website after it has been filed with the Court.

Purpose of the Fourth Report

- 12) The purpose of this Report is as follows:
 - a) Provide the Court with an update on the Receiver's activities since the Third Report;
 - b) Provide the Court with the Receiver's statement of receipts and disbursements since the Date of Receivership to February 12, 2021 (the "**Receiver's R&D**"), a copy of which is attached hereto as **Appendix "B"**;
 - c) Provide the Court with the Receiver's position with respect to the anticipated application by Glacier Creek Contracting Ltd. ("**Glacier Creek**") for an order directing the Receiver to pay funds held in a holdback account, as further detailed in paragraphs 34 to 39 of this Report; and
 - d) Respectfully recommend that the Court:
 - i) Approve the reported activities of the Receiver as set out in the First Report, Second Report, Third Report and Fourth Report (collectively, the "**Reports**");
 - ii) Approve the Receiver's R&D;
 - iii) Approve and authorize payment of the Receiver's fees and disbursements;
 - iv) Approve and authorize payment of the fees and disbursements of the Receiver's legal counsel, McMillan LLP ("**McMillan**") and Gowling WLG (Canada) LLP ("**Gowling**");
 - v) Approve and authorize the Receiver to pay the Final IA Distribution (as that term is hereinafter defined); and
 - vi) Subject to the Receiver filing a certificate with the Court confirming that it has discharged its obligations pursuant to the Receivership Order (the "**Discharge Certificate**"), grant an order discharging the Receiver from its obligations under the Receivership Order and releasing Deloitte from any and all liability that Deloitte may have by reason of the acts and omissions of Deloitte while acting in its capacity as Receiver, save and

except any claim or liability arising out of fraud, willful misconduct or gross negligence on the part of Deloitte.

Terms of Reference

- 13) In preparing this Report, the Receiver has relied upon unaudited financial and other information prepared by the Wedgemount Entities' former directors, the books and records of the Wedgemount Entities, and discussions with former directors and consultants.
- 14) The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of this information.
- 15) All dollar amounts in this Report are in Canadian dollars, unless otherwise indicated.

BACKGROUND

- 16) Wedgemount LP is a privately owned limited partnership established in the Province of British Columbia ("**BC**") and was the owner and developer of a partly-constructed 5.4 megawatt run-of-river hydro power facility located on Wedgemount Creek, near Whistler, BC (the "**Project**").
- 17) Wedgemount GP is incorporated in the Province of BC and is the general partner of Wedgemount LP. Wedgemount GP was set-up to manage the day-to-day operations of the Project once it had been completed and commissioned pursuant to an Operating Management Agreement among the Wedgemount Entities dated March 25, 2015.
- 18) Pursuant to the Operating Management Agreement, Wedgemount Power was retained as the manager to assist Wedgemount GP with respect to the day-to-day operations of the Project.
- 19) The Project was developed with the intention that it would generate electricity that would then be sold to BCH. Wedgemount LP, by its general partner Wedgemount GP, and BCH entered into an Electricity Purchase Agreement dated March 6, 2015 (the "**EPA**"). The Project was (and now is) to be connected to the BCH grid by way of a process and infrastructure referred to as "interconnection".
- 20) Certain parts of the Project infrastructure are located on Crown land, including the intake, penstock and portions of the interconnection. Other sections of the interconnection are located on unresolved Crown lands that are designated as a cultural heritage area of the Squamish Nation.
- 21) The Project's powerhouse and certain portions of the interconnection are located on the WedgeWoods residential subdivision, which was developed and originally owned by 28165 Yukon Inc. ("**Yukon**").
- 22) Prior to the Date of Receivership, Wedgemount LP had experienced permitting difficulties and cost issues associated with determining an economic and technically feasible route for the interconnection. These problems led to significant Project development delays, additional costs and potential environmental risks related to the integrity of the temporary diversion channel and drainage control on the Project site.

- 23) Despite efforts to refinance the Project, negotiations between Wedgemount LP and IA broke down in April 2017. On May 9, 2017, IA commenced an action to appoint a receiver over the Wedgemount Entities to ensure environmental risks at the Project site were properly managed and to protect the value of the assets for all the creditors of the Wedgemount Entities.
- 24) Subsequently, on May 12, 2017, the Honourable Mr. Justice Steeves granted the Receivership Order.

RECEIVERS ACTIVITIES

- 25) The Receiver has described its prior activities in the Receivership Proceedings in the First Report, Second Report and Third Report. In summary, those activities include:
 - a) Attended at the Project site to identify and secure the Wedgemount Entities' assets located there;
 - b) Engaged with the Wedgemount Entities' former management to discuss the status of the Project as at the Date of Receivership and take control of the Wedgemount Entities' books and records;
 - c) Retained appropriate engineering, environmental and other experts to assist the Receiver with advancing the Project;
 - d) Liaised and met with various creditors, subcontractors, and other stakeholders;
 - e) Engaged extensively with BCH, experts and applicable governmental entities regarding various matters relating to interconnection design, construction and permitting;
 - f) Advanced permitting and construction of the Project;
 - g) Responded to BCH's purported termination of the EPA, including participation in proceedings in the Court and the British Columbia Court of Appeal, in order to preserve the EPA and the value of the Wedgemount Entities' assets for the benefit of stakeholders in the Receivership Proceedings;
 - h) Consulted and negotiated with the Squamish Nation and Lil'wat Nation (together, the "**Nations**"), including regarding the Impacts and Benefits Agreement between the Nations and Wedgemount Power dated August 1, 2014 and a subsequent amendment to that agreement to facilitate a revised interconnection route;
 - i) Negotiated a settlement agreement with the Yukon Parties (as defined in paragraph 33(a) of this Report) in connection with a new statutory right of way with respect to portions of ducting that had been installed within lands owned by Yukon; and
 - j) Undertook an extensive process to sell the Project, including establishing a data room, responding to inquiries from potential bidders, engaging in negotiations with and assessing offers from multiple bidders, culminating in the Concord Transaction which closed on February 28, 2020.
- 26) Since the date of the Third Report, the Receiver has, among other things:

- a) Arranged for the payment of the First IA Distribution pursuant to the Distribution Order;
 - b) Liaised with Mr. David Ehrhardt (director of Wedgemount GP) and the Ministry of Forests, Lands and Natural Resource Operations to recover security deposits owing to Wedgemount LP in the amount of \$20,000;
 - c) Prepared and filed Goods and Services Tax ("**GST**") returns;
 - d) Corresponded with counsel for Glacier Creek regarding its claim in respect of monies held in a holdback account, as further detailed in paragraphs 34 to 39 of this Report;
 - e) Liaised with WorkSafeBC in relation to its claim in the Receivership Proceedings, as further detailed in paragraph 33(c) of this Report;
 - f) Completed ongoing estate accounting, prepared statements of receipts and disbursements and completed monthly trust account reconciliations;
 - g) Corresponded with McMillan on various legal matters relating to the Receivership Proceedings; and
 - h) Addressed additional matters as they arose from time to time.
- 27) The Receiver has now realized upon all the assets of the Wedgemount Entities and does not expect any further realizations in the Receivership Proceedings, aside from small amounts of bank interest received on the Receiver's trust account balances.

CREDITORS AND SECURED CHARGES

- 28) IA is the principal secured creditor of the Wedgemount Entities, and was owed \$16,000,000 in principal at the Date of Receivership pursuant to a credit agreement (the "**Credit Agreement**") dated June 30, 2015 among Wedgemount LP, IA and Travelers Capital Corporation (as agent), and pursuant to a construction loan note dated June 30, 2015.
- 29) In August 2019, IA advanced a further \$500,000 to the Receiver to fund the ongoing Receivership Proceedings and development of the Project. Accordingly, prior to payment of the First IA Distribution, IA was owed \$16,500,000 ("**IA Principal Amount**") plus interest, which continues to accrue. IA has also directly funded certain protective disbursements to preserve the value of the Project.
- 30) The Receiver's independent legal counsel, McMillan, has performed a review of the validity and enforceability of the IA Security and has advised that it is valid and enforceable and ranks in priority to the unsecured creditors of the Wedgemount Entities (the "**Security Opinion**").
- 31) IA advised the Receiver that as at September 30, 2017, it was owed a further \$5.6 million in relation to a make whole (prepayment) fee pursuant to the Credit Agreement. The validity and enforceability of this prepayment fee has not been fully considered by the Receiver, and is not expected to be relevant given the deficit IA will suffer in respect of the IA Principal Amount.

- 32) Since IA is expected to suffer a shortfall in excess of \$4.0 million as against the IA Principal Amount, there will be no funds available to any unsecured creditors of the Wedgemount Entities.
- 33) In addition to IA (and the beneficiaries of the Court-ordered charges granted in these Receivership Proceedings), the following parties have, or have asserted, secured claims against the Wedgemount Entities:
- a) Yukon, Paradise Investment Trust and Sunny Paradise Holdings Inc. (collectively, the "**Yukon Parties**") are the holders of a security interest in certain personal property of Wedgemount Power, in respect of which a financing statement was registered in the British Columbia Personal Property Registry (the "**PPR**") on March 20, 2013. As noted in paragraph 21 of this Report, Yukon was the original owner of lands on which certain portions of the Project (including the powerhouse) are located. By subordination agreement dated June 30, 2015, the Yukon Parties subordinated their security to the IA Security;
 - b) Her Majesty the Queen in right of the Province of British Columbia (the "**Province**") is the holder of security interests in the personal property of Wedgemount LP, notices of which were registered in the PPR on May 11, 2017. McMillan has advised the Receiver that, pursuant to section 30.1(3) of the *Taxation (Rural Area) Act*, IA's security ranks ahead of the Province's charge as IA's security interest was registered before the date the Province's claim was registered in the PPR; and
 - c) WorkSafeBC originally indicated that it was owed \$1,120 by Wedgemount GP (the "**WorkSafe BC Claim**"). WorkSafeBC has since reviewed its accounts with the Wedgemount Entities and has confirmed to the Receiver that there are no account balances owing and that it has no claim in the Receivership Proceedings.

Holdback Accounts

- 34) Shortly after the Date of Receivership, the Receiver arranged for the transfer to it of balances held in four holdback accounts related to certain construction contracts entered into by the Wedgemount Entities prior to the Date of Receivership. The accounts held balances totalling \$578,155.
- 35) The Receiver was contacted by four contractors requesting the release of monies held in the respective holdback accounts. Following a review of the contractors' claims made pursuant to the *Builders Lien Act*, the Receiver has made payment in full of the balances held in three of the four holdback accounts (including accrued interest) and a partial payment to Glacier Creek in respect of the fourth account.
- 36) In April 2018, the Receiver made a payment of \$47,819.91 to Glacier Creek in respect of the portion of the holdback funds held pursuant to the *Builders Lien Act*. The balance still remaining in the Glacier Creek holdback account amounts to approximately \$51,237 (the "**GC Holdback Funds**") and relates to a performance holdback pursuant to Glacier Creek's construction contract with the Wedgemount Entities.
- 37) The Receiver's counsel, McMillan, reviewed the construction contract between Glacier Creek and the Wedgemount Entities and advised that the relevant clause in the contract was insufficient evidence of an express agreement between Glacier Creek and the Wedgemount Entities that the GC Holdback Funds would be held in trust by the Wedgemount Entities (i.e. no certainty of intention pursuant to the common law requirement for a valid trust).

- 38) The Receiver wrote to Glacier Creek on April 16, 2018 advising that it was not in a position to release the GC Holdback Funds unless Glacier Creek could establish a valid trust in relation to the funds. A copy of the Receiver's letter, which explains the Receiver's position in more detail, is attached as Appendix "A" to this Report.
- 39) Since then, counsel for Glacier Creek and counsel for the Receiver have exchanged correspondence with respect to the GC Holdback Funds and the Receiver's position. To date, Glacier Creek has not provided evidence that has satisfied the Receiver that a valid trust had been established in respect of the GC Holdback Funds. Counsel for Glacier Creek has advised that it will bring an application in the Receivership Proceedings for an order directing the Receiver to pay the GC Holdback Funds to Glacier Creek, to be heard on the same day as the Receiver's application.

Unsecured Creditors

- 40) As at the Date of Receivership, the available books and records of Wedgemount LP reported unsecured creditors with claims of approximately \$6.2 million.
- 41) Given that IA, the first-ranking secured creditor, will suffer a shortfall on the IA Principal Amount, the Receiver has not reviewed the claims of the unsecured creditors. The Receiver has, however, provided ad-hoc updates on the status of the Receivership Proceedings to certain unsecured creditors as and when it has been contacted.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

- 42) Attached as Appendix "B" to this Report is the Receiver's R&D.
- 43) As at February 12, 2021, the Receiver's gross receipts amounted to \$16,919,702 and its total disbursements amounted to \$16,484,608 (including the First IA Distribution). The Receiver is currently holding a total balance of \$435,234 in its estate accounts.
- 44) The more significant transactions included in the Receiver's R&D since the Third Report are as follows:
 - a) Collected \$20,000 in respect of security deposits from MFLNRO;
 - b) Collected \$37,458 in accrued bank interest;
 - c) Collected \$150,742 in post-receivership GST refunds;
 - d) Paid \$32,411 in Receiver's fees;
 - e) Paid \$25,527 in legal fees to McMillan; and
 - f) Paid \$12,000,000 to IA in respect of the First IA Distribution.

PROFESSIONAL FEES

- 45) The Receiver and its counsel, McMillan, have maintained detailed records of their professional time and costs throughout the Receivership Proceedings.
- 46) The Receiver's invoiced costs for the period from the Date of Receivership to February 12, 2021 include fees in the amount of \$867,445.50, disbursements in the amount of \$1,106.98, plus GST in the amount of \$43,427.68, for a total of \$911,980.16. These costs are more fully described in Affidavit #3 of Melinda McKie.

- 47) At the outset of the Receivership Proceedings, and prior to the Receiver obtaining independent legal counsel, various legal advice was provided to the Receiver by Gowling, who at that time, and until August 17, 2020, also acted as counsel to IA in these Receivership Proceedings.
- 48) Gowling's invoiced costs for the period from the Date of Receivership to October 31, 2017 include fees in the amount of \$68,572.50, disbursements in the amount of \$288.02, plus GST/PST in the amount of \$8,239.14, for a total of \$77,099.66. These costs are more fully described in Affidavit #1 of Colin Brousson, to be sworn and filed in these Receivership Proceedings.
- 49) In July 2017, the Receiver retained McMillan to perform a review of IA's security and, subsequently, to act as its independent legal counsel in these Receivership Proceedings. McMillan's invoiced costs for the period from July 21, 2017 to January 31, 2021 include fees in the amount of \$505,801.50, disbursements in the amount of \$6,499.87, plus GST/PST in the amount of \$61,296.85, for a total of \$573,598.22. These costs are more fully described in Affidavit #2 of Vicki Tickle, to be sworn and filed in these Receivership Proceedings.
- 50) The latest invoices of the Receiver and McMillan for the periods ended February 12, 2021 and January 31, 2021, respectively, are currently unpaid and outstanding, and amount to a total of \$3,418.98 inclusive of taxes (the "**Outstanding Costs**"). The Receiver and McMillan estimate they will incur further fees and disbursements of up to a total of \$15,000 (the "**Completion Costs**") to the completion of this matter, assuming the Receiver's application for discharge is not opposed, and depending on any further matters to be dealt with in respect of the GC Holdback Funds.
- 51) The Receiver is of the view that the work performed by the Receiver and its legal counsel was necessary and appropriate in the circumstances of the Receivership Proceedings, and that the rates charged are reasonable and in keeping with the rates charged by other Licenced Insolvency Trustees and lawyers in the market performing similar work.

FINAL IA DISTRIBUTION

- 52) Subject to the Court granting the relief sought by the Receiver, the Receiver proposes to pay out the funds it currently holds in its accounts as follows:
 - a) Payment of the Outstanding Costs, the Completion Costs and any other remaining costs incidental to the Receiver concluding its administration of these Receivership Proceedings; and
 - b) Subject to the outcome of the anticipated application by Glacier Creek in respect of the GC Holdback Funds, payment to IA of the residual funds held by the Receiver after completing its administration of the estate (the "**Final IA Distribution**").
- 53) In the event that the GC Holdback Funds are to be paid to IA, the Final IA Distribution is estimated to be between \$415,000 to \$425,000, resulting in a shortfall on the IA Principal Amount of more than \$4.0 million.

REMAINING MATTERS TO BE COMPLETED IN THE RECEIVERSHIP PROCEEDINGS

- 54) Subject to the Court granting the relief sought by the Receiver and the Receiver paying the Outstanding Costs, the Completion Costs and the Final IA Distribution (and making any payment it may be directed to make to Glacier Creek), the Receiver will have completed its duties and obligations under the Receivership Order, save and except for other administrative matters incidental to the Receivership Proceedings, including the filing of the Receiver's report pursuant section 246(3) of the *Bankruptcy and Insolvency Act*.
- 55) The remaining matters are administrative in nature and the Receiver is of the view that it is appropriate to seek an order of the Court discharging the Receiver with the discharge to be effective upon the filing of the Discharge Certificate.
- 56) The Receiver also seeks an order releasing Deloitte from any liability that might arise in relation to its role as Receiver. In the Receiver's view, this relief is appropriate in the circumstances, and is consistent with the model receiver's discharge order, currently being used in the Province of BC.

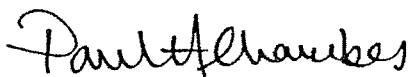
CONCLUSIONS AND RECOMMENDATIONS

- 57) Based on the foregoing, the Receiver respectfully requests that the Court grant the relief requested in paragraph 12(d) of this Report.

All of which is respectfully submitted at Vancouver, British Columbia this 1st day of March, 2021.

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



Per: Paul Chambers, CIRP, LIT
Senior Vice-President



Per: Melinda McKie, CPA, CMA, CIRP, LIT
Senior Vice-President

Appendix "A"

Receiver's letter to Glacier Creek Contracting Ltd. dated April 16, 2018



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April 16, 2018

Glacier Creek Contracting Ltd.
PO Box 340
1349 Aster Street
Pemberton
BC V0N 2L0

Attention: Lisa Shippit

Dear Sirs/Mesdames:

**Re: Receivership of Wedgemount Power Limited Partnership and related companies
(collectively, the "Wedgemount Entities")**

We write further to your correspondence in relation to the construction contract between Glacier Creek Contracting Ltd. ("**GCC**") and the Wedgemount Entities (the "**Contract**"), and your request for the release of holdback funds held pursuant to the Contract.

Following the Receiver's appointment on May 12, 2017 (the "**Receivership Date**"), the Receiver took possession of funds in a segregated account titled "WPLP Glacier Creek Holdback". The balance on this account at the Receivership Date was \$95,639.82 (the "**Holdback Funds**"). The Receiver arranged for the Holdback Funds to be transferred to a segregated trust account.

Based on the accounting records of the Wedgemount Entities and pursuant to the Contract, it is apparent that 50% of the Holdback Funds (\$47,819.91, the "**BLA Holdback Funds**") relate to a 10% holdback of gross amounts progressed under the Contract which were to be held pursuant to the *Builders Lien Act* (the "**BLA**"). The remaining 50% of the Holdback Funds (\$47,819.91) relate to a 10% holdback of gross amounts progressed under the Contract for the purposes of a performance holdback and were to be held pursuant to the terms of the Contract (the "**Performance Holdback Funds**").

The BLA Holdback Funds

GCC has provided to the Receiver a copy of the Certificate of Substantial Completion (the "**Certificate**") issued by Creus Engineering Ltd. on August 24, 2016.

Pursuant to the BLA, the holdback period of 55 days following issuance of the Certificate has now expired. Accordingly, the Receiver is prepared to release the BLA Holdback Funds to GCC.

The Performance Holdback Funds

GCC asserts that the Performance Holdback Funds were to be held by the Wedgemount Entities on the same terms as the BLA Holdback Funds, pursuant to paragraph 3 of the appendix to the Contract, which states:

"Bonding: In lieu of bonding, the contractor agrees to allow a further 10% holdback to be applied to the gross amounts progressed on a monthly basis to be maintained for a period consistent with the builders lien holdback."

This clause of the Contract appears to establish that the Performance Holdback Funds would be held for the same period as the BLA Holdback Funds, not on the same terms. Based on legal advice obtained by the Receiver, it is the Receiver's position that this clause is insufficient evidence of an express agreement between GCC and the Wedgemount Entities that the Performance Holdback Funds would be held in trust (i.e. no certainty of intention pursuant to the common law requirement for a valid trust).

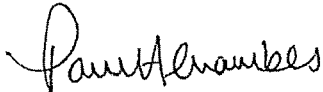
Accordingly, unless GCC can establish a valid trust in relation to the Performance Holdback Funds, the Receiver is not in a position to release these funds to GCC. In addition, the Receiver also understands that the deficiency items referenced by the Certificate have not yet been completed by GCC.

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: John Sandrelli, Dentons Canada LLP, Legal Counsel to GCC

Appendix "B"

Receiver's Statement of Receipts and Disbursements for the period from May 12, 2017 to February 12, 2021

In the Matter of the Receivership of
Wedgemount Power Limited Partnership, Wedgemount Power Inc., and
Wedgemount Power (GP) Inc.

Receiver's Interim Statement of Receipts and Disbursements
For the Period of May 12, 2017 to February 12, 2021

Description	Wedgemount Power Limited Partnership	Wedgemount Power (GP) Inc.	Wedgemount Power Inc.	Total
Receipts				
Cash in bank	\$ 2,543,670	\$ -	\$ -	\$ 2,543,670
Advance from secured creditor	500,000	-	-	500,000
Trust funds (holdback accounts)	578,215	-	-	578,215
Recoverable expenses	-	70	70	140
Sale proceeds	12,751,361	-	-	12,751,361
Bank account transfers	63,671	-	-	63,671
Land and buildings	100	-	-	100
Contribution to project holding costs	44,157	-	-	44,157
GST/Tax refunds	316,468	-	-	316,468
Interest	122,060	-	-	122,060
Total receipts	16,919,702	70	70	16,919,842
Disbursements				
Filing fees to Receiver General	70	70	70	210
Bank charges	573	-	-	573
Contractor services:				
Forestry and crown tenure consulting	80,115	-	-	80,115
Engineering consulting	902,593	-	-	902,593
Environmental consulting	18,721	-	-	18,721
Construction works and site remediation/winterization	285,620	-	-	285,620
BC Hydro interconnection costs	297,358	-	-	297,358
TELUS line relocation cost contribution	172,750	-	-	172,750
MFLNRO licence fees and security deposit	12,423	-	-	12,423
Payment of trust funds (holdback accounts)	542,636	-	-	542,636
Payments to secured creditors	12,000,000	-	-	12,000,000
GST/PST paid	158,128	-	-	158,128
Insurance	107,581	-	-	107,581
Receiver's fees	868,115	-	-	868,115
GST on Receiver's fees	41,646	-	-	41,646
Legal fees	578,519	-	-	578,519
Federal and Provincial taxes	334,367	-	-	334,367
Bank account transfers	64,225	-	-	64,225
Misc. disbursements	19,028	-	-	19,028
Total disbursements	16,484,468	70	70	16,484,608
Excess of receipts over disbursements	\$ 435,234	\$ -	\$ -	\$ 435,234
Represented by:				
Cash in bank	383,997	-	-	383,997
Funds in holdback account	51,237	-	-	51,237
Cash in bank	\$ 435,234	\$ -	\$ -	\$ 435,234