



**LETTER L-26-14**

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**VIA EMAIL**

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June 12, 2014

Mr. Ross Hanson, CA, MBA  
Chief Financial Officer  
River District Energy Limited Partnership  
20<sup>th</sup> Floor, Four Bentall Centre  
1055 Dunsmuir Street  
Vancouver, BC V7X 1L5

Dear Mr. Hanson:

Re: Generic Cost of Capital Proceeding (Stage 2) Decision and Order G-47-14  
River District Energy Limited Partnership Compliance Filing

The Commission is in receipt of a letter filed by the River District Energy Limited Partnership (RDE) dated May 9, 2014, in response to Order G-47-14 which was issued concurrently with the Generic Cost of Capital (Stage 2) Decision dated March 25, 2014.

The Order established, among other things, an allowed default common equity component of 42.5 percent and an equity risk premium of 75 basis points for thermal energy system Stream B projects, effective January 1, 2013. Directive 6 directed RDE to file a document setting out: (a) whether it would implement the minimum default capital structure and equity risk premium for rate setting, and if so, the time line; or (b) whether it would let the existing contractual customer rates, if applicable, take their course, and if not, its proposed treatment of the difference between the current rates being charged to the customers and the allowed rates as determined by the Order.

The Commission finds RDE's response to Directive 6 to be in compliance with Order G-47-14.

Yours truly,

Erica Hamilton

EC/dg