



ORDER NUMBER
G-48-16A

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

Corix Multi-Utility Services Inc.
Application for a Certificate of Public Convenience and Necessity for Additional Capital and
Amended Rates for UniverCity Neighbourhood Utility Service on Burnaby Mountain

BEFORE:
R. D. Revel, Commissioner

on April 11, 2016

ORDER

WHEREAS:

- A. On December 30, 2015, the British Columbia Utilities Commission (Commission) issued Order G-215-15 and accompanying Reasons for Decision regarding Corix Multi-Utility Services Inc.'s (Corix) Application for a Certificate of Public Convenience and Necessity (CPCN) for Additional Capital and Amended Rates for UniverCity Neighbourhood Utility Service (NUS) on Burnaby Mountain. As part of Corix's application, it proposed to replace and expand the capacity of the existing temporary natural gas facilities with a larger capacity natural gas boiler plant (Project);
- B. The Commission made a number of determinations in Order G-215-15:
- Pursuant to Directive 1 of Order G-215-15, the Commission dismissed Corix's request for a CPCN as unnecessary based on the criteria established in the Thermal Energy Service (TES) Guidelines. However, as outlined in Directive 2, the Commission directed Corix to report its final actual installed costs for the system within 30 calendar days of achieving either a specified connected load or connected development;
 - Pursuant to Directive 3, the Commission directed Corix to remove the existing temporary energy centre (TEC) from rate base at the time it is replaced with the new TEC and to classify the removed TEC as a non-regulated asset. Under Directives 4 and 5, Corix was directed to submit a compliance filing within 30 days of Order G-215-15 showing the finalized rates and rate schedule for UniverCity NUS commencing in 2016 and to provide the net book value of the removed TEC;
 - Pursuant to Directive 6, the Commission approved Corix's requested changes to the UniverCity NUS revenue requirements, rate base, rate design and rates, excluding the net book value of the removed TEC. The Commission also approved the updated revenue deferral account and 15-year levelization period as requested by Corix;
- C. On January 20, 2016, Corix filed a response to Order G-215-15 addressing the Commission's directives. As part of its response, Corix informed the Commission that it has elected not to proceed with the Project as proposed in the CPCN application and instead has elected to retain the existing TEC in service and

supplement this capacity with an additional and separate TEC. The impact of this change in the capital plan is an increase to the UniverCity NUS levelized rate of 1.6 percent compared to the CPCN application (Application);

- D. On February 11, 2016, the Commission issued a letter to interveners who were registered in the CPCN proceeding inviting them to comment on whether they would like an opportunity to ask questions on the Application;
- E. The BC Sustainable Energy Association and Sierra Club of BC (BCSEA-SCBC) and the British Columbia Old Age Pensioners' Organization *et al.* (BCOAPO) responded on February 18, 2016, and Corix filed a reply to the interveners' submissions on March 3, 2016;
- F. Pursuant to Order G-30-16 issued on March 8, 2016, the Commission established a regulatory timetable that included one round of Commission and intervener information requests (IRs) followed by written final and reply submissions;
- G. On March 23, 2016, Corix responded to Commission and intervener IRs. In response to Commission IR 23.1.1, Corix stated that it is seeking relief from Directives 3 through 5 of Order G-215-15 as these directives are no longer applicable based on Corix's revised capital plan proposed in the Application. Corix further stated that it is seeking relief from Directive 6 of Order G-215-15 and requests that the approvals granted in Directive 6 be modified to reflect the changes to the UniverCity NUS rate base, revenue requirements and rates outlined in the Application;
- H. In their written final submissions filed on April 6, 2016, BCOAPO states that it does not object to Corix's proposed course of action and BCSEA states that it supports Commission approval of the revised capital plan and relief from the applicable directives in Order G-215-15;
- I. On April 8, 2016, Corix filed its reply submission requesting Commission approval of the Application and approval of the requests for relief outlined in Corix's response to Commission IR 23.1.1; and
- J. The Commission has reviewed the evidence and submissions from the parties and determines that approval of the Application is warranted.

NOW THEREFORE pursuant to sections 59 to 61 and 99 of the *Utilities Commission Act*, the British Columbia Utilities Commission orders:

- 1. The updated rate base, revenue requirements and rates, as outlined in Corix Multi-Utility Services Inc.'s January 20, 2016 application, are approved. The approvals granted in Directive 6 of Order G-215-15 are varied as follows:
 - a. the rate base as provided in Exhibit B-10 Attachment 2 Table 12;
 - b. the revenue requirement as provided in Exhibit B-10 Attachment 2 Table 14 and consistent with the recent Commission decision in the Phase 2 Generic Cost of Capital proceeding applicable to small thermal energy utilities:
 - i. a deemed capital structure of 57.5 percent debt and 42.5 percent equity;
 - ii. long term debt financing costs estimated at 3.75 percent;
 - iii. a return on equity of 9.5 percent, which is based on the current low risk benchmark equity return plus 75 basis points to account for additional risk related to the development of the small scale energy utility;

- iv. operating costs as set out in Exhibit B-10 Attachment 2 Tables 10 and 11; and
 - v. a 15-year levelized rate structure with 11 years remaining, as set out in Exhibit B-10 Attachment 2 Table 15; and
- c. the accounting treatment of the following:
- i. an updated revenue deferral account which is used to record those portions of revenue requirements which are not recovered in the early stages of development, with the goal of complete recovery of the funds over the 15-year rate levelization period, as set out in Exhibit B-10 Attachment 2 Tables 12 and 17, and Exhibit B-11 Corix response to Commission IR 22.1; and
 - ii. the rate design as set out in Exhibit B-10 Attachment 2 Table 16.

2. Directives 3 through 5 of Order G-215-15 are rescinded.

DATED at the City of Vancouver, in the Province of British Columbia, this 11th day of April 2016.

BY ORDER

Original Signed By:

R. D. Revel
Commissioner