



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-125-14**

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IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

Corix Multi-Utility Services Inc.
an Application for a Certificate of Public Convenience and Necessity
for Phase 1 of the University of British Columbia Neighborhood District Energy System

BEFORE: D.M. Morton, Panel Chair/Commissioner
C.A. Brown, Commissioner August 29, 2014
I.F. MacPhail, Commissioner

ORDER

WHEREAS:

- A. On August 8, 2014, Corix Multi-Utility Services Inc. (CMUS) applied to the British Columbia Utilities Commission (Commission) for a Certificate of Public Convenience and Necessity (CPCN) to construct and operate Phase 1 of the proposed community-based district energy system at the University of British Columbia (UBC) (Project), pursuant to sections 45 and 46 of the *Utilities Commission Act* (Application);
- B. CMUS requests:
- a. Approval under sections 45 (vii) of the *Utilities Commission Act* (UCA) of the Infrastructure Agreement between Corix and UBC including endorsement of the proposed project plan;
 - b. Approval under sections 45(i), 56, 60 and 61 of the UCA of the revenue requirements, rate design and rates as described in the Application; a revised financial model showing final revenue requirements, rate design and rates will be filed in the spring of 2015:
 - i. The indicative rate base as provided in Section 2.7 of the Application;
 - ii. The indicative revenue requirement as provided in Section 2.9 and consistent with the recent Commission decision in the Phase 2 Generic Cost of Capital proceeding applicable to small thermal energy utilities:
 1. A deemed capital structure of 57.5% debt and 42.5% equity;
 2. Long term debt financing costs estimated at 4.0%;

3. A return on equity (ROE) 9.5%, which is based on the current low risk benchmark equity return plus 75 basis points to account for the additional risk related to the development of the small scale alternative energy utility;
 4. Operating costs as provided in Section 2.6.2; and
 5. The proposed 10-year levelized rate structure through which the company defers a portion of its annual revenue requirements in the early stages of development in order to provide affordable rates for customers.
- iii. Approval of the accounting treatment of the following:
1. A revenue deficiency 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 20-year period;
 2. The proposed Connection Credit for low rise buildings connected prior to 2021;
 3. The Carbon Emission Rider; and
 4. The indicative rate design as provided in Section 2.10 of the Application.
- iv. The indicative financial model be kept confidential to protect Corix's business interests;
- v. Approval to capitalize and amortize Corix' and UBC's project development costs over 30 years and to have these costs included in rates AFUDC; and
- vi. Approval to add AFUDC to capital costs and apply the same combined interest and return on equity cost as applied to the rate base amount at that particular time;
- C. The Project will provide service to new buildings in Westbrook Place that are scheduled for completion between 2014 and 2023 and Acadia East and Block F buildings to be built between 2020 and 2023. It involves construction of two separate district heating loops. One loop will be fed initially by two 6.0 MW temporary natural gas boiler plants located within Westbrook place, plus a portion of the Westbrook Energy Centre/Energy Transfer Station in 2022. The second loop will likely be served by purchased energy from the existing UBC Academic District Energy System (ADES);
- D. CMUS requests a decision on the Application by the end of October 2014 to start construction of the Project in early 2015 to provide services to the first residential building scheduled to be occupied in July 2015;
- E. CMUS estimates the total cumulative capital costs of the Project up to and including the year 2022 to be approximately \$21.148 million in nominal dollars. Additional costs are expected and detailed in the Application;
- F. The Commission has determined that a public hearing is appropriate to review the Application and that further submissions are necessary to determine whether a Streamlined Review Process or written hearing process is required; and
- G. The Commission has considered the CMUS request for confidentiality of the indicative financial model and found that it is necessary to protect CMUS's business interests.

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NOW THEREFORE, the British Columbia Utilities Commission orders as follows:

1. A written hearing process for review of the Application in accordance with the Preliminary Regulatory Timetable attached as Appendix A to this Order is established.
2. The Commission will hold the indicative financial model confidential. Interveners may request access to this information in accordance with the Commission's Confidential Filing Practice Directive.
3. Corix Multi-Utility Services Inc. (CMUS) must publish, within 7 days of the date of this Order, a Public Notice of the Written Hearing Process, in the form attached as Appendix B to this Order, in display-ad format, in the Vancouver Sun, the Province, the Ubysey, and the Campus Resident and other local and community news publications in the vicinity of the University of BC (UBC) that will provide reasonable notice to members of the public who may be affected by the Project.
4. CMUS must provide a copy of this Order to the UBC Board of Governors, the University Neighborhoods Association, TRIUMF, the Alma Mata Society of UBC, and the Musqueam First Nation.
5. The Application and supporting materials must be made available to the public for inspection at Corix Multi-Utility Services Inc., Suite 1160, 1188 West Georgia Street, Vancouver, BC, and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, BC. The Application and supporting materials will also be available on the CMUS website at www.corix.com and on the Commission's website at www.bcuc.com.

DATED at the City of Vancouver, in the Province of British Columbia, this 29th day of August 2014.

BY ORDER

Original signed by

D.M. Morton
Commissioner

Corix Multi-Utilities Inc.
an Application for a Certificate of Public Convenience and Necessity
for Phase 1 of the University of British Columbia Neighborhood District Energy System

PRELIMINARY REGULATORY TIMETABLE

ACTION	DATE (2014)
Registration of Interveners and Interested Parties	Friday, September 12
Intervener Comments on the Streamlined Review Process	Friday, September 12
Commission Information Request No. 1 to CMUS	Wednesday, September 17
Participant Assistance Cost Award Budget Deadline	Friday, September 19
Intervener Information Request No. 1 to CMUS	Friday, September 26
CMUS Response to Commission and Intervener Information Request No. 1	Friday, October 10
Streamlined Review Process (tentative)	To Be Determined

PUBLIC NOTICE

BRITISH COLUMBIA UTILITIES COMMISSION



CORIX MULTI-UTILITY SERVICES INC.
APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
FOR PHASE 1 OF THE UNIVERSITY OF BRITISH COLUMBIA
NEIGHBOURHOOD DISTRICT ENERGY SYSTEM
WRITTEN HEARING PROCESS

On August 8, 2014, Corix Multi-Utility Services Inc. applied to the British Columbia Utilities Commission (Commission) for a Certificate of Public Convenience and Necessity (CPCN) to construct and operate Phase 1 of the proposed community-based district energy system at the University of British Columbia (Project), pursuant to sections 45 and 46 of the *Utilities Commission Act* (Application).

HOW TO GET INVOLVED

A Person wishing to actively participate in the proceeding must register as an Intervener through the Commission's website at www.bcuc.com or in writing by September 12, 2014. In their registration, Interveners must identify the issues they intend to pursue and indicate the extent of their anticipated involvement in the review process. Interveners will each receive a copy of all non-confidential correspondence and filed documentation, and must provide an email address if available.

A Person not expecting to actively participate, but who have an interest in the proceeding, should register as an Interested Party through the Commission's website or in writing, by September 12, 2014, identifying their interest in the proceeding. Interested Parties receive electronic notice of submissions and a copy of the Decision when it is released.

Letters of Comment on the Application will also be accepted. All submissions and/or correspondence received relating to the Application are provided to the Panel and all participants in the proceeding. Submissions are placed on the public record and posted to the Commission's website. By participating and/or providing comment on the Application, you agree that all submissions will be placed on the public record and posted on the Commission's website.

VIEW THE APPLICATION

The Application and supporting documentation are available on the Commission's website on the "Current Applications" page. If you would like to review the material in hard copy, it is available to be viewed at the locations listed below:

British Columbia Utilities Commission Sixth Floor, 900 Howe Street Vancouver, BC V6Z 2N3 Commission.Secretary@bcuc.com Phone: 604-660-4700 Toll Free: 1-800-663-1385	Corix Multi-Utility Services Inc. Suite 1160, 1188 West Georgia Street, Vancouver, BC, V6E 4A2 Phone: (604) 697-6702 Facsimile: (604) 697-6703
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FURTHER INFORMATION

For more information or to register please contact Ms. Erica Hamilton, Commission Secretary using the contact information above.